

Fiscal Estimate - 2009 Session

Original Updated Corrected Supplemental

LRB Number 09-4710/2		Introduction Number SB-708	
Description Authorized foods under the food stamp program; a deductible and coinsurance under BadgerCare Plus; a minimum copayment and maximum child care hours under Wisconsin Shares; drug testing for eligibility for public assistance; eliminating income eligibility requirements for enrollment in a private school participating in the Milwaukee Parental Choice Program; changing eligibility requirements for persons or families of low and moderate income to receive, directly or indirectly, certain housing, housing assistance, grants, loans, or benefits from the Wisconsin Housing and Economic Development Authority, the Department of Commerce, and local housing authorities; consideration of the income and assets of a person for purposes of receiving low-income energy assistance; consideration of the income and assets of both parents of a student under 22 years of age for purposes of awarding a grant or scholarship to such a student; prohibiting new claims under the earned income tax credit; increasing the individual income tax personal exemption for dependents; granting rule-making authority; and providing a penalty			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect			
<input type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Increase Existing Revenues	
<input type="checkbox"/> Decrease Existing Appropriations		<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriations		<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<input type="checkbox"/> Decrease Costs			
Local:			
<input checked="" type="checkbox"/> No Local Government Costs			
<input type="checkbox"/> Indeterminate			
1. <input type="checkbox"/> Increase Costs		3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs		4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		<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	
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	Date
UWS/ Paige Rusch (608) 263-3307		Freda Harris (608) 262-2734	4/30/2010

Fiscal Estimate Narratives

UWS 4/30/2010

LRB Number	09-4710/2	Introduction Number	SB-708	Estimate Type	Original
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Assumptions Used in Arriving at Fiscal Estimate

Senate Bill 708 (SB708) requires HEAB to include consideration of the income and assets of both of the student's parents in determining the expected parental contribution for a student under 22 years of age who is a dependent of his or her parents. This bill also prohibits the Board of Regents of the University of Wisconsin System from awarding a scholarship that is based on financial need to a student under 22 years of age who is dependent of his or her parents unless the calculation of the student's financial need includes consideration of the income and assets of both the student's parents.

SB708 would impact UW-System financial aid offices and students applying for aid.

1.) Impact on UW-System Financial Aid Offices – SB708 will increase workload for UW financial aid offices. HEAB and UW institutions currently use the federal FAFSA (Free Application for Federal Student Aid), which does not consider the income/assets of a non-custodial parent, to determine a student's financial need. Because the FAFSA is not likely to be changed, this bill would require the development of a separate financial aid form for use by HEAB and UW institutions. Processing this additional information would increase the workload for financial aid offices, as they would need to collect data and, for those students not applying for aid through HEAB, enter this additional data into the financial aid systems. This change would also require that the financial aid systems be reprogrammed to consider this data for some types of aid (state, some institutional aid), but not others (federal, private sources). Reprogramming financial aid systems will increase costs for UW-System, as it will require more staff time, both in the financial aid office and in terms of IT support.

2.) Impact on Students - Under SB708 students would need to complete both the FAFSA and a state financial form. This will increase workload for students applying for aid, and potentially prevent students from completing the financial aid process. In addition, no exceptions are provided in the bill if the non-custodial parent is missing, cannot be located, has not provided support for the child or refused to provide this information. This will have the effect of excluding some students from financial aid.

Based on the significant increase in workload required for data entry, follow-up with students to collect and verify this information, and the changes that will be required in programming the financial aid systems, each of the 28 UW financial aid offices would require the addition of at least 0.5 FTE ($28 \times 0.5 = 14$ FTE). Using a \$35,000 annual salary, plus 41% fringe, the total cost per FTE would be \$24,375 ($\$49,350 \times 0.5$ FTE). Therefore, the minimum fiscal effect of SB708 on UW System is at least \$345,450 ($\$24,675 \times 14$) in annual increased cost. The requirement to collect, retain and share additional parental financial information that is not contained on the FAFSA could also require the development of a new systemwide financial aid tracking system/database, which would entail significant development and ongoing maintenance costs that are not included in the referenced minimum cost figure.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$345,450	\$
(FTE Position Changes)	(14.0 FTE)	
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$345,450	\$
B. State Costs by Source of Funds		
GPR	345,450	
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$345,450	\$

NET CHANGE IN REVENUE		\$	\$
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Agency/Prepared By	Authorized Signature	Date
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