

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4562/1	Introduction Number AB-0777
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Description
 University of Wisconsin and technical college tuition remissions for and grants to support foster care and other out-of-home placement students and making an appropriation

Fiscal Effect

State:

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

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	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
<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	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

UWS 12/19/2017

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Description University of Wisconsin and technical college tuition remissions for and grants to support foster care and other out-of-home placement students and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Introduction

This bill requires the Board of Regents of the University of Wisconsin System and technical college system district boards to grant tuition remissions to students who were in foster care or other placements out of their parent's home.

Eligible students would receive a remission if 100% of tuition and fees, less any amount of need-based grants or scholarships awarded to the student. To be eligible, a student must be a state resident who resided in an out-of-home placement in this state under any of the following circumstances:

- a. On his or her 18th birthday.
- b. On or after his or her 13th birthday, he or she was adopted or appointed a non-agency guardian.
- c. For at least one year on or after his or her 13th birthday, and was returned to live in the home of his or her parent after the termination of the order

A student would be eligible for up to 12 semesters, until the students has earned a bachelor's degree, or turns 25, whichever occurs first.

The bill also makes an appropriation to the Higher Educational Aids Board to reimburse the Board of Regents and technical college district boards for remissions granted under the bill. If the appropriation is not sufficient to make full reimbursement, HEAB must prorate the reimbursements. The appropriation is \$410,000.

Analysis

The University of Wisconsin System's analysis relies heavily on a memorandum prepared by the Legislative Fiscal Bureau on May 11, 2017 titled "Estimated Cost of Providing Tuition and Fee Remission to Students Who Have Been in Foster Care". The memorandum was prepared for Representative Todd Novak.

Eligible Population

Data provided by the Department of Children and Families (DCF) indicates that based on the 2016 year, an estimated 659 individuals might become eligible for tuition and fee remissions each year. Because students would be eligible for remission until they reach the age of 25, there would be seven cohorts of individuals who would be eligible for remissions. As a result, 4,613 individuals aged 18 to 24 could be eligible to receive remissions under this bill.

Estimated Rate of Enrollment

The Chapin Hall Center for Children at the University of Chicago has conducted a longitudinal study of individuals who had formerly been in foster care in Illinois, Iowa, and Wisconsin. All individuals were 17 years old for the first round of interviews and had been in foster care for at least one year. They were subsequently interviewed when they were 19, 21, 23 or 24, and 26. Based on these interviews, an average of 5.5% of respondents were enrolled in a four-year college.

Estimated Tuition and Fee Remission

It is estimated that UW institutions and Wisconsin technical colleges may remit \$820,000 annually in tuition and fees to students who were formerly in foster care under the proposal. This estimate assumes that 5.5% of eligible individuals will enroll in UW institutions and 11.8% will enroll in Wisconsin technical colleges in each year while they are between 18 to 24 years old. Therefore UW institutions may remit \$260,694 annually. If we assume that UW institutions will receive HEAB reimbursements in proportion to the number of students that enroll, then UW institutions will receive \$130,347 in reimbursements. This will

leave \$130,347 in remissions that are not reimbursed, and for which the UW System will require additional GPR funding.

The estimate assumes that 55% of enrolled students will enroll on a full-time basis and the remaining 45% will enroll part-time. The rates and patterns of enrollment used in these estimates are based on the data from the Chapin Hall study. The estimates were calculated using 2015-16 tuition and fee rates. The estimated amount of tuition and fees remitted is net of any need-based aid (Pell and Wisconsin Grant) received by the student.

The estimated amount of tuition and fees remitted is net of any need-based aid the students would receive through the federal Pell grant and the state Wisconsin Grant programs. Unmarried independent students without dependents are eligible for the maximum grant available through the federal Pell grant program and the state Wisconsin Grant program if their adjusted gross income (AGI) is less than \$11,700. Unmarried independent students without dependents are eligible for smaller Pell grants if their AGI is between \$11,700 and \$25,900 and are eligible for smaller Wisconsin Grants if their AGI is between \$11,700 and \$23,600 if enrolled in UW institutions and \$11,700 and \$24,900 if enrolled in technical colleges. Unmarried independent students with dependents would continue to be eligible for need-based grants at higher income levels.

Data from the Bureau of Labor Statistics (BLS) in the U.S. Department of Labor shows that in the first quarter of 2017 median weekly wages were \$528, or \$27,456 annual, for workers aged 20 to 24 who worked full-time. However, BLS data also indicates that, in 2016, only 40% of 20 to 24 year olds were employed full-time. An additional 25% were employed part-time and the remaining 35% were either unemployed or not in the labor force. For the purpose of this estimate it is assumed that all 18 year-olds have AGIs of less than \$11,700 as most would have been attending high school full-time in the previous year. For 19 to 24 year olds, it is assumed that 35% are unemployed and have no earnings, 25% are employed part-time and have a median income of \$13,728, or half of the annual income of full-time workers, and 40% are employed fulltime and have a median income of \$27,456.

The estimate likely underestimates the amount of need-based grants that would be received by students who would be eligible for remissions under the proposal. First, the BLS does not disaggregate income by education level for workers under the age of 25. The earnings data includes workers who have already completed some sort of training which may skew median weekly wages higher than if only workers who had not earned a degree or certificate were included. Second, workers with higher incomes may be less likely to enroll than individuals who are unemployed or earning minimum wage. Individuals who are unemployed, working part-time, or making lower wages may be more likely to seek out education as a way to increase their future earnings. Third, the AGI thresholds listed above only apply to students without dependents. Students with dependent children would be eligible for more aid at higher income levels. The estimate also does not account for aid that students may receive through other need-based grant or scholarship programs, including a DCF scholarship program for students who had formerly been in foster care. Additional factors are used to determine which students are awarded aid through those programs, making it difficult to estimate how many students would receive aid, and some of the aid awarded through those programs would likely be awarded to students whose tuition and fees would be fully paid by the Pell and Wisconsin Grants awarded to the student. If the students receive a greater amount of need-based grants and scholarships, tuition and fee remissions would be reduced.

In contrast, the estimate may understate the value of tuition and fees that would be remitted as the percentage of qualifying students who would enroll in UW institutions and technical colleges is based on data for individuals who were in foster care at age 17 and had been in foster care for more than a year. These individuals might be the less likely to enroll in higher education than individuals who have been placed in guardianships, adopted, or returned to their parents as those individuals may have more robust social supports and therefore be more likely to attend college. Based on the data provided by DCF, approximately 80% of individuals who would be eligible for remissions under the proposal would have been placed in guardianships, adopted, or returned to their parents while only 20% would have remained in foster care.

The estimate also does not account for any increase in enrollment that might occur if individuals were not required to pay tuition and fees if they enrolled in UW institutions and technical colleges.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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Description University of Wisconsin and technical college tuition remissions for and grants to support foster care and other out-of-home placement students and making an appropriation		
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	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
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		-130,347
SEG/SEG-S		
TOTAL State Revenues	\$	-\$130,347
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-130,347	\$
Agency/Prepared By		
Authorized Signature		Date
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