A&M DIFFERENTIATORS BASED PRIOR EXPERIENCE

• Performing budgetary and operational reviews, designed to help government agencies function more effectively and efficiently.

• Serving in interim management or crisis management roles providing short-term leadership.

• Providing actionable recommendations, designing detailed implementation plans and working side-by-side with client personnel to put those plans into effect.

• Identifying and implementing significant and immediate cost savings for entities which are facing fiscal crises, while building consensus and support among stakeholders.

• Assessing operations to find cross-agency efficiencies and economies of scale.

• Maximizing federal funding, enhancing compliance, and identifying opportunities for improving non-tax revenues.

• Providing expertise across diverse governmental functions, ranging from benefits to transportation to healthcare to public safety.

• Driving awareness of the voice of student to realign university investments.

* Standing behind our recommendations in public when the situation calls for it, before legislative bodies and in the media.
FISCAL AND OPERATIONAL SOLUTIONS

METHODOLOGY
<table>
<thead>
<tr>
<th>ASSESS</th>
<th>IMPROVE</th>
<th>TRANSFORM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baseline Environment</strong></td>
<td><strong>Develop Fact Base</strong></td>
<td><strong>Identify Opportunities</strong></td>
</tr>
<tr>
<td>Determine drivers of future change</td>
<td>Develop improvements and opportunities to realign processes, increase revenues, and reduce costs</td>
<td>Develop, vet and prioritize improvement opportunities</td>
</tr>
<tr>
<td>Identify organizational, statutory and other implementation Barriers</td>
<td>Define key stakeholders and engage through outreach and change Management</td>
<td>Conduct a gap analysis on the future state to determine required Investments</td>
</tr>
<tr>
<td>Define roles and responsibilities associated with key processes and identify non-value add processes</td>
<td>Create new organizational model and identify expertise Gaps</td>
<td>Finalize organizational model and assess its impact on personnel and finances</td>
</tr>
<tr>
<td>Benchmark financials, IT resources, operational processes and governance</td>
<td>Identify improvements and cost savings based on asset reviews, service needs and contract reviews</td>
<td>Define to-be processes and identify impacts</td>
</tr>
<tr>
<td>Validate and/or develop budget and cost information</td>
<td>Re-baseline/rebuild budget as necessary and develop an initial fiscal impact model</td>
<td>Develop business case (i.e., costs and benefits) of each opportunity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>TRANSFORM</strong></th>
<th><strong>Implement Sustained Improvements</strong></th>
<th><strong>Transition</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement deployment strategies, manage communications, develop dashboards, and create monitoring tools</td>
<td>Manage project execution by building internal capacity, realigning resources and executing transition plans</td>
<td>Implement and transition the performance management Framework</td>
</tr>
<tr>
<td>Implement communications and change management Strategies</td>
<td>Support process changes through addressing statutory, policy and technology Changes</td>
<td>Deliver documentation and training materials</td>
</tr>
<tr>
<td>Implement and transition the performance management Framework</td>
<td>Transition on-going management and responsibilities</td>
<td>Train staff on new processes and transition ownership of ongoing efforts</td>
</tr>
</tbody>
</table>

Legend:
- **Organization and People**
- **Processes**
- **Information Technology**
- **Finances**
## Fiscal and Operational Solutions Capability Areas

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance and policy development</td>
<td>Service catalog</td>
<td>Revenue and taxation planning</td>
<td>Strategic sourcing and procurement</td>
<td>Operational efficiency / cost reduction</td>
<td>Economic development / economic impact analysis</td>
<td>Federal funds management</td>
</tr>
<tr>
<td>Interim and crisis Management</td>
<td>Customer stakeholder engagement plan</td>
<td>Tax regime reform</td>
<td>Employee spend analysis</td>
<td>Organizational design and human capital management</td>
<td>Development of innovative resource allocation models</td>
<td>Development of innovative resource allocation models</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>Requirement development in support of citizen services</td>
<td>Revenue maximization</td>
<td>Healthcare and benefit cost analysis</td>
<td>Process improvement</td>
<td>Alternative delivery of capital projects</td>
<td>Billings and collections process Improvement</td>
</tr>
<tr>
<td>Institutional knowledge capture and dissemination</td>
<td>Development of efficient and effective service delivery models</td>
<td>Licensing &amp; Fees</td>
<td>Accountability / incentive structure</td>
<td>IT spend review</td>
<td>Debt instruments &amp; refinancing</td>
<td>Financial planning and budget operations</td>
</tr>
<tr>
<td>People development and deployment</td>
<td>Technology-driven customer service solutions</td>
<td>Advertising revenues</td>
<td>Privatization and outsourcing of services</td>
<td>Benchmarking / performance measurement</td>
<td>Fund management</td>
<td></td>
</tr>
<tr>
<td>Communications and change management</td>
<td>Voice of the citizen/citizen driven services</td>
<td></td>
<td></td>
<td>Project &amp; risk management</td>
<td>Surplus &amp; asset disposition</td>
<td></td>
</tr>
<tr>
<td>Audit response and remediation</td>
<td>Internal control assessments</td>
<td></td>
<td></td>
<td>Shared services (HR, Finance, IT)</td>
<td>Capital advisory</td>
<td></td>
</tr>
<tr>
<td>Internal control assessments</td>
<td></td>
<td></td>
<td></td>
<td>Facilities utilization strategy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Example Efficiency Opportunities over the Short, Medium, and Long Term

