

LRB-FISCAL REVIEW SECTION ANALYSIS

JUNE 13, 2001 AGENDA

ITEM 10, FILE 010198

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #010198 is a resolution authorizing issuance of short-term promissory notes under sec. 67.12(1) Wis. Stats., for the purpose of financing the operating budget of the Milwaukee Public Schools (MPS) on an interim basis.

Background

1. The City of Milwaukee is required under state law to issue debt for the Milwaukee Public Schools.
2. The City of Milwaukee annually issues short-term promissory notes in anticipation of receiving general aid revenue payments from the State of Wisconsin on behalf of MPS.

Discussion

1. This resolution authorizes the City of Milwaukee to issue short-term (1 year or less) promissory notes to finance MPS's operating budget until MPS receives general aid revenue payments from the State of Wisconsin.
 2. The City of Milwaukee anticipates receiving \$590,000,000 in state general aid revenue payments for the School Operations Fund for fiscal year 2001-2002 from the State of Wisconsin. MPS operates on a fiscal year commencing July 1, 2001 through June 30, 2002.
 3. MPS will receive payments in September, 2001, December, 2001, March, 2002 and June, 2002.
 4. State general aid revenue payments from the State of Wisconsin represent approximately 71% of the anticipated revenues for MPS's School Operations Fund for fiscal year 2001-2002.
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5. The maximum amount of the sale of the promissory notes will total no more than \$148,000,000.

Fiscal Impact

The Comptroller's Office estimates the City of Milwaukee will earn about \$1 million by being able to invest the proceeds of the sale of the notes at a higher rate of interest than it is paying the note holders.

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