



Legislative Fiscal Bureau

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

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

The following tables (in millions) provide information on the condition of the state's general fund for 2013-15 and 2015-17 under the 2013-15 budget recommendations of the Joint Committee on Finance (ASA 1 to AB 40). Table 1 displays the projected 2013-15 general fund condition statement under Joint Finance.

TABLE 1
2013-15 General Fund Condition Statement
ASA 1 to AB 40

	<u>2013-14</u>	<u>2014-15</u>
Revenues		
Opening Balance, July 1	\$670	\$470
Taxes	14,013	14,518
Departmental Revenues		
Tribal Gaming Revenues	26	27
Other	<u>590</u>	<u>534</u>
Total Available	\$15,299	\$15,549
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$14,970	\$15,422
2013 Act 9	9	11
Transfers to:		
Transportation Fund	61	144
Veterans Trust Fund	5	0
Compensation Reserves	79	133
Less Lapses	<u>-295</u>	<u>-335</u>
Net Appropriations	\$14,829	\$15,375
Balances		
Gross Balance	\$470	\$174
Less Required Statutory Balance	<u>-65</u>	<u>-65</u>
Net Balance, June 30	\$405	\$109

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	\$470
Revenues (Taxes and Departmental Revenues)	<u>15,079</u>
Total Available	\$15,549
Net Appropriations	\$15,375
Gross Balance	\$174

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	\$15,079
Net Appropriations	<u>15,375</u>
Difference	-\$296

Table 3 indicates that net appropriations exceed revenues by \$296 million. Thus, the structure of the general fund shows a balance of -\$296 million. The -\$296 million becomes \$174 million when the \$470 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	\$15,079	\$15,079
Modifications to Base		
Manufacturing and agriculture credit	-\$41	-\$74
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	<u>-38</u>	<u>-38</u>
Subtotal-- Modifications	-\$74	-\$115
Total	\$15,005	\$14,964
Net Appropriations		
2014-15 Base	\$15,375	\$15,375
Modifications to Base		
Transfer to DOT	-\$108	-\$108
Depletion of TANF balance	37	41
Zoo Interchange bonding debt service	11	14
Debt service (excluding Zoo interchange)	-11	-82
Parental choice program	16	33
FoodShare work requirements	8	8
Disaster damage aids	-9	-9
Disproportionate share hospital payments	-15	-15
Mental health services	9	9
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	<u>-7</u>	<u>-7</u>
Subtotal -- Modifications	-\$59	-\$108
Total	\$15,316	\$15,267

Table 5 places the figures from Table 4 into condition statement format for the 2015-17 biennium. It is important to note that the amounts shown in Tables 4 and 5 represent commitments under current law and the provisions of ASA 1 to AB 40. 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	\$174	\$65
Revenues (from Table 4)	<u>15,005</u>	<u>14,964</u>
Total Available	\$15,179	\$15,029
Net Appropriations (from Table 4)	\$15,316	\$15,267
Required Balance	<u>65</u>	<u>65</u>
Total	\$15,381	\$15,332
Amount Needed	\$202	\$303
Biennial Amount		\$505

Table 5 shows that, for 2015-16, the general fund would need to generate \$202 million in order to meet commitments under current law and the provisions of ASA 1 to AB 40, maintain the required statutory balance, and balance the budget for that year. In 2016-17, \$303 million (\$101 million over the \$202 million in 2015-16) would need to be realized.

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			
Joint Finance	\$202	\$303	\$505
Governor	336	348	684
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.

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