

### Fiscal Estimate - 2003 Session

Original       Updated       Corrected       Supplemental

<b>LRB Number</b> <b>03-2868/1</b>	<b>Introduction Number</b> <b>SB-212</b>			
<b>Subject</b>				
Technical college district capital expenditures				
<b>Fiscal Effect</b>				
<b>State:</b>				
<input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> 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 type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs				
<b>Local:</b>				
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate				
<table style="width:100%; border:none;"> <tr> <td style="width:33%; vertical-align: top;">           1. <input type="checkbox"/> Increase Costs                <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory            2. <input type="checkbox"/> Decrease Costs                <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory         </td> <td style="width:33%; vertical-align: top;">           3. <input type="checkbox"/> Increase Revenue                <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory            4. <input type="checkbox"/> Decrease Revenue                <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory         </td> <td style="width:33%; vertical-align: top;">           5. Types of Local Government Units Affected  <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         </td> </tr> </table>		1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <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
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<b>Fund Sources Affected</b>				
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS				
<b>Affected Ch. 20 Appropriations</b>				
<b>Agency/Prepared By</b>				
WTCS/ Morna Foy (608) 266-2449				
<b>Authorized Signature</b>				
Dan Clancy (608) 266-7983				
<b>Date</b>				
7/21/2003				

## Fiscal Estimate Narratives

WTCS 7/22/2003

LRB Number 03-2868/1	Introduction Number SB-212	Estimate Type Original
<b>Subject</b>		
Technical college district capital expenditures		

### Assumptions Used in Arriving at Fiscal Estimate

1. Current law requires a technical college district board to hold a referendum if it intends to make a capital expenditure in excess of \$1,000,000.
2. The referendum approval requirement does not apply to capital expenditures to purchase or construct an applied technology center (ATC) if the WTCS State Board approves, the total amount of the expenditure is no more than \$5 million and the expenditure is made before July 1, 2003.
3. Approved projects are subject to WTCS Board's facilities approval process and must meet additional criteria with respect to ongoing financial participation in the construction and operation of the ATC facility by the business community.
4. The sunset on the ATC exemption to the referendum requirement has been reached.
5. Enactment of SB 212 would eliminate the sunset for ATC referendum exemption, allowing districts to continue to purchase or construct ATCs with State Board approval if the cost of the project is no more than \$5 million, without referendum approval.
6. No state funds are used in the construction of ATC facilities.
7. Districts typically use debt to finance capital projects.
8. The Legislature established the ATC referendum exemption in the 1999-01 Biennial Budget.
9. To date, only three of the 16 districts have undertaken the construction of ATCs under the referendum exemption.
10. ATCs can generate new revenues for districts indirectly by inspiring increased enrollments or contract activities or directly through fee for services such as the sale of intellectual property, rental fees, consulting services.

### Long-Range Fiscal Implications

It is not possible to determine whether making ATC referendum exemption permanent will result in significant fiscal effects over the long term. While elimination of the ATC sunset is intended to encourage ATC projects by reducing the cost and time required for project approval, it is possible for districts to construct ATCs under the existing capital project and approval process, including referendum. Only three ATC projects have been initiated in the four years that the referendum exemption was in place - which could suggest that it is unlikely that making the exemption permanent would result in a rash of ATC project proposals. At the same time, large capital projects, particularly ATCs that require significant private sector financial support, may require several years to develop and several districts that have expressed interest in building ATCs may be encouraged to do so if the referendum exemption is continued.

Fiscally, there is no short or long term implication to the state because state funds are not used to support ATC projects. At the local level, an increase in the number of ATCs would mean an increase in district debt issuance and, therefore, could affect the long-term operating costs of the district. At the same time, ATC projects could go forward (with the same fiscal effect) even if they are subject to referendum. Moreover, the operation of ATCs can increase district revenues that could offset construction costs or, in some cases, result in new revenue sources for the districts.