

Hey Governor Walker, Let's First Pay the Bills

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This week □ Senator Kathleen Vinehout writes about the new revenue estimates for the state. □ The Legislative Fiscal Bureau estimates that state will end this budget with nearly a billion dollars over the \$70 billion budget. □ Kathleen writes that the Legislature should look first to paying the state's bills and putting money into the state's Rainy Day Fund.

MADISON - Imagine you came into a bit of money. Not a lot - less than \$500 on your annual salary of \$35,000 - but enough to make you happy.

This is the pleasant situation state government faces: new revenue estimates predict the state will close its books on the current budget with a little less than a billion more on its \$70 billion biennial budget.

Lawmakers are falling over themselves to come up with the best tax give-away. But maybe they should check the pile of past due bills first.

So returning to my story; imagine you faced hard times. You delayed paying some of your mortgage, you got behind on your son's college tuition, you skimped on supplies for your school-age daughter, you didn't pay all your property tax and you missed a few car payments.

Instead of catching up on the bills you missed – with new money that comes nowhere near getting you caught up – you propose to your spouse to give the money away to your friends.

If I were your spouse I'd send you outside for a while and hope the weather cooled off your foolishness.

Such is the foolishness of lawmakers who want to cut income taxes – giving most benefit to high income earners – rather than pay the bills postponed over the past years.

The almost \$900 million in estimated new revenue comes with a caution to Legislators. When reporting the new revenue estimate, the Legislative Fiscal Bureau (LFB) reminded lawmakers that about half of the surplus should be put away in the state's rainy day fund – as is required by state law. This fund is woefully inadequate and was underfunded by Governors of both political stripes despite years of bipartisan calls to fund it from Legislators and citizens.

The LFB cautions that federal highway funds may be reduced – leaving Wisconsin with more of the responsibility to pay for already promised road and bridge construction. The LFB does not give a figure on the estimated drop in federal funds but this fact underscores the importance of putting money away in a rainy day fund.

In addition, LFB staff point out the structural deficit going into the next budget year in the Transportation Fund alone is \$224 million. Promised spending in this last budget, including the service on new debt, raises the mismatch between estimated money coming in and money going out at almost another \$120 million in the next budget.

Finally, LFB staff also points out the current transportation budget is spending much less on already committed projects than will be required in the coming budget. One example is the Zoo interchange where the state is spending less than one tenth of what experts estimate will be needed in the next budget.

The new LFB memo does not begin to touch the problems in the state's General Fund.

Every part of the five major spending items –schools, health care, local government, corrections

and universities – needs attention. The current budget required give-backs from universities that some say will put the UW system in a double digit structural deficit for the next budget. Underfunding of public schools and delayed payments to schools and local government started years ago and continued by this governor add to budget problems for the next Legislature. A growing prison population and a deficit in the state's Medicaid program – caused by lower federal reimbursement – adds more cost to the next budget.

Then there is the matter of the state's rising debt. Governors including Governor Walker made decisions that resulted in unpaid debt bills being rolled into a larger and larger debt payment.

Finally there is the matter of paying taxpayers on time for the tax breaks already given: it's been almost 5 years since the state changed the withholding tables. So even though state income taxes have gone down – by a very modest amount – taxpayers don't see any difference in their take home pay. To fix the problem completely would take more than the entire estimated increase in new revenue.

So - to the Governor and my fellow lawmakers – let's first pay the bills.

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