

Multiple Agency Fiscal Note Summary

Bill Number: 1439 P HB E2SHB 1439-S2 S5280.2	Title: Higher ed student protection
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Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of Attorney General	0	115,678	0	88,782	0	88,782
Department of Licensing	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Student Achievement Council	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	115,678	0	88,782	0	88,782

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.4	0	115,678	.3	0	88,782	.3	0	88,782
Department of Licensing	.5	0	264,800	.6	0	161,000	.6	0	161,000
Student Achievement Council	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Workforce Training and Education Coordinating Board	.1	30,000	30,000	.0	0	0	.0	0	0
Total	1.0	\$30,000	\$410,478	0.9	\$0	\$249,782	0.9	\$0	\$249,782

Estimated Capital Budget Impact

NONE

Prepared by: Breann Boggs, OFM	Phone: (360) 902-0659	Date Published: Final 2/26/2018
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 52666

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 1439 P HB E2SHB 1439-S2 S5280.2	Title: Higher ed student protection	Agency: 100-Office of Attorney General
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Legal Services Revolving Account-State 405-1		115,678	115,678	88,782	88,782
Total \$		115,678	115,678	88,782	88,782

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.8	0.4	0.3	0.3
Account					
Legal Services Revolving Account-State 405-1	0	115,678	115,678	88,782	88,782
Total \$	0	115,678	115,678	88,782	88,782

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: Kellee Gunn	Phone: 786-7429	Date: 02/14/2018
Agency Preparation: Michael Shinn	Phone: 360-759-2122	Date: 02/19/2018
Agency Approval: Nick Klucarich	Phone: 360-586-3434	Date: 02/19/2018
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/19/2018

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.

Section 1 is a new section in chapter 28B.85 RCW and is a findings section, reiterating history of work done by the Washington Student Achievement (WSAC) and regarding the legislature's intent to help ensure students are provided information to make good decisions regarding educational futures and careers.

Section 2 is a new section in chapter 28B.85 RCW, requiring the WSAC to continue work begun pursuant to section 609, chapter 36, Laws of 2016 Special Session. This second part of the required study requires findings and recommendations for creation of an Ombuds to serve student of degree-granting and private vocational schools. Appropriation for this purpose is "up to seventy-five thousand dollars."

Section 3 adds a new section to chapter 28B.85, allowing the WSAC to deny, revoke or suspend authorization for a degree-granting institution to operate for violations of the chapter. Violations are specified regarding providing misleading testimonials or information.

Section 4 adds a new section to chapter 28B.85 requiring that data presented by institutions operating under the chapter must match any data posted on the Workforce Training and Education Coordinating Board's web site or posted by the U.S. Department of Education.

Section 5 amends RCW 28C.10.050, requiring consistent posting similar to that addressed in Section 4.

Section 6 amends RCW 28C.10.110 to apply a reasonable person standard to whether testimonials or information are misleading, and to bar misleading information regarding completion and employment rates as well as total costs to obtain a degree or certificate.

Section 7 amends RCW 18.16.150 to allow the Director of the Department of Licensing (DOL) on her/his own initiative or in response to student complaints to investigate complaints against schools under the chapter, and to take corrective or remedial action as established by rule against a school that closes.

Section 8 adds a new section to chapter 18.16 RCW, requiring the DOL Director to create a tuition recovery trust fund to provide relief to students impacted by closure of schools regulated under the chapter. Fees may be assessed against schools to fund the recovery fund. Rules are required to be adopted calculating a matrix for deposits to the trust fund by schools, and adopting processes necessary to implement the section.

Section 9 adds a new section to chapter 28B.85 RCW requiring WSAC to create a tuition recovery trust fund to provide relief to students impacted by closure of schools regulated under the chapter. Fees may be assessed against schools to fund the recovery fund. Rules are required to be adopted calculating a matrix for deposits to the trust fund by schools, and adopting processes necessary to implement the section.

Section 10 adds a new section to chapter 28B.77 RCW calling for the WSAC, workforce training and education coordinating board, and department of licensing to collaborate on a single portal for students with consumer protection complaints about institutions regulated by the three bodies.

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.

Cash receipts are assumed to equal the Legal Service Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agencies are WSAC and DOL. The AGO will bill all clients for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agencies' fiscal note. Appropriation authority is necessary in the AGO budget.

