

## APPROPRIATION OBLIGATION BONDS

Budget Summary					FTE Position Summary	
	2018-19 Adjusted Base	<u>Governor</u> 2019-20      2020-21		2019-21 Change Over <u>Base Year Doubled</u> Amount      %		There are no full time positions associated with appropriation obligation bonds.
GPR	\$413,223,100	\$374,803,600	\$417,020,000	- \$34,622,600	- 4.2%	

### Budget Change Items

#### 1. APPROPRIATION OBLIGATION BONDS DEBT SERVICE REESTIMATE -- PENSION BONDS

GPR	\$9,471,600
GPR Effect of	
GPR-Lapse	<u>80,285,200</u>
Net GPR	\$89,756,800

**Governor:** Provide \$9,471,600 in 2020-21 to reflect the required debt service appropriation level associated with the appropriation obligation bonds issued to pay the state's Wisconsin Retirement System unfunded prior service liability as well as the accumulated sick leave conversion credit program liability. Under the legal agreements governing the appropriation bonds, the annual debt service appropriation for repayment of the bonds in the second year of each biennium must equal the maximum possible payment that could be made in that year or the following year. Compared to the base level funding of \$307,789,700, a larger payment is scheduled for 2020-21. Therefore, the GPR appropriation in 2020-21 is increased compared to the biennium's base level funding.

While the GPR appropriation is set at the maximum possible payment, any moneys not needed to pay the actual amount of debt service lapse (revert) to the general fund, and are shown as a GPR-lapse. In 2019-20 and 2020-21, principal payments on these bonds increase compared to 2018-19, which reduces the lapse amounts by \$26,402,300 in 2019-20 and by \$53,882,900 in 2020-21. The effect on the general fund of these adjustments would be an increase in net expenditures of \$89.8 million.

#### 2. APPROPRIATION OBLIGATION BOND DEBT SERVICE REESTIMATE -- TOBACCO BONDS

GPR	- \$44,094,200
GPR Effect of	
GPR-Lapse	<u>59,304,700</u>
Net GPR	\$15,210,500

**Governor:** Reduce funding by \$38,419,500 in 2019-20 and \$5,674,700 in 2020-21 to reflect the required debt service appropriation level associated with the appropriation bonds issued in 2009 to finance the outstanding bonds of the Badger Tobacco Asset Securitization Corporation, under which the state regained the rights to its tobacco settlement payments. Under the legal agreements governing the appropriation bonds,

the annual debt service appropriation for repayment of the bonds in the second year of each biennium must equal the maximum possible payment that could be made in that year or the following year. Compared to the base level funding of \$105,433,400, smaller payments are scheduled in 2019-20 and 2020-21. Therefore, the GPR appropriations in 2019-20 and 2020-21 are decreased compared to the base level funding.

While the GPR appropriation is set at the maximum possible payment, any moneys needed to pay the actual amount of debt service, lapse (revert) to the general fund, and are shown as a GPR-lapse. In 2019-20 and 2020-21, principal payments on these bonds increase compared to 2018-19, which reduces the lapse amounts by \$40,809,400 in 2019-20 and \$18,495,300 in 2020-21. The effect on the general fund of these adjustments would be an increase in net expenditures of \$15.2 million.