



Wisconsin Taxpayers Alliance

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NEWS

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Proposed State Budget Relies on Surplus Now, Revenue Growth Later to Boost New Spending WISTAX Report Sheds Light on Long-Term State Finances

MADISON—Gov. Scott Walker’s (R) proposed 2017-19 budget offers a mix of good news and bad news. The good is that it projects increased state revenues and decreased Medicaid costs, a big driver of state spending in recent years. The not-so good is that it spends all new revenues and more, leaving the state with a minimal balance in two years.

These are some of the observations in a report by the Wisconsin Taxpayers Alliance (WISTAX), “The governor’s proposed state budget: A first look,” available now at www.wistax.org.

The governor introduced his 2017-19 budget in early February. The legislature will devote the next five months to reviewing and amending it. The budget would spend \$76.1 billion from all sources, with about half coming from state general purpose revenues, mainly income and sales taxes.

Wisconsin will begin the 2017-19 budget period in July with a projected \$435 million surplus. However, the governor’s budget proposes spending \$371 million of that surplus over the next two years, ending with a balance of \$81.7 million, about 0.5% of expenditures, or the equivalent of less than two days’ operating costs. State budget experts often recommend states keep a balance of at least 5% of expenditures, a target Wisconsin has only met once since 2001.

Because the budget funds spending with the one-time surplus, expenditures exceed ongoing revenues. This creates “structural imbalances” of \$155.2 million in 2018 and \$216.1 million in 2019.

The new WISTAX newsletter, “The governor’s proposed budget: A first look,” is available by visiting www.wistax.org; emailing wistax@wistax.org; calling 608.241.9789; or writing WISTAX at 401 North Lawn Ave., Madison, WI 53704-5033. WISTAX is a nonpartisan, nonprofit organization devoted to public policy research and citizen education. □

(Editor’s Note: An electronic version of this release is available at www.wistax.org.)

