



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873  
Email: [fiscal.bureau@legis.wisconsin.gov](mailto:fiscal.bureau@legis.wisconsin.gov) • Website: <http://legis.wisconsin.gov/lfb>

January 27, 2015

TO: Senator Jennifer Shilling  
Room 206 South, State Capitol

FROM: Bob Lang, Director

SUBJECT: Revenue Shortfall Provisions

At your request, this memorandum provides information on the statutory provisions regarding a revenue shortfall.

Section 16.50(7) of the statutes establishes a process if there is a revenue shortfall. Under this provision, if at any time after enactment of the biennial budget the Secretary of the Department of Administration determines that previously authorized expenditures will exceed revenues in either year of the biennium by more than 0.5% of the estimated general fund appropriations for that fiscal year, the Secretary is required to immediately notify the Governor, the presiding officer of each house of the Legislature, and the Joint Committee on Finance of the revenue shortfall. Following this notification, the Governor is required to submit to the Legislature a bill containing the Governor's recommendations for correcting the imbalance between projected revenues and authorized expenditures.

On January 23, 2015, this office projected that the general fund balance at the end of the 2014-15 fiscal year would be -\$283.4 million. Shortly following the release of that report, it was indicated that the Potawatomi Tribe would make a payment to the state for 2013-14 and 2014-15. Assuming an annual payment in the range of \$25 million, this would reduce the estimated shortfall to -\$233.4 million. Expenditures for 2014-15 are projected to be \$15,775 million; 0.5% of that amount is \$78.9 million. Consequently, the -\$233.4 million shortfall exceeds the 0.5% threshold by \$154.5 million.

As indicated, if the s. 16.50(7) process is to be implemented, the Secretary of the Department of Administration must first submit notification of the shortfall to the Governor and Legislature.

In addition, you asked that I identify those instances when the Secretary of the Department of Administration provided notification of a shortfall under s. 16.50(7). Those are shown below.

<u>Date of Notification</u>	<u>Affected Fiscal Year</u>	<u>Shortfall Notification Amount</u>
January 18, 2002	2002-03	-\$974.5 million
November 20, 2002	2002-03	-185.5 million
March 5, 2008	2008-09	-350.9 million
November 20, 2008	2008-09	-346.2 million

BL/sas