



## Legislative Fiscal Bureau

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TO: Members  
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 2023-25 and 2025-27 General Fund Budget

The following tables (in millions) provide information on the condition of the state's general fund for 2023-25 and 2025-27 under the Governor's 2023-25 budget recommendations. Table 1 displays the projected 2023-25 general fund condition statement under the Governor's bill.

**TABLE 1**

### 2023-25 General Fund Condition Statement

	<u>2023-24</u>	<u>2024-25</u>
<b>Revenues</b>		
Opening Balance, July 1	\$7,099	\$1,909
Taxes	21,731	22,545
Departmental Revenues		
Tribal Gaming Revenues	0	0
Other	<u>715</u>	<u>566</u>
Total Available	\$29,545	\$25,020
<b>Appropriations, Transfers, and Reserves</b>		
Gross Appropriations	\$24,228	\$23,935
Transfer to:		
Transportation Fund	137	173
Capital Improvement Fund	1,955	
Budget Stabilization Fund	500	
Transportation Facilities Rev. Obligation Repayment Fund	379	
Family and Medical Leave Benefits Insurance Fund	243	
Artistic Endowment Fund	100	
Veterans Homes Institutional Operations Account	10	
Compensation Reserves	365	582
Less Lapses	<u>-281</u>	<u>-304</u>
Net Appropriations	\$27,636	\$24,386
<b>Balances</b>		
Gross Balance	\$1,909	\$634
Less Required Statutory Balance	<u>-600</u>	<u>-600</u>
Net Balance, June 30	\$1,309	\$34

Table 2 focuses only on the 2024-25 fiscal year. 2024-25 is the "base year" for construction of the 2025-27 budget.

**TABLE 2**

**2024-25 General Fund Condition Statement**

	<u>2024-25</u>
Opening Balance, July 1	\$1,909
Revenues (Taxes and Departmental Revenues)	<u>23,111</u>
Total Available	\$25,020
Net Appropriations	\$24,386
Gross Balance	\$634

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**

**2024-25 Balance of Revenues and Expenditures**

	<u>2024-25</u>
Revenues	\$23,111
Net Appropriations	<u>24,386</u>
Difference	-\$1,275

Table 3 indicates that net appropriations exceed revenues by \$1,275 million. The -\$1,275 million becomes \$634 million when the \$1,909 million opening balance is considered. However, Table 3 focuses only on the revenues and net appropriations for the 12 month period (July, 2024, through June, 2025).

Table 4 shows estimated 2025-27 general fund commitments. This table reflects estimated increases or decreases of various items for each year of the 2025-27 biennium as a change to base year (2024-25) revenues and net appropriations.

**TABLE 4****2025-27 General Fund Commitments**

	<u>2025-26</u>	<u>2026-27</u>
<b>Revenues (Taxes and Departmental Revenues)</b>		
2024-25 Base Revenues	\$23,111	\$23,111
Modifications to Base		
Interest Earnings	-\$69	-\$79
Broadband Exemption (Telephone Companies)	-12	-12
2017 Act 231 -- IRC Update	19	10
IIJA Automatically Adopted -- IRC Update	4	7
ARPA Automatically Adopted -- IRC Update	-1	3
CAA23 Automatically Adopted -- IRC Update	-5	-16
Federal Expiration of SALT Deduction	-40	-90
TCJA -- IRC Update	-25	-42
First-Time Homebuyer Savings Account	-2	-3
Pre-Tax FMLA Contributions	-4	-4
Repeal NOL Carryback	-1	-1
DOR Advanced Technology System	3	7
Low-Income Housing Tax Credit	-4	-7
Sales Tax on Marijuana	<u>14</u>	<u>22</u>
Subtotal -- Modifications	-\$123	-\$205
Total	\$22,988	\$22,906
<b>Net Appropriations</b>		
2024-25 Base	\$24,386	\$24,386
Modifications to Base		
Appropriation Obligation Bonds	\$6	-\$30
General Obligation Bonds	-76	-61
Forestry Mill Rate	5	11
EITM Zone (Foxconn)	9	1
Tribal Refunds on Marijuana Sales	3	4
Index Homestead Tax Credit	5	10
Home and Community Based Services -- Rate Bands	58	58
Home and Community Based Services -- Other	1	1
End Incentive for Medicaid Expansion	590	590
Hospital Access Payments	36	36
Community Health Benefit	9	9
Integrated Stabilization, Intoxication Monitoring, and Detoxification		
Facility Services	1	1
Personal Protective Equipment Stockpile	-7	-7
Electrocardiogram Screening for School Athletics Pilot	-4	-4
State Health Care Value Analysis Grant	<u>-1</u>	<u>-1</u>
Subtotal -- Modifications	\$635	\$618
Total	\$25,021	\$25,004

Table 5 places the figures from Table 4 into condition statement format for the 2025-27 biennium

**TABLE 5**

**2025-27 General Fund Condition Statement  
(Before Revenue Growth and Program Expansion)**

	<u>2025-26</u>	<u>2026-27</u>
Opening Balance, July 1	\$634	\$600
Revenues (from Table 4)	<u>22,988</u>	<u>22,906</u>
Total Available	\$23,622	\$23,506
Net Appropriations (from Table 4)	\$25,021	\$25,004
Required Balance	<u>600</u>	<u>600</u>
Total	\$25,621	\$25,604
Balance	-\$1,999	-\$2,098
Biennial Amount		-\$4,097

Table 5 shows that, for 2025-26, the general fund would have an estimated imbalance of -\$1,999 million after meeting commitments under the Governor's 2023-25 budget recommendations and the proposed \$600 million statutory balance. In 2026-27, an imbalance of -\$2,098 million (above the 2025-26 imbalance of -\$1,999 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 recommendation. No assumptions are made regarding revenue modifications in 2025-27 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 \$1,021 million to -\$2,511 million. For eight of the previous 10 biennia, the exercise resulted in a negative number. The average of those eight biennia was -\$1,430 million.

It should be noted that at the end of the 2023-25 biennium, the budget stabilization fund will have an estimated balance of \$1.78 billion, notwithstanding any interest or other deposits that may accrue to the fund.

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