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Gov. Evers Announces Plan Using Surplus Funds to Address Rising Costs, Barriers to Employment in Wisconsin

Governor's plan provides \$150 surplus refund to every Wisconsin resident, targeted relief for childcare and caregiver costs, and investments in education while holding the line on property taxes

MADISON — Gov. Tony Evers today unveiled his plan to use a portion of the recently announced state revenue surplus funds to address rising costs facing Wisconsin families while defraying costs for caregiving and childcare that present barriers to employment. This week, the nonpartisan Legislative Fiscal Bureau (LFB) [released new projections](#) indicating the state general fund balance will have a \$3.8 billion surplus at the end of the 2021-23 biennium—nearly \$2.9 billion more than was expected in [June 2021](#). The news comes as Wisconsin's unemployment rate and the number of people unemployed are the lowest in state history while the state's 'rainy day fund' sits at the highest level ever.

In response to the new projections, and in contrast to [Legislative Republicans](#) who indicated they have no immediate plans to use the windfall prior to the next biennial budget that will likely not be passed until summer 2023, Gov. Evers [emphasized](#) that Wisconsinites cannot wait for over a year to be provided relief from rising costs at the checkout line and gas pumps. The governor's plan announced today invests nearly \$1.7 billion of the projected revenue surplus to provide a \$150 surplus refund to every Wisconsin resident, provide \$131.8 million in targeted tax relief to caregivers and families, and invest almost \$750 million in education, while holding the line on property taxes.

“I’m proud of the work we’ve done over the last three years to provide hundreds of dollars in relief to Wisconsinites through withholding tax table changes and our tax cuts—including one of the largest income tax cuts in state history—but I also know folks are still being stretched thin due to everyday costs going up,” said Gov. Evers. **“My plan puts even more money in people’s pockets to help make ends meet, bolsters our workforce by helping families with the costs of childcare and caregiving, and makes robust investments in our kids and our schools without raising property taxes. I’ve said it before, and I’ll say it again—Wisconsinites can’t wait for relief from rising prices. So, I hope the Legislature joins me in returning the projected revenue surplus to the taxpayers while supporting our workforce and providing additional relief to folks who need it most.”**

Gov. Evers' plan announced today proposes sending every Wisconsin resident \$150 to help defray rising costs Wisconsin families are experiencing and as businesses face challenges getting supplies and resources. Every Wisconsinite will be able to receive the full surplus refund, including for each of their dependents. A family of four, for example, would receive \$600 under the governor's proposal. Most Wisconsinites would have to take no action to receive the refund, which would be distributed through information provided by an individual on their tax returns.

The announcement today builds upon Gov. Evers' efforts [announced earlier this month](#) to help address rising costs and keep more money in Wisconsinites' pockets. Gov. Evers directed the Department of

Revenue to revise its withholding tax tables, which affects how much income employers withhold from an employee's paycheck in taxes. Based on the directed changes and tax cuts Gov. Evers has signed into law during his time in office, over the course of this year, a single filer making \$50,000 will see \$551 more in their paychecks while a married couple each earning \$50,000 combined will see over \$1,200 more for their household in their paychecks. The 2021-23 budget contained one of the largest tax cuts in Wisconsin state history and provided \$2 billion in individual income tax relief over the biennium and approximately \$1 billion annually going forward. When combined with prior reductions, the 2021-23 budget provided tax relief to 2.4 million taxpayers. Through the governor's tax cuts signed during his time in office, 86 percent of Wisconsin taxpayers will see an income tax cut of 15 percent or more, more than delivering on Gov. Evers' promise to provide a 10 percent tax cut to middle-class families.

