

Multiple Agency Fiscal Note Summary

Bill Number: 6029 E 2S SB	Title: Student loan bill of rights
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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	0	0	70,466	0	70,466
Department of Financial Institutions	0	33,975	0	1,564,750	0	1,618,750
Student Achievement Council	0	0	0	175,000	0	350,000
Total \$	0	33,975	0	1,810,216	0	2,039,216

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.4	95,737	95,737	1.0	192,690	263,156	1.0	192,690	263,156
Department of Financial Institutions	1.9	0	440,426	5.8	0	1,315,128	5.8	0	1,315,128
Student Achievement Council	.9	245,000	245,000	1.3	175,000	350,000	1.3	0	350,000
The Evergreen State College	.5	124,209	124,209	.0	0	0	.0	0	0
Total	3.7	\$464,946	\$905,372	8.1	\$367,690	\$1,928,284	8.1	\$192,690	\$1,928,284

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: 52859

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 6029 E 2S SB	Title: Student loan bill of rights	Agency: 090-Office of State Treasurer
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Financial Services Regulation Account-Non-Appropriated 300-6				(175,000)	(350,000)
Student Loan Advocate Account-Non-Appropriated New-6				175,000	350,000
Total \$					

Estimated Expenditures from:

NONE

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: Megan Mulvihill	Phone: 360-786-7304	Date: 02/15/2018
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 02/20/2018
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 02/20/2018
OFM Review: Ramona Nabors	Phone: (360) 902-0547	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.

E2SSB 6029 creates the student loan advocate account, coupled with the general fund as the recipient of the earnings from investments.

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.

Under section 4, starting in fiscal year 2021 the state treasurer shall annually transfer from the financial services regulation fund to the student loan advocate account the greater of one hundred seventy-five thousand dollars or twenty percent of the annual assessment derived from student education loan servicing as provided by the department of financial institutions (DFI).

As directed by DFI, \$175,000 is the annual transfer estimate for this fiscal note.

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. Two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings. Based on the February 2018 revenue forecast, assume approximately \$10,300 in FY 18, \$17,800 in FY 19, \$25,400 in FY 20 and \$30,800 in FY 21 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

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

NONE

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

Bill Number: 6029 E 2S SB	Title: Student loan bill of rights	Agency: 100-Office of Attorney General
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Part I: Estimates

☐ 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				70,466	70,466
Total \$				70,466	70,466

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.7	0.4	1.0	1.0
Account					
General Fund-State 001-1	0	95,737	95,737	192,690	192,690
Legal Services Revolving Account-State 405-1	0	0	0	70,466	70,466
Total \$	0	95,737	95,737	263,156	263,156

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: Megan Mulvihill	Phone: 360-786-7304	Date: 02/15/2018
Agency Preparation: Stacia Hollar	Phone: (360) 664-0865	Date: 02/16/2018
Agency Approval: Deborah Feinstein	Phone: 360-709-6463	Date: 02/16/2018
OFM Review: Gwen Stamey	Phone: (360) 902-9810	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.

Section 1 adds a new section to RCW 28B.77 requiring the Student Achievement Council (SAC) to designate a Student Loan Advocate within the Office of Student Financial Assistance to provide timely assistance to any student education loan borrower with any student education loan, and receive and review complaints from student education loan borrowers. Complaints regarding servicers licensed or subject to licensing under RCW 31.04 must be referred to the Department of Financial Institutions (DFI) for investigation. DFI may also investigate complaints from the public. The Student Loan Advocate, in collaboration with the Attorney General's Office (AGO), receives, reviews, and refers complaints to the AGO's Consumer Protection (CPR) Division all other complaints from student education loan borrowers regarding student education loan servicers whose activities are not subject to licensure by RCW 31.04. The duties of the Student Loan Advocate are listed. By October 1, 2020, the Student Loan Advocate must establish and maintain a Student Education Loan Borrower Education Course regarding issues surrounding student education loans. By December 31, 2020, the SAC must submit a report to the appropriate legislative committees. Implementation of this section by the Student Achievement Counsel (SAC) is subject to the availability of amounts appropriated and the balance of the student loan advocate account.

Section 2 amends RCW 28B.10.285 to require educational institutions to provide enrolled students who have applied for student financial aid with a statement that income-driven repayment plans may allow a federal student loan borrower to reduce their monthly payment according to a percentage of their income, and a brief summary of the potentially applicable plans.

Section 3 adds a new section to RCW 31.04 requiring DFI to establish fees by rule to cover the cost of administering DFI's program for student education loan servicers and the SAC's student loan advocate.

Sections 4 and 5 pertain to the Student Loan Advocate Account created in the custody of the State Treasurer.

