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October 31, 2018

What Does Foxconn Mean to Me?

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“Hard to wrap my head around,” the woman shared as she considered Foxconn. Just what do big budget decisions mean to us?

Work has begun on crafting the next state budget. Over the next few months, this work will continue in earnest. One hefty unbudgeted expense added to upcoming budget math is a large taxpayer funded payment to a foreign corporation.

Foxconn is the Taiwanese company building a manufacturing plant in southeast Wisconsin. To lure the company to our state, majority lawmakers and the governor created the largest state corporate give-away in American history.

The first big Foxconn payment, nearly \$470 million, will come out of our next two-year budget. There is no pot of money set aside for this payment. Budget writers are faced with three choices: increase borrowing, increase taxes, or take money from other parts of state government.

When you consider the trade-offs lawmakers must make in the next budget, it is helpful to think of our tax dollars (mostly income and sales tax) like a checking account that pays for five big items. About eighty-five percent of our general fund money goes to pay for health care, K-12 education, colleges and universities, corrections and local government. Money for roads and bridges are in a separate fund.

All five of these areas are challenged; by chronic underfunding, growing caseloads, rising social problems (like drug addiction) and shifting demographics (for example, an aging population).

What kind of budget trade-offs must be made by budget writers to absorb the new money commitments made to Foxconn? Let’s start with the largest part of the general fund: K-12 education.

Our children's education makes up about a third of the general fund spending. This includes the private subsidies known as vouchers. While public spending for private schools has grown dramatically, overall education revenue as a percent of our budget has steadily dropped. Over the past 15 years or so, Wisconsin moved from spending a little more than forty percent to spending less than a third of our general fund on schools.

Reviewing work by the nonpartisan Legislative Fiscal Bureau (LFB), one can easily see that money to public schools has still not been fully restored from the deep cuts in state aid made in the governor's first budgets.

Looking forward to the next eight years, Wisconsin is committed to sending over two billion dollars to Foxconn. To give some context to these payments, consider this – the estimated payments to Foxconn for five of the next eight years is larger than the largest funding increase to public schools in any of the last eight years.

Repairing roads and bridges are another priority returning lawmakers must consider. Many suggest a nickel increase (about 16%) in the gas tax to keep road funds balanced. Number crunching by the LFB put this request in context. The LFB calculated that to pay for Foxconn over the next six years, Wisconsin would need to increase the gas tax by over thirty percent.

That's without putting another dime of the new gas tax money into roads, bridges, harbors or rail, which are vital investments to a thriving Wisconsin economy.

We cannot spend money twice. Once state leaders prioritize a project like Foxconn, they limit other priorities, such as schools and roads.

Once state leaders started down the road of cash payments to corporations, they find it difficult to stop. Just a few weeks ago, our Senate Majority Leader announced a Special Senate Session to consider another large corporate subsidy to the Kimberly Clark Corporation. The decision to pass this corporate subsidy by majority Senators would further limit budget options for future leaders.

Budgets reflect our values and priorities. They set our choices and chart our state's course well into the future.

The budget is the one bill the governor writes. Deliberations on the governor's budget is the first significant job of any lawmaker in a new session. We don't often think of the importance of budget actions, but it is THE most impactful legislative decision affecting our communities.

Citizens would be wise to consider how future leaders will make decisions on state priorities. Get involved. And, remember to vote!