<table>
<thead>
<tr>
<th>Short Term  (within 1 year)</th>
<th>Medium Term  (1-2 Years)</th>
<th>Long Term  (2+ years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Maximization</strong> – Assess advertising revenues, and perform a review of existing statues for non-legislative changes to rates</td>
<td><strong>Fraud and Improper Payment</strong> – Use of predictive analytics to detect and prevent improper payments in the State’s Medicaid tax refund, and child welfare systems</td>
<td><strong>Revenue Structure Analysis</strong> – Evaluate fee structures for health, transportation, inspection, and permitting programs</td>
</tr>
<tr>
<td><strong>Tax Revenue Analysis</strong> – Review of the existing tax regimes, litigation backlog, auditing processes, and utilization of a centralized discovery unit for tax analysis</td>
<td><strong>Corrections and Public Safety</strong> – Review officer caseloads, prison industries program, treatment &amp; rehab programs, and reentry programs for process improvement</td>
<td><strong>Impact of Economic Development</strong> – Assess development opportunities that generate new local and state revenues and create jobs</td>
</tr>
<tr>
<td><strong>Human Capital</strong> – Right size state audit function, review vacancy budgeting, and perform turnover impact analysis</td>
<td><strong>Health and Human Services</strong> – Analyze the health programs for process improvement including disease management, federal reimbursements, treatment and testing programs, and use of electronic and self reporting programs</td>
<td><strong>Improved Monitoring</strong> – improved correctional officer monitoring, prevention and diversion program</td>
</tr>
<tr>
<td><strong>Reduce Surplus Assets</strong> – Monetize owned real property and seized assets through strategic dispositions</td>
<td><strong>Strategic Sourcing</strong> – Analyze current spending, identify opportunities to leverage the government purchasing power, and prioritize efforts to maximize savings</td>
<td><strong>Office Space</strong> – increase in office space efficiency and space utilization</td>
</tr>
<tr>
<td><strong>Property Insurance Review</strong> – Review of the building insurance and property insurance programs</td>
<td><strong>Human Capital</strong> – Review span of control across agencies, develop workforce and succession plans, and consolidate business and administrative functions</td>
<td><strong>Fleet Lifecycle Review</strong> – Review fleet maintenance programs, equipment, and fleet vehicle automation</td>
</tr>
<tr>
<td><strong>Redesign of the Benefit Package</strong> – Review of the workers compensation, leave, OPEB, pension and FMLA Administrative functions</td>
<td><strong>Public Private Partnerships</strong> – Develop and structure public private partnerships</td>
<td><strong>Federal Funds Management</strong> – Assess use of a centralized function to identify opportunities, monitor, and ensure compliance with federal fund programs</td>
</tr>
<tr>
<td><strong>Budget &amp; Management</strong> – Create in-depth analysis of current and past budgets, structural deficits, and generate interactive financial projections to empower decisions</td>
<td></td>
<td><strong>Human Capital</strong> – Review of employee spend, incentive structures, and outsourcing</td>
</tr>
</tbody>
</table>

*Blue = Recommendations with Revenue Maximization, Federal Funding, Fee Based, or Collections and Recovery components*
A&M’s Analytic Approach to Developing Innovative Solutions

LEADERSHIP & INTERIM MANAGEMENT
- Are there gaps in leadership requiring support?
- How does the organizational design affect delivery?
- What is the nature of strategic planning?
- How is governance and policy working?

