



Wisconsin Taxpayers Alliance

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NEWS

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WISTAX Finds Budgets from Governor, Senate, and Assembly All Fail to Address Deficits, Reserves

MADISON—In recent days legislative partisans and the media have focused on how state budgets offered by the governor, senate Democrats, and assembly Republicans differ. But Todd A. Berry, President of the Wisconsin Taxpayers Alliance (WISTAX), finds troubling similarities among the three.

Although its official financial statement reported the state of Wisconsin closed the last fiscal year with a \$2.15 billion deficit, Berry noted that “state politicians of every stripe continue past budget practices that do not improve the state’s fiscal position.”

State government has carried structural imbalances, what some call “structural deficits,” from one budget to the next for the past ten years. “All three make future commitments that guarantee Wisconsin will begin its seventh consecutive biennium in 2009 with a structural imbalance between \$650 million and \$900 million,” according to Berry. The governor was at the low end of the range, with assembly Republicans at the high end and senate Democrats falling in between.

The WISTAX president also expressed concern for statutorily-mandated reserves. Had budgets from the governor, senate, and assembly observed—and not delayed—a state law enacted some years ago, all three would have had to hold between \$250 million and \$300 million in reserve. The assembly set aside nothing, and the governor and senate only about half the required amount. “Should the economy slow—and there are signs that it may—the state might not have the flexibility needed to address a revenue shortfall,” Berry observed.

Finally, the governor and both houses of the legislature continue to use an accounting “maneuver” that spends money one year that is not financed until the next. “This and other practices suggest that future financial statements prepared by the state controller using generally accepted accounting principles (GAAP), and reviewed by the Legislative Audit Bureau, will show deficits larger than the current \$2.15 billion.”

WISTAX also found that all three budget versions increase taxes and/or fees: over \$1.7 billion for the governor; almost \$9.5 billion for the senate; and \$320 million for the assembly.

A copy of the report, “Bridging Troubled Budget Waters,” can be obtained by contacting WISTAX: at wistax@wistax.org; by phone at 608-241-9789, or by writing WISTAX at 401 North Lawn Ave., Madison 53704. Now celebrating its 75th year as the state’s premier policy research organization, WISTAX is nonprofit and nonpartisan.

(Editors Note: An electronic version of this release is available at www.wistax.org.)

The Wisconsin Taxpayers Alliance, founded in 1932, is the state’s oldest and most respected private government-research organization. Through its research, publications, civic lectures, and school talks, WISTAX aims to improve Wisconsin government through citizen education. Nonprofit, nonpartisan, and independently funded, WISTAX is not affiliated with any group—national, state, or local—and receives no government support.