

Fiscal Estimate Narratives

DPI 9/22/2021

LRB Number	21-4261/1	Introduction Number	AB-0492	Estimate Type	Original
Description loan related to the Verso Paper Mill in the city of Wisconsin Rapids; loan related to the Park Falls Pulp and Paper Mill in the city of Park Falls; funding for the University of Wisconsin System; special education funding and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, the Wisconsin Economic Development Corporation (WEDC) is authorized to award a loan of up to \$50,000,000 to the Consolidated Cooperative or other eligible borrower in relation to the Verso Paper Mill in the city of Wisconsin Rapids, and also, to award a loan of up to \$15,000,000 to the Park Falls Mill Multi-Stakeholder Cooperatives or other eligible borrower in relation to the Park Falls Pulp and Paper Mill in the city of Park Falls. This bill provides that if these loans are made, the appropriation for Special Education categorical aid (administered by DPI) is increased by specified amounts.

This bill transfers \$32,000,000 (if the Verso Paper Mill Loan is awarded) and \$10,000,000 (if the Park Falls Pulp and Paper Mill Loan is awarded) to the GPR appropriation under s. 20.255 (2) (b) to increase funding for special education categorical aid in the fiscal year loans are awarded.

If both the Verso Paper Mill loan and the Park Falls Pulp and Paper Mill loan were awarded in FY22, the total increase to the appropriation would be \$42,000,000. That funding increase would raise the appropriation from \$468,091,800 to \$510,091,800 (an increase of nearly 9%). Funding at this level is estimated to provide a reimbursement of special education aidable costs at approximately 30.7% (up from the estimated 28.2% under current law funding – an increase of 2.5 percentage points).

If both the Verso Paper Mill loan and the Park Falls Pulp and Paper Mill loan were awarded in FY23, the total increase to the appropriation would again be \$42,000,000. That funding increase would raise the appropriation from \$517,890,000 to \$559,890,000 (an increase of 8.1%). Funding at this level is estimated to provide a reimbursement of special education aidable costs at approximately 33.7% (up from the estimated 30.0 percent under current law funding – an increase of 3.7 percentage points).

This would increase the payments made by DPI to all eligible local educational agencies (LEAs), which includes school districts, independent charter schools, cooperative educational service agencies, and county children with disabilities education boards.

If the loans are made in different fiscal years, the impact on the special education categorical aid appropriation would be less than the estimates above. DPI is not positioned to estimate the most likely year in which the loans will be made.

State: Direct impact

The appropriation for special education categorical aid would be increase by \$32,000,000 if the Verso Paper Mill Loan is awarded and \$10,000,000 if the Park Falls Pulp and Paper Mill Loan is awarded. Thus, total state appropriations could increase by up to \$42,000,000.

Local: Increase in revenues (indeterminate amount at the individual LEA level)

The increase to the appropriation would increase reimbursements to LEAs for aidable special education costs, by up to 2.5 percentage points in FY22 OR by up to 3.7 percentage points in FY23.

Long-Range Fiscal Implications

If both loans were awarded in FY22, there would be no long-term fiscal impact because the bill appropriates additional funding only in the fiscal years the loans are administered; it does not specify that funding would

continue at that level in the following state fiscal year. However, if one or both of the loans were awarded in FY23, the FY23 appropriation for special education categorical aid would be increased (by \$10,000,000 to \$42,000,000). Presumably, the increase to the appropriation in FY23 would become the starting point (the base) for the 2023-25 biennial budget. Thus, the bill could have a permanent impact on the level of funding for special education categorical aid.