OPERATIONAL EFFICIENCY
- Can more customers be served at a lower cost?
- What is the status of the IT project, both cost and schedule?
- What is the nature of current employee relations?
- What are the corporate policies concerning HR?

CUSTOMER TRANSFORMATION
- What are the highest citizen needs?
- How are citizens being engaged?
- Are there technology solutions to improve delivery?
- What is the impact?

CAPITAL INVESTMENT & ECONOMIC DEVELOPMENT
- Are Public Private Partnerships used strategically?
- What is the value of land / equipment leases?
- What is the value of the real estate / personal property?
- Are there large scale capital investments?
- What is the economic impact of capital projects?
- What is the optimal capital structure?

REVENUE MAXIMIZATION
- Are revenues and taxes being fully collected?
- Have alternative tax strategies been considered?
- Have alternative revenue sources been maximized?

FINANCIAL MANAGEMENT
- Are Federal funds spent in accordance with the requirements?
- Can resources be allocated more effectively to reach customers that are in greatest need?
- Are there ways to expedite billing of reimbursable expenses in order to accelerate cash collection?

STRATEGIC SOURCING
- Has strategic sourcing been implemented?
- How much IT has been outsourced?
- What is the impact of modifying or eliminating key contracts?
A&M Public Sector Experience by Sector and Geography

- K-12 Education
- Higher Education
- Health and Human Services
- Non-Profit Organizations

- State Agencies
- Municipalities
- Cities and County Governments
- Revenue / Economic Development Agencies

- Transportation
- Public Safety
- Administration
- Public Utilities

**U.S. Territories**
- Puerto Rico – Government Development Bank of Puerto Rico
- Guam – Guam Department of Education
- U.S. Virgin Islands – Virgin Islands Department of Education

Representative engagements are detailed further in the proposal.
<table>
<thead>
<tr>
<th>Public Agency</th>
<th>A&amp;M Role</th>
<th>Results</th>
</tr>
</thead>
</table>
| Guam Department of Education               | Third Party Fiduciary Agent                    | ✅ Successfully stood up an ERP system to draw down federal funds  
         |                                               | ✅ Drafted the CCAP through creation of gap analysis of processes against EDGAR and local requirements  
         |                                               | ✅ Revised procurement processes to increase efficiency and compliance |
| Gates Foundation                          | Program Management Services                  | ✅ Provided leadership and program management across several reform projects. Efforts have impacted over 70 different grants, improved ability of investments to scale and commercialize by aligning major initiatives, saved significant grant funds through reducing redundancies and enabling efficient grant allocations, accelerated timelines through resolving ambiguity and providing guidance and tools to convert strategies to tangible results. |
| State of Louisiana – Department of        | Led the Government Efficiency Management      | ✅ Developed nine cabinet agency-wide plans to identify revenue enhancement and cost savings  
         | Administration                              | Support (GEMS) Program                                           | ✅ Identified $2.7B in savings over the five year implementation period |
| Commonwealth of Puerto Rico                | Led assessment of operational efficiency and   | ✅ Identified additional $500M in new revenue for the Commonwealth  
         | financial performance                        | financial performance                                           | ✅ Developed recommendations to reduce costs by $195M across territory run hospital facilities, police department and K-12 public schools |
| Pennsylvania Department of Public Welfare | Financial advisory                             | ✅ Developed new processes and practices around fiscal controls, rate analysis and fiscal regulations, recovering over $50M in Medicaid funds  
         |                                               | ✅ Developed negotiating strategy to manage provider appeals resulting in favorable settlements and avoidance of unnecessary litigation costs. |
| Maryland Developmental Disabilities       | Interim Financial Management and financial re- | ✅ Developed recommendations for new financial systems and new financial platform  
         | Administration                              | engineering services                                            | ✅ A&M provided interim financial advisory services to the DDA and assisted the administration in training the new CFO/fiscal team and transitioning functions that had been handled by the A&M team on an interim basis. |
| South Carolina Health and Human Services  | Interim Financial Management and financial re- | ✅ Served as the interim Director of DHHS to help rebuild the infrastructure and turn around the finance department and operating programs in light of the $250 million operating deficit  
         |                                               | engineering services                                            | ✅ Created performance-based budgeting approach using data, analytics and modeling  
         |                                               | ✅ Identified operational cost savings, developed cash flow, budget and financial models and implemented new organizational structure for finance and administration. |

* Other factors impacted savings
U.S. Communities – National Governors Association Sponsored Contract Vehicle

See: https://www.uscommunities.org/suppliers/alvarez-marsal/

U.S. Communities is the leading national cooperative purchasing program, providing world class government procurement resources and solutions to local and state government agencies, school districts (K-12), higher education institutions, and nonprofits looking for the best overall supplier government pricing.

