



**For immediate release**

**Contact:** Bob Jacobson, 608-284-0580, ext. 303

May 6, 2013

## **Time to Stop Stalling on State Budget Cushion**

The recent kerfuffle about the University of Wisconsin System's large reserve fund got many state legislators thinking and talking about budget reserves. When it comes to the budget they are directly responsible for managing, however, reserves seem to be the farthest thing from lawmakers' minds. A [new issue brief](#) from the Wisconsin Budget Project—an independent, nonpartisan research group focusing on state budget and tax issues—urges the Legislature to stop putting off a required increase in the state's own minimum general fund balance that has been on the books for many years.

About a decade ago, Wisconsin lawmakers passed legislation to raise the required minimum balance in the state's general fund. However, the Legislature has postponed implementing that requirement four times since its original passage, and the Governor's proposed 2013-15 budget would delay it once more, until 2018.

“Nobody disputes the importance of having a budget reserve,” said Jon Peacock, director of the Wisconsin Budget Project. “It made sense to put off building up the reserves when we had a large structural deficit. Now that the imbalance has been erased, there's no good reason to keep stalling.”

State statutes currently specify a minimum balance of \$65 million in the state's general fund. A higher minimum balance of 2% was first scheduled to go into effect in fiscal year 2006, but that increase has been postponed by every budget bill passed since then. That 2% level is actually relatively low compared to other states; about 5% of total expenditures has long been considered a safe and reasonable cushion against lower-than-expected revenue or higher-than-anticipated spending. More than half the states have reserves larger than 5%.

“The ability to cover modest budget gaps without having to pass a budget repair bill or making agencies lapse funds would be a big improvement,” said Tamarine Cornelius, author of the report. “This budget is the best opportunity we've had in years to do the fiscally responsible thing and stop kicking the reserve requirement down the road yet again.”

The issue brief is available at [www.wisconsinbudgetproject.org/fiscal-responsibility-calls-for-increasing-the-minimum-balance-in-wisconsins-general-fund](http://www.wisconsinbudgetproject.org/fiscal-responsibility-calls-for-increasing-the-minimum-balance-in-wisconsins-general-fund).