

Revenue Growth Not Likely to Resolve State Budget Crisis

Written by GBP Staff

Wednesday, 10 September 2014 16:37 - Last Updated Wednesday, 10 September 2014 16:59

http://newiprogressive.com/images/stories/S5/madison_capitol_building-s5.jpg



Average annual revenue growth has been declining since 2011. Real figures show it is highly unlikely the state will see the required 6.5% annual revenue growth needed to end this biennium with a balanced budget.

MADISON - According to the Legislative Fiscal Bureau average annual revenue growth since 1993 has only averaged 3.3% and since 2011 annual revenue growth has fallen from 4.7% to -1.0%, suggesting that it is highly unlikely the state will see the required 6.5% annual revenue growth needed to end this biennium with a balanced budget.

Since 1993 the state has seen annual revenue growth over 6.0% just six times. All but two of those years occurred between 1993 and 2000 with the state seeing revenue growth of 6.1% in 2004-05 and revenue growth of 6.4% in 2010-11.

“While we would all like to see our economy take off, history suggests revenue growth meeting the 6.5% growth needed to resolve the budget crisis is unlikely to happen,” said State Senator Dave Hansen (D-Green Bay).

Between 2003 and 2008 the state saw its revenue grow anywhere between 1.0% and 6.1%. In 2008-09 the state saw a 7.1% decline in revenue as a result of the Global Economic Collapse. And while the state revenues started to pick up again with revenue increasing by 6.4% in 2010-11, from 2011 on it has been declining until the state saw a 1.0% decline in revenues in 2013-14.

“Since Governor Walker and the Republicans took over state government we have seen our state falling behind in job creation to the point we are dead last in job growth among our neighbors and the results are seen in the lackluster revenue growth. Clearly that revenue growth alone will not solve the budget crisis.”

Revenue Growth Not Likely to Resolve State Budget Crisis

Written by GBP Staff

Wednesday, 10 September 2014 16:37 - Last Updated Wednesday, 10 September 2014 16:59

On Monday, Democratic Senators Chris Larson, Dave Hansen, Jennifer Shilling and Bob Wirch sent a letter to Department of Administration Secretary Mike Huebsch asking him to provide details of what cuts the Walker Administration was expected to make to resolve the shortfall.

“At the time we sent that letter we were concerned about a possible billion structural deficit. The fact that the structural deficit is nearly twice that is staggering and should be of great concern to everyone in our state.”

The non-partisan Legislative Fiscal Bureau previously released a memo showing that the structural deficit will likely cost the average family of four \$1200 over the next two years.