

STATE OF WISCONSIN

Senate Journal

Ninety–Ninth Regular Session

THURSDAY, October 21, 2010

The Chief Clerk makes the following entries under the above date.

PETITIONS AND COMMUNICATIONS

State of Wisconsin Department of Administration

October 15, 2010

The Honorable, The Legislature:

This report presents statements of fund condition and operations (budgetary basis) of the State of Wisconsin for the fiscal year ended June 30, 2010. This satisfies the requirements of sec. 16.40(3), Wisconsin Statutes. Displayed are major sources of revenues and major categories of expenditures for the General Fund and other funds compared to the prior year.

The General Fund has an undesignated balance of \$71.0 million as of the end of the fiscal year. This is \$264.8 million lower than the balance of \$335.8 million projected in the estimate for [2009 Wisconsin Act 28](#) and other related budget legislation. The lower ending balance is due primarily to previously reported spending above amounts estimated in Act 28 for the Medicaid program. The increased Medicaid spending is a result of higher caseloads due to the economic recession.

General–purpose revenue taxes were \$12.132 billion compared to \$12.113 billion in the prior year, an increase of \$19 million or 0.1 percent. This follows the \$930 million (7.1%) reduction in general purpose revenue taxes collected in fiscal year 2008–09 compared with the prior year. Collections in fiscal year 2009–10 continued to reflect the impact of the worst economic conditions in decades, with individual income and sales tax collections 2.1% and 3.4% less, respectively, than the prior year. On a positive note, actual revenue collections in fiscal year 2009–10 were equal to the forecast made in January 2010 and included in the July 2010 estimated general fund condition due to stronger corporate income tax collections.

General–purpose revenue expenditures were \$12.824 billion compared to \$12.744 billion in the prior year, an increase of \$80 million or 0.6 percent. This very small spending increase was due in part to over \$500 million in spending cuts to GPR appropriations, as well as the use in fiscal year 2009–10 of similar amounts of federal fiscal relief under the American Recovery and Reinvestment Act of 2009 as were used in fiscal year 2008–09. This small spending increase follows a 5.8% decrease in fiscal year 2008–09 spending compared with the prior year.

In fiscal year 2010, the State of Wisconsin continued to devote the major share of state tax collections to assistance to local school districts, municipalities and counties. Local

assistance accounted for 56.5 percent of total general purpose revenue spending. Aid payments to individuals and organizations represented 18.7 percent of total general purpose revenue expenditures. The University of Wisconsin accounted for 7.9 percent of total general purpose revenue spending and state operations spending for all other state agencies accounted for 16.9 percent of the total.

The State of Wisconsin expects to publish its comprehensive annual financial report in December of 2010. The report will be prepared under generally accepted accounting principles.

Sincerely,
DANIEL J. SCHOOFF
Secretary of Administration
STEPHEN J. CENSKY
State Controller

State of Wisconsin Legislative Fiscal Bureau

October 18, 2010

The Honorable, The Legislature:

Under s. [16.40\(3\)](#), of the statutes, the Department of Administration (DOA) is required to prepare, by October 15, an accounting of actual revenues and expenditures for the previous fiscal year. The Annual Fiscal Report for 2009–10 was released on October 15.

The report indicates that the gross, closing general fund balance for 2009–10 is \$71 million. This is \$265 million below the \$336 million amount estimated at the conclusion of the 2009–10 legislative session. The \$265 million variance is due to reduced departmental revenues (non–tax receipts deposited in the general fund) of \$43 million and increased net expenditures of \$222 million.

Revenues. Actual, general fund tax collections for 2009–10 were virtually identical to the estimated amount. Departmental revenues, however, were \$43 million below the budgeted amount. This is primarily due to a reduction in estimated lapses/transfers to the general fund of \$34 million and a decline in estimated tobacco settlement revenues of \$14 million. These shortfalls were offset by increases, above estimated amounts, of tribal gaming revenues of \$6 million and \$10 million in fees collected by the Department of Financial Institutions. Other changes resulted in a net reduction of the remaining \$11 million.

[2009 Acts 2](#) and [28](#) require that the DOA Secretary lapse/transfer \$642 million to the general fund during 2009–11 biennium. Of this, it was budgeted that \$334 million would be transferred to the general fund in 2009–10 and \$308 million

would be transferred in 2010–11. The actual lapse/transfer amount in 2009–10 was \$308 million, \$34 million less than what was budgeted. Thus, to meet the Act 2 and 28 requirements, that \$34 million will need to be realized in 2010–11.

Net Appropriations. Net appropriations exceeded budgeted amounts by \$222 million. This is primarily due to the fact the medical assistance (MA) program spent \$207 million more than budgeted in 2009–10. To fund a shortfall in the MA program in 2009–10, the administration transferred amounts from the biennial appropriation for MA from 2010–11 to 2009–10. Similarly, \$8 million was transferred from 2010–11 to 2009–10 to offset a shortfall in the private bar appropriation of the Office of the Public Defender. In addition, a number of sum sufficient appropriations exceeded budgeted amounts by \$19 million. These expenditure increases were offset by reduced spending in fuel and utilities (\$9 million) and compensation reserves (\$3 million).

Regarding medical assistance, it is currently estimated that the GPR appropriation for that program will be insufficient by approximately \$148 million for the 2009–11 biennium. To address this shortfall, the Department of Health Services (DHS) intends to seek approval to apply an estimated surplus in the SeniorCare program appropriation of \$20 million to MA. DHS also intends to seek approval to delay certain MA capitation payments that would otherwise be paid to managed care organizations in May, 2011, to the 2011–12 fiscal year, thereby reducing the 2009–11 shortfall by an additional \$44 million GPR. With respect to the remaining projected GPR deficit of \$84 million, the Department is exploring a number of alternatives including seeking additional federal matching funds.

If you have questions regarding this memorandum or the 2009–10 fiscal report, please contact me.

Sincerely,
BOB LANG
Director

**REFERRALS AND RECEIPT OF COMMITTEE
REPORTS CONCERNING PROPOSED
ADMINISTRATIVE RULES**

The committee on **Commerce, Utilities, Energy, and Rail** reports and recommends:

Senate Clearinghouse Rule 08–070

Relating to electric rate changes due to the cost of fuel.

Modifications requested, Ayes 7, Noes 0.

Ayes, 7 – Senators Plale, Wirch, Erpenbach, Kreitlow, Cowles, Harsdorf and Kedzie.

Noes, 0 – None.

Senate Clearinghouse Rule 10–057

relating to the siting of wind energy systems.

Modifications requested, Ayes 7, Noes 0.

Ayes, 7 – Senators Plale, Wirch, Erpenbach, Kreitlow, Cowles, Harsdorf and Kedzie.

Noes, 0 – None.

JEFFREY PLALE
Chairperson