



SCOTT WALKER
OFFICE OF THE GOVERNOR
STATE OF WISCONSIN

P.O. Box 7863
MADISON, WI 53707

July 25, 2016

Dear Agency Head:

Our administration took office at a critical time in our state's history. Spiraling budget deficits and high unemployment were the standard operating procedure and careless fiscal management stunted our growth.

We took immediate action and focused on truly balancing the state budget with a look to the future by eliminating the \$3.6 billion deficit. Now, Wisconsin is ranked as the 4th lowest for long-term obligations in the nation. (2016 Pew Charitable Trusts)

A new course was set. One where our bills are paid, our most vulnerable are protected, and our taxpayers are given control of their hard-earned dollars. We are also better prepared for the proverbial rainy day by reaching a balance of more than \$280 million in the Budget Stabilization Fund.

Wisconsin is working - literally. More people are working today than ever before in the history of the state. The unemployment rate is at its lowest level since 2001, well below the national rate, and property values are on the rise. We also realigned incentives so everyone who wants a job can get a job. Our goal should be to reward work. Investments such as Fast Forward and Course Options continue to foster partnerships among our universities, technical colleges, businesses, and state government.

In order to achieve a skilled workforce, we need to provide tools so every student succeeds. As I stated in my State of the State address this year, we need to capture savings by realigning state government through reform and reallocate these savings to our K-12 system to keep our state's education programs strong. To build on our commitment to student success, we must extend our tuition freeze. This will make our universities affordable and accessible. These two items will help our young people develop the skills they will need for career and life.

Wisconsin families are taking home more of their hard-earned money thanks to our tax reforms. My next budget will uphold this priority. We lowered property taxes multiple times, and have maintained those lower rates. Property taxes are actually lower today than they were in 2010 for the typical homeowner. We have also reduced income taxes across the board, returning \$916 to the median family of four.

As you know, achieving our goals and maintaining such successes require constant discipline. Therefore, just as in the last biennial budget, I am directing most agencies to maintain their overall fiscal year 2017-18 and 2018-19 GPR budgets at the fiscal year 2016-17 adjusted base.

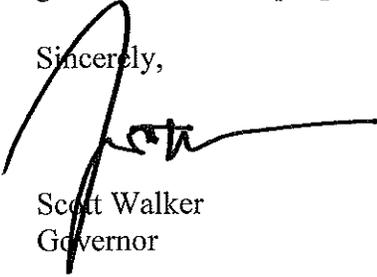
The same zero-growth targets will also apply to SEG-funded administrative operations. Agency requests should focus on providing new opportunities for our world-class workforce and continuing to enhance our state's economy. Agencies are encouraged to take a fresh look at all programs and identify ways to realign resources in order to fund initiatives within their current base, rather than seek additional resources the taxpayers can't afford. Our common goal is to deliver an efficient and accountable government for the taxpayers.

As required by law, agency budget requests are due on September 15, 2016. The Major Budget Policies and Budget Instructions follow this letter. Please review them carefully as you prepare and prioritize your requests.

To keep consistent with delivering a smaller, more efficient government for our taxpayers, there are new elements of the biennial budget instructions. 2015 Wisconsin Act 201 requires each agency to submit, in addition to its standard biennial budget request, two proposals relating to state operations. One proposal relates to a 0 percent change from the agency base budget in each year (across most fund sources); the second proposal relates to a 5 percent reduction of the agency base budget. These proposals submitted by agencies will receive thorough review even though they are not required to be included in the biennial budget recommendations we submit to the Legislature in early 2017. Further directions regarding Act 201 are included in the attachment.

Thank you for your work serving our citizens every day as we work to deliver as responsive state government to the people of Wisconsin.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Walker", with a long horizontal flourish extending to the right.

Scott Walker
Governor