



## Fiscal Estimate Narratives

TREAS 04/24/2001

LRB Number 01-3050/5	Introduction Number AB-321	Estimate Type Original
<b>Subject</b> College savings program		

### Assumptions Used in Arriving at Fiscal Estimate

1. The bill creates a trust fund and accounting mechanism allowing the EdVest program to "re-launch" in an expanded capacity, offering additional investment options to participants. Most of the marketing costs will be paid by the program's investment manager vendor.
2. An estimated 9,000 new college savings accounts will be created in 12 months.
3. The annualized investment per account is ~ \$2,600, for a total investment of \$23.4 million.
4. State administrative costs/fees = \$20 per account plus 0.25% of account totals annually = \$238,500.
5. \$238,500 would flow through s.20.585 (2)(tm) and would cover portions of 3 FTE costs, board expenses and other program costs.
6. \$23.4 million would flow through s.20.585 (2)(t) as future "payouts" are made for college expenses.

### Long-Range Fiscal Implications

NOTE: As new account revenues increase, statutory language will be needed authorizing the use of college savings program trust fund revenues for repayment of the program's debt to the state's general fund. It is legitimate to allocate program start-up costs across all program participants, and it would accelerate repayment of the loan to the state.