

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-4003/1	Introduction Number AB-0741
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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:

No State Fiscal Effect
 Indeterminate
 Increase Existing Appropriations
 Increase Existing Revenues
 Increase Costs - May be possible to absorb within agency's budget
 Decrease Existing Appropriations
 Decrease Existing Revenues

 Yes No
 Create New Appropriations

 Decrease Costs

Local:

No Local Government Costs
 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	5. Types of Local Government Units Affected <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	

Fund Sources Affected	Affected Ch. 20 Appropriations
<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	

Agency/Prepared By UWS/ Adam Pfof (608) 262-4836	Authorized Signature Freda Harris (608) 262-2734	Date 2/1/2016
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Fiscal Estimate Narratives

UWS 2/1/2016

LRB Number	15-4003/1	Introduction Number	AB-0741	Estimate Type	Updated
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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 260 grants can be provided per year ($\$130,000 / \$500 = 260$). 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 \$123,500 ($260 * .10 * \$4,750 = \$123,500$).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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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		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
Annualized Fiscal Impact on funds from:		
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$25,340	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations	130,000	
TOTAL State Costs by Category	\$155,340	\$
B. State Costs by Source of Funds		
GPR	155,340	
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS	123,500	
SEG/SEG-S		
TOTAL State Revenues	\$123,500	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$155,340	\$
NET CHANGE IN REVENUE	\$123,500	\$
Agency/Prepared By		
Authorized Signature		Date
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