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# HOWARD MARKLEIN

STATE SENATOR • 17<sup>TH</sup> SENATE DISTRICT

## **Capitol Update By Senator Howard Marklein April 15, 2016**

### ***Rebound After a Raid***

When I was first elected to office, Wisconsin was feeling the effects of a fiscal emergency. By June 30, 2011, the state had a \$3 billion deficit in its general fund when calculated using generally accepted accounting principles. Large general fund deficits were backfilled by taking money from segregated funds, such as the transportation fund and the patient's compensation fund, which were meant for specific purposes.

One of the reasons I ran for office was to stop the practice of raiding money from segregated funds to fill holes in the state's general fund budget. Stopping the practice of raiding funds is key to improving the fiscal health of the state by spending responsibly within our revenue sources and using funds for their intended purpose.

As a CPA, I feel it is my duty to look at the books as closely as I can and monitor how our state is spending and managing these many funds. Periodically the non-partisan Legislative Audit Bureau (LAB) releases audits that are a helpful tool to analyze how the state is performing fiscally.

The LAB recently released an audit detailing the health of the Injured Patients and Families Compensation Fund (Fund). This fund was created to insure physicians and health care providers in Wisconsin. Physicians, nurses, hospitals, nursing homes, and other health care providers pay into the fund in exchange for coverage in the case of medical malpractice lawsuits. The Fund is then managed by the State of Wisconsin Investment Board (SWIB). No taxpayer money is used for this Fund.

In 2007, the Doyle administration and state legislature raided \$200 million from the Fund to plug holes in the state's general fund deficit. This shifting of money, from an account funded by nurses, hospitals, nursing homes and doctors, to the state government's general purpose fund was a brazen example of fuzzy accounting. It created the illusion of a balanced budget but left a significant hole in an independently funded account. Not only was this dishonest accounting, it was also ruled illegal by the State Supreme Court and the state was ordered to repay the funds, creating another hole that needed to be filled in the general fund.

The LAB recently reported that the Fund has returned to health and is at its highest level ever. After the raid, the Fund hit an all-time low of negative \$109 million in 2008-09. In 2014-15 the Fund stood at a surplus of \$733.9 million.

The Fund is an important protection for providers and consumers. The doctors, nurses, hospitals, nursing homes and other health care providers who support it deserve the Fund to be solvent and available to them

when they need it. It is irresponsible and wrong for our government to spend money that doesn't belong to us.

As your State Senator, I will continue to reject proposals to raid segregated funds to balance our books. I will also continue to monitor the funds we manage and work with my colleagues to protect the health of the funds we rely on, as taxpayers, to meet specific needs.

As we look toward the next budget cycle, I will also work with my legislative colleagues to protect the segregated revenues we generate in our state, such as the gas tax. Nearly 10% of our state budget comes from funds that are segregated for specific purposes. It is incumbent upon us to be aware of these restrictions on the use of segregated funds.

### Injured Patients Compensation Fund Balance

| <b>Fiscal Year</b> | <b>Balance (\$ Millions)</b> |
|--------------------|------------------------------|
| 2004-05            | 31.7                         |
| 2005-06            | 59.8                         |
| 2006-07            | 94.4                         |
| 2007-08            | -61.5                        |
| 2008-09            | -109.0                       |
| 2009-10            | 132.8                        |
| 2010-11            | 293.8                        |
| 2011-12            | 361.3                        |
| 2012-13            | 445.0                        |
| 2013-14            | 581.0                        |
| 2014-15            | 733.9                        |

\*Source: Legislative Fiscal Bureau

For more information and to connect with me, visit my website <http://legis.wisconsin.gov/senate/17/marklein> and subscribe to my weekly E-Update by sending an email to [Sen.Marklein@legis.wisconsin.gov](mailto:Sen.Marklein@legis.wisconsin.gov). Do not hesitate to call 800-978-8008 if you have input, ideas or need assistance with any state-related matters.

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