

# Rep. Vruwink: Where is my money going?

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It's been almost a year since Congress passed the American Rescue Plan, investing \$1.9 trillion, which is equivalent to 9 percent of our Gross Domestic Product.

Wisconsin's allocation from the state recovery fund is \$2.5 billion. We received half of this amount in May 2021 and will receive the other half in early summer of this year.

The amount of money we receive is based on Wisconsin's pandemic-related revenue loss of around \$1 billion in 2020. Under the federal law, Wisconsin can use at least that amount for providing government services through 2024. Government services include maintenance or building of infrastructure, including roads; modernization of cyber-security, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire and other public safety services.

As a state legislator, it is my job to make sure we spend the money from the American Rescue Plan to put Wisconsin on a good path for the future. Some states are using the money for tax cuts and social programs. Iowa plans to re-do a progressive income tax in favor of a flat tax. Other states want to expand their state health insurance programs.

Some states are considering new initiatives that may prove unsustainable in the years to come, as the funds from Washington dry up.

In my mind, what's most important for Wisconsin is that we use these tax dollars to make our economy more competitive. A few principles should guide us.

First, we should favor one-time investments over enduring commitments. Cleaning up pollution and updating old computer systems are projects that will bring benefits for years to come.

Second, Wisconsin has many big infrastructure/maintenance backlogs that we should reduce.

Third, any new long-term projects should be chosen with an eye to enhancing our state's economic well-being. Broadband internet, particularly in underserved rural areas, is a great example of how we can increase productivity for businesses, improve our children's education, and make Wisconsin an even more attractive place to live.

In our recent state budget, we lowered state taxes and brought down school property taxes. With new federal dollars, the temptation of tax cuts and additional social programs must be restrained by a regard for the future.

Forecasts of future tax revenue growth should guide Wisconsin's economic decisions rather than the surge in income and sales tax receipts during the pandemic. We need to avoid sudden budget shortfalls, and if we want tax cuts, they

should be designed to kick in only above a threshold of revenue.

Wisconsin should be proud that our state has used over \$1 billion for such things as broadband expansion, farm support, small business recovery, and Main Street investments. We have invested in modernizing our workforce agency and our healthcare infrastructure.

We have spent our state recovery funds wisely, and it shows in our economic growth and revenue surplus. Let's continue to do the same with the federal infrastructure dollars.