AGO AGENCY ASSUMPTIONS:

WSAC will be billed:

FY 2019: \$67,979 for 0.28 Assistant Attorney General (AAG) and 0.14 Legal Assistant (LA) (this includes direct litigation costs of \$1,200).

FY 2020 and in each FY thereafter: \$20,396 for 0.08 AAG and 0.04 LA (this includes direct litigation costs of \$1,200).

DOL will be billed:

FY 2019: \$47,699 for 0.2 AAG and 0.1 LA.

FY 2020 and in each FY thereafter: \$23,995 for 0.1 AAG and 0.05 LA.

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.

AGO Agency Assumptions:

1. Legal services associated with the enactment of this bill will begin on July 1, 2018.
2. Scheduled pay raises in July 2018 and January 2019 are included in these projections.

Assumptions for the AGO Education (EDU) division's Legal Services for WSAC:

1. The AGO will bill WSAC for legal services based on the enactment of this bill.
2. This bill, particularly Section 6, will trigger enforcement action by WSAC that will result in one appeal hearing per year.
3. In FY 2019, EDU will provide legal services to assist WSAC in setting up best practices for investigation and orders. This will result in a need of 0.2 Assistant Attorney General (AAG). Advice to WSAC to assist with setting up a effective investigatory and initial hearing regime—efficient and effective investigations, use of subpoena power, preparation of initial hearing orders. Based on similar work with another client with enforcement authority, EDU estimates 350 AAG hours to accomplish this.

4. In FY 2019 and in each FY thereafter, the AGO will provide legal services to defend one contested case per year requiring 0.08 AAG. One contested enforcement hearing will require 150 AAG hours per case.

5. Anticipated transcription costs for each 3-day hearing are assumed to cost \$1,200.

6. WSAC will be billed:

FY 2019: \$67,979 for 0.28 AAG and 0.14 LA (this includes direct litigation costs of \$1,200).

FY 2020 and in each FY thereafter: \$20,396 for 0.08 AAG and 0.04 LA (this includes direct litigation costs of \$1,200).

Assumptions for the AGO Licensing & Administrative Law (LAL) Legal Services for the Department of Licensing (DOL):

1. The AGO will bill DOL for legal services based on the enactment of this bill.

2. Section 7 authorizes DOL to investigate cosmetology schools and take corrective and remedial action against schools that close, as established by rule. DOL currently licenses 85 cosmetology schools in Washington. DOL will require some legal services for advice on rulemaking in FY 2019 and for assistance with prosecuting disciplinary actions on an ongoing basis, but both functions can be handled within existing resources.

3. Section 8 creates a new tuition recovery trust fund, requires cosmetology schools to make deposits into the fund, and provides for payments to students who are affected by school closures. It authorizes DOL to adopt rules on notifying potential claimants, settling claims, and disbursing funds. DOL will require legal services for advice on rulemaking to implement this type of program, which is new to DOL, and for assistance with handling the claim-settling procedures on an ongoing basis.

4. DOL will be billed:

FY 2019: \$47,699 for 0.2 AAG and 0.1 LA.

FY 2020 and in each FY thereafter: \$23,995 for 0.1 AAG and 0.05 LA.

Note: Agency administration support FTEs are included in the tables below, using a Management Analyst 5 as a representative classification.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.8	0.4	0.3	0.3
A-Salaries and Wages		70,014	70,014	52,238	52,238
B-Employee Benefits		24,299	24,299	18,050	18,050
C-Professional Service Contracts		1,200	1,200	2,400	2,400
E-Goods and Other Services		18,089	18,089	15,038	15,038
G-Travel		816	816	608	608
J-Capital Outlays		1,260	1,260	448	448
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$115,678	\$115,678	\$88,782	\$88,782

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
Assistant Attorney General	101,400		0.5	0.2	0.2	0.2
Legal Assistant III	50,496		0.2	0.1	0.1	0.1
Management Analyst 5	76,860		0.1	0.1		
Total FTEs			0.8	0.4	0.3	0.3

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Education Division (EDU)		67,979	67,979	40,792	40,792
Licensing & Administrative Law Division (LAL)		47,699	47,699	47,990	47,990
Total \$		115,678	115,678	88,782	88,782

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.

