



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill # HB0363

Title: Revise laws regarding default of student loans

Primary Sponsor: Funk, Moffie

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	(\$38,242)	(\$38,242)	(\$38,242)	(\$38,242)
Net Impact-General Fund Balance:	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact: The bill would no longer provide for the suspension of state-issued licenses of debtors who have defaulted on student loans.

FISCAL ANALYSIS

Assumptions:

1. The Montana Guaranteed Student Loan Program (MGSLP) works with individuals to find solutions for repaying defaulted student loans.
2. MGSLP defaulted loans analyzed in the preparation of this fiscal note were cured because of the ability to suspend a state-issued license.
3. The average annual gross loan amount cured is \$239,012.
4. The average revenue retention of MGSLP is 16% of the loan amount. The remainder (84% of the loan repayment) is returned to the U.S. Department of Education.
5. On average, the amount of lost revenue to the MGSLP would be \$38,242 per year (\$239,012*16%).

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
TOTAL Expenditures	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$38,242)	(\$38,242)	(\$38,242)	(\$38,242)
TOTAL Revenues	(\$38,242)	(\$38,242)	(\$38,242)	(\$38,242)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$38,242)	(\$38,242)	(\$38,242)	(\$38,242)

Sponsor's Initials

Date

Budget Director's Initials

Date