Alvarez & Marsal (A&M) provides world-class performance improvement, turnaround management and corporate restructuring services, as well as multi-disciplinary industry expertise, to clients in both the public and private sectors.

Producing Results. Implementing Change.
Drive financial, budget and process improvements
Support efficient and effective management of government, non-profit and education organizations and programs

Maximize financial, human capital and other resources to transform programs and institute fiscal control
Whether the mission involves creating a government efficiency initiative, redesigning an ineffective Medicaid system, or reevaluating a school’s budget to fully leverage its resources, A&M brings a sense of urgency to every situation, a pragmatic, hands-on approach and a relentless focus on execution, accountability and results. Our services enable government entities, organizations and leaders to solve complex problems, to improve performance, to maximize value for citizens and to produce a social impact.

* Other factors impacted savings
Enterprise Holdings
Total Transportation Solution
Governor’s Commission on Government Reform, Efficiency, and Performance
October 6th 2016
Our Goal:
To demonstrate ways we can utilize our expertise and assets to support the cost savings and efficiency initiatives of the State of Wisconsin

AGENDA

Power of our brands-who we are
Our business lines
How Enterprise Holdings can help
Our experience with State Government business
Q&A
THE POWER OF THE BRANDS
THE POWER OF THE BRANDS

1.8 Million World Wide VEHICLES

9,000 World Wide LOCATIONS

$19.8 Billion REVENUE

Enterprise Holdings

1,093,411

U.S. Fleet

495,000*

Hertz

Dollar/Thrifty

Avis

Budget

6,045 U.S.

Source: Auto Rental News – Fact Book 2015

*ARN estimate
THE STRENGTH BEHIND THE BRANDS
THE STRENGTH BEHIND OUR BRANDS

94,000
EMPLOYEES

RANKED
#16
Forbes
America’s Largest Private Companies –

BBB+, Baa1
BOND CREDIT RATING
Only U.S. investment-grade car rental company –
Enterprise in Wisconsin

Total Wisconsin Locations
68

Total Wisconsin Employees (2016)
739 Total
303 Full Time
436 Part Time

Payroll (2015)
$21,353,860

State and Local Taxes (2015)
$9,817,625

Titles, Registrations and Renewals (2015)
$1,845,448

Rental Transactions (2015)
470,691

State Charitable Contributions (2015)
$300,000+
5,000+ Volunteer Hours

Enterprise SE Wisconsin
467 employees | 29 rent-a-car locations | 1 retail car sale location | 1 commercial truck locations

Enterprise Greater Madison
129 employees | 15 rent-a-car locations | 1 commercial truck location

Enterprise North / Central
143 employees | 21 locations | commercial truck coming Fall 2016

• 13 Enterprise Car Share locations in state
• 17 Vanpools/Rideshare Programs
• Only non-junk rated company in industry. Enterprise is rated BBB+ by S&P & Baa1 by Moody’s
• Primary vendor for 3,000+ WI business accounts including State of WI, UW Systems, Ft McCoy & 70% of the top 20 Wisconsin businesses

State of Wisconsin
TWO BRANDS TO MEET ANY NEED

One Loyalty Program Covering Both

Premium On-Airport and Business Center Solutions

- Speed
- Choice
- Recognition
- Travel Policy Compliance
- Innovation
- Emerald Aisle
- Premier Selection
- Priority Service

Total Transportation Solution

- “We’ll Pick You Up”
- High-Touch Personal Service
- Adaptable Solutions
- Travel Policy Compliance
- Mileage Reimbursement Solutions
- Neighborhood Convenience

Recognized at 8,000+ National and Enterprise locations around the world
DEDICATED TO BUSINESS TRAVELERS

- Fast, frictionless rental process
- Choose their own car
- Customize their rental preferences and rewards
- Earn Emerald Club rental credits at participating Enterprise Rent-A-Car locations*
- Assurance National is where they want, when they want

* Available at select locations only. Expedited counter service available at all other locations.
THE BENEFITS OF ENTERPRISE

