

Fiscal Estimate Narratives

UWS 6/3/2015

LRB Number	15-0587/1	Introduction Number	AB-0248	Estimate Type	Original
Description Incorporating financial literacy in public schools' curriculum and statewide standardized examinations and requiring that it be covered during orientation programs at the University of Wisconsin System and the technical colleges					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the University of Wisconsin System Board of Regents to "direct each institution and college campus to incorporate in its orientation program for newly entering students information on financial literacy."

UW institutions currently provide financial literacy information to students using a variety of methods (e.g., welcome week sessions, online resources, advising, and workshops). Because of the limited amount of time available during orientation and the significant amount of information that needs to be conveyed to students, financial literacy information may be provided outside of orientation.

Financial literacy is often connected to an institution's financial aid office and is regularly discussed by financial aid directors.

The financial impact of this bill depends on how the Board directs institutions to provide financial literacy information to students. Because the Board has not discussed this bill, the following fiscal estimate explores four possible implementation scenarios. Please note that these scenarios are only provided for the purposes of a fiscal estimate and do not imply any intent by the Board.

1. Reference Existing Online Material

As part of orientation, existing online resources on financial literacy at other universities or nonprofit organizations could be referenced. For examples, please see websites by the American Institute of Certified Public Accountants (<http://www.360financialliteracy.org/Life-Stages/College-Students>), the U.S. Department of Education (<https://studentloans.gov/myDirectLoan/index.action>), and the National Endowment for Financial Education (<http://www.nefe.org/>).

Because the resources already exist, the cost of this scenario is minimal and can be absorbed in the current budget.

2. Static Material

As part of the printed or electronic orientation materials, an institution could include a brief document on financial literacy.

An institution would need to invest staff time into developing the document, but the ongoing cost of distribution and updates would be minimal. The total cost of this scenario is minimal and could be absorbed in the current budget.

3. Dynamic Materials

Institutions could create a website with interactive content, and the link could be provided to students during orientation. Institutions could develop some original content and reference existing content on other websites.

For examples, please see websites from UW-Madison (<http://uwell.wisc.edu/financial.htm>), UW-Oshkosh (http://www.uwosh.edu/fin_aid/my-money/mymoney), and UW-Stevens Point (<http://www.uwsp.edu/busecon/Pages/Resources/FinancialCoaching.aspx>).

This scenario requires more resources to develop and maintain a website. The cost at an institution will

depend on available staff resources and the complexity of the website.

This fiscal estimate assumes that UW institutions do not have adequate resources to develop a website in time for Fall 2015 orientation. Further, the estimate assumes that a student employee could develop a simple online resource in eight weeks and that the UW Colleges could share a common website. Based on these assumptions, the estimated cost for UW System is \$22,400 ($\$10 \text{ per hour} * 20 \text{ hours per week} * 8 \text{ weeks} * 14 \text{ institutions}$).

4. Broad Financial Literacy Programming

Under this scenario, institutions could develop broad financial literacy programming. Please see the UW-La Cross financial literacy website for an example (<http://www.uwlax.edu/it-makes-cents/>).

This scenario is estimated to cost \$131,000 annually per institution:

\$55,000 - Full-time coordinator salary and fringe benefits
\$10,000 - Graduate assistants
\$60,000 - Student employees
\$3,000 - Supplies
\$3,000 - Copies

For the 14 UW System institutions, again assuming that all 13 UW Colleges can utilize a common resource, the ongoing annual cost is \$1,834,000.

Conclusion

Because the cost of the bill varies based on the direction provided by the Board, a fiscal estimate cannot be determined. However, the fiscal estimate does explore four possible scenarios.

Long-Range Fiscal Implications

For Scenarios 1 through 3, the long-range fiscal implications are minimal. For Scenario 4, the long-range annual costs cannot be absorbed by existing budgets.