Sections 6 and 7 add new sections to RCW 31.04 imposing various requirements on student education loan servicers. DFI is authorized to adopt necessary rules to implement Sections 6 and 7.

Section 8 adds a new section to RCW 31.04 imposing various requirements on any person providing third-party student education loan modification services.

Section 9 amends RCW 31.04.015 to add definitions for "educational institution," "student education loan," "student education loan borrower," "student loan education servicer," "student loan education servicing" or "servicing a student education loan" and "third-party student education loan modification services."

Section 10 adds a new section to RCW 31.04 to specify those who are subject to the student education loan servicer requirements in this chapter, but are exempt from having to obtain and maintain a license in accordance with this chapter. DFI may refer complaints regarding entities subject to this section to the AGO Consumer Protection Division.

Section 11 amends RCW 31.04.027 to include actions by a student education loan services that constitute violations of this chapter.

Section 12 amends RCW 31.04.035 to add a reference to persons that “service or modify student education loans,” or “student education loan servicing.”

Section 13 amends RCW 31.04.093 to add several references to “student education loan servicing.”

Section 14 amends RCW 31.04.102 to require a specific clear and conspicuous disclosure.

Sections 15 and 16 amend RCW 31.04.145 and RCW 31.04.165 to apply to persons subject to this chapter.

Section 17 amends RCW 31.04.277 to strike, with respect to consumer loan company licensees, the qualification “who makes, services, or brokers a loan secured by real property.”

Section 18 amends RCW 31.04.310 to include student education loan servicers.

Section 19 is a new section requiring the Washington State Institute for Public Policy to conduct a study on the impact and cost-effectiveness of establishing a student loan authority to refinance existing federal and private undergraduate and graduate student loans from the proceeds of tax-exempt bonds. The Institute must report to the Legislature by December 31, 2018.

Section 20 adds a new section to RCW 31.04 providing that the requirements of this act do not apply to persons doing business under, and as permitted by, state and federal laws relating to banks, savings banks, trust companies, savings and loan or building and loan associations, and credits unions.

Section 21 is a new section providing that the Department of Financial Institutions (DFI) and the director or the director’s designees do not have any enforcement, examination, or reporting obligations or duties under this act until January 1, 2019, or until final adoption of rules pursuant to this act, whichever is sooner.

Section 22 is a new section providing a severance clause.

Section 23 is a new section providing this act may be known as the Washington Student Education Loan Bill of Rights.

Sections 3, 4, 6, 7, 11, 12, 13, 14, 15, 16, 17, and 18 are qualified by the condition that the Department of Financial Institution’s (DFI) obligations or duties under this act are subject to Section 21.

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.

AGO Consumer Protection activities are funded with General Fund-State dollars. No cash receipt impact. There is no client agency to bill for legal services.

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 agency is DFI. The AGO will bill the client for legal services rendered.

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

budget.

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 Consumer Protection (CPR) Division:

1. All CPR activities are funded with General Fund-State dollars. CPR enforces the Consumer Protection Act with respect to conduct that is made unlawful under RCW 19.86.020, which broadly prohibits unfair or deceptive acts or practices in trade or commerce. CPR focus is on representations and failures to disclose terms and conditions.
2. CPR assumes it will confer with SAC and DFI on complaints and with DFI on which agency will pursue enforcement. CPR further assumes this collaboration will occur more frequently beginning in FY 2019 and will be more streamlined thereafter.
3. CPR assumes up to three investigations per FY starting in FY 2019.
4. CPR assumes up to two litigation matters per FY starting in FY 2019. The matters will settle or be resolved through summary judgment. The number of hours required by settlement or summary judgment will be roughly equivalent given the division's experience briefing the legal issues involved.
5. Based on past experience with cases involving similar complexity, CPR assumes that the matters resolved without trial will either by negotiated settlement or summary judgment. Beginning in FY 2019 and each year thereafter, approximately 220 AAG hours, 80 investigator hours, and 50 paralegal hours will be required for each case that is investigated and resolved at summary judgment.
6. Each case will require legal services to include, but not limited to: Reviewing information referred by SAC; conferring with SAC and DFI regarding referrals; analyzing information for possible enforcement action; investigating possible violations of law which includes sending investigative demands, reviewing investigative demand responses, interviewing witnesses and depositions; seeking remedies for violation of law (including settlement negotiations or litigation as necessary, which includes additional fact finding demands or depositions, motions practice, and litigation).
7. Direct litigation costs for court filing fees is included totaling \$440 per FY.
8. Total CPR impact is:

FY 2019: 0.32 Assistant Attorney General (AAG), 0.06 Paralegal (PL), 0.09 Investigator (INV) and 0.16 Legal Assistant (LA-SEA) at a cost of \$95,737 (including litigation costs).
FY 2020 in in each FY thereafter: 0.32 AAG, 0.06 PL, 0.09 INV and 0.16 LA-SEA at a cost of \$96,345

(including litigation costs).

