



Legislative Fiscal Bureau

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

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Joint Committee on Finance

Paper #175

GPR Debt Service Reestimate (Building Commission)

Bill Agency

[LFB 2007-09 Budget Summary: Page 68, #1]

CURRENT LAW

Debt service payments are made from sum sufficient appropriations established for principal and interest repayments on the \$5.697 billion in outstanding general obligation bonds as of December 1, 2006, and any additional bonds issued in the biennium. Of the outstanding debt, \$4.08 billion will be repaid with GPR.

Net GPR debt service is estimated at \$472.7 million for 2006-07 after projected lapses.

GOVERNOR

SB 40 provides total funding of \$507.4 million in 2007-08 and \$526.0 million in 2008-09 for estimated GPR debt service payments in the 2007-09 biennium. In addition, the administration estimates lapses from GPR debt service appropriations at \$4 million annually associated with interest earnings on the bond security and redemption fund that will be allocated to debt service appropriations in the biennium. As a result, net GPR debt service payments in the biennium are estimated at \$503.4 million in 2007-08 and \$522.0 million in 2008-09.

MODIFICATION

Decrease the net amount of GPR debt service required in the 2007-09 biennium after projected lapses by \$3,956,900 in 2007-08 and \$9,173,600 in 2008-09 as follows: (a) reduce GPR debt service appropriations by \$1,956,900 in 2007-08 and \$7,173,600 in 2008-09 associated with the reestimate of the GPR debt service associated with five specific bonding purposes; and (b) increase the projected lapses from GPR debt service appropriations by \$2,000,000 annually

attributable to the reallocation of debt service from the Building Commission's other public purpose bonding to program revenue and segregated revenue debt service appropriations. These changes will result in GPR debt service appropriations totaling \$505,418,700 in 2007-08 and \$518,818,900 in 2008-09 and estimated GPR debt service lapses of \$6,000,000 annually. Net GPR debt service would total an estimated \$499,418,700 in 2007-08 and \$512,818,900 in 2008-09. In addition, reestimate GPR-Earned amounts by \$1,310,900 annually for the Department of Administration relating to federal reimbursement of debt service costs from financing educational technology infrastructure improvements at school districts in the state. As a result, the total increase to the available general fund balance would be \$5,267,800 in 2007-08 and \$10,484,500 in 2008-09.

Explanation: Since the introduction on SB 40, DOA Capital Finance has provided information on the estimated debt service payments for the 2007-09 biennium included in the bill. This office has reviewed that information and estimates that GPR debt service payments could be reduced by approximately \$2.0 million in 2007-08 and \$7.2 million in 2008-09. These reestimates are primarily due to: (a) lower issuance assumptions in the biennium for currently authorized bonding amounts associated with certain GPR-supported bonding purposes; and (b) reallocating GPR debt service included in the debt service estimates under the bill to PR and SEG debt service appropriations. Also, this estimate includes higher lapse amounts (\$2.0 million) in each year compared to the bill due to 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. Finally, under the bill, the federal reimbursement amounts associated with educational technology improvements were applied to the Department of Administration debt service appropriation. This reestimate would increase DOA's GPR debt service appropriation associated with bonding purpose by the estimated amounts of the federal reimbursement and instead show these amounts as GPR Earned (\$2.6 million).

	Change to Bill		Change to Base	
	Balance	Funding	Balance	Funding
GPR	\$0	-\$9,130,500	\$0	\$32,393,600
GPR-Earned	2,621,800	0	2,621,800	0
GPR-Lapse	<u>4,000,000</u>	<u>0</u>	<u>4,000,000</u>	<u>0</u>
Net Change	\$6,621,800	-\$9,130,500	\$6,621,800	\$32,393,600

Prepared by: Al Runde