



Wisconsin Taxpayers Alliance

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NEWS

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December 31, 2008

Wisconsin's Most Unmentioned Story of 2008?

State Financial Statements Show Fiscal 2008 GAAP Deficit of \$2.5 Billion

MADISON—Wisconsin closed its books on fiscal year 2008 with a \$2.5 billion deficit, according to the Wisconsin Taxpayers Alliance (WISTAX), a nonprofit, nonpartisan group dedicated to policy research and citizen education. The deficit figure was reported in the state's *Comprehensive Annual Financial Report* (CAFR) prepared by the state controller, audited by the Legislative Audit Bureau, and released before Christmas.

Unlike state budgets, the CAFR—Wisconsin's official financial statement—is prepared according to generally accepted accounting principles (GAAP). The \$2.5 GAAP deficit for fiscal 2008 is the largest in state history. The deficit has been growing since 2000, when it was \$830 million. Last year it was \$2.44 billion. In fact, "Wisconsin's financial statements have reported GAAP deficits for almost two decades," according to WISTAX President Todd Berry.

WISTAX also compared GAAP deficits among the 50 states for fiscal year 2007. That year, only four states reported deficits: California (\$1.9 billion), Illinois (\$3.8 billion), Maine (\$0.2 billion), and Wisconsin (\$2.4 billion). In dollars, Illinois's deficit was the largest of the 50 states, followed by the Badger State's. However, after accounting for size, Wisconsin's GAAP shortfall was the largest in the U.S., exceeding Illinois both in per capita terms (\$436.54 vs. \$298.43) and as a percentage of state personal income (1.2% vs. 0.7%).

Only two states—Wisconsin and Illinois—reported GAAP deficits in each of the past 10 years, according to WISTAX. And only 14 states had a deficit in any one of the past 10 years; half of those had deficits in only one or two years.

Another CAFR statistic worth mention, according to WISTAX, quantifies state government's "unrestricted net assets." Although Wisconsin has "net assets" (e.g. buildings, land, and equipment) totalling \$12.9 billion, its unrestricted net assets available to meet state obligations to citizens or creditors were negative (-\$8.3 billion). One reason this amount is now significantly less than zero is due to debt taken on to fund various government activities. In 2002, debt topped \$4 billion; in 2008, it approached \$9 billion.

For a copy of the WISTAX report "Unmentioned news story of 2008?" write: WISTAX, 401 North Lawn Ave., Madison, Wisconsin 53704; e-mail, wistax@wistax.org; or call 608.241.9789. □