Assumptions for the AGO Government Compliance & Enforcement (GCE) Legal Services for DFI:

1. The AGO will bill DFI for legal services based on the enactment of this bill.
2. As a result of this bill, DFI will undertake rulemaking in FY 2019. It is estimated that 20 AAG hours will be required for the review and advice relating to rulemaking. These costs are assumed nominal and are not included in this request.
3. DFI assumes that the provisions in this bill will generate an average of 4 new administrative proceedings each year. New litigation referrals will not be received until FY 2020, after the completion of rulemaking.
4. Beginning in 2020, GCE assumes that DFI staff will represent DFI in 2 cases that will not be referred to the AGO, and 2 new litigation matters will be referred to the AGO.
5. Based on past experience with similar consumer loan cases, GCE projects that of the 2 new litigations referrals received each year, one case will settle and the other will proceed to a full administrative hearing. The new litigation will require 0.1 AAG and 0.1 PL beginning in FY 2020 and each year thereafter.
6. Total GCE workload is 0.10 AAG, 0.10 PL and 0.05 Legal Assistant FY2020 and in each FY thereafter at a cost of \$35,233.

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		0.7	0.4	1.0	1.0
A-Salaries and Wages		60,003	60,003	163,222	163,222
B-Employee Benefits		20,705	20,705	56,666	56,666
C-Professional Service Contracts		440	440	880	880
E-Goods and Other Services		12,770	12,770	39,461	39,576
G-Travel		754	754	2,124	2,124
J-Capital Outlays		1,065	1,065	803	688
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$95,737	\$95,737	\$263,156	\$263,156

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		0.3	0.2	0.4	0.4
Legal Assistant III	50,496				0.1	0.1
Legal Assistant III (Seattle)	60,048		0.2	0.1	0.2	0.2
Management Analyst 5	76,860		0.1	0.0	0.1	0.1
Paralegal II	66,240		0.1	0.0	0.2	0.2
Senior Investigator	86,928		0.1	0.1	0.1	0.1
Total FTEs			0.7	0.4	1.0	1.0

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Consumer Protection Division (CPR)		95,737	95,737	192,690	192,690
Government Compliance & Enforcement Division (G				70,466	70,466
Total \$		95,737	95,737	263,156	263,156

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: 6029 E 2S SB	Title: Student loan bill of rights	Agency: 102-Department of Financial Institutions
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Financial Services Regulation Account-Non-Appropriated 300-6		33,975	33,975	1,564,750	1,618,750
Total \$		33,975	33,975	1,564,750	1,618,750

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	3.7	1.9	5.8	5.8
Account					
Financial Services Regulation Account-Non-Appropriated 300-6	0	440,426	440,426	1,315,128	1,315,128
Total \$	0	440,426	440,426	1,315,128	1,315,128

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.
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- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact: Megan Mulvihill	Phone: 360-786-7304	Date: 02/15/2018
Agency Preparation: Emily Fitzgerald	Phone: (360) 902-8780	Date: 02/20/2018
Agency Approval: Levi Clemmens	Phone: (360) 902-8818	Date: 02/20/2018
OFM Review: Ramona Nabors	Phone: (360) 902-0547	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.

This bill tasks the Department of Financial Institutions (DFI) with regulating Student Loan Servicers. DFI will develop and implement a full licensing and regulatory scheme for this new license type. The bill requires student loan servicers to be licensed by DFI, grants authority to DFI to conduct investigations and examinations, grants power to suspend or revoke any license for violating the student loan bill of rights, and grants the power to pursue violations of federal laws and rules regarding loan servicing.

This fiscal note is based on an estimate of industry participation. The cost of regulation will vary based on the size and complexity of the industry, and on the volume of complaints referred to DFI. DFI is a self-funded, non-appropriated agency. Industries currently regulated by DFI pay fees commensurate with the costs of regulation.

Anticipated revenue for FY19 will not cover costs to administer the program. As examinations and investigations begin to generate revenue, DFI anticipates being able to cover the costs to administer the program plus the required transfer of funds to the advocate's office.

The proposed legislation requires that DFI implement the provisions by taking the following actions:

Section 1 - Receive, investigate and respond to complaints.

Section 3 – Conduct rule writing to establish fees sufficient to cover program costs. Collect application, licensing, assessment, examination and investigation fees.

Section 4 - Establish a process for reporting the assessment fees to the state treasurer for annual transfer of revenue to Washington Student Achievement Council (WSAC) beginning in fiscal year 2021.

Section 12– Create a new license type and develop an application process. Review, evaluate and process applications for each entity. Examine each applicant for character, financial responsibility and fitness. Conduct background checks. Issue a license for each company.

