

FISCAL ESTIMATE FORM

1999 Session

- * ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB # 99- 4141/2

INTRODUCTION # SB 332

Admin. Rule #

Subject
College Savings Program

Fiscal Effect

State: No State Fiscal Effect

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

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

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

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

Assumptions Used in Arriving at Fiscal Estimate:

LRB 4141/2 would require the Wisconsin Higher Educational Aids Board (HEAB) to exclude the balance of a Wisconsin College Savings Program Account in the calculation of a beneficiary's eligibility for state financial aid for higher education.

The majority of programs administered by HEAB use an "expected family contribution" calculation within state established formulas to determine state award eligibility. From financial information submitted to a federal processor by a student and the student's family, the expected family contribution is calculated by using a federal needs analysis called federal methodology. HEAB daily draws down from the federal processor the expected family contribution calculation for all new applicants. This contribution figure is then incorporated into the calculation of a state financial aid award. The financial information the student and the student's family submit to the federal processor in order for an expected family contribution calculation to be made includes asset information. More specifically, the student and the student's family must include the total current balance of savings.

HEAB would need to identify which applicants have a College Savings Program Account balance and the amount in the account. All of the financial related information for that applicant would need to be drawn in, which currently it is not. The savings account balance amount would then need to be excluded from the student's or family's assets and an expected family contribution recalculated.

In order to determine which applicants participate in or included a College Savings Program Account balance in their financial information that was submitted to the federal processor, HEAB would need to do at least one mailing to all applicants. HEAB receives application information for approximately 170,000 applicants each year. An alternative to mailings to applicants to determine account balance information would be to allow HEAB full access to the College Savings Program accounts. This database would need to be accessible daily in order to run it against HEAB's applicant file.

In order to exclude the balance of a Wisconsin College Savings Program Account in the calculation of a beneficiary's eligibility for state financial aid for higher education, a Grant Specialist (program coordinator) and 25% of a Comprehensive Professional (computer systems specialist) would need to be funded.

Costs associated with funding 1.25 positions are as follows:

Grant Specialist	\$36,391
Comprehensive Professional (25%)	\$12,233

Additional costs associated with funding approximately three mailings to 170,000 applicants are as follows:

Mailings	\$192,780
Total costs	\$247,404

By excluding funds in the College Savings Program account when calculating state financial aid for higher education, eligibility for state assistance could increase. Without additional funding in the programs HEAB administers, the result of this eligibility increase would be a reduction in awards to all students across the board or the placement of students on a waiting list for funds.

The federal needs analysis called federal methodology which is used to determine the expected family contribution does include an asset protection allowance. For example, a student dependent upon his or her parent is expected to contribute 35% (65% is protected) of his or her assets. A student independent of his or her parent and parents of dependent students also have a portion of their assets protected based on their age and other factors.

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