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Major Shift in State Spending Priorities Found
WISTAX Reports Schools, Health Care “Win”; Counties, Municipalities, and UW “Lose”

MADISON—Over the past 20 years, the spending priorities of state government have shifted dramatically. According to a new report from the Wisconsin Taxpayers Alliance (WISTAX), the major “winning” appropriations were, in dollar terms, state school aids and credits, as well as health care for low-income and disabled individuals through the Medicaid (MA) program. The principal “losers” were state aids to counties and municipalities (“shared revenues”) and the University of Wisconsin (UW) System.

In 1987, school aids/credits (33.1%) and MA (9.2%) claimed 42.3% of state general fund (“GPR”) spending. Last year, the state devoted 58.1% of its budget to these two programs—43.5% to school aids/credits and 14.6% to Medicaid. At the same time, budget shares for shared revenues and the UW dropped from a combined 27.4% to 14.2%.

The priority shift is easily explained by the relative spending increases of these various programs. During the 1987-2007 period, state general fund expenditures rose 165.6% (5.0% annual average), or \$8.39 billion, to \$13.5 billion. However, school aids/credits jumped 249.1% (6.5% yearly average), while MA climbed even faster, 320.9% (7.5% annual average). Put another way, while these two items accounted for about two-fifths (42.3%) of spending 20 years ago, they received more than two-thirds (67.8%) of all new money spent since then.

By contrast, shared revenues increased only 22.2% (1.0% annual average), and UW funding from the state only 56.3% (a 2.3% annual average). In raw dollar terms, state GPR going to shared revenues was actually lower last year (\$952.6 million) than in 1994-95 (\$972.3 million), while state tax support of the UW peaked at \$1.06 billion in 2002-03 and was budgeted at \$0.95 billion for 2006-07.

The WISTAX report also noted an unusual and uneven trend in state corrections spending. Although it averaged double-digit annual increases until 2002, corrections funding has largely stabilized in the past five years. At 3.1% annual average growth, it actually trailed overall GPR increases (3.3%).

Celebrating 75 years of public policy research and citizen education, WISTAX offers a free copy of *Focus*, “Budget winners and losers,” to those who contact: wistax@wistax.org; 608-241-9789; or WISTAX, 401 North Lawn Avenue, Madison, WI 53704.

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