



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

June, 2021

Joint Committee on Finance

Paper #486

Early Amortization Payoff (Public Defender)

[LFB 2021-23 Budget Summary: Page 455, #6]

CURRENT LAW

In conjunction with a Department of Administration (DOA) required 2015 consolidation of two Madison area offices into one location, the Office of State Public Defender is currently repaying office remodeling costs through December, 2024.

DISCUSSION POINTS

1. Prior to 2015, the State Public Defender operated from two office locations in Madison. One office housed personnel performing duties related to providing trial and appellate representation to indigent clients. The other office housed personnel performing duties related to agency-wide administration. In 2015, these offices were consolidated into one location.

2. Under 2015 Act 55, while on-going rent costs associated with the consolidation were addressed in the agency's standard budget adjustments and \$194,000 GPR in 2015-16 in one-time funding was provided to support the consolidation efforts, the Public Defender was also required by the state negotiated lease to pay for construction of interior improvements over a period through December, 2024.

3. Under 2021 Assembly Bill 68/Senate Bill 111, \$507,200 GPR in 2021-22 is provided to pay off the amortized principal of the improvements to office space leased for the State Public Defender in Madison. The recommendation would repay the financed improvements approximately three years in advance. The estimated amortized costs over the remaining three years of the remodeling repayment (from October, 2021 to December, 2024) would be \$822,800. The estimated resulting lifetime savings as a result of an early payoff is \$315,600.

4. From a budgeting prospective in 2021-22 and 2022-23, an early payoff to the amortized remodeling costs would result in the SPD having lower required annual lease costs. The portion of the SPD's current lease agreement for the Madison office associated with the amortized remodeling is \$210,000 in 2021-22 and \$215,800 in 2022-23.

5. If the Committee wishes, \$507,200 GPR in 2021-22 could be provided to payoff SPD office remodeling costs at an earlier date than scheduled. The resulting savings would accrue to the SPD in the form of reduced annual lease payments. [Alternative 1] Alternatively, the Committee could approve funding for an earlier repayment, but also reduce the funding for the SPD in amounts corresponding to the current lease payments associated with remodeling costs (\$210,000 GPR in 2021-22 and \$215,800 in 2022-23). The net effect of this alternative would be an increase to base funding of \$81,400 GPR over the 2021-23 biennium. [Alternative 2]

6. If no action is taken, the SPD would continue to make repayments as provided under the existing lease. Costs of the remodeling would be fully repaid in the 2023-25 biennium and budgetary modifications to reflect the repayment could be addressed in the next biennial budget. Under this alternative, no change to the agency's base would occur. [Alternative 3]

ALTERNATIVES

1. Provide \$507,200 GPR in 2021-22 to pay off the amortized costs on improvements to office spaced leased for the State Public Defender in Madison.

ALT 1	Change to Base
GPR	\$507,200

2. Provide \$507,200 GPR in 2021-22 to pay off the amortized costs on improvements to office spaced leased for the State Public Defender in Madison. In addition, reduce funding for the State Public Defenders Office by \$210,000 GPR in 2021-22 and \$215,800 GPR in 2022-23 associated with current lease payments for remodeling costs.

ALT 2	Change to Base
GPR	\$81,400

3. Take no action.

Prepared by: Jere Bauer