

Let's Debunk a Few Budget Myths

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Senator Kathleen Vinehout writes about some of the myths that are circulating about the Wisconsin state budget. A popular myth is Governor Walker has spending under control, but did you know the state owes \$600 million more than when Governor Doyle left office or that the 2015-17 state budget spends \$4.76 billion more than the last?

MADISON - "I'm okay with the cuts," the man wrote me. "It's shameful to pass debt on to our children." In the man's message, he implies a common misconception about Wisconsin – there is no state debt.

Wisconsin owes a lot of money. The state budget proposes that we borrow even more money. The nonpartisan Legislative Fiscal Bureau (LFB) reported in January that the state owed about \$13.8 billion. This is slightly less than the previous year, but almost \$600 million more than when Governor Doyle left office.

The conservative Tax Foundation reported in 2011 Wisconsin ranked 18th of 50 states in terms of the worst state debt per person (\$4,013). In 2013, Wisconsin ranked 16th of 50 states (\$4,044 per person). Wisconsin is headed the wrong direction in paying off the debt.

The Governor is proposing a great deal more borrowing in the new budget. Of greatest concern is the borrowing to pay for roads and bridges. The LFB estimates by the end of the coming budget almost a quarter of every dollar in transportation will be spent on debt payments.

Adding to future debt is the Governor's proposal to build a stadium for the Bucks. The LFB

estimates the interest alone on this proposal exceeds \$400 million using the plan proposed by the Governor. Final payments are estimated to be in fiscal year 2046-47.

I'd say that's passing debt on to our grandchildren.

Another common budget myth is the Governor paid all the debt bills coming due. To answer that myth – the Governor is not paying about \$108 million in debt payments coming due this year.

In order to free up cash, governors of both political stripes did not make debt payments. Governors Doyle and McCallum did not make debt payments during downturns in the economy. The largest delayed debt payments were under Governor Walker in the 2011-13 legislative session in which over \$550 million were delayed.

I imagine the reason the Governor delayed making debt payment this year was to free up cash to cover a deficit in the current budget; which brings us to another budget myth.

A popular myth is Governor Walker has spending under control. But spending in the current budget outpaced revenue.

In February of this year the Wisconsin Taxpayers Alliance analyzed three factors leading to an imbalance between revenue and spending.

“Tax cuts, the technical college aid jump, and soft tax collections led to revenues once again falling short of expenditures. The shortfall was \$261 million last year and could grow to as large as \$800 million this year, which would be the largest gap in over 20 years.”

These problems continue going forward. Using estimates released by the LFB last month, spending is estimated to outpace revenue in the next budget by over a billion in the first year and nearly \$700 million in the second year.

The Legislature is required by the state Constitution to submit a balanced budget to the Governor. Therefore, when the budget passes in June, spending will be trimmed or revenues enhanced to deal with this imbalance.

Another common myth related to spending is that the Governor is spending less money in this new budget than in prior budgets.

The truth is the 2015-17 state budget spends \$4.76 billion more than the last.

At \$74.7 billion this budget is the largest in state history. That said, because of inflation, nearly every new budget is larger than the previous one.

But to say this budget is smaller than the last is false.

One reason the myth of a smaller budget exists is because some estimates of the size of the coming budget did not include all University of Wisconsin spending. Of course, to make an apples-to-apples comparison we need to include all the spending from the UW as we have in the past.

I hope this clears up a few of the common budget myths. If you want to learn more, please come to one of my budget town hall meetings. Check my [website](#) for dates, times and locations of upcoming town hall meetings

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