

Multiple Agency Fiscal Note Summary

Bill Number: 1439 2S HB	Title: Higher ed student protection
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Estimated Cash Receipts

NONE

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Student Achievement Council	.3	196,000	196,000	.1	24,000	24,000	.1	24,000	24,000
Workforce Training and Education Coordinating Board	.4	101,000	101,000	.0	0	0	.0	0	0
Total	0.7	\$297,000	\$297,000	0.1	\$24,000	\$24,000	0.1	\$24,000	\$24,000

Estimated Capital Budget Impact

NONE

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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 48157

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1439 2S HB	Title: Higher ed student protection	Agency: 340-Student Achievement Council
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.4	0.1	0.3	0.1	0.1
Account					
General Fund-State 001-1	184,000	12,000	196,000	24,000	24,000
Total \$	184,000	12,000	196,000	24,000	24,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Lily Sobolik	Phone: 360-786-7157	Date: 02/28/2017
Agency Preparation: Mark Bergeson	Phone: 360-753-7881	Date: 03/01/2017
Agency Approval: Don Bennett	Phone: 360-753-7810	Date: 03/01/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	Date: 03/07/2017

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

2SHB 1439 continues a study of for-profit institutions begun during FY 2017. It also increases oversight of authorized degree-granting institutions, enhances institutional disclosures to students, and requires biannual reporting to the legislature.

The current version of the bill (2SHB 1439) differs from earlier versions in that it adds Section 15 making the bill null and void if specific funding for the purposes of the bill is not provided in the omnibus appropriations act. The current version also differs from the proposed substitute in that it reduces the scope of data WSAC would need to monitor under Section 7 by including only data elements posted on Career Bridge or posted by the U.S. Department of Education. However, the decrease in effort related to implementation of Section 7 is not significant enough to impact FTE rounded to the nearest tenth or change expenditure estimates from those made for PSHB 1439.

The following sections of the bill would create additional work for WSAC:

- Section 2 continues a study of for-profit degree-granting institutions, currently being conducted under interagency agreement with the William D. Ruckelshaus Center, which is jointly hosted by the University of Washington and Washington State University.
- Section 3 requires adoption of new rules regarding authorized degree-granting institutions' student loan practices.
- Section 5 increases the penalty for unfair business practices for authorized institutions, which will increase the complexity of the penalty determination in ongoing decisions.
- Section 6 outlines specific conditions under which WSAC may deny, revoke or suspend the authorization of any authorized institution found to be engaged in a significant number of unfair business practices. This will increase the number of factors that must be explicitly taken into account in ongoing WSAC compliance monitoring, complaint decisions, and appeals of decisions.
- Section 7 requires consistency of data presented by authorized institutions with information posted on Career Bridge or posted by the US Department of Education, if such data are posted.
- Section 8 requires WSAC to provide the form, content, and posting instructions of a notice that authorized degree-granting institutions must use to inform students about their rights and the availability of complaint procedures. The notice will tend to increase the volume of complaints that required processing by WSAC.
- Section 13 requires WSAC to develop a compliance reporting form by 7/1/18 for use by institutions in reporting compliance with required loan information disclosures. It also requires WSAC to report compliance biannually to the Legislature, beginning 12/1/19 and ending 12/25/25.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

To implement the bill, WSAC must:

- 1) Oversee the execution and reporting of the study described in section 2.

- 2) Draft and vet new rules to implement the bill's requirements.
 - 3) Inform institutions regarding the new requirements and provide technical assistance to institutions regarding the requirements.
 - 4) Develop and implement procedures for monitoring compliance with the bill's requirements.
 - 5) Develop content and format of required institutional disclosure notices.
 - 6) Monitor institutional display of disclosure notices.
 - 7) Develop institutional compliance report form.
 - 8) Collect and analyze institutional compliance reports.
 - 9) Write biannual legislative reports.
 - 10) Revise our complaint form and respond to increased number of inquiries and complaints that will likely result from public awareness of the existence of the bill's provisions and the notices required by the bill.
- Responses range from simple email exchanges to formal complaints and may involve institutional appeals.

Based on the assumption that the degree-granting institutions covered by the bill do not include those considered exempt under WAC 250-61, carrying out this work will require:

- 0.2 FTE associate director in FY 2018 to oversee the study; draft and vet rules; develop and deliver technical assistance presentations, documents, and webinars; establish compliance monitoring and reporting procedures; develop student notices; develop forms and reports, and coordinate efforts with the Workforce Board.
- 0.2 FTE program associate in FY 2018 and 0.1 FTE in subsequent years for data collection; compliance monitoring; technical assistance; student inquiry and complaints processing; and reporting. The higher figure for FY 2018 reflects the additional work necessary to assist the associate director with start-up.
- In FY 2018, \$134,000 is needed to contract for the study described in section 2 of the bill.

[Note: The 2016 Supplemental Budget directed a study of overlaps and gaps in jurisdiction regarding for-profit degree-granting institutions, with an anticipated second phase for implementation of recommendations. The \$134,000 amount for FY18 would be in addition to \$67,000 spent in FY17 for Phase 2 work which is planned for completion by 6/30/17. Integrating the FY17 work with the continued study directed under Section 2 would bring the total cost for Phase 2 work to \$201,000. These cost figures are based on draft budget estimates provided by the William D. Ruckelshaus Center (the current study contractor), rounded upward to the nearest \$1,000.]

