



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #266

Debt Service Estimates (Building Program)

[LFB 2001-03 Budget Summary: Debt Service Reestimate Items Under Various Agencies]

GOVERNOR

Debt service is paid from sum sufficient appropriations established for principal and interest repayments for general obligation bonds authorized for specific purposes. SB 55 provides total funding of \$374.6 million in 2001-02 and \$407.4 million in 2002-03 for estimated GPR debt service payments in the 2001-03 biennium.

MODIFICATION

Reestimate the amount of GPR debt service required in the 2001-03 biennium by -\$15,247,900 in 2001-02 and -\$18,221,600 in 2002-03. In addition, increase projected GPR-lapses by \$2,630,000 in 2001-02 and \$4,400,000 in 2002-03. As a result, net GPR debt service payments would equal \$356.7 million in 2001-02 and \$384.7 million in 2002-03. Further, because the TEACH GPR debt service appropriation relating to school district educational infrastructure financial assistance counts towards state two-thirds funding and would be reestimated by -\$916,100 in 2001-02 and by -\$1,381,900 in 2002-03, increase funding for equalization aids by \$305,400 GPR in 2001-02 and \$460,600 GPR in 2002-03 in order to maintain two-thirds funding of partial school revenues. Finally, GPR debt service in 2000-01 is projected to be \$3,300,000 less than previously estimate, which would increase the opening balance of the general fund for the 2001-03 biennium.

Explanation: Since the introduction of SB 55, DOA Capital Finance has reestimated debt service payments for the 2001-03 biennium and this office has reviewed those estimates. In a May 18, 2001, report to the Legislature, DOA estimated that GPR debt service payments could be reduced by \$15.2 million in 2001-02 and \$18.2 million in 2002-03. These DOA projections appear reasonable. However, it is estimated that an additional \$2.6 million in 2001-02 and \$4.4 million in 2002-03 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.

Modification	GPR	GPR-Lapse	2000-01	TOTAL
2001-03 FUNDING (Change to Base)	\$89,082,500	\$7,030,000	- \$3,300,000	\$78,752,500
<i>[Change to Bill</i>	<i>- \$32,703,500</i>	<i>\$7,030,000</i>	<i>- \$3,300,000</i>	<i>- \$43,033,500]</i>

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