SAVINGS
- Special corporate rates
- Mileage reimbursement alternative
- Long-term rental discounts
- Multiple business lines

CONVENIENCE
- More than 5,500 locations in US
- 90% of customers are within 15 miles of a location
- Free pick-up from the office or home

OPTIONS
- Sedans, SUV’s, Light Duty, Medium Duty and Heavy Duty Pickup Trucks, Cargo Vans, Passenger Vans, Box Trucks, etc
As your business partner, we don’t just rent cars; we offer you a total transportation solution.
Multiple Business Lines to Assist With Cost Reduction Initiatives

- CAR SHARING
- COMMERCIAL TRUCKS
- VANPOOLING (RIDESHARE)
- FLEET MANAGEMENT
- CAR SALES
Car sharing is smart business:

- Customized programs
- Reduces cost of business travel and fleet management
- Complements alternative methods of transportation
- Reserve 24/7 – cars located where employees live and work
TRUCK RENTAL

- Customized fleet solutions
- Wide variety of trucks and vans
- Equipped for commercial use
- Daily, weekly, or monthly rentals
COST EFFECTIVE, CONVENIENT ALTERNATIVE TO OWNING OR LEASING A FLEET

- Flexibility to support seasonal, project-based, peak and temporary vehicle needs
- Extensive coverage with locations throughout Canada and the U.S.
- Staffed with local professionals specializing in commercial truck rentals
FLEET MANAGEMENT

- Improved cash flow
- Flexibility
- Reduce total cost of vehicle ownership

SAVE TIME

- Outsourcing fleet needs
- Focus on primary business functions

TRANSPORTATION SOLUTIONS

- A business partner that can accommodate all of your transportation needs
Comprehensive employee commute program:
- Enhance employee benefits
- Increase employee morale and retention
- Ease or eliminate parking congestion
- Reduce carbon footprint
- Fully implemented and managed by Enterprise
Ways that Enterprise Holdings can assist with driving cost savings and enhanced efficiencies include but are not limited to:

• Assist with usage analysis of current State of Wisconsin fleet of vehicles and offer recommendations to increase efficiency

• Introduce car rental options through the existing program (NASPO) and assist with policy/implementation to direct State employees toward the most cost effective ways to handle ground transportation needs

• Perform a complete mileage reimbursement analysis to identify the true potential savings available through a car rental alternative

• Offer assistance to evaluate the State Vanpool and explore the option of outsourcing

• Explore the capabilities of Enterprise Fleet Management to identify ways to reduce costs and create more streamlined processes for areas such as vehicle acquisition, maintenance, efficiency reporting and data analysis and disposition
Examples of Existing State Government Partnerships

State of Pennsylvania
*Details included in packets provided to attendees

State of Virginia
*Details included in packets provided to attendees

State of Georgia
*Details included in packets provided to attendees
DEDICATED, EXPERIENCED ACCOUNT MANAGEMENT

Mat Mayhew, Director, Business Rental Sales

Wisconsin Business Rental Sales and Account Management Team

Shannon Miller and Courtney Ginn
Dedicated Strategic Account Development Representatives

Worldwide Sales Teams, Enterprise and National rental locations, support departments, etc.
State Budget Stress Tests

***These estimates were made in early 2016. Some of the projections have changed due to updated revenues and expenditures in Wisconsin as well as in other states mentioned; however, the trends remain the same. Economic forecasts have also changed since early 2016.***
Executive Summary

• The Federal Reserve requires Bank Holding Companies (BHC) to conduct a stress test twice a year.

• The stress test assesses whether the BHCs have enough reserves to withstand a typical recession and a major recession.

• With the encouragement of rating agencies, the state of Utah has implemented a stress test procedure on its own finances.

• With the aid of DOR's econometric model, the state of Wisconsin could easily do the same.
Federal Reserve Stress Tests

• The Dodd-Frank Act requires the Federal Reserve to conduct an annual stress test of all Bank Holding Companies with holdings over $50 billion.

• The Act also requires the BHC's to do internal stress tests twice a year.

• This stress test assess the BHC's, and the financial system's, risk exposure in a declining economy.

