



*The Beacon Hill Institute
for
Public Policy Research*

News Release

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Wisconsin's Act 10 saved tax dollars, preserved vital services and spurred state economy, new study shows

BOSTON - Act 10, which institutes reforms in the state's public sector collective bargaining law, has resulted in savings of between \$773 million and almost \$1.195 billion to both state and local government. The savings have spared the Wisconsin economy economic losses it would have sustained had the measure not been adopted. This is a finding of a new analysis by the Beacon Hill Institute at Suffolk University in Boston

The controversial measure, which limited collective bargaining to wages and salaries and instituted other reforms, spared harm to the state economy by avoiding increases in state and local taxes that would otherwise have been necessary. The decision to enact Act 10 not only helped municipal government avoid layoffs but also helped rescue the economy through the economic downturn it was undergoing.

Using its Wisconsin-STAMP model, the Institute found that by not raising taxes to cover the deficit, the state prevented the loss of between 11,500 and 14,000 private sector jobs. It also helped spare between 3,900 and 6,500 public sector jobs, both because of the avoided layoffs and the economic stimulus provided by the Act.

The Act preserved not only jobs, but also household incomes. Real disposable income in Wisconsin is between \$760 million and \$1.030 billion higher than it would have been without the Act. The tax increases avoided by the Act also proved to be a boon to business. The Institute found that investment under the Act is between \$185 million and \$350 million higher than it would have been if taxes had been raised.

Finally, the Act provided a budget saving for both state and local government. "Act 10 allowed municipalities to realize significant annual cost savings," said Paul Bachman, BHI Director of Research. "The cost savings measures prevented painful tax increases that would have damaged the state's private economy resulting in slower job and income growth. Moreover, the Act avoided further painful layoffs of school teachers and other public employees."

The analysis and methodology is available at <http://www.beaconhill.org>.