

Building Commission

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LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Debt Service Estimates (Paper #245)
2	Revenue Obligations (Paper #246)
3	Revenue Obligations for PECFA (see Paper #308 -- Commerce - Building and Environmental Regulation)

(Base) Agency: Building Commission
Debt Service Estimates

Recommendations:

Paper No. 245: Approve Modification

Comments: One of the few times that approving the modification saves GPR (through reestimated debt service costs). I think we're up over \$30 million additional GPR costs based on these "modifications" to the DOA bill. Some of it is excusable, but much of it is not.

prepared by: Barry



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 3, 1999

Joint Committee on Finance

Paper #245

Debt Service Estimates (Building Commission)

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GOVERNOR

Debt service is paid from sum sufficient appropriations established for principal and interest repayments for general obligation bonds authorized for specific purposes. AB 133 provides \$324.3 million in 1999-00 and \$340.0 million in 2000-01 for estimated GPR debt service payments in the 1999-01 biennium.

MODIFICATION

Reestimate the amount of GPR debt service required in the 1999-01 biennium by -\$13,623,700 in 1999-00 and -\$4,457,800 in 2000-01. In addition, increase projected GPR-lapses by \$2,000,000 in 1999-00 and \$5,000,000 in 2000-01. As a result, net GPR debt service payments would equal \$308.7 million in 1999-00 and \$330.5 million in 2000-01. Finally, because the TEACH GPR debt service appropriation relating to school district educational infrastructure loans counts towards state two-thirds funding and would be reestimated by approximately -\$870,000 in 1999-00, increase funding for equalization aids by \$290,000 GPR in 1999-00.

Explanation: Since the introduction of AB 133, DOA Capital Finance has reestimated GPR debt service payments for the 1999-01 biennium and this office has reviewed those estimates. In a May 11, 1999 memorandum to the Committee, DOA estimated that GPR debt service payments could be reduced by \$13.6 million in 1999-00 and \$4.5 million in 2000-01. These DOA projections appear reasonable. However, it is estimated that an additional \$1.7 million in 1999-00 and \$5.0 million in debt service savings will accrue associated with: (a) interest earnings on the bond security redemption fund, which is allocated as an offset to debt service appropriations; and (b) the reallocation of debt service associated with the Building Commission's other public purpose bonding authority to program revenue and segregated revenue debt service

appropriations. Lastly, GPR debt service expenditures in 1999-00 will be reduced by an estimated \$300,000, based on available balances in the bond security and redemption fund that the Legislative Audit Bureau has identified. These balances will be used by DOA to reduce the amount of GPR that otherwise would be required for debt service.

<u>Modification</u>	<u>GPR</u>	<u>GPR-Lapse</u>
1999-01 FUNDING (Change to Base)	\$47,306,000	\$7,000,000
[Change to Bill]	-\$17,791,500	\$7,000,000

Prepared by: Al Runde

MO# 245 + 246 mids

2 BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
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WARD	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
RILEY	<input checked="" type="radio"/>	N	A

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