



Different Versions of Budget Repair Bill Are Largely Similar on Fiscal Issues

The 2011 budget adjustment bill provoked intense debate in the Wisconsin State Assembly, but most of the disputes have centered on non-fiscal policy changes. In terms of fiscal changes, the version of the budget adjustment bill that was offered by Assembly Democrats was substantially similar to the version that was eventually passed by the Republican-controlled Assembly. A third version, proposed by Senator Mark Miller on February 28th, does not include the debt restructuring but is otherwise similar, as shown in the table below.

Budget Adjustment Bill Effects on General Fund Comparison of Versions			
	Bill as Passed by Assembly	Assembly Democrats' Proposal	Sen. Miller's Recent Proposal
Revenues			
Increase in Employee Benefit Contributions*	\$29,800,000	\$29,800,000	\$29,800,000
Reduction in Required Lapses	-\$79,000,000	\$0	\$0
Total Revenues	-\$49,200,000	\$29,800,000	\$29,800,000
Appropriations			
Medical Assistance (MA) Benefits	\$134,000,000	\$134,000,000	\$134,000,000
Moving up MA Benefits Funding for Add'l FED funds	\$42,700,000	\$42,700,000	\$0
Corrections**	\$21,537,900	\$21,537,900	\$21,537,900
MA Administration Contracts	\$16,000,000	\$16,000,000	\$16,000,000
MA Income Maintenance	\$2,500,000	\$2,500,000	\$2,500,000
MN/WI Income Tax Reciprocity	\$0	\$59,663,900	\$0
State Public Defender	\$0	\$3,500,000	\$0
Family Care Aging and Disability Resource Center	-\$3,100,000	-\$3,100,000	-\$3,100,000
Joint Finance OWI Supplemental Appropriation	-\$4,590,400	\$0	-\$4,590,400
Using TANF Dollars to Supplant EITC Funding	-\$37,000,000	-\$37,000,000	-\$37,000,000
Total Appropriations	\$172,047,500	\$239,801,800	\$129,347,500
Debt Restructuring	\$165,000,000	\$165,000,000	\$0
Effect on General Fund Balance	-\$56,247,500	-\$45,001,800	-\$99,547,500
Projected General Fund Ending Balance	\$65,115,300	\$76,361,000	\$21,815,300
* Combines revenues with lapses of employee benefit funds			
** Combines appropriation with reduced lapses for Corrections			

All three versions of the bill cover shortfalls in the Medical Assistance and Corrections budgets. All versions achieve savings by increasing required contributions for state employee health insurance and retirement, and two of the three count on restructuring \$165.0 million in debt to reduce payments due in this fiscal year.

When viewed in fiscal terms, there are only four differences between the bill that was passed by the Assembly and the one proposed by Assembly Democrats. The largest difference is that the bill as passed reduces the amount that state agencies must lapse to the General Fund between now and the end of the fiscal year by \$79.0 million, which the version proposed by the Democrats does not do. A second difference is that the Republican-approved bill reduces an appropriation to address new Operating While Intoxicated (OWI) legislation.

The budget adjustment bill proposed by the Assembly Democrats includes an appropriation of \$59.6 million to settle accounts with Minnesota after the Gopher State unilaterally terminated the income tax reciprocity agreement between the two states. The final difference is that the Democratic version provides \$3.5 million to cover the shortfall in the State Public Defender's office. Like the Republican version, the budget adjustment bill proposed by the Assembly Democrats counts on restructuring \$165.0 million debt, which would reduce payments due in this fiscal year.

The version proposed by Senator Miller eliminates the provision to restructure \$165.0 million of state debt. One result of the stalemate in the Legislature is that time has likely run out to refinance that debt before the payment for this fiscal year is due. Senator Miller's version does not reduce the amount agencies are required to lapse, and does not move up Medical Assistance payments that other versions of the bill had rescheduled in order to take advantage of additional federal matching funds. This version reduces the General Fund balance below the required level of \$65.0 million, but there is precedent for temporarily lowering the required minimum.

None of the fiscal differences between the different versions have a significant bearing on the current impasse. There appears to be a reversal of the usual partisan stances, with Democrats taking the more fiscally conservative position by opposing a reduction in the amount of money the last biennial budget requires state agencies to lapse. The differences between the Republicans and Democrats are not ideological, and the Democrats could easily give up their position on these fiscal issues if much more contentious issues weren't creating an impasse.

In light of the similarity between the fiscal measures in the Assembly-passed bill and other proposals, it's clear that the controversy surrounding the bill stems largely from the inclusion of non-fiscal policy in the budget.

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