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.4	0.1	0.3	0.1	0.1
A-Salaries and Wages	32,000	7,000	39,000	14,000	14,000
B-Employee Benefits	7,000	2,000	9,000	4,000	4,000
C-Professional Service Contracts	134,000		134,000		
E-Goods and Other Services	11,000	3,000	14,000	6,000	6,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$184,000	\$12,000	\$196,000	\$24,000	\$24,000

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Associate Director	94,000	0.2		0.1		
Program Associate	64,000	0.2	0.1	0.2	0.1	0.1
Total FTE's	158,000	0.4	0.1	0.3	0.1	0.1

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Policy Coordination & Administration (010)	184,000	12,000	196,000	24,000	24,000
Total \$	184,000	12,000	196,000	24,000	24,000

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Rules would be updated to implement Sections 3, 6, 7, 8, and 13 of the bill.

Individual State Agency Fiscal Note

Bill Number: 1439 2S HB	Title: Higher ed student protection	Agency: 354-Workforce Training and Education Coordinating Board
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.6	0.3	0.4	0.0	0.0
Account					
General Fund-State 001-1	71,000	30,000	101,000	0	0
Total \$	71,000	30,000	101,000	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Lily Sobolik	Phone: 360-786-7157	Date: 02/28/2017
Agency Preparation: Wendy Tang	Phone: 3607094628	Date: 03/03/2017
Agency Approval: Glenna Red Elk	Phone: 360-709-4620	Date: 03/03/2017
OFM Review: Breann Boggs	Phone: (360) 902-0563	Date: 03/07/2017

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

2SHB1439 creates additional provisions for the state's for-profit degree granting institutions and private vocational schools regulated by the Washington Student Achievement Council (WSAC) and the Workforce Training and Education Coordinating Board (Board) to provide additional student protection from unfair business practices.

Section 2 requires the Board and WSAC to continue administering the two-part study of for-profit and private vocational schools initiated via a budget proviso in July of 2016. The study must include recommendations on an ombuds position to serve students attending these schools. The two agencies are charged with collaborating on a report of the study due to the Legislature by December 31, 2017. It is assumed that the study's contractor would provide a report of its activities and recommendations that the two agencies would draw from in the final report to the Legislature.

Sections 9-12 pertain specifically to the Board's private career school monitoring responsibilities (RCW 28C.10). Implementing these increased student protection aspects would require Board staff to engage in development and implementation of new rules, policy and reporting forms, and expanded compliance monitoring to encompass the additional student protection requirements.

Section 14 requires the Board to develop a form for schools to demonstrate compliance with subsections 2-8 regarding required information to students who have applied for student financial aid, and report biannually to the Legislature on the compliance of licensed institutions with these provisions.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Board anticipates new workload as a result of additional student disclosure and reporting requirements in this legislation. A 0.5 Vocational Education Program Specialist (Range 60) and a 0.1 Administrative Assistant 3 will be required for FY18 at a cost of approximately \$71,000 to assist in the agency rulemaking process to implement the new requirements; develop student disclosures/notices and reporting forms; provide technical assistance and outreach to schools in understanding the new requirements; and conduct additional onsite school visits and examination of student records to ensure accuracy of data being reported and compliance with new requirements, and participate in the study of for-profit and private vocational schools. Continued initial monitoring and enforcement in FY19 will require a 0.25 FTE Vocational Education Program Specialist at a cost of approximately \$30,000.

The biannual report to the Legislature required in Section 14(9) would likely require less than 10 hours of work of Board staff every two years, and can be absorbed within existing duties.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.6	0.3	0.4		
A-Salaries and Wages	35,000	15,000	50,000		
B-Employee Benefits	14,000	6,000	20,000		
C-Professional Service Contracts					
E-Goods and Other Services	15,000	6,000	21,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	7,000	3,000	10,000		
9-					
Total:	\$71,000	\$30,000	\$101,000	\$0	\$0

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Admin Assistant 3	42,492	0.1		0.1		
Vocational Education Program	61,512	0.5	0.3	0.4		
Specialist						
Total FTE's	104,004	0.6	0.3	0.4		0.0

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Several provisions of the legislation would require the agency to adopt revisions of existing administrative rules for licensing and regulating private vocational schools under WAC 490-105. These include:

- Section 9 – Revisions to existing rules relating to minimum standards for private vocational schools.
- Section 10 – Revisions to existing rules relating to unfair business practices for private vocational schools.
- Section 10 – Development of a common definition with WSAC on the terms outlined in subsection 3.
- Section 11 – Revisions to existing rules relating to civil penalties for violations of RCW 28C.10.060, 28C.10.090 and 28C.10.110.
- Sections 12 and 14 – Revisions to existing rules relating to required notification to students on access to student complaints and the availability of a potential Office of the Ombuds serving students attending private career schools, required information to students about financial aid, and reporting requirements of schools to the Board.