



Legislative Fiscal Bureau

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 2017-19 and 2019-21 General Fund Budget

The following tables (in millions) provide information on the structure of the state's general fund budget for 2017-19 and 2019-21 under the 2017-19 budget recommendations of the Joint Committee on Finance and August 2017 SS AB 1/SB 1 as amended by SSA 1 (Foxconn).

Table 1 displays the projected condition of the general fund for 2018-19 (the base year for the 2019-21 biennium). The amounts shown in Table 1 include revenues under the budget recommended by the Finance Committee (\$17,108 million), while the net appropriations include the budget recommendations of the Finance Committee and the Foxconn bill.

TABLE 1

2018-19 General Fund Condition Statement

	<u>2018-19</u>
Opening Balance, July 1	\$443
Revenues (Taxes and Departmental revenues)	<u>17,108</u>
Total Available	\$17,551
Net Appropriations	\$17,355
Gross Balance	\$196

Table 2 addresses the structure of the general fund budget. To do so, only the revenues, net appropriations, and the difference between the two is shown. Thus, Table 2 ignores the opening

balance and focuses only on the revenues and net appropriations for the 12 months of the fiscal year.

TABLE 2

2018-19 Balance of Revenues and Expenditures

Revenues	\$17,108
Net Appropriations	<u>17,355</u>
Difference	-\$247

Table 2 indicates that net appropriations exceed revenues by \$247 million. The -\$247 million becomes \$196 million when the \$443 million opening balance is considered. However, Table 3 focuses only on the revenues and net appropriations for the 12-month period (July, 2018, through June, 2019).

Table 3 shows estimated 2019-21 general fund commitments. The table reflects estimated increases or decreases of various revenue and expenditure items of each year of the 2019-21 biennium as a change to the 2018-19 base year.

TABLE 3**2019-21 General Fund Commitments**

	<u>2019-20</u>	<u>2020-21</u>
Revenues (Taxes and Departmental Revenues)		
2018-19 Base Revenues	\$17,108	\$17,108
Modifications to Base		
Foxconn	\$190	\$156
Capital Gains Exclusion--WI Investments	-17	-23
Limit Historic Rehabilitation Credit	1	3
Sales Tax on Internet Access	0	-166
Sales Tax on Broadcast Equipment	-1	-1
Repeal Minimum Tax	-5	-5
Apportionment for Broadcasters	-10	-10
Refundable Research Credit	<u>2</u>	<u>2</u>
Subtotal -- Modifications	\$160	-\$44
Total	\$17,268	\$17,064
Net Appropriations		
2018-19 Base	\$17,355	\$17,355
Modifications to Base		
EITM Zone Capital Expenditures Tax Credits	\$193	\$193
EITM Zone Payroll Tax Credits	21	57
Transportation Projects Commission	1	1
2019 Computer Aid Inflation Increase	2	2
Fiserv Enterprise Zone Tax Credits	2	2
Debt Service on I-94 North-South	6	13
Debt Service on General Obligation Bonds	25	-4
Debt Service on Appropriation Obligation Bonds	62	66
One-Time Per Pupil Aid	-20	-20
Private School Choice Program	6	12
Covenant Program	-2	-3
DPI Shared Services	-2	-2
Sunset Forestry Mill Tax	3	6
Refundable Research Credit	8	9
Services for Victims of Sex Trafficking	4	4
Depletion of Federal Child Welfare Funds	5	5
Fully Fund 2% General Wage Adjustment	21	21
Corrections Health Service Unit Staffing	1	1
Worker Training and Employment	20	0
Participation in Employment Training -- FoodShare		
Recipients with Dependent Children	2	0
Youth Crisis Stabilization Facility	1	1
Peer-Run Respite Center for Veterans	<u>1</u>	<u>0</u>
Subtotal -- Modifications	\$360	\$364
Total	\$17,715	\$17,719

Table 4 places the figures from Table 3 into condition statement format for the 2019-21 biennium.

TABLE 4

**2019-21 General Fund Condition Statement
(Before Revenue Growth and Program Expansion)**

	<u>2019-20</u>	<u>2020-21</u>
Opening Balance, July 1	\$196	\$80
Revenues (from Table 3)	<u>17,268</u>	<u>17,064</u>
Total Available	\$17,464	\$17,144
Net Appropriations (from Table 3)	\$17,715	\$17,719
Required Balance	<u>80</u>	<u>85</u>
Total	\$17,795	\$17,804
Balance	-\$331	-\$660
Biennial Amount		-\$991

Table 4 shows that, for 2019-20, the general fund would have an estimated imbalance of -\$331 million. In 2020-21, an imbalance of -\$660 million (above the 2019-20 imbalance of -\$331 million) would occur.

It is important to note that the amounts shown in Tables 3 and 4 represent commitments under current law, the 2017-19 budget recommendations of the Joint Committee on Finance, and the Foxconn legislation. No assumptions are made regarding revenue modifications in 2019-21 due to such unknowns as future law changes or economic factors. Likewise, no assumptions are made to appropriations regarding changes in caseloads, population estimates, enrollments, employee compensation, or inflation.

The intent of the exercise is to provide policymakers with an indication of the beginning point for the budget of the succeeding biennium. It does not project whether the next budget will have a surplus or a deficit (the Constitution requires that the Legislature pass a balanced budget). Rather, the analysis is intended to serve as a guide during current budget deliberations and provide some insight regarding the succeeding budget.

Table 5 lists the estimated amounts under this exercise for 2019-21 and the 10 preceding biennia.

TABLE 5

General Fund Amounts

	<u>1st Year</u>	<u>2nd Year</u>	<u>Total</u>
For the 2019-21 Biennium			
Joint Finance	-\$331	-\$660	-\$991
Governor	-420	-633	-1,053
For the 2017-19 Biennium	-27	-183	-210
For the 2015-17 Biennium	-1,069	-697	-1,766
For the 2013-15 Biennium	140	6	146
For the 2011-13 Biennium	-1,232	-1,279	-2,511
For the 2009-11 Biennium	-800	-882	-1,682
For the 2007-09 Biennium	-653	-846	-1,499
For the 2005-07 Biennium	-701	-845	-1,546
For the 2003-05 Biennium	-1,340	-1,527	-2,867
For the 2001-03 Biennium	-693	-1,026	-1,719
For the 1999-01 Biennium	-589	-914	-1,503

In addition, it should be noted that the budget stabilization fund currently has a balance of \$284 million.

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