



Legislative Fiscal Bureau

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 2013-15 and 2015-17 General Fund Budget

At the request of numerous legislators, this memorandum provides information on the condition of the state's general fund for 2013-15 and 2015-17. The following tables (in millions) incorporate all legislation enacted in the current legislative session (through 2013 Act 380) and decisions of the Joint Committee on Finance.

TABLE 1

2013-15 General Fund Condition Statement

	<u>2013-14</u>	<u>2014-15</u>
Revenues		
Opening Balance, July 1	\$759	\$724
Taxes	14,229	14,725
Departmental Revenues		
Tribal Gaming Revenues	24	24
Other	<u>577</u>	<u>535</u>
Total Available	\$15,589	\$16,008
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$15,014	\$15,883
Transfers to:		
Transportation Fund	61	144
Veterans Trust Fund	5	0
Compensation Reserves	79	133
Less Lapses	<u>-294</u>	<u>-317</u>
Net Appropriations	\$14,865	\$15,843
Balances		
Gross Balance	\$724	\$165
Less Required Statutory Balance	<u>-65</u>	<u>-65</u>
Net Balance, June 30	\$659	\$100

Table 2 focuses only on the 2014-15 fiscal year. 2014-15 is the "base year" for construction of the 2015-17 budget.

TABLE 2

2014-15 General Fund Condition Statement

	<u>2014-15</u>
Opening Balance, July 1	\$724
Revenues (Taxes and Departmental Revenues)	<u>15,284</u>
Total Available	\$16,008
Net Appropriations	\$15,843
Gross Balance	\$165

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

2014-15 Balance of Revenues and Expenditures

	<u>2014-15</u>
2014-15 Revenues	\$15,284
Net Appropriations	<u>15,843</u>
Difference	-\$559

Table 3 indicates that net appropriations exceed revenues by \$559 million. Thus, the structure of the general fund shows an imbalance of -\$559 million. The -\$559 million becomes \$165 million when the \$724 million opening balance is considered. However, Table 3 focuses only on the revenues and net appropriations for the 12-month period (July, 2014, through June, 2015).

Table 4 shows estimated 2015-17 general fund commitments. This table reflects estimated increases or decreases of various items for each year of the 2015-17 biennium as a change to base year (2014-15) revenues and net appropriations.

TABLE 4**2015-17 General Fund Commitments**

	<u>2015-16</u>	<u>2016-17</u>
Revenues (Taxes and Department Revenues)		
2014-15 Base Revenues (from Table 3)	\$15,284	\$15,284
Modifications to Base		
Withholding table changes	\$166	\$166
Manufacturing and agriculture credit	-42	-73
Capital gains for Wisconsin-based assets	0	-6
Collections from federal audit reports	0	-10
Increase cap for economic development credits	2	8
Phase-out medical records credit	3	5
Program revenue lapses	0	-38
HIRSP assessment credit	1	1
Sales tax bad debt	-8	-8
College savings plans	<u>0</u>	<u>-1</u>
Subtotal-- Modifications	\$122	\$44
Total	\$15,406	\$15,328
Net Appropriations		
2014-15 Base (from Table 3)	\$15,843	\$15,843
Modifications to Base		
Transfer to DOT	-\$108	-\$108
Depletion of TANF balance	6	48
Zoo Interchange bonding debt service	11	14
Debt service (excluding Zoo interchange)	-28	-83
Parental choice program	16	33
FoodShare work requirements	8	8
Disaster damage aids	-9	-9
Disproportionate share hospital payments	-15	-15
Mental health services	11	16
TB response	-2	-2
Attorney pay progression	5	9
Covenant	0	-4
Health care data grants	-2	-3
Kenosha County human services	-1	-1
MA fiscal agent	0	-1
Courts lapse	5	5
Legislative lapse	5	5
UI interest payment	-7	-7
Technical excellence scholarships	1	2
WEDC Marketing	-4	-4
DWD training grants	-3	-3
Extended out-of-home care	1	2
One-time mental health funding	<u>-1</u>	<u>-1</u>
Subtotal -- Modifications	-\$111	-\$99
Total	\$15,732	\$15,744

Table 5 places the figures from Table 4 into condition statement format for the 2015-17 biennium. No assumptions are made about changes (increases or decreases) in caseload and population estimates or for such items as state employee compensation in the 2015-17 biennium. Also, the figures in Table 5 are displayed for the purpose of examining base revenues and appropriations, adjusted for 2015-17 commitments. The table does not reflect any potential revenue growth or other appropriation changes.

TABLE 5

**2015-17 General Fund Condition Statement
(Before Revenue Growth and Program Expansion)**

	<u>2015-16</u>	<u>2016-17</u>
Opening Balance, July 1	\$165	\$65
Revenues (from Table 4)	<u>15,406</u>	<u>15,328</u>
Total Available	\$15,571	\$15,393
Net Appropriations (from Table 4)	\$15,732	\$15,744
Required Balance	<u>65</u>	<u>65</u>
Total	\$15,797	\$15,809
Amount Needed	\$226	\$416
Biennial Amount		\$642

Table 5 shows that, for 2015-16, the general fund would need \$226 million to meet commitments under current law, maintain the required statutory balance, and balance the budget for that year. In 2016-17, \$416 million would be needed (\$190 million above the 2015-16 amount).

Table 6 lists the estimated general fund amounts necessary to produce a balanced budget for 2015-17 and the nine preceding biennia.

TABLE 6

General Fund Amounts Necessary for a Balanced Budget*

	<u>1st Year</u>	<u>2nd Year</u>	<u>Total</u>
For the 2015-17 Biennium	\$226	\$416	\$642
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
For the 1997-99 Biennium	624	908	1,532

*Except for 2013-15, all figures indicate amounts necessary to produce a balanced budget. A surplus of \$146 million is shown for 2013-15.

In addition to the amounts shown above for 2015-17, it should be noted that the budget stabilization fund currently has a balance of \$279.5 million.

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