

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-3279/1	Introduction Number SB-525
Description Prohibiting institutions of higher education from engaging in certain activity regarding student credit cards, requiring such institutions to provide financial literacy information to students, creating requirements for credit cards issued to underage customers, granting rule-making authority, and providing a penalty	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate	
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input 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
Local:	
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate	
1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" 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 checked="" type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
Agency/Prepared By	Authorized Signature
WTCS/ Nancy Merrill (608) 267-9514	Morna Foy (608) 266-2449
Date	
2/22/2010	

Fiscal Estimate Narratives

WTCS 2/22/2010

LRB Number	09-3279/1	Introduction Number	SB-525	Estimate Type	Original
Description Prohibiting institutions of higher education from engaging in certain activity regarding student credit cards, requiring such institutions to provide financial literacy information to students, creating requirements for credit cards issued to underage customers, granting rule-making authority, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

AB-745 includes several provisions that will affect WTCS colleges and their relationships with students and financial institutions that offer credit cards.

The fiscal effect of AB-745 depends, to large extent, on two provisions: requiring higher education institutions to offer and require students to complete a financial literacy tutorial and the enforcement provision that would not allow students to enroll in subsequent semesters unless they complete the tutorial. Based on ongoing conversation with the bill's authors, the WTCS assumes for the purpose of this estimate that these provisions are removed through substitute amendent.

However, if the provisions for mandatory financial literacy tutorials enforced through enrollment prohibitions remain in the bill, the bill will increase state and local costs by requiring new methods for providing the financial literacy tutorial and for tracking completion of the tutorial by students and the appropriate enrollment only after students have already completed the tutorial. At least 12 colleges would need to develop or purchase an online financial literacy tutorial, make the electronic tutorial available to students and maintain the tutorial. Four WTCS colleges already offer online financial literacy training. These requirements would increase state and local costs. In addition, there is a potential for a tutorial mandate to negatively effect student retention rates, and thus academic attainment levels for Wisconsin.

The fiscal estimate above also assumes that the bill will be modified to clarify that the WTCS colleges using "one-cards" that combine student identification cards with banking services such as ATM or debit cards or other debit cards used for electronic disbursement of student financial aid will not be affected by the bill and that existence of financial institutions colocated at some WTCS campuses would not be affected by the restrictions in the bill beyond the limitations to marketing credit cards to students.

Long-Range Fiscal Implications

Assuming colleges are not required to offer an online financial literacy tutorial enforced through enrollment restrictions and can continue to use "one-cards" to deliver student services, long-range fiscal implications appear limited.