

### Fiscal Estimate - 2023 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>23-5522/2</b>	<b>Introduction Number</b> <b>AB-1068</b>
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**Description**  
 use of artificial intelligence by state agencies and staff reduction goals

**Fiscal Effect**

**State:**

- No State Fiscal Effect
- Indeterminate
  - Increase Existing Appropriations
  - Decrease Existing Appropriations
  - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
  - Yes       No
- Decrease Costs

**Local:**

- No Local Government Costs
- Indeterminate
  - 1.  Increase Costs       Permissive     Mandatory
  - 2.  Decrease Costs       Permissive     Mandatory
  - 3.  Increase Revenue       Permissive     Mandatory
  - 4.  Decrease Revenue       Permissive     Mandatory
- 5. Types of Local Government Units Affected
  - Towns       Village       Cities
  - Counties       Others
  - School Districts       WTCS Districts

**Fund Sources Affected**      **Affected Ch. 20 Appropriations**

GPR     FED     PRO     PRS     SEG     SEGS

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

WEDC 2/15/2024

LRB Number	23-5522/2	Introduction Number	AB-1068	Estimate Type	Original
<b>Description</b> use of artificial intelligence by state agencies and staff reduction goals					

### Assumptions Used in Arriving at Fiscal Estimate

#### Summary of the Bill

- **Staff Reduction Goals:** Starting in 2030, state agencies (excluding the legislature and the court system) are mandated to propose reductions in their total number of position authorizations for each fiscal year of the succeeding biennium, using the 2023-24 fiscal year as a baseline.
- **AI Efficiency Reports:** Beginning in 2026, these agencies must also report biennially by June 30 on full-time equivalent positions that could be made more efficient with AI tools. This report should describe the agency's progress toward the staff reduction goals and include updates on AI tool use, developments, and decommissions, alongside guidelines, privacy policies, data evaluation practices, and the effectiveness of these AI tools.
- **Audit Requirements:** The Legislative Audit Bureau (LAB) is tasked with auditing each agency's use of AI tools to enhance efficiency and function. The initial audit report, due by June 30, 2025, will cover AI tool inventories, usage guidelines, privacy practices, and evaluation of AI effectiveness.

#### Implications for WEDC

- **Initial Investment:** WEDC must invest substantially in artificial intelligence (AI) technology and strategy. This investment is a prerequisite for any potential staff reductions at the agency. It is important to note that any overall cost savings would be contingent upon the successful implementation and deployment of the technology. Therefore, if achievable, such savings would not be realized immediately but would be deferred until after the successful deployment of the AI technology.
- **Operational Efficiency:** Agencies must identify and implement AI tools to streamline operations, potentially leading to significant operational efficiencies.
- **Workforce Implications:** The bill pushes for a leaner workforce by adopting AI, which may involve staff reductions or reallocations based on the efficiencies gained. However, it could also provide an opportunity to redeploy human resources toward critical thinking, planning, outreach, and other human-centered tasks that AI cannot complete.
- **Reporting and Accountability:** Agencies are required to maintain detailed records of AI tool usage, including their impact on efficiency and privacy concerns, and report these findings to the legislature and relevant committees. No additional funding for reporting is made available through this proposal. Thus, adding these requirements to the corporation may reduce resources available for other activities and programs.
- **Guideline and Policy Development:** Agencies must develop and adhere to guidelines and policies that govern the use of AI, ensuring the privacy and security of data used or generated by these tools.

### Long-Range Fiscal Implications