

Fiscal Estimate Narratives

WTCS 2/22/2010

LRB Number	09-4274/1	Introduction Number	AB-0745	Estimate Type	Original
Description Prohibiting institutions of higher education from engaging in certain activity regarding student credit cards, requiring such institutions to provide financial literacy information to students, creating requirements for credit cards issued to underage customers, granting rule-making authority, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

AB-745 includes several provisions that will affect WTCS colleges and their relationships with students and financial institutions that offer credit cards.

The fiscal effect of AB-745 depends, to large extent, on two provisions: requiring higher education institutions to offer and require students to complete a financial literacy tutorial and the enforcement provision that would not allow students to enroll in subsequent semesters unless they complete the tutorial. Based on ongoing conversation with the bill's authors, the WTCS assumes for the purpose of this estimate that these provisions are removed through substitute amendent.

However, if the provisions for mandatory financial literacy tutorials enforced through enrollment prohibitions remain in the bill, the bill will increase state and local costs by requiring new methods for providing the financial literacy tutorial and for tracking completion of the tutorial by students and the appropriate enrollment only after students have already completed the tutorial. At least 12 colleges would need to develop or purchase an online financial literacy tutorial, make the electronic tutorial available to students and maintain the tutorial. Four WTCS colleges already offer online financial literacy training. These requirements would increase state and local costs. In addition, there is a potential for a tutorial mandate to negatively effect student retention rates, and thus academic attainment levels for Wisconsin.

The fiscal estimate above also assumes that the bill will be modified to clarify that the WTCS colleges using "one-cards" that combine student identification cards with banking services such as ATM or debit cards or other debit cards used for electronic disbursement of student financial aid will not be affected by the bill and that existence of financial institutions colocated at some WTCS campuses would not be affected by the restrictions in the bill beyond the limitations to marketing credit cards to students.

Long-Range Fiscal Implications

Assuming colleges are not required to offer an online financial literacy tutorial enforced through enrollment restrictions and can continue to use "one-cards" to deliver student services, long-range fiscal implications appear limited.