

**FISCAL ESTIMATE**

DOA-2048 N(R10/98)

- ORIGINAL       UPDATED  
 CORRECTED       SUPPLEMENTAL

1999 Session

LRB No. and Bill/Adm. Rule No. **LRB-4009/1  
AB 725**

Amendment No. If Applicable

**Subject**

**Denial of licenses/permits/certificates to individuals in default on student loans**

**Fiscal Effect**

**State:**  No State Fiscal Effect

Check columns below only if bill makes a direct appropriation or affects a sum certain appropriation

- Increase Existing Appropriation       Increase Existing Revenues  
 Decrease Existing Appropriation       Decrease Existing Revenues  
 Create New Appropriation

Increase Costs - May be possible to Absorb Within Agency's Budget  Yes  No

Decrease Costs

**Local:**  No Local Government Costs

1.  Increase Costs  
 Permissive       Mandatory  
2.  Decrease Costs  
 Permissive       Mandatory

3.  Increase Revenues  
 Permissive       Mandatory  
4.  Decrease Revenues  
 Permissive       Mandatory

5. Types of Local Governmental Units Affected:  
 Towns       Villages       Cities  
 Counties       Others  
 School Districts       WTCS Districts

**Fund Sources Affected**

- GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Ch. 20 Appropriations**

20.115 1a, 1gb, 1jb, 1gh, 1jm, 2a, 2ha, 7a, 7ga, 7gm, 7h

**Assumptions Used in Arriving at Fiscal Estimate**

The bill would prohibit state agencies from issuing or renewing licenses, permits, or certificates to individuals in default on a student loan.

Under current law (s. 93.135, Stats) the department does collect Social Security Numbers from over 50,000 persons applying for DATCP annual licenses. DATCP makes the information available to the Department of Workforce Development, for DWD's use in data matching to identify persons delinquent in payment of child support. Where matches are found DWD notifies DATCP, and DATCP suspends that person's license.

The following assumptions were made in preparing this fiscal estimate:

- (1) DATCP would make its license/SSN file available to a centralized agency, e.g. the Higher Education Aids Board or some other agency. It is necessary to make this assumption because, from DATCP's perspective, the bill's requirements would be unworkable if DATCP had to contact every bank that might make student loans.
- (2) DATCP would make its license/SSN file available in the same mainframe-based flat file, currently available to DWD, which is stored on DASD (disc storage) at DOA's mainframe computing center. DWD accesses that file for its data matching. Because DOA already stores the file for DWD to access, DOA would simply make the file available to another agency. So, there would be no additional DASD charges.
- (3) The other agency would do the matching for student loan default identification purposes, as DWD does for its purposes.
- (4) The other agency would notify DATCP of the matches. The notification would be sent to DATCP's Office of Legal Counsel. The Office of Legal Counsel would notify the DATCP program divisions, who would send the notices of license denial.
- (5) DATCP would have no involvement in any appeals process. This would include any hearings. DATCP has no authority, procedures, expertise, staff, or facilities for any hearings processes.

There is no data on how many DATCP license holders/applicants have received student loans, nor how many may have defaulted on any loans. There are over 50,000 applicants for annual DATCP licenses. If: (1) 1% of the applicants are found to have defaulted, (2) 30 minutes of staff time is spent sending each license denial notification letter and responding to questions, and (3) the work is performed by a program assistant at a \$12.00 hourly salary rate, then the annual salary and fringe benefit costs would be approximately \$4,400. The annual postage cost would be approximately \$200.

Any impact on revenue cannot be predicted, because it cannot be predicted how many and what types of licenses would be affected (and at what license fee rates). Any impact on revenue would be expected to be negligible.

**Long-Range Fiscal Implications**

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Date  
2/17/00

**FISCAL ESTIMATE WORKSHEET**

**1999 Session**

Detailed Estimate of Annual Fiscal Effect	<input checked="" type="checkbox"/> ORIGINAL	<input type="checkbox"/> UPDATED	LRB No. and Bill Adm. Rule No.	Amendment No.
DOA-2047 (R10/98)	<input type="checkbox"/> CORRECTED	<input type="checkbox"/> SUPPLEMENTAL	LRB-4009/1 AB 725	

**Subject**  
Denial of licenses/permits/certificates to individuals in default on student loans

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 State Funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringes	\$4,400	
(FTE Position Changes) <span style="float:right;">FTE</span>		
State Operations - Other Costs	\$200	
Local Assistance		
Aids to Individuals and Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$4,600</b>	
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$2,300	
FED		
PRO/PRS	\$2,300	
SEG/SEG-S		
III. State Revenues	Increased Rev.	Decreased Rev.
<small>Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</small>		
GPR Taxes		
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>		

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$4,600	
NET CHANGE IN REVENUES		

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