Addressing Barriers to Filling Jobs

In addition to measures aimed at addressing rising costs, Gov. Evers' plan also includes additional provisions aimed at reducing the costs for childcare and caregiving—key proposals to help support Wisconsin's workforce and address barriers to employment. Gov. Evers' plan proposes expanding the newly created Child and Dependent Care Credit from 50 percent of the federal credit to 100 percent. This will provide nearly \$30 million in tax relief to 107,000 Wisconsinites who claim the federal credit, or about \$274 per filer. Most people who are eligible for the credit could receive up to \$600 if they are claiming it for one qualifying individual's expenses or \$1200 for two or more qualifying individuals' expenses. Additionally, Gov. Evers is proposing to create an income tax credit for qualified expenses incurred by a family caregiver. A majority of Wisconsinites are in income ranges to be eligible for the credit, and most filers will receive up to \$500, while married-separate filers will receive up to \$250. The governor's plan would provide an estimated more than \$100 million in tax relief to Wisconsinites who are experiencing increased costs and expenses caring for a family member. The governor originally proposed creating the Caregiver Tax Credit in his 2021-23 biennial budget, but the move was rejected by Republicans in the Legislature.

Investing in What's Best for Our Kids

The governor's plan also invests nearly \$750 million into education at every level to continue improving school quality and address the state's achievement gap while providing \$188 million in property tax relief. Gov. Evers' plan ensures the state [meets federal requirements](#) and preserves more than \$2.3 billion in federal aid for Wisconsin's kids and schools—funds that have previously [been jeopardized](#) based on the Legislature's failure to meaningfully invest in education through the biennial budget process. In addition to releasing revenue projections this week, the LRB [released](#) a separate memo indicating the state is projected to fail to meet federal requirements for K-12 education funding in fiscal year 2022-23, again putting the state at risk of losing billions in federal funds for schools. Gov. Evers had previously [called a special session](#) of the Legislature to provide more than \$400 million for K-12 education and more than \$100 million for higher education to meaningfully fund education at every level and ensure the state would not be in a position where federal school aids could again be jeopardized. Republicans in the Legislature rejected the opportunity to make further investments in Wisconsin kids and [gaveled out](#) of the special session without consideration or debate.

[LRB-5877](#) now heads to the Legislature for their consideration. A full description of provisions is available [here](#) and below:

- Allocate \$815.7 million toward a surplus refund of \$150 for each Wisconsin resident.
- Create a nonrefundable caregiver tax credit for qualified expenses incurred by a family caregiver to assist a qualified family member.
- Increase the newly created Wisconsin nonrefundable credit match on the Child and Dependent Care Credit from 50 percent of the federal credit to 100 percent.
- Invest nearly \$611 million in K-12 education, including:
 - \$188 million in general equalization aid to provide continued property tax relief and offset inflationary cost increases, including:
 - \$162.4 million in additional revenue limit authority to provide a per pupil revenue limit increase of \$200 for the 2022-23 school year is offset by the general equalization aid increase.
 - \$15.5 million to account for the choice levy increase is offset by the general equalization aid increase.
 - \$172.6 million to increase the state's special education aid reimbursement rate in FY23 from an estimated 30 percent to 40 percent.
 - \$103.7 million for increasing per-pupil aid by \$128 per student.
 - \$20 million for out-of-school time grants to support high-quality after-school programs and other out-of-school time programs.
 - \$20 million for lead testing and remediation on school grounds and \$250,000 to purchase water bottle filling stations that provide filtered drinking water.
 - \$20 million for a new reading professional aid program to help schools employ, hire, or retain reading teachers and reading specialists.
 - \$18.3 million for a revamped bilingual-bicultural aid program, which will expand eligibility and support more districts and \$750,000 to help teachers become licensed/certified as bilingual teachers and teachers of English as a second language.
 - \$18 million toward additional investments and expanded eligibility in the school mental health aid program.
 - \$5.7 million to increase high-cost special education aid reimbursement from 40 percent to 60 percent in FY23.
 - \$9.9 million toward an Urban Excellence Initiative that will expand summer school grants, enhance early childhood education opportunities, support community engagement to improve academic achievement, and support principals in the state's five largest school districts.
 - \$3 million for a driver education aid program for low-income students.
 - \$2.6 million to fully fund reimbursements under the school breakfast program.
 - \$2.4 million to alleviate the difference in federal reimbursement for federal payments for reduced-price and free meals.
 - \$750,000 to help teachers become licensed to teach computer science.
 - \$23.4 million to provide an additional \$642 per pupil increase for all private and independent charter school programs.
- Provide \$111 million for the University of Wisconsin System.
- Provide \$28 million for the Wisconsin Technical College System.

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