

LRB or Bill No./Adm. Rule No.  
**AB 725 / LRB-4009/1**  
 Amendment No. if Applicable

**FISCAL ESTIMATE**  
 DOA-2048 N(R10/98)

- ORIGINAL                       UPDATED  
 CORRECTED                       SUPPLEMENTAL

**Subject**  
**Suspension of licenses, permits and other credentials for failure to pay student loans.**

**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  
 Decrease Costs

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

Local:  No local government costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts

**Fund Sources Affected**                      **Affected Ch. 20 Appropriations**  
 GPR     FED     PRO     PRS     SEG     SEG-S                      20.165(1)(g)

**Assumptions Used in Arriving at Fiscal Estimate**

This bill requires the department to deny an application or revoke a credential if an applicant or credential holder is in default on a student loan. A student loan is considered "in default" if a student loan payment is more than 120 days past due. The requirements would apply to all credential holders.

Under a comparable statute, the department currently reviews initial and renewal applications to determine whether the applicant is delinquent in state income taxes. This bill differs in that there is no single source of information for determining whether a student loan is in default. Approximately 329,025 applications would need to be screened for student loan default. Staff would have to contact lenders and their agents to determine and verify loan defaults.

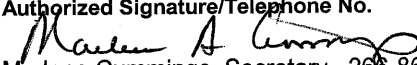
The department estimates that between 3 and 5 percent, or at least 9,871 credential holders may be delinquent in repaying their student loans. If only 1 in 100 of these were discovered by the department in an application process or as a result of a complaint, denial or revocation procedures would have to be implemented in 98 cases.

The fiscal impact to the agency would be significant. There would be a need for additional staff to carry out the responsibilities stated in the bill. There would also be additional supplies and services costs to support these staff and perform other functions such as printing and mailing. The department also would need to interface with other agencies to perform a computerized match for applicants or credentials holders who are in default. This would involve programming costs to set up a system to perform an electronic match and also to provide on-going maintenance as software/hardware is upgraded.

The fiscal estimate is detailed on the attached sheet.

The revenues estimates are the total cost needed to implement the duties outlined in the bill. These costs would be passed along to credential holders and increase the cost of an initial credential and the renewal fee for credentials.

**Long-Range Fiscal Implications**

<b>Agency/Prepared by: (Name &amp; Phone No.)</b> Gail Riedasch, Budget Manager 266-0746	<b>Authorized Signature/Telephone No.</b>  Marlene Cummings, Secretary, 266-8609	<b>Date</b> 2/21/2000
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## Fiscal Estimate for AB 725

### Positions to perform screening and application processing

1.0 FTE Program Assistant 1	9.437 x 2080	\$19,630
0.5 FTE Attorney 13	16.958 x 1040	\$17,636
1.0 FTE Paralegal	13.706 x 2080	\$28,508

### Supplies and Services Costs

On-going costs, i.e., phone, voice mail, office supplies \$1,200 @ 2.5 FTE		\$ 3,000
One-time costs for furniture and computer \$7,000 @ 2.5 FTE		\$17,500
Printing & postage / information inserts – 329,025 @ \$0.01/page		\$ 3,290
Postage for five mailings per denial Or revocation assuming 98 denials @ \$5.00/each		\$ 490

### Additional Space Costs

2.5 FTE @ 100 sq. ft each (office space plus circulation 250 @ 13.93 per sq. ft)		\$ 3,483
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### Agency Costs to Implement Computerized Match with Great Lakes Higher Education Corporation (GLHEC)

480 hours @ \$45/hr (One-time)		\$21,600
On-going maintenance costs		\$ 5,000

### **TOTALS**

Salaries	\$65,774
Fringe (37.67%)	\$24,777
On-going costs	\$15,263
One-time costs	\$39,100

**Subject**  
**Suspension of licenses, permits and other credentials for failure to pay student loans.**

**I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**  
**\$ 39,100 One-time Costs**

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$ 90,551	\$ -
(FTE Position Changes)	( 2.5 FTE)	(- FTE)
State Operations - Other Costs	15,263	
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$ 105,814</b>	<b>\$ -</b>
<b>B. State Costs by Source of Funds</b>	<b>Increased Costs</b>	<b>Decreased Costs</b>
GPR	\$	\$ -
FED		-
PRO/PRS	105,814	-
SEG/SEG-S		-
<b>State Revenues</b> Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$	\$ -
GPR Earned	10,581	-
FED		-
PRO/PRS	105,814	-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$ 116,395</b>	<b>\$ -</b>

**NET ANNUALIZED FISCAL IMPACT**  
**STATE**

LOCAL

NET CHANGE IN COSTS      \$ 105,814 \_\_\_\_\_      \$ \_\_\_\_\_  
NET CHANGE IN REVENUES      \$ 116,395 \_\_\_\_\_      \$ \_\_\_\_\_

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