



Tony Evers

Office of the Governor | State of Wisconsin

November 20, 2023

TO THE HONORABLE MEMBERS OF THE SENATE:

I am vetoing Senate Bill 1 of the September 2023 Special Session in its entirety.

In addition to other changes, this bill specifically: (a) decreases the individual income tax rate in the third tax bracket from 5.3 percent to 4.4 percent, collapsing the current-law second and third brackets into one; (b) increases the child and dependent care tax credit; (c) increases the private school tuition deduction; (d) expands availability of reciprocal professional credentials; (e) requires the Department of Safety and Professional Services (DSPS) to review other state health care credentialing requirements to determine equivalence, comparability, or similarity to Wisconsin's requirements; (f) modifies DSPS requirements related to investigation of credential applicant backgrounds, including permitting a determination by an applicant's employer as an alternative to a DSPS investigation; (g) prohibits DSPS or applicable boards from requiring passage of a statutes and rules examination for certain regulated professions; (h) modifies professional credential renewal periods; (i) modifies the preliminary credential process for applicants from another state; (j) ratifies Wisconsin's participation in several interstate professional licensure compacts, including compacts relating to audiology and speech-language pathology, physician assistants, social workers, and counselors; (k) establishes a decennial review and reporting requirement relating to the state's occupational licensure requirements; (l) requires the Department of Administration (DOA) to submit a report on any bill introduced by the Legislature that pertains to obtaining a professional credential or business license; (m) creates apprenticeship grant programs at the Wisconsin Technical College System (WTCS) and Higher Educational Aids Board (HEAB); (n) creates commercial driver training grants to be administered by the Department of Workforce Development (DWD); (o) modifies work search requirements applicable to unemployment insurance benefit claimants; and (p) requires DWD to immediately promulgate rules to establish a drug testing program for unemployment insurance recipients.

I am vetoing this bill in its entirety because I object to Republicans in the Wisconsin State Legislature gutting my comprehensive workforce plan to instead pass a completely unserious proposal that fails to meaningfully and sensibly address the workforce challenges that have plagued Wisconsin for a decade. It is clear today Republicans remain disinterested in passing real solutions to the most pressing challenges facing our state.

I object to this proposal because, unlike the comprehensive workforce plan I announced now more than 100 days ago, this bill does not make direct investments to help parents afford child care and keep child care provider doors open today or prevent our child care industry's collapse in the long term; this bill does not expand paid family and medical leave for working families to help ensure Wisconsin can compete against neighboring states; this bill does not help substantively bolster high-need sectors of our state's workforce, including the state's education

and healthcare workforces; this bill does not provide substantial support or investments for the state's higher education institutions, including the University of Wisconsin-Madison's engineering building project, aimed at preventing further campus closures and layoffs and helping recruit, train, and retain workers.

I support providing real, responsible tax relief for Wisconsin's working families, as I have clearly demonstrated, having enacted income tax reductions during my time in office that now total \$1.5 billion annually. My commitment to supporting working families, especially those that have experienced rising costs in recent years, is why I delivered on my promise of proposing a 10-percent, middle-class tax cut in my biennial budget that would have provided \$1.2 billion in targeted tax relief to working families, parents, veterans, caregivers, seniors, and student loan borrowers, among others. Republicans rejected that proposal and provided little, if any, justification for doing so.

When we deliver tax relief, we should do so responsibly by ensuring we can keep taxes low now and into the future—much like the tax cuts I have been proud to sign into law—and without driving our state into debt that will cause devastating cuts to priorities like public schools and public safety down the road. Republicans once again fail to balance these important priorities.

This amended bill is a fiscally irresponsible measure that would leave the state of Wisconsin unable to meet its basic duties to provide adequate funding in child care, education, healthcare, public safety, and aid to local governments in the 2025-27 biennium and beyond. The income tax changes now included in this amended bill are so steep that they would require the state, even with ordinary revenue growth, to partially or fully drain the Budget Stabilization Fund—which currently sits at the highest balance in state history—just to provide bare minimum inflationary adjustments to key programs in the future, even after the Legislature already failed to provide adequate funding in the most recent budget. Even under the best economic circumstances and outlook, this bill would represent a complete reversal of the progress we have made during my time in office to improve our state's fiscal conditions. Responsible tax relief must be provided in the context of other key responsibilities, and the Legislature has failed to make any real effort to do so. Again.

