

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>15-4003/1</b>	Introduction Number <b>AB-0741</b>
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**Description**  
 Grants to students enrolled in technical colleges and University of Wisconsin college campuses to meet emergency financial need and making an appropriation

**Fiscal Effect**

**State:**

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

<b>Agency/Prepared By</b> UWS/ Adam Pfof (608) 262-4836	<b>Authorized Signature</b> Freda Harris (608) 262-2734	<b>Date</b> 1/27/2016
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## Fiscal Estimate Narratives

UWS 1/27/2016

LRB Number	<b>15-4003/1</b>	Introduction Number	<b>AB-0741</b>	Estimate Type	<b>Original</b>
<b>Description</b>					
Grants to students enrolled in technical colleges and University of Wisconsin college campuses to meet emergency financial need and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

2015 AB 741 provides grants to students with a financial emergency who are enrolled in the UW Colleges. A "financial emergency" is defined as an unplanned event causing an unanticipated expense that would cause a student to not complete that term if a grant were not available to cover the expense.

To receive a grant, the student must have an expected family contribution (EFC) of less than \$5,000, complete a brief application, and provide written proof of the financial emergency. The application is evaluated by a designated employee using discretion and best judgement. The grant must be made within five business days.

Students may not receive more than two grants per academic year. The total of all grants to a student may not exceed \$500 per academic year. Students applying for a second grant in the same academic year must undergo financial counseling.

The bill creates a new appropriation of \$130,000 to fund the grants.

Each college campus must provide the following information to the Board of Regents and the chief clerk of each house of the legislature annually:

1. The number of grants awarded
2. The number of grants denied
3. The number of students receiving grants
4. The total amount of grant money awarded
5. The total amount of grant money available but not awarded
6. The number of students who received a grant and completed their degree or credential
7. The number of students who received a grant and transferred to another postsecondary institution
8. The number of students who received a grant and did not complete the term in which the grant was awarded
9. The type of expenses for which students requested grants.

It is not known how many students will apply for financial emergency grants in a given year as there is not a comparable program. However, assuming that grants are given for the maximum amount of \$500, a total of 26 grants can be provided per year ( $\$130,000 / \$500 = 26$ ). In 2014-15, UW Colleges had a total of 5,786 students with an EFC below \$5,000. Based on the limited number of grants available and the large number of students that are potentially eligible, it is reasonable to assume that the entire \$130,000 will be awarded each year.

The bill does not provide funding to administer the grants. The administration of the grants includes activities like developing the application, evaluating the applications, awarding the funds by check or electronic transfer, tracking students, providing financial counseling, and fulfilling the annual reporting requirements.

Additionally, it may be prudent to develop a longitudinal tracking system to prevent fraudulent applications as the bill allows students to be awarded a grant at each UW Colleges campus. A student could potentially apply for multiple grants to cover the same cost at more than one campus. A student may also apply for a grant prior to the refund deadline, receive the grant, and drop their courses at multiple institutions.

As noted above, it is not known how many students will apply for financial emergency grants. However, this estimate assumes that there will be a high volume of applications because students with an EFC below \$5,000 generally have limited financial resources for emergency situations and that there is no cost

to the student to submit a grant application. For the purpose of this estimate, we assume that 25 percent of EFC qualifying students will submit at least one application. This results in an expected application volume of 1,447 applications ( $5,786 * .25 = 1,447$ ).

If 30 minutes of staff time is required to review and process an application, the total time required is 724 hours ( $1,447 * 30 / 60$ ). Assuming an hourly salary and fringe benefit rate of \$35 per hour, the cost is estimated to be \$25,340 per year ( $724 * \$35 = \$25,340$ ).

It is unknown how much this program will increase student retention. For the purpose of this estimate, it is assumed that the retention rate will increase by 10 percent as a result of the grant. The resulting estimated increase in tuition revenue is \$12,350 ( $26 * .10 * \$4,750 = \$12,350$ ).

### **Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> Grants to students enrolled in technical colleges and University of Wisconsin college campuses to meet emergency financial need and making an appropriation			
<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	\$25,340		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	150,000		
<b>TOTAL State Costs by Category</b>	<b>\$175,340</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	175,340		
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	12,350		
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$12,350</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$175,340		\$
NET CHANGE IN REVENUE	\$12,350		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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