

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-3086/1	Introduction Number SB-146
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Subject
 College savings program

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <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
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.585 (2)(t) and (tm)	

Agency/Prepared By TREAS/ Marty Olle (608) 264-7886	Authorized Signature Scott Feldt (608) 266-3712	Date 4/23/01
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Fiscal Estimate Narratives

TREAS 4/24/01

LRB Number 01-3086/1	Introduction Number SB-146	Estimate Type Original
Subject 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.