Section 13 - Conduct enforcement activities. DFI would have the authority to deny an application for license and revoke, condition or suspend a license.

Section 15 & 16 – Authority to investigate, examine and supervise each licensee. Assess and collect fees to cover the costs of activities. Grants rulemaking authority to ensure full administration and licensee compliance.

Section 17 – Requires student loan servicers to submit call reports.

Section 18 – Grants authority to petition the superior court for a receiver to take over a licensee.

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.

DFI estimates that there will be up to 31 entities plus 8 branches who apply for licensure. The fees anticipated in the bill will be set by rule and we will set an appropriate fee structure to cover DFI's costs. DFI estimates that servicers will each pay a licensing fee of \$500 plus an application fee of \$500. Application and initial licensing revenue will be received through the nationwide licensing database, NMLS.

In addition, each licensee is subject to examination which will be billed at \$90 per hour. Each servicer will also pay an annual assessment fee based on volume of business and risk to consumers. The initial assessment fee will be collected at the time of application (represented by the licensing fee) and annually thereafter.

FY 19 Total Revenue- \$33,975

FY 20 Total Revenue- \$755,375

FY 21 and beyond Total Revenue – \$809,375

The cash receipts are calculated as follows:

Application and licensing fees:

FY 19 –\$32,600

Section 3(1)(d&e) – Each main location applicant will pay a non-refundable application fee of \$500 and a license fee of \$500. Each branch location applicant will pay a non-refundable application fee of \$100 and a license fee of \$100. DFI estimates the following revenue under the assumption that there will be 31 entities and 8 branches who apply in FY19.

$[(31 \times \$1,000 = \$31,000) + (8 \times \$200 = \$1,600)] = \$32,600.$

License Amendment Fees:

FY19 and ongoing - \$1,375

Section 3(1)(f) – Each licensee will pay a transaction fee for changes to their account record; changes in control, change of location, change of address, etc.

For 31 licensees, it is estimated that there will be 55 such changes per year at a fee of \$25. $(55 \times \$25 = \$1,375)$

Assessment Fees:

FY20 and ongoing - \$700,000

Section 3(1)(a) – Each licensee will pay an assessment fee based on their volume of business in the previous year. Assessment fees will be established by rule and DFI estimates the following revenue under the assumption that servicers will handle \$250,000,000 each (US Dept. of Education figures showing \$7.7B in outstanding federal loans) in loans per year. The first annual assessment fees will be due in early CY 2020 for business conducted in CY 2019. DFI proposes using an assessment factor of .009032258% of total loan balances serviced and estimates an average loan volume per licensee of \$250,000,000.

$(250,000,000 \times .00009032258 \times 31 = \$700,000)$

Exam fees:

FY20 - \$54,000

FY21 ongoing \$108,000

Section 15 & 16 grants the authority to examine or investigate each licensee location. Section 3(1)(c) identifies hourly exam costs. Exam costs will be billed at \$90 per hour and each exam will likely require 120 hours. DFI expects to examine 5 licensees in FY20 and 10 licensees each year following.

FY20 - $\$90 \times 120 \times 5 = \$54,000$

FY21 ongoing - $\$90 \times 120 \times 10 = \$108,000$

Investigation fees:

For purposes of this fiscal note, investigative fees are not included as they are indeterminate.

Section 4(3)(a) In FY20 and beyond, a minimum of \$175,000 in revenue will be transferred from DFI's financial services regulation account to the WSAC to cover the costs of administering the Council's duties. In the event that \$175,000 is less than 20% of assessment revenue, then 20% of assessment revenue will be transferred to WSAC.

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.

One-time expenditures:

Section 12 – The proposed legislation creates a new license type. DFI will have to develop a new licensing and application review process requiring revisions to existing computer applications. IT contract costs are estimated to be \$29,500 in FY19. DFI will have rule writing authority under this legislation and expects that rules will be necessary to assist this newly regulated industry. Rulemaking costs will be absorbed by DFI.

Ongoing expenditures:

Section 1(2) allows the WSAC student education loan advocate and DFI to receive, review and investigate complaints. DFI cannot estimate the number of complaints that may fall under the authority of DFI. Based on complaint data collected by the Consumer Financial Protection Bureau, there does seem to be a high volume of complaints in this area that will require staff time to investigate and resolve.

Section 1(4) requires the advocate, DFI and the Office of the Attorney General to confer each year regarding complaint referral processes and reporting requirements.

Section 4(3)(b) DFI will develop a method of reporting assessment revenue each year to the office of the state treasurer for purposes of calculating funds to be transferred to the advocate office.

DFI will collect financial, criminal background information and other identifying information for review of suitability for licensure.

