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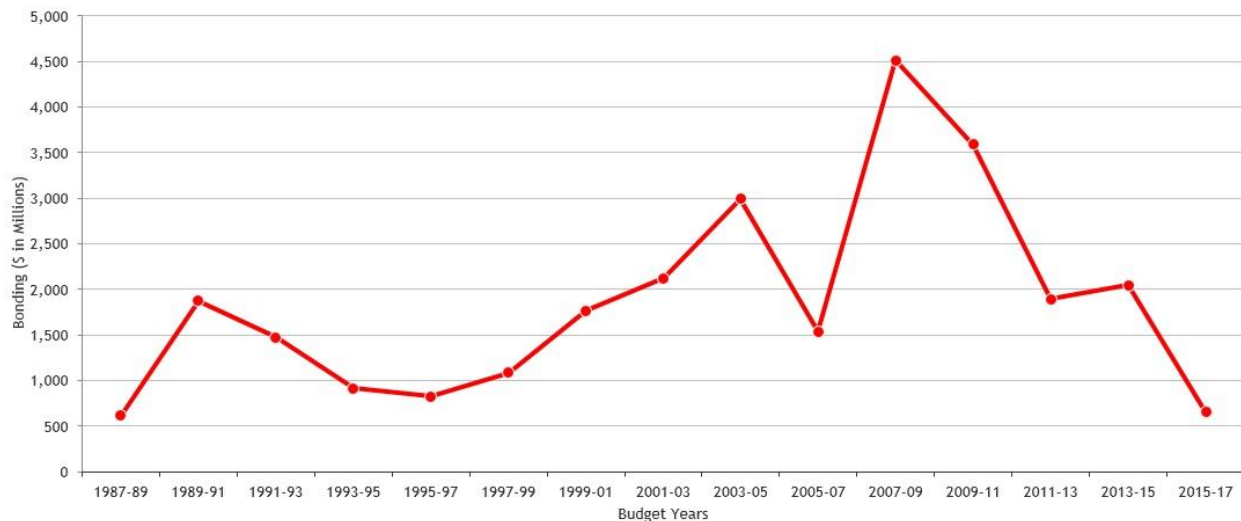
Capitol Update By Senator Howard Marklein July 24, 2015

The State of Wisconsin's Credit Card

When I first ran for office one of my top concerns was the condition of Wisconsin's "credit card." For many years we had been taking on a considerable amount of debt, were pushing off payments on that debt into the future, and were not properly dealing with our commitments. With the signing of the 2015-2017 budget, it's useful to look at a snapshot of what kind of progress we have made on slowing our borrowing and paying off what's been borrowed in the past.

As we have discussed over the last several months, every two years the State of Wisconsin tackles a new budget. These budgets determine how we spend the revenue we collect through taxes and fees. We also authorize specific amounts of bonding – or borrowing - for each two year period. The authorization of borrowing is similar to the maximum level you can borrow on your credit card. The 2015-2017 state budget contains \$652 million in bonding, the lowest level of authorized bonding since 1987.

State of Wisconsin Biennial Bonding Authorizations



Source: Legislative Fiscal Bureau

This is a very positive development for the State of Wisconsin. As we borrow less it becomes easier for us to manage our current and future payments. What we don't borrow now, we don't have to repay later.

Some level of borrowing, particularly for projects that encourage strong economic growth, is not necessarily a bad thing. Borrowing becomes a problem when we reach levels of debt that we are unable to pay back. This was the case for several years in Wisconsin's past. From 2007 to 2011 Wisconsin restructured debt payments and pushed more than \$1.5 billion dollars of payments on debt into the future.

Annual GPR Debt Service (\$ in Millions)

Year	Debt Payment Owed	Actual Payment	Payments Deferred
2000-01	\$ 330.9	\$ 330.9	\$ -
2001-02	334.2	232.2	102.0
2002-03	351.8	326.8	25.0
2003-04	339.2	164.2	175.0
2004-05	314.2	314.2	0.0
2005-06	413.6	413.6	0.0
2006-07	453.8	453.8	0.0
2007-08	494.3	430.7	63.6
2008-09	499.6	438.0	61.6
2009-10	507.9	145.3	362.6
2010-11	510.9	213.8	297.1
2011-12	523.3	155.1	368.2
2012-13	616.7	616.7	0.00
2013-14	717.1	717.1	0.00
2014-15	636.8	528.8	108.0
2015-16	619.8	619.8	0.0
2016-17	592.5	592.5	0.0
Totals	\$ 8,256.6	\$ 6,693.5	\$ 1,563.1

Source: Legislative Fiscal Bureau

The table above shows the struggle that Wisconsin was under in paying its obligations. We had run up too much debt on our "credit card" and instead of making the required payments, we were delaying them into the future. For anyone who has put together a household budget, we know this can't go on forever.

Unfortunately, because of those past decisions we are now making larger payments on our debt, but I am confident we can bend the cost curve downward.

The budget that was just signed by Governor Scott Walker was good news for Wisconsin's "credit card" in multiple ways. Not only did we budget to make full payments on past debt, but we created the lowest level of debt in 30 years. This is an extremely positive development for our state, and I'm hopeful we can continue these trends in the future.

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. 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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