

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1033** HLS 14RS 1569

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 28, 2014 11:18 AM	Author: KLECKLEY
Dept./Agy.: Higher Education/Workforce Commission/LED	Analyst: Charley Rome
Subject: WISE Fund	

FUNDS/FUNDING

OR DECREASE GF RV See Note

Page 1 of 2

Provides for enactment of the Workforce and Innovation for a Stronger Economy (WISE) Fund

Proposed law creates the Workforce and Innovation for a Stronger Economy Fund (WISE) to fund degree and certificate production and research productivity in high demand fields through programs offered by Louisiana's public higher education institutions to meet the state's current and future workforce needs. The bill directs the state treasurer to deposit no less than \$40 million into the fund at the beginning of each fiscal year and provides that monies in the fund shall be appropriated to the Board of Regents to be distributed in accordance with a statewide workforce demand and gap analysis. Furthermore, funding shall only be distributed by Regents upon receipt of certification by the management board on behalf of the receiving institution that a match of no less than 20% of the amount to be distributed has been guaranteed by a private non-state or non-federal entity. The bill states that private matching funds can include the following: cash, in-kind donation of technology, construction materials, facility modification or construction, internships, scholarships, sponsorship of staff or faculty, endowed faculty or tangible property. **(Summary Continued on Page Two)**

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$7,000,000	\$0	\$0	\$0	\$0	\$7,000,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$33,000,000	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$33,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$40,000,000					\$40,000,000

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

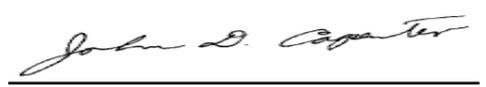
HB 1 includes \$7M in state general fund and \$33M from the Overcollections Fund for deposit in or appropriation to the WISE Fund in FY15. In subsequent years, the state treasurer is directed to deposit at least \$40M per year to the WISE Fund, and presumably the Legislature will appropriate a like amount from the fund each year. The bill directs Regents to allocate monies from the WISE Fund based on degree and certificate production and research productivity in high demand fields targeted by a statewide workforce demand and employment gap analysis. There is no way to anticipate the amount of funding institutions will receive from the WISE Fund prior to completion of the bill's required statewide workforce demand and employment gap analysis. All affected agencies report being able to administer the WISE Fund and the bill's requirements with existing staff and resources.

REVENUE EXPLANATION

The bill will likely decrease state general fund revenues in FY16 and thereafter because it directs the state treasurer to deposit no less than \$40 million into the WISE Fund at the beginning of each fiscal year. State general fund is the presumed funding source for the annual deposits to the WISE Fund in FY16 and thereafter because the bill does not identify a funding source. Actual reductions in state general fund in FY16 and thereafter may be more or less than \$40M per year depending on the actual amounts transferred by the treasurer and other funding sources for WISE appropriated by the Legislature in future years.

Revenues to higher education institutions will likely increase due to the bill's 20% matching requirements. The bill states that funding from the WISE Fund shall only be distributed to institution receiving matching funds of 20% or more from private non-state or non-federal entities. Higher education institutions would generate \$8M in additional self-generated revenues if they obtained the required 20% match as cash or new revenue sources matched to \$40M in WISE funding in FY15. However, the bill states that matching funds can include the following items that might not represent new revenue sources: in-kind donation of technology, construction materials, facility modification or construction, internships, scholarships, sponsorship of staff or faculty, endowed faculty or tangible property. Self-generated revenue increases at higher educational institutions will be less than \$8M (20% match) to the extent that matching items are "in-kind" in nature.

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|--|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input checked="" type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |


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CONTINUED EXPLANATION from page one:
(Summary Continued from Page One)

The bill establishes the membership of the WISE Council and associated meeting and reporting requirements. The bill states that monies appropriated or allocated from the WISE fund shall not be included in the Regent's funding formula calculation or supplant any formula funding allocations. The proposed legislation states that the Board of Regents shall promulgate rules developed jointly and collaboratively by the commissioner of higher education and the system presidents for the administration of the fund. Prior to final adoption, the rules shall be approved by the WISE Council per the bill. Effective upon governor's signature.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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