



Legislative Fiscal Bureau

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June 13, 2006

TO: Senator Michael Ellis
Room 118 South, State Capitol

FROM: Bob Lang, Director

SUBJECT: Potential GPR Funding for Selected Programs

On June 6, 2006, I sent a memorandum to you regarding the general fund amount necessary to produce a balanced budget in the each year of the 2007-09 biennium. That document indicated that the general fund would need to generate \$691 million in 2007-08 and \$846 million in 2008-09 (\$155 million over the \$691 million in 2007-08).

You have now asked that I provide some estimate of the amount of funding that might be needed in 2007-09 for the following programs under certain assumptions.

1. Elementary and Secondary School Aids. Assume that current law revenue limits would remain for 2007-08 and 2008-09 and that the state would support 66.4% of partial school revenues in each year.

Under this scenario, it is estimated that general school aids would need to be increased by approximately \$165 million in 2007-08 and by \$330 million in 2008-09, compared to 2006-07 base year funding.

2. Medical Assistance, BadgerCare, and SeniorCare. Assume that GPR funding for medical assistance (MA) and BadgerCare will increase by the average increase between fiscal years 2001-02 and the amount budgeted for 2006-07.

Under this scenario, it is estimated that funding for MA and BadgerCare would need to be increased by \$131 million and \$7 million, respectively, in 2007-08 and by \$262 million and \$14 million, respectively, in 2008-09, compared to 2006-07 base funding.

Assume that GPR funding for SeniorCare will increase by the average increase between

fiscal years 2003-04 and the amount budgeted for 2006-07.

Under this scenario, it is estimated that funding for SeniorCare benefits would need to be increased by \$7 million in 2007-08 and by \$13 million in 2008-09.

3. Compensation Reserves. Provide an estimate of the amount of increased GPR needed in 2007-09 as compensation reserves for full funding of compensation increases provided in the current biennium, the employers share of retirement and health insurance, and a 1.5% annual increase in salaries for state employees.

Under this scenario, it is estimated that GPR compensation reserves of approximately \$70 million in 2007-08 and \$130 million in 2008-09 would need to be established. These amounts do not include an estimate of funding that may be needed to address future labor market situations, or unanticipated health care cost or other benefit increases that exceed current cost growth estimates.