



Legislative Fiscal Bureau

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 2025-27 and 2027-29 General Fund Budget

The following tables (in millions) provide information on the condition of the state's general fund for 2025-27 and 2027-29 under the Governor's 2025-27 budget recommendations. Table 1 displays the projected 2025-27 general fund condition statement under the Governor's bill (SB 45/AB 50).

TABLE 1

2025-27 General Fund Condition Statement

	<u>2025-26</u>	<u>2026-27</u>
Revenues		
Opening Balance, July 1	\$4,268	\$2,276
Taxes	24,516	24,604
Departmental Revenues	<u>650</u>	<u>448</u>
Total Available	\$29,434	\$27,328
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$25,490	\$24,994
Transfer to:		
Local Government Fund	1,685	1,630
Transportation Fund	157	166
Winnebago Mental Health Institution	19	15
Veterans Homes	7	15
Compensation Reserves	223	353
Less Lapses	<u>-423</u>	<u>-482</u>
Net Appropriations	\$27,158	\$26,691
Balances		
Gross Balance	\$2,276	\$637
Less Required Statutory Balance	<u>-110</u>	<u>-115</u>
Net Balance, June 30	\$2,166	\$522

Table 2 focuses only on the 2026-27 fiscal year. 2026-27 is the "base year" for construction of the 2027-29 budget.

TABLE 2

2026-27 General Fund Condition Statement

	<u>2026-27</u>
Opening Balance, July 1	\$2,276
Revenues (Taxes and Departmental Revenues)	<u>25,052</u>
Total Available	\$27,328
Net Appropriations	\$26,691
Gross Balance	\$637

Table 3 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 3 ignores the opening balance and focuses only on the revenues and net appropriations for the 12 months of the fiscal year.

TABLE 3

2026-27 Balance of Revenues and Expenditures

	<u>2026-27</u>
Revenues	\$25,052
Net Appropriations	<u>26,691</u>
Difference	-\$1,639

Table 3 indicates that net appropriations exceed revenues by \$1,639 million. The -\$1,639 million becomes \$637 million when the \$2,276 million opening balance is considered. However, Table 3 focuses only on the revenues and net appropriations for the 12 month period (July, 2026, through June, 2027).

Table 4 shows estimated 2027-29 general fund commitments. This table reflects estimated increases or decreases of various items for each year of the 2027-29 biennium as a change to base year (2026-27) revenues and net appropriations.

TABLE 4**2027-29 General Fund Commitments**

	<u>2027-28</u>	<u>2028-29</u>
Revenues (Taxes and Departmental Revenues)		
2026-27 Base Revenues	\$25,052	\$25,052
Modifications to Base		
Appropriation Obligation Bonds -- Pension GPR-Earned	-\$59	-\$60
Interest Earnings	-30	-30
Low-Income Housing Tax Credit	-6	-12
Telecommunication Companies (2023 Act 140)	-25	-25
ARPA Automatically Adopted -- IRC Update	4	6
2021 Act 1 -- IRC Update	-1	-2
IIJA Automatically Adopted -- IRC Update	3	5
2023 Act 36 -- IRC Update	-2	-3
Marijuana Excise Tax -- Retail	29	47
Marijuana Excise Tax -- Wholesale	25	39
Sales Tax on Recreational Marijuana	15	24
Nonrefundable Film Tax Credit	-5	-5
Union Dues Exemption	<u>-4</u>	<u>-4</u>
Subtotal -- Modifications	-\$56	-\$20
Total	\$24,996	\$25,032
Net Appropriations		
2026-27 Base	\$26,691	\$26,691
Modifications to Base		
Net GPR Effect of Current Law Choice/Charter Payment Increases	\$15	\$29
Appropriation Obligation Bonds -- Tobacco	40	43
Appropriation Obligation Bonds -- Pension	-59	-60
General Obligation Bonds	40	125
Sales Tax Transfer to Local Government Fund	25	25
Forestry Mill Rate	13	27
Collective Bargaining Modifications and Positions	1	1
Lincoln Correctional Institution	-3	-3
District Attorney IT Program	-2	-2
EITM Zone	-8	-18
Homestead Tax Credit Indexing	7	7
Refundable Film Tax Credit	5	5
Marijuana Tribal Refunds	3	4
Child Support Information Technology Project	-9	-9
Children and Family Aids	1	1
Federal Benefits for Children in Out of Home Care	3	3
Medicaid Expansion Incentive	684	684
General Fund Support for Civil Treatment	-15	-15
Increase Reinsurance Program Limit	5	5
General Fund Support for Veterans Homes	<u>-15</u>	<u>-15</u>
Subtotal -- Modifications	\$731	\$837
Total	\$27,422	\$27,528

Table 5 places the figures from Table 4 into condition statement format for the 2027-29 biennium

TABLE 5

**2027-29 General Fund Condition Statement
(Before Revenue Growth and Program Expansion)**

	<u>2027-28</u>	<u>2028-29</u>
Opening Balance, July 1	\$637	\$120
Revenues (from Table 4)	<u>24,996</u>	<u>25,032</u>
Total Available	\$25,633	\$25,152
Net Appropriations (from Table 4)	\$27,422	\$27,528
Required Balance	<u>120</u>	<u>125</u>
Total	\$27,542	\$27,653
Balance	-\$1,909	-\$2,501
Biennial Amount		-\$4,410

Table 5 shows that, for 2027-28, the general fund would have an estimated imbalance of -\$1,909 million after meeting commitments under the Governor's 2025-27 budget recommendations. In 2028-29, an imbalance of -\$2,501 million (above the 2027-28 imbalance of -\$1,909 million) would occur.

It is important to note that the amounts shown in Tables 4 and 5 represent commitments under current law and the Governor's budget recommendations. No assumptions are made regarding revenue modifications in 2027-29 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 \$3,896 million to -\$2,511 million. For seven of the previous 10 biennia, the exercise resulted in a negative number.

It should be noted that at the end of the 2023-25 biennium, the budget stabilization fund will have an estimated balance of \$1.99 billion.

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