DFI will have authority to examine and investigate each licensee. DFI will receive, investigate and resolve complaints.

DFI will have enforcement authority.

The costs of conducting these activities are represented by the FTE estimates below:

Program FTEs in FY19:

FTE	Position	Functional Area
.3	Management Analyst 5	Licensing
.2	Program Specialist 3	Licensing
.2	Management Analyst 1	Exams
1.0	Financial Examiner 3	Exams
.2	Financial Examiner Supv.	Exams
.3	Legal Assistant 4	Enforcement
.7	Fin. Legal Examiner 4	Enforcement
.3	Fin. Legal Examiner Supv.	Enforcement
3.2	Total Program FTEs	

Program FTEs in FY20 and beyond:

FTE	Position	Functional Area
.1	Management Analyst 5	Licensing
.2	Program Specialist 3	Licensing
.4	Management Analyst 1	Exams
1.7	Financial Examiner 3	Exams
.3	Financial Examiner Supv.	Enforcement
.7	Legal Assistant 4	Enforcement
1.3	Fin. Legal Examiner 4	Enforcement
.3	Fin. Legal Examiner Supv.	Enforcement
5.0	Total Program FTEs	

Administrative overhead is calculated at 15% of program FTEs using a Fiscal Analyst 3 as a representative position, which comes to \$35,761 in FY19 and \$55,877 FY19 and beyond.

The AGO estimates a workload impact of 180 AAG hours and 180 paralegal hours in FY20 and beyond, as well as an additional 20 AAG hours in FY19 to assist DFI with rulemaking. These hours will be charged to DFI at a cost of \$35,233 in FY20, and in each fiscal year thereafter.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		3.7	1.9	5.8	5.8
A-Salaries and Wages		251,933	251,933	771,812	771,812
B-Employee Benefits		84,969	84,969	260,308	260,308
C-Professional Service Contracts		29,500	29,500		
E-Goods and Other Services		35,324	35,324	178,808	178,808
G-Travel		25,900	25,900	88,200	88,200
J-Capital Outlays		12,800	12,800	16,000	16,000
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$440,426	\$440,426	\$1,315,128	\$1,315,128

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
Financial Examiner 3	71,040		1.0	0.5	1.7	1.7
Financial Examiner Supervisor	104,124		0.2	0.1	0.3	0.3
Financial Legal Examiner 4	78,348		0.7	0.4	1.3	1.3
Financial Legal Examiner Supervisor	104,124		0.3	0.2	0.3	0.3
Fiscal Analyst 3	47,820		0.5	0.3	0.8	0.8
Legal Assistant 4	45,540		0.3	0.2	0.7	0.7
Management Analyst 1	41,232		0.2	0.1	0.4	0.4
Management Analyst 5	62,748		0.3	0.2	0.1	0.1
Program Specialist 3	51,504		0.2	0.1	0.2	0.2
Total FTEs			3.7	1.9	5.8	5.8

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.

Section 3

Section 6

Section 7

The proposed legislation grants DFI the authority to adopt rules as necessary to implement the provisions of the act. Rulemaking costs will be absorbed.

Individual State Agency Fiscal Note

Bill Number: 6029 E 2S SB	Title: Student loan bill of rights	Agency: 340-Student Achievement Council
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Student Loan Advocate Account-Non-Appropriated 6				175,000	350,000
Total \$				175,000	350,000

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	1.8	0.9	1.3	1.3
Account					
General Fund-State 001-1	0	245,000	245,000	175,000	0
Student Loan Advocate Account-Non-Appropriated NEW-6	0	0	0	175,000	350,000
Total \$	0	245,000	245,000	350,000	350,000

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:

☒

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: Megan Mulvihill	Phone: 360-786-7304	Date: 02/15/2018
Agency Preparation: Becky Thompson	Phone: 360-753-7840	Date: 03/05/2018
Agency Approval: Don Bennett	Phone: 360-753-7810	Date: 03/05/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 03/05/2018

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.

Engrossed Second Substitute Senate Bill 6029 establishes a student loan bill of rights.

This engrossed second substitute does not differ from the second substitute in regards to the Washington Student Achievement Council's (WSAC) role.

Specific to the Washington Student Achievement Council (WSAC), E2S SB 6029:

Section 1

- Designates a student loan advocate to assist any student loan borrower of any student education loan.
- Advocate to receive and review complaints from student borrowers. May include a complete loan history review. Refer complaints to the Attorney General Office (AGO) or the Department of Financial Institutions (DFI) as necessary.
- Annually confer with AGO and DFI on compliant referrals and reporting requirements.
- Compile and analyze data on borrower complaints.
- Assist borrowers in understanding their rights and responsibilities.
- Provide information to the public, agencies, legislators and others regarding the problems and concerns of student loan borrowers and make recommendations to resolve.
- Analyze and monitor the development and implementation of federal, state and local laws, rules, regulations and policies relating to student borrowing and recommend changes.
- Assess the number of loan forgiveness or discharge applications submitted and approved.
- Disseminate the availability of the advocate.
- Assist borrowers applying for loan forgiveness or discharge.
- Develop and maintain a student loan borrower education course by October 1, 2020.
- By December 31, 2020, submit a legislative report on implementation, effectiveness of the advocate, and the types of complaints along with resolutions.

