

### Fiscal Estimate - 2007 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>07-1859/1</b>	<b>Introduction Number</b> <b>AB-0389</b>
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**Description**  
 The maximum amount of an academic excellence higher education scholarship

**Fiscal Effect**

**State:**

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

**Local:**

<input type="checkbox"/> No Local Government Costs		
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b> <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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

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

<b>Agency/Prepared By</b> UWS/ Leslie Perelman (608) 262-5850	<b>Authorized Signature</b> Freda Harris (608) 263-5679	<b>Date</b> 6/15/2007
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**Fiscal Estimate Narratives**  
**UWS 6/18/2007**

LRB Number	<b>07-1859/1</b>	Introduction Number	<b>AB-0389</b>	Estimate Type	<b>Original</b>
<b>Description</b> The maximum amount of an academic excellence higher education scholarship					

**Assumptions Used in Arriving at Fiscal Estimate**

This estimate specifically details only the fiscal effect of AB 389 to the UW System, not the effect on the Higher Educational Aids Board (HEAB). This fiscal estimate is based on the average number of scholarship recipients over the last three academic years for which complete statistics are available (2003-04, 2004-05, and 2005-06). It should be noted, however, that the total number of Academic Excellence Scholars attending UW System institutions has remained fairly constant over the last four academic years. Therefore, the number of recipients in future years is assumed to remain fairly constant. (However, the University of Wisconsin System cannot estimate the potential effect on the number of recipients based on the increase in percent of tuition and fees covered. It is possible that the increase in the level of tuition and fees covered by this scholarship might lead to a growth in the number of recipients who chose to attend UW institutions.) This fiscal estimate is also based on actual tuition and fees for 2006-07. It is assumed that tuition will increase in 2007-08 but the actual rate of increase has not yet been determined. As tuition increases over time, the impact of this legislation on the UW System will also be affected. Unfortunately, this impact cannot be determined at this time. Finally, UW System cannot make any predictions about the effect of this legislation on local entities.

Currently, HEAB administers the Academic Excellence Higher Education Scholarship Program. Under the program, HEAB awards scholarships to certain students, on the basis of high school grade point average, who enroll full time in participating public or private institutions of higher education in Wisconsin. At present, such a student who enrolls in a UW System institution is entitled to receive a scholarship that exempts him/her from tuition and fees up to a maximum of \$2,250 per academic year, with payment coming equally from HEAB and the UW System institution.

This bill eliminates the scholarship maximums, so that a recipient who enrolls in an institution within the UW System is exempt from all tuition and fees at the institution. HEAB is responsible for 50 percent of the cost, and the UW System institution is required to match that amount.

The average number of recipients attending UW institutions over the last three years equals 2,428. Tuition and fees for these students is estimated at \$15.33 million using 2006-07 levels of tuition and fees. Given the present statutory caps on maximum scholarship amounts (\$2,250), the total amount awarded in Academic Excellence Higher Education scholarships to students at UW System institutions is estimated at approximately \$5.46 million. Of this amount, the UW System institutions is responsible for 50% of the amount, for a total of approximately \$2.73 million. According to s. 39.41(4)(a) the matching requirement for the UW System is satisfied by the payment of an amount equal to the total payments from the institutions made in the 1991-92 school year (\$846,612) and the remainder to consist of tuition waivers. HEAB provided the other 50%.

If AB 389 is passed, there will no longer be a cap on the dollars awarded to students attending UW System institutions and full tuition and fees will be covered. Based on the the assumptions noted above, this amounts to \$15.33 million. Thus, both HEAB and UW System would be required to provide approximately \$7.66 in scholarship dollars. Since the UW System is already awarding \$2.73 million per year (in dollars and waivers), passage of AB 389 would result in annual increased costs to UW System institutions of \$4.93 million in tuition and fee revenue not obtained. As tuition increases in the future, this amount will grow accordingly.

For the purposes of the attached worksheet, this estimate assumes that the State will provide additional funding to support this legislation and the Source of Funds noted would be GPR. If this is not the case, the legislation might result in the UW System requesting an increase in tuition to all students to recoup these dollars which would be lost. In that case, the source of funds would be noted at PRO/PRS.

## Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> 07-1859/1		<b>Introduction Number</b> AB-0389	
<b>Description</b> The maximum amount of an academic excellence higher education scholarship			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	4,934,192		
<b>TOTAL State Costs by Category</b>	<b>\$4,934,192</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	4,934,192		
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$	
GPR Earned			
FED			
PRO/PRS		-4,934,192	
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-4,934,192</b>	
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	State	Local	
NET CHANGE IN COSTS	\$4,934,192	\$	
NET CHANGE IN REVENUE	\$-4,934,192	\$	
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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