

2017-19 State Budget Overview

Marshfield Area Chamber of Commerce & Industry

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Jason Culotta

Senior Director of Government Relations
jculotta@wmc.org | 608.258.3400



State Budget Process

- Governor introduced AB 64/SB 30 on Feb. 8
- LFB summary released in early March
- JFC process
 - Agency briefings – week of March 27
 - 6 public hearings – April 3 through April 21
 - Executive sessions to begin May 2
 - Anticipate JFC to wrap up in early June
- Floor votes in mid June
- Governor to sign in late June/early July



Governor's Budget – All Funds

General Purpose Revenue	\$34.5 billion
Federal Revenue	\$22.0
Program Revenue	\$11.9
Segregated Revenue	\$7.6
Borrowing	<u>\$660 million</u>
TOTAL	\$76.8 billion

Growth of 1.0% in 1st year and 3.2% in 2nd



Governor's Budget – General Fund

	2016-17	2017-18	2018-19
Opening Balance	\$331 million	\$453 m	\$298 m
Taxes & Dep. Revs.	\$16.06 billion	\$16.49 b	\$17.04 b
Net Appropriations	<u>\$15.94 billion</u>	<u>\$16.65 b</u>	<u>\$17.28 b</u>
Gross Balance	\$453 m	\$298 m	\$86 m

Growth of **-0.8%** in 1st year and **4.3%** in 2nd



Governor's Budget - Positions

2016-17 base year totals 70,411

2018-19 under budget totals 70,827

- Net gain of 416

Major increases include:

- DOA +486 (many consolidated from other agencies)
- DHS +77
- UW +159



Governor's Budget – New Debt

- Net increase of \$660 million
- \$500 million for transportation
- \$449.8 million for Capital Budget
- Reductions totaling \$313 million
 - veterans mortgage loans
 - Clean Water Fund



Governor's Budget – Financial Scoring

- Increases GAAP deficit to \$2 billion in 2nd year
 - Currently at \$1.5 billion
 - Was down to \$1.38 billion in 2013-14
- Adds \$20 million to state's Rainy Day Fund (new total of \$300 million)
- “Structural Deficit” of \$1.05 billion for 2019-21 biennium



Governor's Budget – K-12 Education

- Increase per pupil aid by \$508 million
 - \$200 increase/1st year
 - \$204 increase/2nd year
- Increase General School Aids
 - \$72.7 million increase in 2nd year
- Increase School Levy Credit
 - \$87 million increase in Dec 2017



Governor's Budget – Higher Education

- Continue tuition freeze
- Reduce UW tuition by 5% in 2018-19
 - \$35 million to fund
- UW performance funding increase of \$42.5 million
- Two 2% pay increases for UW employees
 - Sept 30, 2018, and May 26, 2019
- \$10 million Tech College aid increase



Governor's Budget – Tax Relief

- Retention of levy limits
- Repeal of state forestry levy - \$170 million
- Income tax reduction - bottom 2 brackets
 - \$203 million
 - \$44 average savings
- “Back to School” sales tax holiday
 - 1st weekend of Aug2017 and Aug 2018
- Contractor sales tax simplification
- Net tax reduction of \$414 million



Governor's Budget – “WI Works for Everyone”

- Able-bodied adults to be employed at least 80 hours/month to receive food stamps
- Expansion of Earned Income Tax Credit
 - \$19.8 million for those with one child
- Replace “benefits cliff” in WI Shares child care subsidies with sliding scale contribution
- Require controlled substance screening, testing, and treatment as a condition of eligibility for W-2 employment



Governor's Budget – Transportation

- Boost local transportation aids by \$76 million
 - GTA, LRIP, and local bridge improvements
- Increase highway rehabilitation funding (0.2%)
- Keep all major highway projects on schedule
- Finish the Zoo Interchange (minus the North Leg)
- Total highway program reduced by 10%/ \$289 million
- Repeal of state prevailing wage
- Borrowing kept to \$500 million



Governor's Budget – Health Care

- Boosts BadgerCare spending by \$279 million over prior budget
 - Lowest MA increase in years
- Switches state over to self-insurance
 - Projected to save \$60 million



Governor's Budget – Regulatory Reform

- REINS Act
 - Legislature to approve any regulation costing \$10 million or more over a two-year period
- Allow for independent EIAs on regulations
- Creates expedited process to repeal outdated regulations
- Sunsets rule-making authority for agencies that have not promulgated a rule in 10 years or longer
- Prohibits use of Project Labor Agreements



Thank you!



Wisconsin's Chamber

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