Section 5

- The student loan advocate account is created for the purpose of covering the costs of administering the advocate defined in section 1.

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.

Section 5 creates the student loan advocate account. The account is non-appropriated but allotted.

Per section 3(1), the Department of Financial Institutions (DFI) is to establish fees sufficient enough to cover DFI administration and WSAC's student loan advocate. Those fees are to be deposited into the financial services regulation fund.

Per section 4(3)(a), beginning in 2020-2021, the state treasurer is to transfer the greater of \$175,000 or 20% of the annual assessment of student education loan servicing from the financial services regulation fund to the student loan advocate account.

The cash receipts will be a minimum of \$175,000 annually.

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.

WSAC assumes an initial GF-S appropriation would be required to cover initial implementation costs before funds from fee revenue will be available through the student loan advocate account beginning in 2020-21 (per section 4(3)(a)).

NUMBER OF COMPLIANTS:

The number of complaints 1) researched by WSAC and 2) referred on to the Attorney General Office or the Department of Financial Institutions is estimated based on WSAC's past experience with compliants.

WSAC currently administers three other complaint processes: 1) Schools that fall under the jurisdiction of degree-authorization (DA); 2) schools that are exempt from DA but have signed a Memorandum of Agreement designating WSAC as the final arbitrator for complaints to meet U.S. Department of Education requirements in CFR 600.9; and 3) Washington schools participating in State Authorization Reciprocity Agreements. In 2015, WSAC received 162 school complaints requiring .20 FTE associate director to research, make referrals and seek resolution. Degree authorization complaints that require formal investigations have been much fewer (2-3 per year) but they require a significant time commitment, in some cases spanning 6 months. It is unknown if the number of complaints related to SB 6029 will be similar, as the period of time a borrower is in repayment can be up to 15 years longer than those attending college, and we do not have current data on the number of borrowers experiencing difficulty with loan servicers.

ADMINISTRATIVE EXPENSES:

Administrative functions assumed by the Washington Student Achievement Council (WSAC) include (as defined in section 1):

- Designates a student loan advocate to assist any student loan borrower of any student education loan.
- Advocate to receive and review complaints from student borrowers. May include a complete loan history review. Refer complaints to the Attorney General Office (AGO) or the Department of Financial Institutions (DFI) as necessary.
- Annually confer with AGO and DFI on compliant referrals and reporting requirements.
- Compile and analyze data on borrower complaints.
- Assist borrowers in understanding their rights and responsibilities.
- Provide information to the public, agencies, legislators and others regarding the problems and concerns of student loan borrowers and make recommendations to resolve.
- Analyze and monitor the development and implementation of federal, state and local laws, rules, regulations and policies relating to student borrowing and recommend changes.
- Assess the number of loan forgiveness or discharge applications submitted and approved.
- Disseminate the availability of the advocate.
- Assist borrowers applying for loan forgiveness or discharge.
- Develop and maintain a student loan borrower education course by October 1, 2020.
- By December 31, 2020, submit a legislative report on implementation of the legislation, effectiveness of the advocate, and the types of complaints along with resolutions.

To perform these activities and based on the assumptions above on the number of complaints, WSAC would need, 1.0 FTE associate director (Advocate position), 0.30 FTE program coordinator and 0.5 IT programmer in year 1. Thereafter it is assumed that the IT infrastructure, including the curriculum resources would be built and less administrative support would be needed. Expenses year 2 and beyond would be 1.0 FTE associate director

(Advocate position) and 0.30 program coordinator.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		1.8	0.9	1.3	1.3
A-Salaries and Wages		144,000	144,000	214,000	214,000
B-Employee Benefits		50,000	50,000	64,000	64,000
C-Professional Service Contracts					
E-Goods and Other Services		49,000	49,000	70,000	70,000
G-Travel		2,000	2,000	2,000	2,000
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:	\$0	\$245,000	\$245,000	\$350,000	\$350,000

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		1.0	0.5	1.0	1.0
Program Coordinator	41,000		0.3	0.2	0.3	0.3
Programmer	74,000		0.5	0.3		
Total FTEs			1.8	0.9	1.3	1.3

III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Financial Aid & Grant Programs (030)		245,000	245,000	350,000	350,000
Total \$		245,000	245,000	350,000	350,000

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.