None

Individual State Agency Fiscal Note

Bill Number: 1439 P HB E2SHB 1439-S2 S5280.2	Title: Higher ed student protection	Agency: 240-Department of Licensing
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.9	0.5	0.6	0.6
Account					
Tuition Recovery Trust Account-State 503-1	0	264,800	264,800	161,000	161,000
Total \$	0	264,800	264,800	161,000	161,000

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).

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Capital budget impact, complete Part IV.

☒

Requires new rule making, complete Part V.

Legislative Contact: Kellee Gunn	Phone: 786-7429	Date: 02/14/2018
Agency Preparation: Sieng Bonham	Phone: 360-902-3932	Date: 02/20/2018
Agency Approval: Dan Weeks	Phone: (360) 902-0147	Date: 02/20/2018
OFM Review: Veronica Jarvis	Phone: (360) 902-0649	Date: 02/20/2018

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.

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.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.9	0.5	0.6	0.6
A-Salaries and Wages		26,300	26,300	53,200	53,200
B-Employee Benefits		11,300	11,300	22,800	22,800
E-Goods and Other Services		227,000	227,000	84,600	84,600
J-Capital Outlays		200	200	400	400
Total:	\$0	\$264,800	\$264,800	\$161,000	\$161,000

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
Compliance Manager	5,914		0.1	0.1	0.1	0.1
Indirect FTE			0.4	0.2	0.1	0.1
Investigator 3	5,770		0.1	0.1	0.1	0.1
Secretary Senior	3,203		0.3	0.2	0.3	0.3
Total FTEs			0.9	0.5	0.6	0.6

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Mgmt & Support Services (100)		16,600	16,600	10,000	10,000
Information Services (200)		151,700	151,700	7,200	7,200
Business and Professions (700)		96,500	96,500	143,800	143,800
Total \$		264,800	264,800	161,000	161,000

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.

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: 1439 PHB E2SHB 1439-S2 S5280.2

Bill Title: Higher ed student protection

Part 1: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts

Non-zero but indeterminate cash receipts. Please see discussion
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Estimated Expenditures:

	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
FTE Staff Years	-	0.9	0.5	0.6	0.6

Account Name	Account	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
Tuition Recovery Trust Account	503	-	264,800	264,800	161,000	161,000
Account Totals		-	264,800	264,800	161,000	161,000

The revenue 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.

- ☐ If the fiscal impact is **less than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I)
- ☒ If fiscal impact is **greater than \$50,000** per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form
- ☐ Capital budget impact, complete Part IV
- ☒ Requires new rule making, complete Part V

Legislative Request: Kellee Gunn	Phone: 360-786-7429	Date: 02/15/2018
Agency Preparation: Sieng Bonham	Phone: 360-902-3932	Date: 02/20/2018
Agency Approval: Diamatris Winston/Jennifer Clawson	Phone: 360-902-3644	Date: 02/20/2018

Request #	1
Bill #	1439 PHB E2SHB 1439-S2 S5280.2

Part 2 – Explanation

The proposed amendment's impact to the Department of Licensing (DOL) requires the Cosmetology program to create a trust fund for students impacted by school closures; DOL must do rulemaking to set the fee each school must contribute to the fund and a disciplinary structure for schools that close or do not follow the new requirements. DOL must keep a matrix showing the individual fund contributions of each school and is also responsible for distributing funds as necessary.

2.A – Brief Description on what the measure does and how it has a fiscal impact.

Section 7. Amends RCW 18.16.150 to state DOL director may investigate cosmetology schools regarding compliance with this chapter. Investigation can be based on own initiative or result of complaint. Penalties in addition to those under RCW 18.235.110 may take other corrective and remedial action as established by rule again schools that voluntarily or involuntarily close.

Section 8. Adds a new section to chapter 18.16 RCW.

For purposes of providing relief to students impacted by voluntary or involuntary closure of DOL regulated schools, DOL shall establish, maintain, and administer a tuition recovery trust fund (TRTF). All funds collected for the TRTF are payable to the state for student or enrollee purposes including settlement of claims related to school closures – no liability accrues to the state from claims made against the TRTF.

DOL may impose a fee structure in rule on schools licensed under this chapter to fund the TRTF. DOL must determine an amount sufficient in the TRTF in the event of a school closure. DOL shall adopt schedules of times and amounts for effective payments of fees. To reach amount determined, DOL may phase in collection of fees, but must achieve amount determined sufficient no later than 5 years from effective date.

Money from TRTF may be used for:

- Providing refunds to students affected by school closures;
- Securing and administering student records; and
- Any other response DOL determines is necessary to mitigate impacts of a potential or actual school closure.