Further, I object to the multitude of provisions that would significantly increase the workload of DSPS without providing the agency with expenditure or position authority to manage the increase. The Wisconsin State Legislature is acutely aware of urgent resource needs at the department but repeatedly refuses to provide the agency with a level of additional staffing and funding that is commensurate with the need. By heaping new responsibilities on the agency without increased support, the Legislature has set the agency and its customers on a path to increased processing times, which in turn negatively impacts our workforce. Moreover, the bill would allow individuals to receive or renew professional licenses without proper due diligence. By allowing an employer to attest to a license applicant's arrest and conviction records in order to obtain or renew a license, the state is abdicating its responsibility to ensure that laws and regulations are followed and that issuance of a license is not a danger to public safety. Employer attestation fails to ensure careful review of an applicant's background and is inadequate to keep the people of Wisconsin safe.

Additionally, I object to the inclusion of changes to unemployment insurance work search and drug testing requirements as they create additional barriers for individuals applying for and receiving benefits from a program that is designed to support individuals and families experiencing economic hardship. As I have indicated to this Legislature on multiple occasions, I also object to these provisions because modifications to the state's unemployment insurance law should be considered as part of the long-established process of review and recommendation by the Unemployment Insurance Advisory Council, or in consultation with the council and Department of Workforce Development. The process is intended to ensure that any proposed modifications reflect the expertise and agreement of employers, workers, and the department.

Finally, I object to foisting new financial aid programs upon WTCS and HEAB without providing state funding. Requiring the agencies to absorb new program costs will decrease the availability of dollars for existing programs. While programs that seek to assist individuals in completing apprenticeships are laudable, the Legislature should employ the state's ample surplus funds to ensure that other students in higher education are not negatively impacted.

It is unconscionable that, even as the state enjoys its highest budget surplus in state history and maintains a record-high balance in its 'rainy day fund,' the Legislature failed to take the opportunity I offered through this Special Session to meaningfully and seriously address some of our state's most pressing issues. While I was glad to direct a \$170 million investment to help stave off an urgent collapse of our state's child care industry, this stopgap measure is not a permanent solution. As many members of this Legislature have both publicly and privately acknowledged, our state has long experienced a shrinking labor pool due to several long-term factors that, coupled with our state's low unemployment and high workforce participation, are causing Wisconsin's small businesses, farmers and producers, hospitals and healthcare sectors, and schools, among other critical employers and industries, to face significant challenges filling available jobs—challenges that we know will only be exacerbated by the looming child care crisis facing our state. To be sure, this is not the end of the conversation on child care—that is a promise.

In addition, it is also clear to me—and clearly many of our state's largest employers agree—that if we want to educate, retain, and recruit talented workers, we have to make sure our UW System and higher education institutions statewide have the means to deliver world-class curriculum, programming, and support for students. Those efforts must include investing in a new, state-of-the-art engineering building at our state's flagship campus that, without the state's prompt support, could see an increased cost of approximately \$400 million in the next biennium. Similarly, those efforts must include releasing already-approved wage increases for about 35,000 UW System faculty and staff that continue to be unconstitutionally obstructed by Republicans for no real reason whatsoever.

Truly addressing the longstanding workforce challenges facing our state must likewise include efforts to ensure workers who are already participating in Wisconsin's workforce can remain in the workforce, efforts to recruit, train, and retain workers in key industries and sectors facing significant challenges, as well as initiatives to ensure Wisconsin can be competitive in retaining and recruiting talented workers, such as paid family and medical leave.

Absent real, meaningful efforts by this Legislature to get serious about our shrinking workforce, Wisconsin's ability to maintain our economic momentum will suffer mightily. I urge the Legislature to revisit their work, do the right thing, and send me a bill that contains the serious solutions we know Wisconsinites support to address the serious challenges that have plagued our state for generations.

Respectfully submitted,



Tony Evers
Governor