

FISCAL ESTIMATE FORM

1999 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # -0606/2

INTRODUCTION # SB-60

Admin. Rule #

Subject
Changes to TEACH Wisconsin programs

Fiscal Effect

State: No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

Increase Costs – May be possible to Absorb Within Agency's Budget Yes No

- Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 Create New Appropriation

Decrease Costs

Local: No local government costs

1. Increase Costs
 Permissive Mandatory
 2. Decrease Costs
 Permissive Mandatory

3. Increase Revenues
 Permissive Mandatory
 4. Decrease Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities
 Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

Wis. Stats. 20.275

Assumptions Used in Arriving at Fiscal Estimate:

The bill would make changes to several TEACH Wisconsin programs:

Wiring Loan Program

The bill would allow the TEACH Board to make subsidized loans to school districts for the electrical and computer network wiring of school administration buildings. Under current law, only school buildings (i.e., an elementary, middle or high school buildings) and library buildings are eligible. It is estimated that there are 100 school districts with separate administration buildings. Based on information from the current TEACH Wiring Loan Fast Start program, it will cost approximately \$100,000, on average, to wire each building, or \$10.0 million in total costs. If the bill also includes school districts that house the school district administrative functions in a school building in the remaining 326 school districts, it will cost about \$20,000 to wire the administrative portion of the affected school building, or an additional \$6.5 million. Therefore, the TEACH Board would have to request an additional \$16.5 million in bonding authority. School districts and libraries pay 50% of the total debt service on a loan and TEACH pays the remaining 50% of the debt service. The annual debt service on \$16.5 million, assuming a 5.25% interest rate over 10 years would be \$2.14 million annually. TEACH debt service payments could be as much as \$1.07 million annually.

The bill would also allow the construction costs of wide area networks (WANs) to be eligible costs under the wiring loan program for school districts, public libraries, and public library systems. The estimated average cost of a WAN is \$375,000 for the connection of five buildings. Assuming 1500 buildings, the bill could allow for the funding of 300 WANs. At \$375,000 per WAN, the total cost would be \$112.5 million needed in additional bonding authority. The annual debt service on \$112.5 million, assuming a 5.25% interest rate over ten years, would be \$14.6 million. TEACH debt service payments could be \$7.3 million annually.

In addition, the bill would allow school districts, public libraries, and public library systems to purchase hardware for direct access to the internet. Given the shorter life cycle of hardware, the TEACH Board might enter into a master lease agreement with a lender rather than request additional bonding authority. School districts generally estimate \$100 per student for the purchase of hardware. Given that there are almost 890,000 students in the state, the total cost for hardware purchases would be \$89.0 million. Assuming a 5.75% interest rate over three years, the annual debt service would be approximately \$32.0 million. TEACH debt service payments could be \$16.0 million annually.

Long-Range Fiscal Implications:

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Date

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Due to significant program expansion, two additional FTE would be needed to administer the program and to provide consultation on WAN construction.

Telecommunications Access Program

The bill would allow public library branches to be eligible for the telecommunications access program. It is estimated that there are 76 branch libraries attached to a total of 15 main libraries statewide. With a TEACH monthly data line subsidy of \$540, inclusion of library branches would cost \$492,480 annually. In addition, there would be an installation charge for each data line of \$350 totalling \$26,600 in one time charges.

The bill would also allow the School for the Deaf and the School for the Visually Handicapped to access a high speed data line, and, if a school chooses, a two-way video link. It is estimated that this portion of the bill would cost \$55,200 annually.

Technology Training and Technical Assistance Grant Program

Under current law, public library boards (including public library systems) may apply for a grant if library boards join with a cooperative educational service agency and/or school districts in a consortia application. Library boards may not apply either individually or in library-only consortia. The bill would allow public library systems to apply directly for competitive grants without being a member of a CESA or school district consortium. There are 17 public library systems in the state. Assuming a \$200,000 average funding level per grant, the provision could cost as much as \$3.4 million if all 17 library systems were awarded funding.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

1999 Session

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):
 \$129 million in bonding authority, \$89 million in master lease agreements, and \$26,600 SEG in installation charges

II. Annualized Costs:		Annualized Fiscal impact on State funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$ 117,000	\$ -
(FTE Position Changes)		(2 FTE)	(- FTE)
State Operations - Other Costs		24,425,200	-
Local Assistance		28,262,480	-
Aids to Individuals or Organizations			-
TOTAL State Costs by Category		\$ 52,804,680	\$ -
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$ 27,770,000	\$ -
FED			-
PRO/PRS		24,487,000	-
SEG/SEG-S		547,680	-
State Revenues Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		Increased Rev.	Decreased Rev.
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
TOTAL State Revenues		\$	\$ -

NET ANNUALIZED FISCAL IMPACT

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$52,804,680	\$ _____
NET CHANGE IN REVENUES	\$ _____	\$ _____

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