In order for a school to remain licensed; each school owner shall make cash deposits on behalf of the school into the TRTF. The TRTF's liability with respect to each school commences on the date of the initial deposit into the TRTF made on its behalf and ceases one year from the date the school is no longer licensed. The Director shall adopt by rule a matrix for calculating the deposits into the TRTF on behalf of each school.

No vested right or interest in deposited funds is created or implied for depositor at any time. All funds deposited are payable to state for purposes described in this section. DOL shall maintain the TRTF, serve appropriate notices to affected owners when deposits are due, collect deposits, and make disbursements to settle claims against the TRTF.

Director shall adopt rules to address notifying potential claimants, settling claims, disbursing funds, and any other processes necessary to implement. There is an issue with schools that are regulated by both DOL and the Board or Council.

Section 10. Adds new section to chapter 28B.77 RCW to require the Council, the Board, and DOL to collaborate on creating a single portal for student complaints regarding issues related to consumer protection, disclosures, school or program closures, or other violations committed by institutions they regulate. Persons staffing the portal shall refer complaints to appropriate agency and work as a liaison between the student and relevant agency. Each agency shall ensure that all students enrolled in, applying to, or obtaining loans at, institutions regulated are informed of the portal and how to file complaints. The Board is already creating this portal; we will only need to get appropriation to pay for the \$1,300 annual access fee for two people with an increase of 5% per access fee ongoing.

Workload Indicators: (if applicable)

The increase in cases due to school closure will impact our compliance by approximately 200 new cases per year and investigations with approximately 20 cases per year and ongoing. Not all of the 200 cases will require an investigation as the closure requirements are already in place to ensure the students receive what they need to transfer to another school.

2.B - Cash Receipt Impact

Indeterminate. Revenue impacts are indeterminate until rules are developed to determine the rate for each school's fee for establishing the TRFT fund.

2.C – Expenditures

Account Name	Account	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
Tuition Recovery Trust Account	503	-	264,800	264,800	161,000	161,000
Account Totals		-	264,800	264,800	161,000	161,000

The increase in cases due to school closure will impact our compliance by approximately 200 new cases per year and investigations with approximately 20 cases per year and ongoing. Not all of the 200 cases will require an investigation as the closure requirements are already in place to ensure the students receive what they need to transfer to another school.

- .25 FTE ongoing of a Secretary Senior to open new cases.
- .10 FTE ongoing of an Investigator 3 to assist in investigations for increased cases.
- .05 FTE ongoing for a WMS2 Compliance Manager to oversee increase casework.

The current Lead Agency is: SAC The Assumptions read as follows: 1) The work done by the contractor pursuant to section 2 would require one 3-hour initial meeting plus six additional 2-hour meetings with Washington Student Achievement Council (WSAC) and Workforce Board staff in Olympia focused on the Ombuds topic, plus five two-hour meetings in Olympia on the surety bond/trust fund topic. 2) The work done by the contractor pursuant to section 2 would include a report on the study for submission to the Legislature. 3) WSAC would collaborate with the Workforce Board and DOL to implement the bill.

In addition, DOL will need to purchase two subscriptions for Department staff to access the complaint portal at Washington Student Achievement Council at \$1,300 per subscription for two people increasing by estimated 5% per FY ongoing.

Stakeholder workshops for rule making will be required at three full days with a local conference room at \$500/event. Travel costs will be absorbed for current staff to attend a local event.

DOL can utilize the current existing staff for mailing notices to 73-85 schools regarding rule changes and new legislation requirements and cover any annual mailings.

FY19 \$47,600 Legal services for assistance with handling the claims-settling procedures under Section 8 will be needed.

FY20 \$23,995 and ongoing Legal services for assistance with handling the claims-settling procedures under Section 8.

DOL has concerns with effective date of sine die due to the need for rule making and requests an effective date of July 1, 2019.

Standard FTE goods and services (object E) costs are included on Table 3.A.1. Standard FTE costs do not include objects EM (AG services), ER (contractual services), and EZ (indirect) which are also shown in Table 3.A.1.

Information Services:

Description: Regulating the institutions of higher education, including for-profit institutions and private vocational schools, to protect students from unfair practices.