The Washington Student Achievement Council would need to adopt administrative rules.

Individual State Agency Fiscal Note

Bill Number: 6029 E 2S SB	Title: Student loan bill of rights	Agency: 376-The Evergreen State College
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Part I: Estimates

☐

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	1.0	0.5	0.0	0.0
Account					
General Fund-State 001-1	0	124,209	124,209	0	0
Total \$	0	124,209	124,209	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: Megan Mulvihill	Phone: 360-786-7304	Date: 02/15/2018
Agency Preparation: Catherine Nicolai	Phone: (360) 664-9087	Date: 02/20/2018
Agency Approval: Holly Joseph	Phone: 360-867-6652	Date: 02/20/2018
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.

Sec. 19 of E2SSB 6029 directs WSIPP to "conduct a study on student loan authorities that refinance existing federal and private undergraduate and graduate student loans from the proceeds of tax-exempt bonds. In conducting the study, the institute shall:

- (a) Review guidance on the subject issued by the United States treasury;
- (b) Review the structure and characteristics of state-operated loan refinance programs in other states, including borrower requirements;
- (c) Review available literature on the impacts of borrower requirements of similar programs;
- (d) Estimate potential savings and costs to undergraduate and graduate borrowers from differences in interest rates of loans refinanced by the state as compared to similarly situated borrowers of federal direct loans and private loans, issued one, five, and ten years ago; and
- (e) Consider the value of repayment and forgiveness options that may be lost to a borrower of a federal student education loan who chooses to refinance, including income-driven repayment options, economic hardship deferments, or public service loan forgiveness."

A report is due to the higher education committees by December 31, 2018.

6029 2S SB Section 1 requires the student achievement council to designate a student education loan advocate (ombuds) within the office of student financial assistance to provide timely assistance to a student education loan borrower with a student education loan.

6029 2S SB does not directly impact The Evergreen State College with the establishment of the student education loan bill of rights. TESC already notifies students periodically regarding information on student education loans, including total loan debt, interest, monthly payments and pay off amount estimate, etc. Adding new information to the notifications such as the availability of the student loan advocate (ombuds) to assist students and potential students or about new payment plans wouldn't pose any fiscal impacts to TESC.

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.

In order to complete the study outlined in Sec. 19 of E2SSB 6029, WSIPP would assign the following resources:

FY 19:

- 0.60 FTE Research Associate and 0.30 FTE Senior Research Associate to review federal guidance on student loan refinancing; review state-operated loan refinance programs in other states; analyze the research literature on the impacts of borrower requirements; and estimate the potential savings and costs of state-refinanced loans compared to various federal direct and private loan programs, from the perspective of the borrower.
- 0.12 FTE of Review/Publication report publication.

*Goods and other services includes 13% for office expenses and 12% indirect rate for The Evergreen State College.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		1.0	0.5		
A-Salaries and Wages		75,270	75,270		
B-Employee Benefits		22,872	22,872		
C-Professional Service Contracts					
E-Goods and Other Services		26,067	26,067		
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:	\$0	\$124,209	\$124,209	\$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
Research Associate	74,527		0.6	0.3		
Review/Publication	94,968		0.1	0.1		
Senior Research Associate	108,137		0.3	0.2		
Total FTEs			1.0	0.5		0.0

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.



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
6029 E 2S SB	Student loan bill of rights

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	2018-27 TOTAL
Office of State Treasurer	0	0	0	0	0	0	0	0	0	0	0
Office of Attorney General	0	0	0	0	0	0	0	0	0	0	0
Department of Financial Institutions	0	33,975	755,375	809,375	809,375	809,375	809,375	809,375	809,375	809,375	6,454,975
Student Achievement Council	0	0	0	0	0	0	0	0	0	0	0
The Evergreen State College	0	0	0	0	0	0	0	0	0	0	0
Total	0	33,975	755,375	809,375	809,375	809,375	809,375	809,375	809,375	809,375	6,454,975



Ten-Year Analysis

Bill Number 6029 E 2S SB	Title Student loan bill of rights	Agency 090 Office of State Treasurer
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp> .

