

For Immediate Release
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Contact: Rep. Hintz
1-888-534-0054

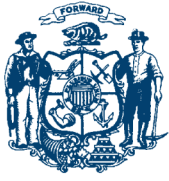
Smoke and Mirrors Hide Aftermath of GOP Budget

Madison – Yesterday, Governor Scott Walker’s budget office released their Agency Budget Requests and Revenue Estimates, a report issued every two years after elections to help the incoming legislature plan the state’s budget. The report outlines gaps or surpluses by contrasting the upcoming expenses expected by state agencies to the amount of money the state expects to take in during the budget.

While headlines yesterday focused on yet another significant hole of \$693 million for the upcoming budget, the report contains indications of deeper problems yet to come:

- **Slower Economic Growth:** Due to Wisconsin’s poor economic performance, the Walker administration quietly lowered the revenue estimate for the current fiscal year by \$215 million, an amount approaching the size of last budget’s cut to the UW System. This lower estimate is primarily driven by lower corporate tax revenue (-\$156.5 million) and income tax revenue (-\$32 million).
- **Borrowing Money to Keep the Budget in the Black:** The new projected FY 2017 fund balance that the state will carry into the next budget is just \$104.8 million. However, this small fund balance was only made possible by the Governor’s decision last May to defer payment of \$101 million in debt into future budgets, instead of making the debt payment when it came due. Borrowing money on a regular basis in order to keep the state budget in the black masks the impact of Wisconsin’s sluggish economic growth and lost revenue from regressive tax cuts.
- **Significantly Smaller Agency Requests Driving Lower Deficit Number:** The projected \$693 million deficit for FY18-19 is a reflection of the Governor actively instructing state agencies to suppress their budget requests rather than budget for the programmatic needs of our state (see table below). Under Governor Walker, agencies on average have requested an increase of 13.7% to meet growing needs in the prior three state budgets. Under the Governor’s orders, their request for this budget is just a 3.3% increase. The reduced agency requests help cover up what would normally be a more significant budget shortfall due to underperforming revenue projections.

“Even as Wisconsin continues to underperform the national economy, Governor Walker and Wisconsin Republicans continue to minimize our state’s financial problems,” said Rep. Gordon Hintz, a member of the Legislature’s budget-writing Joint Committee on Finance. “The Governor keeps talking about putting more money into public schools and the UW System without mentioning that his past prioritizing of massive, regressive tax cuts for the wealthy have left the state without the financial means to actually do so.”



STATE REPRESENTATIVE
GORDON HINTZ

WISCONSIN STATE ASSEMBLY

54th DISTRICT

Budget	Base	Agency Request \$ over 2 years	Agency Request Funding % Increase	Projected Structural Deficit
2011-13	\$14,166,000,000	\$2,045,800,000	14.44%	\$2,200,000,000
2013-15	\$14,776,100,000	\$1,598,200,000	10.82%	\$171,400,000
2015-17	\$15,928,900,000	\$2,508,600,000	15.75%	\$2,214,000,000
2017-19	\$17,033,000,000	\$574,300,000	3.37%	\$693,000,000

Average % Request First Three Budgets	13.67%
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