



Legislative Fiscal Bureau

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TO: Senator Scott Fitzgerald
Room 211 South, State Capitol

FROM: Bob Lang, Director

SUBJECT: 2017-19 and 2019-21 General Fund Budget

The following tables (in millions) provide information on the condition of the state's general fund for 2017-19 and 2019-21 under the Senate Republican 2017-19 budget proposal. Table 1 displays the projected 2017-19 general fund condition statement under the proposal.

TABLE 1

2017-19 General Fund Condition Statement

	<u>2017-18</u>	<u>2018-19</u>
Revenues		
Opening Balance, July 1	\$466	\$440
Taxes	16,064	16,650
Departmental Revenues		
Tribal Gaming Revenues	26	26
Other	<u>496</u>	<u>447</u>
Total Available	\$17,052	\$17,563
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$16,888	\$17,798
Transfers to:		
Transportation Fund	40	42
Compensation Reserves	3	26
Less Lapses	<u>-319</u>	<u>-447</u>
Net Appropriations	\$16,612	\$17,419
Balances		
Gross Balance	\$440	\$144
Less Required Statutory Balance	<u>-70</u>	<u>-75</u>
Net Balance, June 30	\$370	\$69

Table 2 focuses only on the 2018-19 fiscal year. 2018-19 is the "base year" for construction of the 2019-21 budget.

TABLE 2

2018-19 General Fund Condition Statement

	<u>2018-19</u>
Opening Balance, July 1	\$440
Revenues (Taxes and Departmental Revenues)	<u>17,123</u>
Total Available	\$17,563
Net Appropriations	\$17,419
Gross Balance	\$144

Table 3 addresses the structure of the general fund budget. To do so, only the revenues, net appropriations, and the difference between the two is shown. Thus, Table 3 ignores the opening balance and focuses only on the revenues and net appropriations for the 12 months of the fiscal year.

TABLE 3

2018-19 Balance of Revenues and Expenditures

	<u>2018-19</u>
2018-19 Revenues	\$17,123
Net Appropriations	<u>17,419</u>
Difference	-\$296

Table 3 indicates that net appropriations exceed revenues by \$296 million. Thus, the structure of the general fund shows an imbalance of \$296 million. The -\$296 million becomes \$144 million when the \$440 million opening balance is considered. However, Table 3 focuses only on the revenues and net appropriations for the 12-month period (July, 2018, through June, 2019).

Table 4 shows estimated 2019-21 general fund commitments. This table reflects estimated increases or decreases of various items for each year of the 2019-21 biennium as a change to base year (2018-19) revenues and net appropriations.

TABLE 4**2019-21 General Fund Commitments**

	<u>2019-20</u>	<u>2020-21</u>
Revenues (Taxes and Departmental Revenues)		
2018-19 Base Revenues	\$17,123	\$17,123
Modifications to Base		
Capital Gains Exclusions -- WI Investments	-\$17	-\$23
Limit Historic Rehabilitation Credit	10	15
Sales Tax on Internet Access	<u>0</u>	<u>-166</u>
Subtotal -- Modifications	-\$7	-\$174
Total	\$17,116	\$16,949
Net Appropriations		
2018-19 Base	\$17,419	\$17,419
Modifications to Base		
Disaster Damage Aids	-\$3	-\$3
Services for Victims of Sex Trafficking	5	5
Depletion of Federal Child Welfare Funds	5	5
Participation in Employment Training -- Foodshare		
Recipients with Dependent Children	2	0
Fully Fund 2% General Wage Adjustment	46	46
Corrections Health Service Unit Staffing	1	1
Debt Service on General Obligation Bonds	25	-4
Debt Service on Appropriation Obligation Bonds	62	66
One-Time Per Pupil Aid	-20	-20
Private School Choice Program	6	12
Covenant Program	-2	-3
Wisconsin Reading Corps	-1	-1
Sunset Forestry Mill Tax	3	6
Debt Service on Transportation Bonds	20	20
School Levy Tax Credits	43	43
Lottery Retail Compensation	<u>-30</u>	<u>-30</u>
Subtotal -- Modifications	\$162	\$143
Total	\$17,581	\$17,562

Table 5 places the figures from Table 4 into condition statement format for the 2019-21 biennium.

TABLE 5

**2019-21 General Fund Condition Statement
(Before Revenue Growth and Program Expansion)**

	<u>2019-20</u>	<u>2020-21</u>
Opening Balance, July 1	\$144	\$80
Revenues (from Table 4)	<u>17,116</u>	<u>16,949</u>
Total Available	\$17,260	\$17,029
Net Appropriations (from Table 4)	\$17,581	\$17,562
Required Balance	<u>80</u>	<u>85</u>
Total	\$17,661	\$17,647
Balance	-\$401	-\$618
Biennial Amount		-\$1,019

Table 5 shows that, for 2019-20, the general fund would have an estimated imbalance of -\$401 million after meeting commitments under current law and the provisions of your proposal and maintaining the required statutory balance. In 2020-21, an imbalance of -\$618 million (above the 2019-20 imbalance of -\$401 million) would occur.

It is important to note that the amounts shown in Tables 4 and 5 represent commitments under current law and the provisions of your 2017-19 budget proposal. No assumptions are made regarding revenue modifications in 2019-21 due to such unknowns as future law changes or economic factors. Likewise, no assumptions are made to appropriations regarding changes in caseloads, population estimates, enrollments, employee compensation, or inflation.

The intent of the exercise is to provide policymakers with an indication of the beginning point for the budget of the succeeding biennium. It does not project whether the next budget will have a surplus or a deficit (the Constitution requires that the Legislature pass a balanced budget). Rather, the analysis is intended to serve as a guide during current budget deliberations and provide some insight regarding the succeeding budget.

Table 6 lists the estimated amounts under this exercise for 2019-21 and the 10 preceding biennia.

TABLE 6**General Fund Amounts**

	<u>1st Year</u>	<u>2nd Year</u>	<u>Total</u>
For the 2019-21 Biennium	-\$401	-\$618	-\$1,019
For the 2019-21 Biennium (Governor)	-420	-633	-1,053
For the 2017-19 Biennium	-27	-183	-210
For the 2015-17 Biennium	-1,069	-697	-1,766
For the 2013-15 Biennium	140	6	146
For the 2011-13 Biennium	-1,232	-1,279	-2,511
For the 2009-11 Biennium	-800	-882	-1,682
For the 2007-09 Biennium	-653	-846	-1,499
For the 2005-07 Biennium	-701	-845	-1,546
For the 2003-05 Biennium	-1,340	-1,527	-2,867
For the 2001-03 Biennium	-693	-1,026	-1,719
For the 1999-01 Biennium	-589	-914	-1,503

In addition, it should be noted that the budget stabilization fund currently has a balance of \$282 million.

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