

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

|                             |                                    |
|-----------------------------|------------------------------------|
| LRB Number <b>15-1560/3</b> | Introduction Number <b>AB-0163</b> |
|-----------------------------|------------------------------------|

**Description**  
 Elimination of the Department of Safety and Professional Services and the Department of Financial Institutions; elimination of the Educational Approval Board; creation of the Department of Financial Institutions and Professional Standards; transfer of the Veterinary Examining Board to the Department of Agriculture, Trade and Consumer Protection, providing an exemption from emergency rule procedures; requiring the exercise of rule-making authority; and making appropriations

**Fiscal Effect**

**State:**

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

**Local:**

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

|   |                                       |
|---|---------------------------------------|
| <b>Fund Sources Affected</b>  | <b>Affected Ch. 20 Appropriations</b> |
| <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.292 (2)(g), (gm) and (i) |                                       |

|                                |                             |             |
|--------------------------------|-----------------------------|-------------|
| <b>Agency/Prepared By</b>      | <b>Authorized Signature</b> | <b>Date</b> |
| EAB/ David Dies (608) 267-7733 | David Dies (608) 267-7733   | 4/16/2015   |

## Fiscal Estimate Narratives

EAB 4/16/2015

|   |           |                     |         |               |          |
|---|-----------|---------------------|---------|---------------|----------|
| LRB Number  | 15-1560/3 | Introduction Number | AB-0163 | Estimate Type | Original |
| <b>Description</b><br>Elimination of the Department of Safety and Professional Services and the Department of Financial Institutions; elimination of the Educational Approval Board; creation of the Department of Financial Institutions and Professional Standards; transfer of the Veterinary Examining Board to the Department of Agriculture, Trade and Consumer Protection, providing an exemption from emergency rule procedures; requiring the exercise of rule-making authority; and making appropriations |           |                     |         |               |          |

### Assumptions Used in Arriving at Fiscal Estimate

The Educational Approval Board (EAB) is responsible for protecting Wisconsin residents who choose to enroll in certificate, diploma and degree-granting programs offered by private for-profit and out-of-state nonprofit postsecondary schools, colleges, and universities. Currently, the EAB has oversight of slightly more than 250 institutions that serve roughly 60,000 residents each year in more than 428 different types of programs.

This bill will eliminate the EAB and virtually all state oversight of private postsecondary education and training. Specifically, the bill will repeal most statutory authority currently governing state oversight of for-profit and out-of-state nonprofit postsecondary education institutions.

During the annual renewal of approval process for calendar year 2015, institutions subject to oversight by the EAB reported they received \$351.6 million in tuition revenue from Wisconsin residents. At the same time, the EAB's operating budget for FY 15 is \$606,500 PR generated by assessing the institutions it oversees various fees. By eliminating the EAB, fees would no longer be necessary to support EAB operations resulting in a \$606,500 PR reduction.

In accordance with s.20.292 (2)(g), Wis. Stats., the EAB is only allowed to retain 90 percent of the revenue it collects and is required to transfer the other 10 percent to the state's general fund as GPR-earned. In FY 14, the EAB transferred \$82,413 to the general fund. Based on revenues through the month of March, it is estimated that the EAB will transfer \$106,500 in FY 15. Under this bill, the state's GPR-earned would be reduced by this amount.

Under s.20.292 (2)(gm), Wis. Stats., the EAB also maintains funding in a student protection appropriation, which is intended to cover losses resulting from the catastrophic closure of schools. Currently, the cash balance of the appropriation is \$1,375,297 PR. Under the bill, the student protection funding will be transferred to an appropriation for general operations associated with professional licensure at the new Department of Financial Institutions and Professional Standards. Subsequently, the secretary of the Department of Administration would determine how much of the funds would be transferred to the Department of Agriculture Trade and Consumer Protection related to consumer protection services it provides to DFIPS.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

|   |  |
|---|--|
| <b>LRB Number</b> <b>15-1560/3</b>  | <b>Introduction Number</b> <b>AB-0163</b>      |
| <b>Description</b><br>Elimination of the Department of Safety and Professional Services and the Department of Financial Institutions; elimination of the Educational Approval Board; creation of the Department of Financial Institutions and Professional Standards; transfer of the Veterinary Examining Board to the Department of Agriculture, Trade and Consumer Protection, providing an exemption from emergency rule procedures; requiring the exercise of rule-making authority; and making appropriations   |  |
| <b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b><br><br>The EAB maintains funding in a student protection appropriation, which is intended to cover losses resulting from the catastrophic closure of schools. Currently, the appropriation cash balance is \$1,375,297 PR. Under the bill, the student protection funding will be transferred to the appropriation for general operations associated with professional licensure at the new Department of Financial Institutions and Professional Standards. Subsequently, the secretary of the Department of Administration would determine how much of the funds would be transferred to the Department of Agriculture Trade and Consumer Protection related to consumer protection function services it provides to DFIPS. |  |
| <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   | \$      -\$492,500                             |
| (FTE Position Changes)  | (-6.5 FTE)                                     |
| State Operations - Other Costs  | -114,000                                       |
| Local Assistance  |  |
| Aids to Individuals or Organizations  |  |
| <b>TOTAL State Costs by Category</b>  | <b>\$      \$-606,500</b>                      |
| <b>B. State Costs by Source of Funds</b>  |  |
| GPR   |  |
| FED   |  |
| PRO/PRS   | -606,500                                       |
| 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, ets.)</b>  |  |
|   | Increased Rev      Decreased Rev               |
| GPR Taxes   | \$      \$                                     |
| GPR Earned  | -106,500                                       |
| FED   |  |
| PRO/PRS   |  |
| SEG/SEG-S   |  |
| <b>TOTAL State Revenues</b>   | <b>\$      \$-106,500</b>                      |
| <b>NET ANNUALIZED FISCAL IMPACT</b>   |  |
|   | State      Local                               |
| NET CHANGE IN COSTS   | \$-606,500      \$                             |
| NET CHANGE IN REVENUE   | \$-106,500      \$                             |

| <b>Agency/Prepared By</b>      | <b>Authorized Signature</b> | <b>Date</b> |
|--------------------------------|-----------------------------|-------------|
| EAB/ David Dies (608) 267-7733 | David Dies (608) 267-7733   | 4/16/2015   |