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 2/20/2018 3:51:42 pm
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 2/20/2018 3:51:42 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6029 E 2S SB	Title Student loan bill of rights	Agency 100 Office of Attorney General
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Narrative Explanation (Required for Indeterminate Cash Receipts)

None

Agency Preparation: Stacia Hollar	Phone: (360) 664-0865	Date: 2/16/2018 3:39:22 pm
Agency Approval: Deborah Feinstein	Phone: 360-709-6463	Date: 2/16/2018 3:39:22 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6029 E 2S SB	Title Student loan bill of rights	Agency 102 Department of Financial Institutions
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐

No Cash Receipts

☐

Partially Indeterminate Cash Receipts

☐

Indeterminate Cash Receipts

Estimated Cash Receipts

Name of Tax or Fee	Acct Code	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	2018-27 TOTAL
Student Loan Servicer Application License Fee	300		32,600									32,600
Student Loan Servicer Assessment Fee	300			700,000	700,000	700,000	700,000	700,000	700,000	700,000	700,000	5,600,000
Student Loan Servicer Examination Fee	300			54,000	108,000	108,000	108,000	108,000	108,000	108,000	108,000	810,000
Student Loan Servicer License Amendment Fee	300		1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	1,375	12,375
Total			33,975	755,375	809,375	809,375	809,375	809,375	809,375	809,375	809,375	6,454,975

Biennial Totals

33,975

1,564,750

1,618,750

1,618,750

1,618,750

6,454,975

Narrative Explanation (Required for Indeterminate Cash Receipts)

This bill tasks the Department of Financial Institutions (DFI) with regulating Student Loan Servicers. DFI will have to develop and implement a full licensing and regulatory scheme for this new license type. The bill requires student loan servicers to be licensed by DFI, grants authority to DFI to conduct investigations and examinations, grants power to suspend or revoke any license for violating the student loan bill of rights, and grants the power to pursue violations of federal laws and rules regarding loan servicing.

This projection is based on an estimate of industry participation. The cost of regulation will vary based on the size and complexity of the industry, and on the volume of complaints referred to DFI. DFI is a self-funded, non-appropriated agency. Industries currently regulated by DFI pay fees commensurate with the costs of regulation.

Assessment Fees:

FY20 and ongoing - \$700,000

Section 3(1)(a) – Each licensee will pay an assessment fee based on their volume of business in the previous year. The first assessment fees will be due in early CY2020



Ten-Year Analysis

Bill Number	Title	Agency
6029 E 2S SB	Student loan bill of rights	102 Department of Financial Institutions

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

for business conducted on CY 2019. We propose using an assessment factor of .009032258% of total loan balances serviced, and an average loan volume per licensee of \$250,000,000. $(250,000,000 \times .00009032258 \times 31 = \$700,000)$

Examination fees:

FY20 - \$54,000

FY21 ongoing \$108,000

Sections 15 & 16 grant the authority to examine or investigate each licensee location. Section 3(1)(c) identifies hourly exam costs. Exam costs will be billed at \$90 per hour and each exam will likely require 120 hours. DFI expects to examine 5 licensees in FY20 and 10 licensees each year following. $(\$90 \times 120 \times 5 = \$54,000)$ $(\$90 \times 120 \times 10 = \$108,000)$

Application and licensing fees:

FY 19 –\$32,600

Section 3(1)(d&e) – Each main location applicant will pay a non-refundable application fee of \$500 and a license fee of \$500. Each branch location applicant will pay a non-refundable application fee of \$100 and a license fee of \$100. DFI estimates the following revenue under the assumption that there will be 31 entities and 8 branches that apply in FY19. $[(31 \times \$1,000 = \$31,000) + (8 \times \$200 = \$1,600) = \$32,600.]$

License Amendment fees:

FY19 and ongoing - \$ 1,375

Section 3(1)(f) – Each licensee will pay a transaction fee for changes to their account record; changes in control, change of location, change of address, etc. DFI estimates that there will be 55 such changes per year at a fee of \$25. $(55 \times \$25 = \$1,375)$

Agency Preparation: Emily Fitzgerald	Phone: (360) 902-8780	Date: 2/20/2018 1:19:39 pm
Agency Approval: Levi Clemmens	Phone: (360) 902-8818	Date: 2/20/2018 1:19:39 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6029 E 2S SB	Title Student loan bill of rights	Agency 340 Student Achievement Council
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Narrative Explanation (Required for Indeterminate Cash Receipts)

There will be no cash receipts from fees deposited directly in the student loan advocate account. Fees will be set and collected by the Department of Financial Institutions under Section 3(1), and deposited into the financial services regulation account.

Agency Preparation: Becky Thompson	Phone: 360-753-7840	Date: 3/5/2018 1:12:09 pm
Agency Approval: Don Bennett	Phone: 360-753-7810	Date: 3/5/2018 1:12:09 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 6029 E 2S SB	Title Student loan bill of rights	Agency 376 The Evergreen State College
------------------------------------	---	--

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp> .

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Narrative Explanation (Required for Indeterminate Cash Receipts)

We are not authorized to collect fees.

Agency Preparation: Catherine Nicolai	Phone: (360) 664-9087	Date: 2/20/2018 12:18:06 pm
Agency Approval: Holly Joseph	Phone: 360-867-6652	Date: 2/20/2018 12:18:06 pm
OFM Review:	Phone:	Date: