



## Fiscal Estimate Narratives

WEDC 2/24/2012

LRB Number	11-3482/3	Introduction Number	AB-0575	Estimate Type	Original
<b>Description</b> Directing the Wisconsin Economic Development Corporation to develop a workforce training program and authorizing a technical college district board to obtain a state trust fund loan to provide workforce training					

### Assumptions Used in Arriving at Fiscal Estimate

2011 Assembly Bill 575 directs the Wisconsin Economic Development Corporation (WEDC) to develop and implement a training program to identify businesses that require workforce training in order to begin or expand operations in Wisconsin. If WEDC determines that a business is eligible for workforce training, then it must determine whether the district board of the technical college district in which the business is located is able to provide the workforce training at no cost to the business.

If WEDC determines that the technical college is able to provide the training, then the technical college board is authorized to obtain a state trust loan for the purpose of providing training. WEDC must repay the loan on behalf of the technical college district.

In order to administer this program WEDC will need two positions. The first position will be a workforce training program manager to design, implement and manage the program. The second position needed is an accountant I position to administer the loan profiles for the program. The costs for these positions are outlined below:

#### Workforce Training Manager

Salary: \$75,000  
Benefits: \$33,000  
Rent: \$8,000  
Other costs: \$4,000  
Total: \$120,000

#### Accountant I

Salary: \$55,000  
Benefits: \$24,200  
Rent: \$8,000  
Other costs: \$4,000  
Total: \$91,200

WEDC has developed a strategic operating plan based on funding allocated in 2011 Act 32 (the budget) and will not be able to absorb the principal and interest payments for loans taken out by the technical college districts payable to the state trust fund. This analysis is based on the program incurring \$15,000,000 in loans annually at a 4 percent interest rate paid back over 15 years. The payment for the first \$15,000,000 would be \$1,344,901.07 per year. Assuming that \$15,000,000 in loans is taken out in FY 2011 and FY 2012, WEDC will be responsible for repaying \$2,689,802.14 annually.

Long-term fiscal effects depend on the longevity of the program. Each loan taken out in future fiscal years will result in increased costs. If the program remained consistent in the amount of loans taken out, repayments at the end of the 2013-2015 biennium would be \$5,379,604.28 annually. This increase would continue in subsequent years at the rate of loans being taken out by the technical college districts for training.

Annual operations costs: \$211,200  
Annual P&I payments (first two years of program): \$2,689,908.14  
Total annual costs (first two years of program): \$2,901,108.14

### Long-Range Fiscal Implications

Long-term fiscal effects depend on the longevity of the program. Each loan taken out in future fiscal years

will result in increased costs. If the program remained consistent in the amount of loans taken out, repayments at the end of the 2013-2015 biennium would be \$5,379,604.28 annually. This increase would continue in subsequent years at the rate of loans being taken out by the technical college districts for training.

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 11-3482/3		<b>Introduction Number</b> AB-0575	
<b>Description</b> Directing the Wisconsin Economic Development Corporation to develop a workforce training program and authorizing a technical college district board to obtain a state trust fund loan to provide workforce training			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$187,200	\$
(FTE Position Changes)			
State Operations - Other Costs		2,713,908	
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$2,901,108</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR		2,901,108	
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$2,901,108	\$
NET CHANGE IN REVENUE		\$	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
WEDC/ Tarna Gahan-Hunter (608) 267-9382		Tarna Gahan-Hunter (608) 267-9382	2/24/2012