

## APPROPRIATION OBLIGATION BONDS

Budget Summary					FTE Position Summary	
	2020-21 Adjusted Base	<u>Governor</u> 2021-22      2022-23		2021-23 Change Over <u>Base Year Doubled</u> Amount      %		There are no full time positions associated with appropriation obligation bonds.
GPR	\$417,020,000	\$281,188,500	\$311,179,800	-\$241,671,700	- 29.0%	

### Budget Change Items

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

GPR	-\$253,331,900
GPR-Lapse	<u>272,504,500</u>
Net GPR	\$19,172,600

**Governor:** Reduce funding by -\$135,831,500 in 2021-22 and -\$117,500,400 in 2022-23 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 \$317,261,300, smaller payments are scheduled in 2021-22 and 2022-23. Therefore, the GPR appropriation in 2021-22 and 2022-23 is decreased compared to base level funding.

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 2020-21, an estimated \$142,181,700 will lapse to the general fund. In 2021-22 and 2022-23, with the proposed reductions to the appropriation, the related lapse amounts are also reduced. DOA anticipates lapses of \$750,000 in 2021-22 and \$11,108,900 in 2022-23. The net effect of these adjustments would be an increase in net expenditures of \$19,172,600, as shown in the table below.

### Pension Bonds

	Base Year <u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	Change to Base Year <u>Doubled</u>
GPR	\$317,261,300	\$181,429,800	\$199,760,900	-\$253,331,900
GPR-Lapse	<u>-142,181,700</u>	<u>-750,000</u>	<u>-11,108,900</u>	<u>272,504,500</u>
Net GPR	\$175,079,600	\$180,679,800	\$188,652,000	\$19,172,600

For the 2021-23 biennium, the GPR appropriation is lower than the 2020-21 base amount (doubled) by \$253.3 million. However, the lapse amount is \$272.5 million less. The net effect is an increase in net GPR expenditures of \$19.2 million for the biennium.

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

GPR	\$11,660,200
GPR-Lapse	<u>35,659,300</u>
Net GPR	\$47,319,500

**Governor:** Provide \$11,660,200 in 2022-23 to reflect the required debt service appropriation level associated with the appropriation obligation 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 \$99,758,700, a larger payment is scheduled in 2023-24. Therefore, the GPR appropriation in 2022-23 is increased compared to base level funding.

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 2020-21, an estimated \$22,735,700 will lapse to the general fund. DOA anticipates lapses of \$5,000 in 2021-22 and \$9,807,100 in 2022-23. The net effect of these adjustments would be an increase in net expenditures of \$47,319,500, as shown in the table below.

**Tobacco Bonds**

	Base Year <u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	Change to Base Year <u>Doubled</u>
GPR	\$99,758,700	\$99,758,700	\$111,418,900	\$11,660,200
GPR-Lapse	<u>-22,735,700</u>	<u>-5,000</u>	<u>-9,807,100</u>	<u>35,659,300</u>
Net GPR	\$77,023,000	\$99,753,700	\$101,611,800	\$47,319,500

For the 2021-23 biennium, the GPR appropriation will increase over the 2020-21 base amount (doubled) by \$11.7 million. In addition, the lapse amount will be \$35.6 million less. The net effect is an increase of GPR expenditures of \$47.3 million for the biennium.