- Cost: \$139,900
- Duration: 4 months
- Effective date: Unable to meet 90 day sine die effective date. Suggest effective date of 11/1/2018 or later.
- What IS will implement:
 - Venture
 - Add new revenue profession code and fee matrix table.
 - Add endorsement to capture trust fund fee category. Update endorsement fee calculation logic.
 - Add field to maintenance screen to capture trust fund date used in trust fund fee calculation.
 - Update renewal notice and coupon to list renewal fee and trust fund fee separately with total due.
 - Add two rules for renewals fee split and fee processing.
 - Update refund rules based on requirements determined during implementation. Test impacted batch processes.
 - Create reconciliation report.
 - Revenue
 - Add new profession code to revenue legacy and test revenue information sent from Venture through Revenue Validation (RevVal) and revenue legacy.

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Cost Category	Description	Rate	2018	2019	2020	2021	2022	2023	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 18,444	-	29,500	-	-	-	-	29,500
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 26,448	-	13,200	-	-	-	-	13,200
PROJECT MANAGER	Manage schedule and contracts	\$ 27,492	-	11,000	-	-	-	-	11,000
QUALITY ASSURANCE	Plan and carry out activities to assure project deliverables; e.g. preventative defect activities, align quality measures and business objectives.	\$ 31,668	-	28,500	-	-	-	-	28,500
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 27,144	-	8,100	-	-	-	-	8,100
DEVELOPERS	Modify programming and coding to all major systems	\$ 18,444	-	36,900	-	-	-	-	36,900
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ -	-	12,700	-	-	-	-	12,700
Totals			-	139,900	-	-	-	-	139,900

Support Services:

Administrative support is included at a rate of 12 percent of the direct program costs, captured in object EZ. This percentage is split 7 percent for Management and Support Services (MSS) and 5 percent for Information Services Division (ISD) functions. DOL uses a Fiscal Technician 2 (MSS) and an IT Specialist 4 (ISD) staffing costs as a proxy to determine FTE and display them under Indirect Staff in table 3.B.

Administrative support funding received covers agency-wide functions such as vendor payments, contract administration, financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Part 3 – Expenditure Detail

3.A – Expenditures by Object or Purpose

Object Name	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
FTE Staff Years	-	0.9	0.5	0.6	0.6
Salaries and Wages	-	26,300	26,300	53,200	53,200
Employee Benefits	-	11,300	11,300	22,800	22,800
Goods and Services	-	227,000	227,000	84,600	84,600
Equipment	-	200	200	400	400
Total By Object Type	-	264,800	264,800	161,000	161,000

3.A.1 – Detail of Expenditures by Sub-Object (Goods and Services Only)

Object E - Description	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
EA - General Office Supplies	-	500	500	1,000	1,000
EB - Phone/Install/Usage	-	300	300	600	600
ED - Facility/Lease Costs	-	2,800	2,800	5,600	5,600
EG - Training	-	300	300	600	600
EK - Facilities and Services	-	600	600	1,200	1,200
EL - Interagency DP Svcs	-	1,300	1,300	2,600	2,600
EM - Attorney Gen Svcs/Costs	-	47,600	47,600	48,000	48,000
EN - Personnel Services	-	100	100	200	200
ER - Contracted Costs	-	1,500	1,500	-	-
ER - Other Contract Costs	-	200	200	400	400
ER - Application Programmers	-	139,900	139,900	-	-
EY - Software Maintenance	-	3,500	3,500	7,200	7,200
EZ - Indirect Costs	-	28,400	28,400	17,200	17,200
Total Goods & Services	-	227,000	227,000	84,600	84,600

3.B – FTE Detail

Position	Salary	FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
Secretary Senior	3,203	-	0.3	0.2	0.3	0.3
Investigator 3	5,770	-	0.1	0.1	0.1	0.1
Compliance Manager	5,914	-	0.1	0.1	0.1	0.1
Indirect FTE		-	0.4	0.2	0.1	0.1
Total FTE		-	0.9	0.5	0.6	0.6

3.C – Expenditures by Program (Optional)

Program		FY 18	FY 19	17-19 Total	19-21 Total	21-23 Total
100 - Mgmt & Support Services	MSS	-	16,600	16,600	10,000	10,000
200 - Information Services	ISD	-	151,700	151,700	7,200	7,200
700 - Business & Professions	BPD	-	96,500	96,500	143,800	143,800
Totals by Program		-	264,800	264,800	161,000	161,000

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

Yes, new rules will need to be created to define the fee schedule for the fund and to further define the requirements of this bill.

