

Fiscal Estimate Narratives

UWS 2/4/2016

LRB Number	15-4327/1	Introduction Number	SB-595	Estimate Type	Original
Description Requiring institutions of higher education to provide information to students relating to educational costs and financial literacy					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires institutions to annually provide a letter to each student that contains information regarding the student's loans, cost of attendance, and grants received by the student.

The letter must contain the following four pieces of information.

First, for loans where the funds are distributed by the institution as part of the student's financial aid package, the letter must include:

- The total amount of debt accrued under the loan to date.
- The interest rate applicable to the loan.
- Standard repayment terms for the type of loan.
- The estimated monthly payment due under the loan when the repayment period commences.
- The total projected amount of interest to be paid over the term of the loan.
- The total projected amount, including both principal and interest, to be paid over the term of the loan.

Second, the estimated total cost of attendance at the institution for the academic year, including actual or estimated costs of tuition, fees, and room and board.

Third, the cumulative amounts of state, federal, and institutional grants that the student has received as part of their financial aid package.

Fourth, notify students where they can find additional information on student loans and financial literacy.

The bill also requires institutions to provide students with information on financial literacy within the student's first semester of enrollment.

Analysis

Student Letter

The annual letter to the student will require institutions to create a custom PeopleSoft page. A custom page will be required because PeopleSoft software does not provide a means for capturing interest rate information. Institutions are unable to combine their efforts to decrease implementation costs because each institution has its own instance of PeopleSoft; thus implementation will be unique at each institution.

Creation and implementation of custom PeopleSoft pages at institutions is estimated to cost between \$14,000 and \$14,500 per institution. The estimated cost for creation and implementation of custom PeopleSoft pages at 14 institutions would be between \$196,000 and \$203,000.

Additionally, institutions will need to configure a complex query in PeopleSoft to create the letter for students.

Annual ongoing costs will be up to \$1,500 per institution. Total ongoing costs would be up to \$21,000 annually to maintain the PeopleSoft implementation, new aid year testing, and updating the communication to students.

These costs assume that these determinations will only have to be made for students receiving financial aid through the institution, and not students receiving loans from other sources such as private loans.

Financial Literacy

The language of the bill does not go into detail on what would be required from institutions to satisfy the financial literacy requirement. Institutions have various financial literacy resources available to students,

and may already be in compliance with the financial literacy requirement. If an institution is not already in compliance, the cost to become compliant will be dependent on what is required by the bill.

The following are some illustrative examples of what is already being done by institutions to provide financial literacy:

UW-Madison

Financial Life Skills courses are offered by the School of Human Ecology.

The Office of Student Financial Aid offers the FASTrack (Wisconsin residents) and BANNER (non-residents) programs, which include significant outreach, counseling, and monthly educational programming.

UW-Milwaukee

Staff provide presentations at numerous on and off-campus functions about financial aid and budgeting throughout the year. During such presentations, staff reference that students should borrow only what they need (borrowing responsibility).

Lawton scholar students, as part of their program, are required to complete a financial aid literacy online course.

UW-Eau Claire

Encourages students to use GradReady to learn about financial aid, evaluate loan options, create a financing plan, consider debt-to-income scenarios, and establish an in-school budget.

Students are also directed to CashCourse, an online literacy tool available to students that includes topic areas such as financial basics, paying for college, college life, and the world of work.

UW-Green Bay

Financial Aid staff provide an explanation of cost, cost of attendance, and the Net Price Calculator to students. The financial aid website provides a "Money Management" page that references budgeting, loans, links to MyMoney.gov, and Financial Awareness Counseling from the Department of Education.

UW-La Crosse

The "It Make\$ Cents!" Financial Literacy Program provides a number of educational programs related to budgeting, wise borrowing, credit, and saving. Peer Mentors meet individually with students upon request.

During freshman registration, families are provided the opportunity to attend a session on wise borrowing and good money management. In addition, they are provided publications that assist them in determining the amount of student loan needed versus the amount of loan available to borrow.

Over the course of the academic year, the loan coordinator reaches out, via email, to students who request the maximum amount of educational alternative loan available to discuss options to avoid higher levels of indebtedness if possible.

UW-La Crosse also created an online 'Indebtedness Tool' that provides students immediate access to their total student loan debt and also offers an estimated monthly loan payment based on the amount borrowed.

Each semester, a workshop is offered to provide information about student loan repayment. The workshop is open to all students, not just those leaving school.

UW-Oshkosh

Financial literacy information is provided to all students on move-in weekend. The financial literacy tools assist students with all types of financial issues. Students are introduced to the My Money program offered to all students, faculty, and staff. They are encouraged to sign up for GradReady, which provides financial literacy information and a tool to monitor their student loan indebtedness.

Additionally, Titan Night is a monthly event for all students that includes games and learning tools centered on financial literacy in a fun and positive environment.

UW-Parkside

There are presentations on and off campus related to college finances that include sections on borrowing. Orientation presentations for both transfer and new students have sections on calculating costs and encourage borrowing only as needed.

Cash Course is used as UW-Parkside's online financial literacy tool. All students are encouraged to use it,

but some classes/programs have begun to make the sections on borrowing and budgeting required.

New students are given a packet of information that includes information from the Department of Education on borrowing and helpful resources related to loans, debt, and calculating repayment.

UW-Platteville

The financial aid office encourages students to use GradReady where they can learn about financial aid, evaluate loan options, create a Financing Plan, consider debt-to-income scenarios, and establish an in-school budget. Use of the tool is encouraged at orientation, campus visits, and parent sessions. All first time federal loan borrowers must complete the required entrance counseling and counselors routinely speak with students about debt and budget management.

UW-Stevens Point

The Financial Aid office uses GradReady as a financial literacy tool. Whenever students are counseled, they are encouraged not to borrow more than they need and to apply for scholarships. There is a financial coaching program within some of the colleges that offers student mentoring on budgets, spending plans, and reducing debt.

UW-Stout

Stout uses CashCourse, an online literacy tool available to students that includes topic areas such as financial basics, paying for college, college life, and the world of work.

The Financial Aid office collaborates with the Admissions Office to communicate with transfer students entering with 90 credits or more. They determine their remaining eligibility for aid so there are no surprises for the student. Secondly, if the student has limited eligibility, they are advised the best way to use their remaining loan eligibility. The additional counseling has been very helpful to those students in this situation.

UW-Superior

The Financial Aid office uses GradReady as a financial literacy tool.

The Bursar and the Financial Aid Director have developed a 4-module presentation addressing issues related to Financial Aid and budget: 1) Understanding your Bill, 2) Financial Aid, 3) Degree Progression, and 4) Budgeting and Well-being. The last two specifically address student borrowing. The presentation is delivered in a Health and Human Performance class each semester, to Student Support Services recipients, and wherever else financial aid is able to provide such a presentation to students.

UW-Whitewater

UW-Whitewater has created a new Financial Literacy Coordinator position. The goal is to have the position filled by the end of February 2016. The coordinator will develop a financial literacy program to be offered to all students that will cover responsible personal financial dealings, financial wellness, literacy, budgeting, responsible student loan borrowing, and credit/debt management.

Students are directed to CashCourse, a real-life guide for students to take charge of their money. There is also individual counseling with students regarding loan indebtedness.

UW Colleges

The thirteen campuses have incorporated community resources and faculty into financial-literacy/debt workshops and related activities.

All students have access to the Net Price Calculator and aid applicants are provided detailed cost information in assessing the need for student loans to cover educational expenses.

Student loan entrance counseling sessions utilize online loan counseling tools offered by the U.S. Department of Education.

TRIO and Lawton Grant students participate in financial literacy programming offered online via CashCourse.

Long-Range Fiscal Implications

Student Letter: \$21,000 annually in ongoing costs.

Financial Literacy: Indeterminate

Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Requiring institutions of higher education to provide information to students relating to educational costs and financial literacy		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): Student Letter: \$196,000 - \$203,000 Financial Literacy: Indeterminate		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs Decreased Costs	
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs	21,000	
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$21,000	\$
B. State Costs by Source of Funds		
GPR	21,000	
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, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$21,000	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
UWS/ Tawseef Talukdar (608) 265-8501		2/4/2016
Freda Harris (608) 262-2734		