

Fiscal Estimate Narratives
WTCS 1/8/2010

LRB Number	09-3888/1	Introduction Number	AB-0641	Estimate Type	Original
Description A postsecondary education tax credit for businesses; increasing annual limits on angel investment tax credits; awarding grants to the WiSys Technology Foundation, Inc.; business plan competitions and an emerging technology center in the University of Wisconsin System; rural outsourcing grants; requiring the Department of Commerce to award grants to a high-technology business development corporation and grants for converting manufacturing facilities; increasing funding for certain economic development programs; a pilot program providing microloans for the creation of new businesses; increasing funding for certain technical college training program grants; providing an exemption from emergency rule procedures; granting rule-making authority; and making appropriations					

Assumptions Used in Arriving at Fiscal Estimate

AB 641 would create an income and franchise tax credit for employers who pay for an individual's postsecondary education, including employees enrolled in a course of instruction at a Wisconsin technical college. It is assumed that in the short-term, this provision would have no state fiscal effect.

Under a separate provision, AB 641 would increase GPR funds available for training program grants- commonly referred to as Workforce Advancement Training (WAT) grants-under s. 20.292(1)(eh), Wis. Stats. Under the bill, the annual appropriation would increase \$500,000 in FY 2010-11, from \$2,970,000 under current law. An increase in program funds may increase grant administration costs, which can likely be absorbed in the agency's budget.

AB 641 also requires an increase in the amount of WAT grant funds dedicated specifically to advanced manufacturing skills training under s. 38.41, Wis. Stats., from \$1.0 million under current law to \$1.5 million in 2010-2011. This has no fiscal effect.

In 2008-09, WAT grants served more than 16,000 incumbent workers across the state under the general and small business components of the program. In addition to the colleges' cost of instruction, incumbent worker training under the WAT grant program requires requires a 25% match and requires employers to release employees for training-which may result in lost productivity. Because of these costs, it can be difficult to sustain employer participation during economic downturns, which has affected expenditure of WAT grant funds. However, to the extent the economy supports employer participation, increased WAT grant funding will enable more workers to increase skills and improve the productivity of Wisconsin industry.

Long-Range Fiscal Implications

To the extent the postsecondary education tax credit created under the bill increases the number of employers who offer tuition reimbursement to employees, WTCS enrollments may increase, resulting in an indeterminate increase in state and local revenues and expenditures. Currently, tuition covers less than 20% of colleges' instructional costs.

In addition, to the extent enrollments increase, demand for already insufficient state financial aid resources may also increase as students seek to defray the portion of tuition costs not reimbursed by the employer.