**Fiscal Facts: Draw-down in State’s Unemployment Fund Weakened Wisconsin’s Fiscal Standing**

Just as its short-term health deteriorated during 2002-09, Wisconsin’s state fiscal year health was weak through 2010. During that period, state expenditures exceeded revenues in five of nine years.

Among many factors contributing to the state’s weak financial position, one that stands out was a continuing imbalance between revenues and spending in Wisconsin’s unemployment reserve fund. In each year during 2002-10, including years of economic expansion, the state paid out more in benefits than it collected in unemployment taxes. In the five years in which total state expenditures exceeded revenues, unemployment deficits accounted for two-thirds of the gap.

In 2008, the state took steps to fix the unemployment reserve fund, though those actions did not become effective until 2009. In addition, for the most part, lawmakers have ceased drawing down balances in segregated funds to pay for general fund spending.

Since 2010, total state revenues exceeded spending in every year. In 2017, revenues of $36.5 billion funded spending of $35.2 billion.

*This information is a service of the Wisconsin Policy Forum, the state’s leading resource for nonpartisan state and local government research and civic education.*