**Fiscal Facts: State Better Prepared for Downturn than in 2007, Though Trouble Still Lies Ahead**

Facing an economic downturn of stunning speed and unknown length, the state of Wisconsin’s finances is much stronger than in 2007, before the last recession. Taking a broader view, however, they are roughly average compared to other states.

With the state’s reserves at nearly 10% of its General Purpose Revenues, Wisconsin is vastly better positioned today than in 2007, when its GPR reserves were just under 1%. Despite this progress, the state in 2018 still ranked behind most others on some measures such as debt per capita and total general and rainy day fund reserves as a share of expenditures, according to a study by the Mercatus Center at George Mason University.

Further, the staggering level of unemployment claims triggered by the COVID-19 shutdown threatens gains made by the state’s unemployment fund over the past decade. As of June 2019, the fund had slightly more than $2 billion, compared to $783.9 million in June 2007 just before the last recession. Despite the massive improvement, a recent U.S. Department of Labor report found Wisconsin ranked just 30th among states on a key measure of readiness for a recession.

These and other funds, such as transportation, will be tested and potentially depleted by the decreased tax revenues and increased social services spending that will occur in the months ahead. Still, Wisconsin’s fiscal position has made significant progress since the last recession, and these gains will help to cushion at least some of the initial financial blows to come.

*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. Learn more at wispolicyforum.org.*