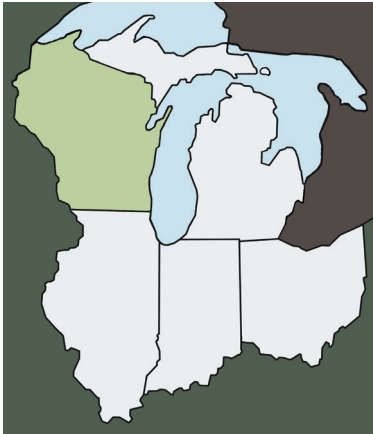# WISCONSIN Budget Report Card

WISCONSIN WAS ONE OF SEVEN states that received a top A average in legacy costs for fiscal 2015 through 2019. Alongside South Dakota, it was one of only two with a fully funded public worker pension system in 2019.

The state's 103 percent pension funding ratio in 2019 was the highest of any state. Over the five-year study period, Wisconsin's annual pension funding met the actuarially determined contribution. Funding also benefits from the pension's risk-sharing features, with investment performance influencing accrual rates, contributions, and retiree payments. Pensions are such a high priority that, since 1988, the state Legislative Council, which provides nonpartisan legal and policy advice, has taken the unusual step of examining pension liabilities of all states every other year. Wisconsin funds other postemployment benefits (OPEB), principally health care, on a pay-as-you-go basis. With a modest $431 million net OPEB liability as of December 31, 2018, compared with an $18 billion general fund budget, the policy did not hurt the state's legacy costs grade.

A dramatic contrast is Wisconsin's D average in budget forecasting. The state does not use a consensus revenue estimate, choosing instead to rely on the executive branch's Department of Revenue to produce the official figure for each biennium. The state does not present multiyear revenue or expenditure estimates in the budget or related documents.

Wisconsin posted B averages in budget maneuvers, reserve funds, and transparency. In budget maneuvers, the state avoided deferring expenditures and shifting revenues and costs from 2016 through 2019, but it has consistently pushed debt payments to future years in bond refundings. In reserve funds, the Budget Stabilization Fund features policies for replenishments and disbursements, but the state does not consider revenue volatility in setting aside money for the rainy day account.

EAST NORTH CENTRAL STATES SIDE BY SIDE: Five-Year Average Grades, Fiscal 2015–19

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Illinois	C	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: Preparing for the Storm* at VolckerAlliance.org.

WISCONSIN Budget Report Card, Fiscal 2015–19

BUDGET FORECASTING

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	D	D	D	D	D					
Consensus Revenue Forecasts	X	X	X	X	X					
Multiyear Expenditure Forecasts	X	X	X	X	X					
Multiyear Revenue Forecasts	X	X	X	X	X					
Revenue Growth Projections	✓	✓	✓	✓	✓	●	●	●	●	●
5-YEAR AVERAGE D										

BUDGET MANEUVERS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	C	B	B	B	B					
Deferring Recurring Expenditures	✓	✓	✓	✓	✓					
Revenue and Cost Shifting	X	✓	✓	✓	✓		●	●	●	●
Funding Recurring Expenditures with Debt	X	X	X	X	X	●				
Using Asset Sales and Up-Front Revenues	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

LEGACY COSTS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	A	A	A	A	A					
Public Employee OPEB Funding	✓	✓	✓	✓	✓	●	●	●	●	●
Public Employee Pension Funding	✓	✓	✓	✓	✓					
Public Employee Pension Funded Ratio*	98%	99%	103%	96%	103%					
5-YEAR AVERAGE A										

RESERVE FUNDS

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	B	B	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	X	X					
5-YEAR AVERAGE B										

TRANSPARENCY

	2015	2016	2017	2018	2019	TREND				
						'15	'16	'17	'18	'19
CATEGORY GRADE	B	B	B	B	B					
Consolidated Budget Website	✓	✓	✓	✓	✓					
Provides Debt Tables	✓	✓	✓	✓	✓	●	●	●	●	●
Discloses Deferred Infrastructure Replacement Costs	X	X	X	X	X					
Discloses Tax Expenditures	✓	✓	✓	✓	✓					
5-YEAR AVERAGE B										

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.