Individual State Agency Fiscal Note

Bill Number: 1439 P HB E2SHB 1439-S2 S5280.2	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:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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:

☒

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.

☐

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: Kellee Gunn	Phone: 786-7429	Date: 02/14/2018
Agency Preparation: Mark Bergeson	Phone: 360-753-7881	Date: 02/26/2018
Agency Approval: Don Bennett	Phone: 360-753-7810	Date: 02/26/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 02/26/2018

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.

The bill adds new authorities and responsibilities for the Washington Student Achievement Council (WSAC) under the state's degree-granting institutions laws (Ch. 28B.85 RCW) as follows:

Section 2 requires WSAC to continue administering the for-profit institution study that has been conducted by the Ruckelshaus Center, with a report due by December 31, 2018. The fiscal note assumes the contractor hired for the study would prepare the report and the contractor would require the entire \$75,000 allowed under the bill, based on a cost estimate of \$86,500 provided by Ruckelshaus staff.

Section 3(1)(a) clarifies WSAC authority to deny, revoke, or suspend authorization of degree-granting institutions that violate Ch. 28B.85 RCW. This clarification would lead to an increase in effort in terms of related communications with institutions.

Section 3(1)(b) prohibits delegation of authority for compliance and enforcement oversight or complaint response to another state. Currently, Washington participates in State Authorization Reciprocity Agreements (SARA), which facilitates oversight of distance education programs authorized in other states that enroll students in Washington. Through SARA, participating institutions headquartered in each participating state may offer and run targeted advertising or recruitment campaigns for online programs (with in-person field placements when necessary) in another participating state without undergoing that state's degree authorization process. This multistate, regional, and national effort results in an efficiency for Washington institutions participating in SARA because they do not have to apply for authorization in every state in which students are enrolled and pay fees for those applications. WSAC staff have a lower volume of applications for authorization from out-of-state institutions offering SARA-eligible programs to Washington students. WSAC collects SARA cost recovery fees from participating in-state institutions to manage state participation and facilitate a student complaint resolution process.

If Section 3(1)(b) results in Washington being required to withdraw from SARA, cost recovery fees collected by WSAC would be reduced to zero, but authorization fees collected from out-of-state institutions would increase. WSAC staff effort would increase because requests for degree authorization for some out-of-state institutions would increase. This fiscal note assumes the ongoing increased effort can be spread relatively evenly across fiscal years.

Section 3(2) makes it illegal for institutions or their agents to give prospective students certain kinds of information that a reasonable person would find misleading or deceptive. WSAC would work with the office of the Attorney General (ATG) to develop an effective mechanism for investigating, evaluating, and responding to student complaints generated under this section. Enforcement actions would require additional WSAC staff effort.

Section 4 requires that completion rate, employment rate, and other data used by degree-granting institutions in marketing materials are consistent with data posted on Career Bridge or by the U.S. Department of Education, if such data are posted. Enforcement would require increased WSAC compliance monitoring effort.

Section 9 requires WSAC to establish, maintain, and administer a tuition recovery trust fund, with funds payable to the state for the benefit of private school students. It also requires WSAC to develop rules for administering

the trust fund. At this time, the appropriate amount needed in the trust fund and timing of cash receipts to bring it to that level are indeterminate because sufficient information is not available to make a reliable estimate. WSAC will need to hire a consultant, or obtain expertise through interagency agreement, to inform the creation of the tuition recovery trust fund and its financial dimensions.

Section 10 requires WSAC, Workforce Board, and Department of Licensing to collaborate to create a single portal for student complaints, within existing resources.

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.

The cash receipt impact is indeterminate because of: (a) uncertainty regarding the bill's impact on Washington's ability to continue participating in State Authorization Reciprocity Agreements (SARA); and (b) insufficient information available on which to base a reliable estimate of trust fund receipts.

Sections 3(1)(b) and 9 have the following cash receipts impacts:

If Section 3(1)(b) does not cause Washington to withdraw from SARA, then section 3(1)(b) would have no cash receipts impact.

If Section 3(1)(b) causes Washington to withdraw from SARA, cost recovery fees collected by WSAC would be reduced to zero but authorization fees collected from out-of-state institutions would increase. We estimate SARA cost recovery fees would decrease by \$20,000 each year based on current volume and adjusted for federal Higher Education Act Title IV cost recovery.

