

Governor Signs FY2025-2027 State Budget Bill

Early on July 1, Governor Tony Evers (D) announced an agreement on the state Fiscal Year 2025-2027 budget with legislative leadership. The budget bill compromise between Governor Evers and legislative leaders will boost funds for the Universities of Wisconsin, special education, and childcare providers in exchange for preserving approximately \$1.4 billion in Republican tax cuts. The Legislature's Joint Finance Committee approved this agreement on July 1 by a vote of 13-3. Subsequently, the state Senate passed the bill on July 2, and the state Assembly passed it in the early morning hours of July 3. Governor Evers also signed the bill on July 3.

The following are highlights of the \$111.1 billion FY2025-2027 budget:

State Taxes

- A reduction of the Wisconsin individual income tax by over \$600 million annually.
 - Over 1.5 million of Wisconsin taxpayers will receive a tax cut, averaging \$180.
 - 82 percent of the tax cut will go to taxpayers with adjusted gross income below \$200,000.
- Reducing income taxes for many Wisconsin retirees.
 - Allowing those age 67 or older to exclude up to \$24,000 (up to \$48,000 for married-joint filers) of retirement income payments will reduce taxes on approximately 280,000 Wisconsin filers by an average of about \$1,000 per filer.

Department of Public Instruction

- A \$1.4 billion increase in funding for public K-12 schools in Wisconsin.
 - This includes an increase in the special education reimbursement rate, to 42% in FY2025-2026 to 45% in FY2026-2027. According to Governor Evers, this is the highest reimbursement rate in three decades.

Department of Children and Families

- The Fiscal Year 2025-2027 budget includes more than \$361 million in economic support for Wisconsin's child care industry, including:
 - \$110 million in FY2025-2026 for direct payments to child care providers.

Department of Health Services

- *Medicaid Cost-to-Continue:* The budget agreement also fully funds the state's Medicaid program – this is known as “Medicaid cost-to-continue.” This funding incorporates enough funding to pay for the increased costs of providing services and also takes into account changing Medicaid enrollment projections.
 - In FY2025-2026, \$1.529 billion is provided and in FY2026-2027, \$2.279 billion is provided.
- *Hospital Assessment:* At present, Wisconsin hospitals pay 1.8% of their net patient revenue to the state Department of Health Services (DHS) – this is known as the “hospital assessment.” This budget agreement increases this percentage to 6%.
 - 30% of these funds will be held in the Medical Assistance Trust Fund, which helps pay for the state's Medicaid program.

- The rest of this funding will be used to make hospital provider payments, resulting in over \$1.1 billion in funding to go to Wisconsin hospitals.
- *WisCaregiver Careers*: Provides \$2 million in FY2025-2026 to increase funding for this program, which aims to increase the number of certified nurse aides (CNAs) and certified direct care professionals (CDCPs) in the state.
- *Free and Charitable Clinics*: Increases funding for free and charitable clinics by \$1.5 million between FY2025-2027.
- *Federally Qualified Health Centers*: Provides \$800,000 annually to increase grants to such centers.
- *Health Care Provider Training Grants*: Provides \$1 million in FY2025-2026 to increase funding for the allied health professional education training program.
- *University of Wisconsin Hospital and Clinics*: Increases uncompensated care supplement by \$10 million annually.
- *Adult Level One Trauma Hospitals*: Provides \$35 million in grants annually to support these hospitals.
- *Regional Referral Hospital Support Payment*: Provides \$15 million annually to a regional referral center providing tertiary-level care to residents of multiple counties.
- *Grants to Health Center “Look-Alikes”*: Provides \$200,000 annually to such health centers that are designated as federally qualified health center look-alikes.
 - These types of health centers are community-based health care facilities that meet federal health center program requirements, but do not receive health center program funding. These centers provide primary care in underserved areas.
- *State Mental Health Institutes*: Provides \$15.8 million in FY2025-26 to these institutes to address a projected deficit from fiscal year 2024-25 in the civil patient treatment program.

Higher Education Aids Board

- *Emergency Medical Services Training Costs*: Provide \$3.5 million in FY2026-2027 for Emergency Medical Services training reimbursements related to training and materials incurred in completing a course at a Wisconsin Technical College System institution.

Department of Safety and Professional Services

- *Occupational Credentialing Customer Service Call Center Staff*: Extend five call center contract employees for three more years – until September 30, 2028. Provide \$253,100 in FY2025-26 and \$337,300 in FY2026-27 to support the positions.
- *Occupational Credentialing Board Support Staff*: Provide \$126,200 in FY2025-26 and \$164,400 in FY2026-27 and one pharmacy practices consultant for inspections of primarily non-retail pharmacy locations.

Medical College of Wisconsin

- *North Side Milwaukee Health Centers Family Medicine Residency Program*: Provide an increase of \$250,000 each in FY2025-2026 and FY2026-2027, for a total of \$500,000. This program replaces a residency program that was previously operated by Ascension Healthcare.
- *Northwest Wisconsin Residency Rotation*: Provide \$250,000 starting in FY2026-2027 for this program, which replaces the residency programs previously operated in the Eau Claire area by HSHS/Prevea.
- *New Eye Institute*: Provide \$10 million to build a new eye institute at the MCW campus in Wauwatosa. MCW will need to provide \$31.599 million in non-state matching funds.

Universities of Wisconsin (UW)

According to Governor Evers, this budget will include the largest increase in funding for the UW System in nearly two decades. In particular, it includes:

- An increase of over \$239 million in operational funding for the UW System, including:
 - \$54 million to help retain and recruit faculty in high-demand fields.
 - Over \$94 million to increase wages for faculty and staff.

Department of Workforce Development

- *Worker's Compensation – Hospital Service Fee Schedule*: Provide that a fee specified in a hospital service fee schedule, for the purpose of paying a worker's compensation claim, be utilized only if: (a) the fee is for an item or service provided by an eligible hospital; (b) the fee is for an item or service for which the eligible hospital may receive hospital inpatient or outpatient reimbursement from the Medicaid program; and (c) the fee is paid within the applicable period (up to 90 days).