

Fiscal Estimate - 2011 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 11-3482/3	Introduction Number AB-0575	
Description 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		
Fiscal Effect		
State:		
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" 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		
Local:		
<input checked="" type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <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 type="checkbox"/> WTCS Districts		
Fund Sources Affected		
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.192 (1) (a) or 20.192 (1) (r)		
Affected Ch. 20 Appropriations		
Agency/Prepared By	Authorized Signature	Date
WEDC/ Tarna Gahan-Hunter (608) 267-9382	Tarna Gahan-Hunter (608) 267-9382	3/6/2012

Fiscal Estimate Narratives

WEDC 3/6/2012

LRB Number	11-3482/3	Introduction Number	AB-0575	Estimate Type	Updated
Description 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.

WEDC will be able to absorb the administration of this program, but 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 \$10,000,000 in loans annually at a 4 percent interest rate paid back over 15 years. The payment for the first \$10,000,000 would be \$887,616 per year. Assuming that \$10,000,000 in loans is taken out in FY 2011 and FY 2012, WEDC will be responsible for repaying \$1,775,232 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 \$3,550,464 annually. This increase would continue in subsequent years at the rate of loans being taken out by the technical college districts for training.

Annual P&I payments (first two years of program): \$1,775,232

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 \$3,550,464 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

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LRB Number 11-3482/3		Introduction Number AB-0575	
Description 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			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$0	\$
	(FTE Position Changes)		
	State Operations - Other Costs	1,775,232	
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$1,775,232	\$
B. State Costs by Source of Funds			
	GPR	1,775,232	
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. 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	\$1,775,232	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
WEDC/ Tarna Gahan-Hunter (608) 267-9382		Tarna Gahan-Hunter (608) 267-9382	3/6/2012