



## Wisconsin Taxpayers Alliance

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# NEWS

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### **Is Proposed State Spending for 2009-11 Up 0.7% or 10.7%?**

WISTAX Examines Spending, Taxes in New Budget

MADISON—The proposed 2009-11 state budget holds general fund spending increases to under 1% but hikes by 10.7% expenditures from all revenue sources: from \$56.7 billion in 2007-09 to \$62.7 billion in 2009-11. The budget also seeks to increase state taxes by a total of \$2.5 billion over the next three years, most notably on businesses, large and small; hospitals; smokers; investors; and higher-income individuals.

These are two key findings from the Wisconsin Taxpayers Alliance's (WISTAX) latest analysis, "First Look at Proposed 2009-11 State Budget." WISTAX is a nonpartisan research organization now in its 77th year. WISTAX explained that the general fund is where virtually all state taxes—income, sales, business, excise—are deposited and, historically, the main source of funding for most state programs.

The principal reason for the discrepancy between general-fund and "all-funds" spending changes is the shift from using state taxes to federal stimulus dollars to pay for major state programs. Federal funds to the state in 2007-09 are estimated at \$14.5 billion; however, they jump \$4.5 billion to about \$19.0 billion in 2009-11.

WISTAX used several examples to illustrate the impact of federal money. General fund spending at the Department of Public Instruction (DPI)—the agency responsible for the state's largest expenditure, state school aids—is proposed to decline 2.4% from \$11.01 billion in 2007-09 to \$10.75 billion in 2009-11. However, when federal and other revenues are included, DPI's budget would be up 6.3% from \$12.52 billion to \$13.31 billion.

Another example is the Department of Health Services (DHS), which is responsible for the state's second largest program, Medicaid. Although general fund spending would be off 14.9%, proposed all-funds spending is up 16.1%. Again, federal stimulus dollars, along with new hospital tax revenues, explain the difference.

Overall, the WISTAX analysis found that, of the six largest programs and agencies, the governor recommended that five get less general fund support than requested. However, four of the six would receive at least 5.5% more in 2009-11 than in 2007-09. When spending from all revenue sources is summarized, all six areas would receive increases, ranging from 3.4% (Children and Families) to 16.1% (DHS).

"The danger of paying for permanent state programs with temporary federal aid is," according to WISTAX President Todd A. Berry, "the likelihood of more state budget problems come 2011." State budget documents forecast annual "structural deficits" of about \$400 million in the 2012 and 2013 budget years. Wisconsin has had structural deficits in every budget since at least 1997, including a current one-year imbalance of \$800 million.

For a copy of the WISTAX report, "First look at proposed 2009-11 state budget" write: WISTAX, 401 North Lawn Ave., Madison, Wisconsin 53704; e-mail, [wistax@wistax.org](mailto:wistax@wistax.org); or call 608.241.9789. □

The proposed budget contains proposals once debated as separate bills, including: three years of high school math and science to graduate; a statewide smoking ban; union rights for university faculty; regional transportation authorities; among others. In addition, the use of proceeds from other funds (tobacco bond sales and segregated transportation fund) have propped up General Purpose Revenue (GPR) spending ... and now the federal stimulus funds. It is unlikely that the proposed budget will decrease state budget deficits by 2011.

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