



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

February 14, 2006

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 535 and Assembly Bill 981: Legislation to Eliminate the Projected Deficit in the MA Trust Fund

Senate Bill 535 and Assembly Bill 981 are companion bills that would reduce funding for the state's medical assistance (MA) program to reflect current estimates of benefits costs in the 2005-07 biennium, and eliminate a projected shortfall in the MA trust fund. The current estimate of MA benefits costs and the projected deficit in the MA trust fund were referenced in the January 19, 2006, letter from this office that described the current status of the state's general fund. Senate Bill 535 and Assembly Bill 981 were introduced on January 31, 2006, and February 2, 2006, respectively. Both bills were referred immediately to the Joint Committee on Finance.

SUMMARY OF THE BILLS

First, the bills would reduce the amount of GPR funding budgeted in 2005 Wisconsin Act 25 for MA benefits by \$63,516,600 in 2005-06 and by \$103,900 in 2006-07 to reflect reestimates of the amount of GPR funding that will be needed to support MA benefits in the 2005-07 biennium.

Second, the bills would transfer \$51,364,200 in 2005-06 and \$25,383,900 in 2006-07 from the general fund to the MA trust fund to eliminate the projected revenue shortfall in the fund, based on current budgeted expenditures from the fund. With these transfers, the estimated balance in the fund would be \$0 at the end of the 2005-07 biennium.

Finally, the bills include a provision that would permit the legislation to be enacted, notwithstanding the fact that the estimated general fund balance as of June 30, 2006, and June 30, 2007, would be less than the statutory balance requirement established in Act 25 (\$65 million in each year).

FISCAL EFFECT

The net effect of the bill in the 2005-07 biennium would be to: (a) reduce budgeted GPR expenditures by \$63,620,500; (b) reduce, by \$63,620,500, the estimated general fund lapses in 2006-07; and (c) increase the amount of funding transferred from the general fund to the MA trust fund by \$76,748,100.

The following table provides a revised fund condition statement that assumes passage of this legislation.

Revised General Fund Condition Statement LFB January 19, 2006 Condition Statement, as Affected by Senate Bill 535/Assembly Bill 981

Revenues	<u>2005-06</u>	<u>2006-07</u>
Opening Balance	\$4,111,000	\$12,561,100
Taxes	11,949,600,000	12,560,000,000
Departmental Revenues		
Tribal Gaming	118,628,600	86,349,100
Other	<u>685,850,200</u>	<u>505,645,700</u>
Total Available	\$12,758,189,800	\$13,164,555,900
 Appropriations, Transfers and Reserves		
Gross Appropriations	\$12,632,686,000	\$13,192,492,700
Compensation Reserves	90,054,100	178,302,800
Transfers to the Medical Assistance Trust Fund	341,813,200	25,383,900
Less Lapses	<u>-318,924,600</u>	<u>-261,591,600</u>
Net Appropriations	\$12,745,628,700	\$13,134,587,800
 Balances		
Gross Balance	\$12,561,100	\$29,968,100
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	-\$52,438,900	-\$35,031,900

Prepared by: Charles Morgan