

WISCONSIN Budget Report Card



WISCONSIN WAS ONE OF ONLY two states—South Dakota was the other—to boast a 100 percent funded ratio for its public worker pension plan as of 2017. That, in addition to its full payment of actuarially determined contributions to pensions and other postemployment benefits, mainly health care, earned the state an A average in legacy costs for fiscal 2016 through 2018.

The state’s lowest grade was in forecasting, where it averaged a D. Wisconsin did not use consensus revenue forecasting but relied on the executive branch’s Department of Revenue to develop estimates used in the governor’s biennial budget. It also failed to provide multiyear revenue or expenditure forecasts in the budget, presenting numbers only for the current biennium.

Wisconsin earned straight B averages in the other three budgetary categories. In budget maneuvers, bond refinancings in 2017 and 2018 pushed out principal payments to later years, a practice that helps support current expenditures at the expense of future budgets. The state’s grade in reserve funds suffered from its failure to tie the level of fiscal reserves to revenue volatility, while its transparency mark reflected a lack of disclosure of deferred infrastructure replacement costs, a common weakness among states.


EAST NORTH CENTRAL STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Illinois	D	D	D-	D	B
Indiana	C	A	B	A	C
Michigan	B	B	C	A	B
Ohio	D	B	C	C	B
Wisconsin	D	B	A	B	B
US AVERAGE	C	B	C	B	B


NOTE States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.


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BUDGET FORECASTING					
	2016	2017	2018		
	CATEGORY GRADE	D	D	D	
	Consensus Revenue Forecasts	X	X	X	
	Multiyear Expenditure Forecasts	X	X	X	
	Multiyear Revenue Forecasts	X	X	X	
	Revenue Growth Projections	✓	✓	✓	
3-YEAR AVERAGE		D	3-YEAR TREND		—

BUDGET MANEUVERS					
	2016	2017	2018		
	CATEGORY GRADE	B	B	B	
	Deferring Recurring Expenditures	✓	✓	✓	
	Revenue and Cost Shifting	✓	✓	✓	
	Funding Recurring Expenditures with Debt	X	X	X	
	Using Asset Sales and Up-Front Revenues	✓	✓	✓	
3-YEAR AVERAGE		B	3-YEAR TREND		—

LEGACY COSTS					
	2016	2017	2018		
	CATEGORY GRADE	A	A	A	
	Public Employee OPEB Funding	✓	✓	✓	
	Public Employee Pension Funding	✓	✓	✓	
	Public Employee Pension Funded Ratio*	100%	100%	100%	
3-YEAR AVERAGE		A	3-YEAR TREND		—

RESERVE FUNDS					
	2016	2017	2018		
	CATEGORY GRADE	B	B	B	
	Positive Reserve or General Fund Balance	✓	✓	✓	
	Reserve Funds Disbursement Policy	✓	✓	✓	
	Reserve Funds Replenishment Policy	✓	✓	✓	
	Reserves Tied to Revenue Volatility	X	X	X	
3-YEAR AVERAGE		B	3-YEAR TREND		—

TRANSPARENCY					
	2016	2017	2018		
	CATEGORY GRADE	B	B	B	
	Consolidated Budget Website	✓	✓	✓	
	Provides Debt Tables	✓	✓	✓	
	Discloses Deferred Infrastructure Replacement Costs	X	X	X	
	Discloses Tax Expenditures	✓	✓	✓	
3-YEAR AVERAGE		B	3-YEAR TREND		—

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg; 2017 data also used for 2018.