Assuming that 74 out of 86 current out-of-state SARA participants offering programs in Washington complete Washington's authorization process after their SARA membership in Washington ends, and that the number of out-of-state authorizations for institutions that would have been covered under SARA remains stable over time, withdrawal from SARA will result in the following increases in authorization fees collected by the state:

- Fiscal year 2019 \$166,000 increase
- Fiscal year 2020 no effect because authorization renewal occurs every 2 years
- Fiscal year 2021 \$83,000 increase
- Fiscal year 2022 no effect because authorization renewal occurs every 2 years
- Fiscal year 2023 \$83,000 increase

The net cash receipts effect of these adjustments is:

- Fiscal year 2019 \$146,000 increase
- Fiscal year 2020 \$20,000 decrease
- Fiscal year 2021 \$63,000 increase
- Fiscal year 2022 \$20,000 decrease
- Fiscal year 2023 \$63,000 increase

Section 9 would increase cash receipts to establish and maintain the tuition recovery trust fund, but the amount and timing is indeterminate at this time, because WSAC does not have sufficient information to make a reliable estimate.

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 cash receipt impact is indeterminate because of: (a) uncertainty regarding the bill's impact on Washington's ability to continue participating in State Authorization Reciprocity Agreements (SARA); and (b) insufficient information available on which to base reliable estimates of trust fund disbursements. To implement sections 2, 3, 9 and 10 of the bill WSAC must do the following, regardless of whether the bill causes Washington to withdraw from SARA:

- Oversee the execution and reporting of a study done by a consultant for \$75,000.
- Set up an effective mechanism for investigating and evaluating student complaints generated by section 3(2) and respond to such complaints. This would require \$68,000 worth of Attorney General services in Fiscal Year 2019 and \$20,000 in each subsequent year.
- Establish, maintain, and administer a tuition recovery trust fund. This will involve hiring consultants for \$73,000 in FY 2019 to inform establishment of the trust fund and for \$34,000 in each subsequent year to inform trust fund adjustments.
- Collaborate with WTB and DOL to create a single portal for student complaints.
- Draft and vet new rules to implement the bill.
- Inform institutions regarding the new law and provide technical assistance.
- Develop and implement procedures for monitoring compliance with the bill's requirements.

This work would require the following staff effort and expenditures:

Fiscal Year 2019 Staff Effort

- 0.7 FTE Associate Director (0.5 FTE startup and 0.2 FTE ongoing)
- 0.8 FTE Program Associate (0.4 FTE start-up and 0.4 FTE ongoing)
- 0.2 FTE Fiscal Analyst 3 (0.1 FTE start-up and 0.1 FTE ongoing)

Fiscal Year 2019 Expenditures

- Salaries and Wages = \$129,000
- Employee Benefits = \$47,000
- Professional Service Contracts = \$148,000
- Goods and Other Services = \$118,000 (including \$68,000 ATG fees)
- Travel = \$2,000
- Total = \$444,000

Fiscal Year 2020 and Subsequent Year Staff Effort

- 0.2 FTE Associate Director ongoing
- 0.4 FTE Program Associate ongoing
- 0.1 FTE Fiscal Analyst 3 ongoing

Fiscal Year 2020 and Subsequent Year Expenditures:

- Salaries and Wages = \$50,000
- Employee Benefits = \$21,000
- Professional Service Contracts = \$34,000
- Goods and Other Services = \$43,000 (including \$20,000 ATG fees)
- Travel = \$1,000
- Total = \$149,000

If the bill results in Washington’s withdrawal from SARA, the following additional effort and expenditures would be required, to authorize out-of-state programs currently covered by SARA that include field placements in Washington and/or target advertising and recruitment efforts at Washingtonians:

Fiscal Year 2019 Additional Staff Effort

- 0.3 FTE Associate Director (0.1 FTE startup and 0.2 FTE ongoing)
- 0.7 FTE Program Associate (0.3 FTE start-up and 0.4 FTE ongoing)
- 0.1 FTE Fiscal Analyst 3 ongoing

Fiscal Year 2019 Additional Expenditures

- Salaries and Wages = \$79,000
- Employee Benefits = \$27,000
- Goods and Other Services = \$30,000
- Total = \$136,000

Fiscal Year 2020 and Subsequent Year Additional Staff Effort

- 0.2 FTE Associate Director ongoing
- 0.4 FTE Program Associate ongoing
- 0.1 FTE Fiscal Analyst 3 ongoing

Fiscal Year 2020 and Subsequent Year Additional Expenditures:

- Salaries and Wages = \$50,000
- Employee Benefits = \$21,000
- Goods and Other Services = \$19,000
- Total = \$90,000

Part III: Expenditure Detail

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.

