

FISCAL ESTIMATE FORM

1999 Session

LRB #.4009/1

Introduction # Assembly Bill 725

Admin. Rule #

- 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

- 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

3. Increase Revenues
 Permissive Mandatory

5. Types of Local Governmental Units Affected:
 Towns Villages Cities

2. Decrease Costs
 Permissive
 Mandatory

4. Decrease Revenues
 Permissive Mandatory

Counties Others _____
 School Districts WTCS Districts

Fund Sources Affected

- GPR FED PRO PRS SEG

Affected Ch. 20 Appropriations

SEG-S

Assumptions Used in Arriving at Fiscal Estimate:

This bill would prohibit the Department of Public Instruction (DPI) from issuing or renewing teaching licenses or permits if the individuals requesting or renewing their licenses are in default on a student loan. In addition, the bill would require the department to notify individuals that their license or permit will not be issued or renewed until individuals are no longer in default on their loans. The bill would also require the department to restrict or suspend the license or permit if an individual is in default on a student loan 90 days after the notice of the default is mailed to the individual.

The department has issued an average of 21,900 renewal and initial licenses and permits annually since 1990. Of these, approximately 5,000 are initial licenses. Information from the Great Lakes Higher Education Corporation (GLHEC) indicates that approximately 60 percent of students take out loans to finance their education. Therefore it is estimated that 13,140 (21,900 X .60) license applicants annually take out student loans. The GLHEC also reports that there is a seven percent default rate on college loans in Wisconsin. Thus, it can be assumed that there may be 920 applicants who would annually default on their student loans (13,140 X .07). The GLHEC has indicated that individuals who are most likely to default on their student loans are those who do not earn a degree. Of those who earn a degree, the GLHEC estimates that approximately 2 percent will default. Therefore, because a four-year degree is a requirement of teacher certification, it is estimated that approximately 260 (13,140 X .02) applicants may annually default on their student loans.

Costs to the department include staff time and postage required in notifying affected license and permit applicants. The costs of annually notifying 260 or fewer applicants for teaching permits and licenses that their license or permit is suspended or restricted can be expected to be absorbed within the agency's current operating budget.

This bill has no local fiscal effect.

Long-Range Fiscal Implications:

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