



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 2021-23 and 2023-25 General Fund Budget

Following is the estimated general fund condition statement for the 2021-23 biennium under 2021 Act 58.

TABLE 1
2021-23 General Fund Condition Statement
(in Millions)

	<u>2021-22</u>	<u>2022-23</u>
Revenues		
Opening Balance, July 1	\$2,520	\$2,001
Taxes	18,571	19,458
Departmental Revenues		
Tribal Gaming Revenues	0	21
Other	<u>464</u>	<u>471</u>
Total Available	\$21,555	\$21,951
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$19,302	\$19,753
Transfers to:		
Transportation Fund	179	97
Building Trust Fund	15	0
MA Trust Fund	175	528
UI Trust Fund	60	60
Compensation Reserves	42	106
Less Lapses	<u>-219</u>	<u>-267</u>
Net Appropriations	\$19,554	\$20,277
Balances		
Gross Balance	\$2,001	\$1,674
Less Required Statutory Balance	<u>-90</u>	<u>-95</u>
Net Balance, June 30	\$1,911	\$1,579

Table 2 focuses only on the 2022-23 fiscal year. 2022-23 is the "base year" for construction of the 2023-25 budget.

TABLE 2

**2022-23 General Fund Condition Statement
(in Millions)**

	<u>2022-23</u>
Opening Balance, July 1	\$2,001
Revenues (Taxes and Departmental Revenues)	<u>19,950</u>
Total Available	\$21,951
Net Appropriations	\$20,277
Gross Balance	\$1,674

Table 3 addresses the structure of the 2022-23 general fund budget. To do so, only the revenues, net appropriations, and the difference between the two is shown. Thus, Table 3 ignores the opening balance and focuses only on the revenues and net appropriations for the 12 months of the fiscal year.

TABLE 3

**2022-23 Balance of Revenues and Expenditures
(in Millions)**

	<u>2022-23</u>
2022-23 Revenues	\$19,950
Net Appropriations	<u>20,277</u>
Difference	-\$327

Table 3 indicates that net appropriations exceed revenues by \$327 million. Thus, the structure of the general fund shows an imbalance of -\$327 million. The -\$327 million becomes \$1,674 million when the \$2,001 million opening balance is considered. However, Table 3 focuses only on the revenues and net appropriations for the 12-month period (July, 2022, through June, 2023).

Table 4 shows estimated 2023-25 general fund commitments. This table reflects estimated increases or decreases of various items in each year of the biennium as a change to base year (2022-23) revenues and net appropriations.

TABLE 4

**2023-25 General Fund Commitments
(in Millions)**

	<u>2023-24</u>	<u>2024-25</u>
Revenues (Taxes and Departmental Revenues)		
2022-23 Base Revenues	\$19,950	\$19,950
Modifications to Base		
2021 Act 1 -- IRC Update	39	51
Low Income Housing Tax Credit	-7	-14
2017 Act 231 -- IRC Update	4	8
2019 Act 185 -- IRC Update	-2	-5
2019 Act 136 -- WI Opportunity Zone Exclusion	-5	-5
Broadband Exemption (Telephone Companies)	-1	-3
Section 179 Expensing	<u>1</u>	<u>1</u>
Subtotal -- Modifications	\$29	\$33
Total	\$19,979	\$19,983
Net Appropriations		
2022-23 Base	\$20,277	\$20,277
Modifications to Base		
Transfer to MA Trust Fund	-\$528	-\$528
Transfer to Transportation Fund	-49	-49
Transfer to UI Trust Fund	-60	-60
Medical Assistance	528	528
Personal Care Reimbursement	9	9
Healthcare Stability Plan	6	6
General Wage Adjustments and Night/Weekend Differential	23	23
Additional Circuit Court Judges (2019 Act 184)	1	1
Judicial Pay Raises	2	2
DA and SPD Pay Progression	2	2
GPR Debt Service	0	10
Milwaukee Choice Aid Reduction Phase-Out	8	16
Appropriation Obligation Bonds	20	22
EITM Zone (Foxconn)	-2	0
Forestry Mill Rate	5	11
City of Janesville/Village of Maine ERP Payment	<u>-1</u>	<u>-1</u>
Subtotal -- Modifications	-\$36	-\$8
Total	\$20,241	\$20,269

Table 5 places the figures from Table 4 into condition statement format for the 2023-25 biennium.

TABLE 5

2023-25 General Fund Condition Statement Before Revenue Growth and Program Expansion (in Millions)

	<u>2023-24</u>	<u>2024-25</u>
Opening Balance, July 1	\$1,674	\$1,412
Revenues (from Table 4)	<u>19,979</u>	<u>19,983</u>
Total Available	\$21,653	\$21,395
Net Appropriations (from Table 4)	\$20,241	\$20,269
Required Balance	<u>100</u>	<u>105</u>
Total	\$20,341	\$20,374
Net Balance	\$1,312	\$1,021

Table 5 shows that, for 2023-24, the general fund would have an estimated balance of \$1,312 million after meeting commitments under current law and maintaining the required statutory balance. In 2024-25, a balance of \$1,021 million is estimated.

It is important to note that the amounts shown in Tables 4 and 5 represent commitments under current law. No assumptions are made regarding revenue modifications in 2023-25 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.

Over the past 10 biennia, the estimated amounts under this exercise ranged from \$146 million to -\$2,867 million. For nine of the previous 10 biennia, the exercise resulted in a negative number. The average of those nine biennia was -\$1,590 million.

It should be noted that at the end of the 2021-23 biennium, the budget stabilization fund will have an estimated balance of \$1,570 million, notwithstanding any interest or other deposits that may accrue to the fund.

BL/lb