• The stress tests use projections of three different economic scenarios.
  • Baseline (consensus forecast)
  • Adverse (typical recession)
  • Strongly Adverse (major recession)
Utah's Stress Test

• The State of Utah has implemented a stress test for their budget using the Federal Reserve's for major BHC's.
• The Utah analysis includes both revenues and expenditures.
• Both the Governor's and Legislative's Budget Offices participated in the exercise.
• The analysis used the Fed's 2015 Supervisory Scenario standards.
• Report concluded Utah's budget could withstand the adverse scenario.
• For FY15, Utah had a total budget reserve equaling 15.6% of total spending.
2016 Stress Tests

• Federal Reserve published the requirements for the 2016 stress tests on January 28, 2016.

• The Baseline assumes an economic outlook consistent with the economic census.
  • No Recession
  • Real GDP Growth averaging 2.5%
  • Unemployment declining to 4.6%

• The adverse economic scenario assumes an average recession.
  • Real GDP declining for four quarters as low as -2.8%
  • Unemployment increasing to 7.5%

• The Severely Adverse economic scenario assumes a major financial crisis and recession.
  • Real GDP declining for five quarters as lows as -7.5%
  • Unemployment increasing to 10.0%
Fed's 2016 Stress Test: Real GDP

Percent Change in Real GDP at Annual Rates
Fed's 2016 Stress Test: Unemployment

Percent of Labor Force Unemployed

- Baseline
- Adverse
- Strongly Adverse
Fed's 2016 Stress Test Contrast to GI: Real GDP
The Fed's Stress Tests are more severe than GI's most likely recession outlook.

Percent Change in Real GDP at Annual Rates

- Baseline
- Adverse
- Strongly Adverse
- GI Recession
How to Do a Stress Test

• Wisconsin DOR has a model of the general fund taxes linked to its model of the Wisconsin Economy and the US Economy.

• To do a stress test on Wisconsin's general fund revenues, DOR would run the revenue model with the US Economy specifications set by the Federal Reserve.

• Contrasting those revenue estimates to the budget estimates would complete the test.
## Stress Test Results: Three Scenarios

<table>
<thead>
<tr>
<th>Stress Test</th>
<th>Effect on GPR Revenues $M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mild Recession (Global Insight)</td>
<td>-140 -850</td>
</tr>
<tr>
<td>Adverse (Federal Reserve)</td>
<td>-350 -1190</td>
</tr>
<tr>
<td>Severely Adverse (Federal Reserve)</td>
<td>-500 -1570</td>
</tr>
</tbody>
</table>
Budget Reserves Needed to Pass a Stress Test

<table>
<thead>
<tr>
<th>Recession Type</th>
<th>Reserve Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mild Recession</td>
<td>$1.0 Billion</td>
</tr>
<tr>
<td>Adverse Risk</td>
<td>$1.5 Billion</td>
</tr>
<tr>
<td>Severely Adverse Risk</td>
<td>$2.1 Billion</td>
</tr>
</tbody>
</table>

Planned Reserves end of FY17* $0.43 Billion

*Estimates could change depending on actual revenues and expenditures data.
Wisconsin General Fund Budget Reserves
Since 2011 have been most since 2001 Recession

Total of GPR Budget Balance and Stabilization Fund Balance, $M

BSF GFB
Wisconsin's General Fund Reserve Requirement

• Wisconsin's statutory minimum reserve requirement is $65 million through FY17.
  • That is 0.4% of spending.

• Beginning FY18, the minimum reserve goes up $5 million a year until it reaches 2% of spending.
## Current General Fund Reserve Requirement

*Calculations do not include budget stabilization fund.*

<table>
<thead>
<tr>
<th>FY 17 Amounts</th>
<th>Pct. Of Spending</th>
<th>Amount $M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Minimum</td>
<td>0.4%</td>
<td>$ 65</td>
</tr>
<tr>
<td>Target Minimum</td>
<td>2.0%</td>
<td>$325</td>
</tr>
</tbody>
</table>

### At $5 Million Per Year Increase in Minimum

<table>
<thead>
<tr>
<th>Target</th>
<th>With Spending Growth of</th>
<th>Years to Get to 2%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.0%</td>
<td>52 Years</td>
</tr>
<tr>
<td></td>
<td>0.5%</td>
<td>99 Years</td>
</tr>
<tr>
<td></td>
<td>1.0% or more</td>
<td>Never Happens</td>
</tr>
</tbody>
</table>
Suggested Approach

1) Stress tests should be conducted to inform policy makers and the public.

2) At a minimum, let the automatic deposits to the Stabilization Fund work.

3) If fiscally practical, make a deposit into the Stabilization Fund.

4) Lift the statutory limit on the Stabilization Fund to 10%.