



**WISCONSIN
BUDGET
PROJECT**

An Initiative of the Wisconsin Council on Children and Families

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**Where Would You Cut?
New 2010 Spending Figures Illustrate Challenge of an All-Cuts Approach
to Balancing the State Budget**

Campaign season is upon us, and with it come calls by candidates to cut state spending significantly in order to close the gap in the state budget, currently estimated at roughly \$3 billion over the next two years. As is typically the case, the proposals have not gotten very specific about where to cut. An issue brief released today by the Wisconsin Budget Project analyzes the 2010 Fiscal Report released last Friday by the Wisconsin Department of Administration. The brief examines key characteristics of our state budget that make most candidates shy away from specific recommendations about where to cut, and that make it harder still for elected officials to enact deep cuts.

The majority of state spending in Wisconsin actually goes to support local services rather than services provided at the state level. That means that big cuts in state spending for local assistance would lead to some combination of higher property taxes and reduced services. Residents would need to be prepared for downgraded local services such as reduced maintenance on local roads, more students per classroom, and cutbacks in services for the elderly and people with disabilities. Meanwhile, user fees and property taxes would likely increase as local governments scramble to fill the holes left by reduced state support.

Another challenge lies in the fact that the bulk of the state budget is devoted to just a few large – and popular – programs, many of which benefit hundreds of thousands of Wisconsinites. The Wisconsin Budget Project analysis found that four programs – K-12 education, the University of Wisconsin System, corrections, and medical assistance – accounted for two-thirds of Wisconsin's General Fund spending in fiscal year 2010. Adding in funds the state pays to local governments to reduce property taxes and general state aid to local governments brings the total to nearly four-fifths of the spending from general tax dollars.

The concentration of the state budget in a few areas means those programs would likely have to take the brunt of the cuts. Moreover, some candidates are calling for additional tax cuts and the reopening of certain recently closed corporate tax loopholes. If those measures were to be implemented, the threat to those six key programs would become even greater.

“These new spending figures underscore the need to adopt a balanced approach during the upcoming budget debate,” said Jon Peacock, director of the Wisconsin Budget Project. “There will certainly be painful cuts; everybody understands that. But policy-makers must realize that trying to balance the state budget through cuts alone is almost certain to drive up property taxes and do a lot of harm in our communities.”

The new issue brief is available online at:

http://www.wisconsinbudgetproject.org/spending_GPR_october2010.pdf

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