

### Fiscal Estimate - 2003 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>03-4228/2</b>	<b>Introduction Number</b> <b>SB-451</b>
------------------------------------	--

**Subject**  
 Technical college districts; appropriations for SB 384, Wis Advantage Jobs Training Program

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

**Local:**

No Local Government Costs  
 Indeterminate

1. <input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOR/ Pamela Walgren (608) 266-7817	<b>Authorized Signature</b> Dennis Collier (608) 266-5773	<b>Date</b> 2/24/2004
---	--	--------------------------

## Fiscal Estimate Narratives

DOR 2/24/2004

LRB Number	<b>03-4228/2</b>	Introduction Number	<b>SB-451</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Technical college districts; appropriations for SB 384, Wis Advantage Jobs Training Program					

### Assumptions Used in Arriving at Fiscal Estimate

SB 451 creates the appropriation for Senate Substitute Amendment 1 to SB 384. SSA 1 would create a Wisconsin Advantage Program that would allow the technical college district boards under the Technical College System Board to enter into contracts with businesses in their districts to provide certain training and educational services to the businesses. District boards could not enter contracts that would exceed \$3,500 of costs per trainee and the System Board would have to ensure that the total cost to all district boards would not exceed \$10 million in a fiscal year, unless the Joint Committee on Finance approved a higher amount. District boards could provide training, education, or services only to residents of the state or to individuals who are required to file an income tax return.

SSA 1 would authorize the district boards to issue 10-year revenue obligations. The district boards would be required to maintain a special fund for depositing fees collected from businesses, payments from the state and other moneys so designated for use to pay debt service on the revenue bonds. When bonds were retired, the district boards would transmit the balance in the fund to the secretary of the Department of Administration for deposit into the general fund. The district boards could raise funds or provide support for the program by any means necessary or convenient except as expressly limited by law or board or district board rule.

If a district board were to issue bonds, SSA 1 would require Revenue to annually determine the amount of wages from which withholding would have been calculated for individuals whose names would be reported by the Department of Commerce. For 10 years or until the bonds were retired, whichever would come first, SSA 1 would require that Revenue calculate 1.5% of that amount, aggregated by technical college district, and notify the System Board. SB 451 appropriates these amounts.

SB 451 requires the System board to annually pay the district boards amounts calculated for that district by Revenue. The System board must also determine an amount to be used to offset shortfalls in revenue by the districts for bond repayment. The System board is required to transfer an amount that equals 7% of the total determined by revenue in fiscal year 2004-05, 6% in fiscal year 2005-06 and 5% in each fiscal year thereafter.

The Department does not have information to estimate the fiscal effect of the proposal. The fiscal effect of the program would depend upon the actual amount spent on training, the debt service expenses and other costs to administer the program. Even though the proposal would limit the total costs of all district boards to \$10 million per fiscal year, the fiscal effect of the program may not be limited to \$10 million per year, since the revenue impact is based on a percent of specific income of individuals, not on the cost of providing services to them. The actual revenue loss attributable to \$10 million in contracts could be more or less than \$10 million. For example, if the cost per trainee approximates \$1,000, there would be about 10,000 trainees. Assuming they received the average Wisconsin wage of \$33,500, the revenue loss would be approximately \$5 million (10,000 x \$33,500 x 1.5%).

### Long-Range Fiscal Implications