



## Wisconsin Taxpayers Alliance

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# NEWS

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### **New State Report Offers a Preview of 2017-19 Budget Debate** Slow Revenue Growth, Weak Ending Balances Foretell Tough Choices Ahead

MADISON—A recent report from Wisconsin’s Department of Administration highlights the major challenges Gov. Scott Walker (R) and state legislators face as they begin work on the 2017-19 state budget, according to an analysis by the Wisconsin Taxpayers Alliance (WISTAX). Now celebrating its 85th year, WISTAX is a non-partisan research organization dedicated to citizen education.

The WISTAX analysis of the “November 20 report,” which summarizes the state’s financial conditions as the governor begins work on the biennial state budget, shows the following potential trouble spots:

- Projections for general fund tax collections continue to lag. Revenue growth for 2016-17 was initially projected at 3.8%, but has now been reduced to 2.3%. The 2017-19 forecast projects growth of at most 3% annually.
- The ending balance for fiscal year (FY) 2017 is \$104.8 million, or just 0.6% of net appropriations. This is equivalent to roughly two days’ worth of state spending.
- Although the report notes that the \$330 million opening balance (or surplus) this year was “the fourth-largest opening balance in 16 years,” a better measure would be to compare surpluses to spending. As a share of total expenditures, the projected ending balance is the smallest in seven years.
- FY 2017 expenditures are projected to outpace ongoing revenues by \$226 million. The gap does not include an accounting “trick” that pushes funding of about \$100 million in school levy credits into the next fiscal year.
- As for the pending 2017-19 budget, two agencies account for nearly all of the new spending requests: \$447 million, mostly school aids, from the Department of Public Instruction and \$336 million from the Department of Health Services.
- Caution should also be used regarding the state’s Budget Stabilization fund. The so-called “rainy day” fund has \$280 million in it. However, no new deposits have been made in the past three years.

The Wisconsin Taxpayers Alliance, founded in 1932, is the state’s oldest and most respected private government-research organization. Through its research, publications, civic lectures, and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan, and independently funded, WISTAX is not affiliated with any group—national, state, or local—and receives no government support.

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The WISTAX report, “New state report raises curtain on Wisconsin’s 2017-19 budget process,” is available by visiting [www.wistax.org](http://www.wistax.org); emailing [wistax@wistax.org](mailto:wistax@wistax.org); calling 608.241.9789; or writing WISTAX at 401 North Lawn Ave., Madison, WI 53704-5033. □

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