WSAC would update WAC 250-61 to implement Sections 3, 4, 9, and 10 of the bill.

Individual State Agency Fiscal Note

Bill Number: 1439 P HB E2SHB 1439-S2 S5280.2	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	0.0	0.3	0.1	0.0	0.0
Account					
General Fund-State 001-1	0	30,000	30,000	0	0
Total \$	0	30,000	30,000	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:

☐

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.

☒

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: Kellee Gunn	Phone: 786-7429	Date: 02/14/2018
Agency Preparation: Victoria DeBoer	Phone: 360 709-4620	Date: 02/21/2018
Agency Approval: Nova Gattman	Phone: 360-709-4612	Date: 02/21/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 02/21/2018

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.

Section 2 requires the Board, the Washington Student Achievement Council (WSAC), and the Department of Licensing (DOL), subject to specific appropriations for this purpose, to continue administering the two-part study of for-profit and private vocational schools that was initiated via budget proviso in July 2016 with the William D. Ruckelshaus center. The study shall include recommendations on a potential ombuds position to serve students attending these schools, as well as exploring ways to ensure adequate student protection in the event of a school closure. The three agencies are charged with collaborating on a report of the study, which is due to the Legislature by December 31, 2018. 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 developing the final report to the Legislature.

Section 5(2)(c) amends statutory provisions relating to minimum standards for private vocational schools to include a requirement that if a school's materials or web site includes specific information about program outcomes or loan/indebtedness metrics for students and graduates, these materials must contain the same data posted on the Board's website www.careerbridge.wa.gov, or on the U.S. Department of Education website, if available.

Section 6(2)(h) amends statutory provisions related to unfair business practices for private vocational schools. The amendments to this section include:

- Clarification to state that "a reasonable person would find likely" rather than the previous language of "which has the tendency" when considering whether a school's information has the ability to mislead or deceive prospective students or the public.
- The creation of an additional unfair business practice for schools not following Section 5(2)(c), which requires that program outcome information be consistent with data on the Board's www.careerbridge.wa.gov, or on the U.S. Department of Education website, if available.
- Creating additional unfair business practices for schools that deliberately mislead prospective students or the public on postgraduation employment by industry; total cost to obtain a degree or certificate; the acceptance of courses, a degree or certificate by higher education institutions; the likelihood of obtaining financial aid or low-interest loans for tuition; and the ability of graduates to repay loans.

Section 10 requires WSAC, DOL, and the Workforce Board to, within existing resources, collaborate to create a single portal for student complaints. The section requires each agency to ensure that all students enrolled, or planning to enroll, in a private career school are informed of the portal and how to file complaints.

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.

Implementing these increased student protection aspects would require Board staff to continue participating in

the Ruckelshaus study, work with WSAC to develop a single student complaint portal, engage in development and implementation of new and amended rules, and would include some expanded compliance monitoring to address the additional student protection requirements.

The Board would require A 0.15 Vocational Education Program Specialist and a 0.1 Administrative Assistant 3 in FY19 for the following activities:

- Assist in the agency rulemaking process to implement the new requirements;
- Provide technical assistance, outreach, and initial monitoring to schools in understanding the new requirements;
- Develop a single portal for student complaints, and ensure that all students are informed of the portal and how to file complaints; and
- Participate in up to seven meetings to finalize the study of for-profit and private vocational schools with WSAC and DOL.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.3	0.1		
A-Salaries and Wages		15,000	15,000		
B-Employee Benefits		6,000	6,000		
C-Professional Service Contracts					
E-Goods and Other Services		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		3,000	3,000		
9-					
Total:	\$0	\$30,000	\$30,000	\$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
Administrative Assistant 3			0.1	0.1		
Vocational Education Program Specialist			0.2	0.1		
Total FTEs			0.3	0.1		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.

Two 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 5 – Revisions to existing rules relating to minimum standards for private vocational schools.
- Section 6 – Revisions to existing rules relating to unfair business practices for private vocational schools.