

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2143 2S HB PL	<b>Title:</b> Higher ed. financial aid
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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 State Treasurer	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.					
<b>Total \$</b>	0	0	0	0	0	0

## 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
Student Achievement Council	Non-zero but indeterminate cost and/or savings. Please see discussion.								
University of Washington	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
<b>Total</b>	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

## Estimated Capital Budget Impact

NONE

<b>Prepared by:</b> Breann Boggs, OFM	<b>Phone:</b> (360) 902-0659	<b>Date Published:</b> Final 4/ 3/2018
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 53103

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2143 2S HB PL	<b>Title:</b> Higher ed. financial aid	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

### 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:	Phone:	Date: 03/06/2018
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 03/06/2018
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 03/06/2018
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/07/2018

## 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.*

E2SHB 2143 PL creates the medical student loan 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.*

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

<b>Bill Number:</b> 2143 2S HB PL	<b>Title:</b> Higher ed. financial aid	<b>Agency:</b> 340-Student Achievement Council
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## Part I: Estimates

☐ 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:

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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:	Phone:	Date: 03/06/2018
Agency Preparation: Becky Thompson	Phone: 360-753-7840	Date: 03/07/2018
Agency Approval: Don Bennett	Phone: 360-753-7810	Date: 03/07/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 04/03/2018

## 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 House Bill 2143 creates the Medical Student Loan program and expands eligibility in the Opportunity Scholarship program to students pursuing advanced degrees in health professional shortage areas.

#### MEDICAL STUDENT LOAN PROGRAM

Specific to Washington Student Achievement Council (WSAC) responsibilities, E2SHB 2143 creates the Medical Student Loan program. (Note: "Office" as defined in Sec. 1(3) means the office of student financial assistance. RCW 28B.76.090(1) creates the office of student financial assistance within and under the direction of WSAC).

WSAC would be the program administrator and have the following responsibilities (per Section 2):

- Design and implement a low interest medical student loan program
- Set program interest rate and repayment terms including deferments
- Administer the application, selection and notification process
- Collect repayments
- Publicize the program
- Solicit donations for loan funding
- Accept donations from public and private sources for program
- Adopt rules

Individual award amounts would vary depending on individual cost of attendance, not to exceed \$40,000 per year (Section 2(1)(b)).

Interest rates would also vary. For recipients who work as doctors in a rural underserved area of Washington, the interest rate would equal or be better than federal direct loan program rates. For those who do not, an interest rate of at least twelve percent would be assessed.

Section 3 creates the medical student loan account for medical student loans (non-appropriated) and program administration (appropriated). Revenues would consist of funds received for the program, including grants, donations, and repayments.

By December 1, 2020 and annually thereafter, WSAC is to report to the Legislature to include (Section 4):

- Number of applicants
- Number of participants
- Number of participants that completed their program
- Number of participants employed and nature of employment
- Participants serving in rural underserved areas
- Demographics of applicants and participants
- Estimate of when the program will be self-sustaining

#### WASHINGTON OPPORTUNITY SCHOLARSHIP PROGRAM

Starting with Section 5, E2SHB 2143 expands eligibility for the Opportunity Scholarship to students pursuing advanced degrees in health professional shortage areas and creates a "student support pathways account" for

advance degree scholarships.

WSAC's administrative duties related to the Opportunity Scholarship program are limited to administration of the contract with the program administrator and verifying state match funds.

## **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.*

Specific to WSAC's duties as program administrator for the Medical Student Loan Program:

Expenditures from the Medical Student Loan Program account are subject to appropriations for program administration, but not required for expenditure of funds for loans. All funds received for the program would be deposited in the account (Section 3(1)). WSAC assumes that sufficient appropriation authority in GF-S and the new account would be provided to allow for administration of the program.

Future cash receipts into the fund are indeterminate. In addition to any appropriations made for administration of the program, cash receipts into the account would include gifts and grants solicited by WSAC and borrower repayment of principal and interest; and would be dependent on the amount of gifts and grants received, the number of borrowers, the number of borrowers who serve in rural areas, loan amounts, repayment terms, interest rate and default rate.

Repayment revenue would begin for recipients who withdraw as early as six months after the program begins. Repayment terms and interest rate to be determined by WSAC and could vary.

## **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.*

Specific to WSAC's duties as program administrator for the Medical Student Loan Program:

The overall expenditures are indeterminate, as they are dependent on the level of appropriation for administrative expenses, amount of nonstate public and private donations for funding the loan program, number of applicants, number of borrowers, number of borrowers who serve in rural areas, interest rates, loan terms, and loan amounts.

It is assumed that borrowers would be in repayment for a minimum of 10 years, therefore administrative expenses would extend beyond FY23. The length of time can vary based on several factors including time to degree, time to employment, number of deferments, and repayment terms.

Administrative functions assumed include:

- Solicit donations from nonstate public and private sources to fund loans
- Develop a loan application
- Administer selection process
- Develop the recipient promissory notes
- Collect recipients' cost of attendance
- Develop and carry out ongoing loan disbursements
- Monitor enrollment and program of study
- Monitor service area (rural or not)
- Collection activities

- Fund management, including forecasting self-supporting fund
- Develop and adopt rules
- Promote the program
- Author and submit annual legislative report each year, beginning December 1, 2020

WSAC's administrative duties related to the Opportunity Scholarship program (WSOS) are limited to administration of the contract with the program administrator and verifying state match funds.

#### ADMINISTRATIVE EXPENDITURES

WSAC assumes that sufficient appropriation authority in GF-S and the new account would be provided to allow for administration of the program.

WSAC assumes that 1.0 FTE associate director at a cost of \$151,000 (included in the costs below) would be required to solicit donations from nonstate sources for medical student loan program funding. It is assumed that this would need to be an ongoing position until the fund was self-sustaining.

WSAC would have additional administrative expenses for all other administrative duties outlined above. Assuming no more than \$5M in loan funding, the work would initially require \$212,000 to develop and implement the loan program, run an award cycle, and make initial disbursements in year one. Administrative expenses would scale up for anything beyond \$5M.

Staffing Details are as follows for year one only for administration of the medical loan program -  
 - 1.0 FTE program manager, 0.5 FTE IT programmer, 1.25 associate director

Staffing Details are as follows for WSAC's administrative duties associated with WSOS -  
 - 0.20 FTE analyst

The costs associated with these staffing levels would be as follows:

Salaries = \$225,000  
 Benefits = \$76,000  
 Goods & Services = \$80,000  
 Travel = \$3,000  
 Equipment = \$5,000  
 Total = \$389,000

In addition to staffing costs, contract expenses would be anticipated for the medical student loan program and likely would include credit checks, billing, and collections costs. Costs would vary by number of loans per year but are estimated as follows:

- Credit check expenses of \$7.15 per applicant
- Billing service expenses of \$30 per borrower per year

Administrative expenses beyond initial solicitation and award cycle for the loan program are indeterminate, as previously described. There would be administrative costs for a minimum of 10 years after initial disbursements.

### 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 need to adopt administrative rules for the Medical Student Loan Program, per Section 2(8).



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2143 2S HB PL	<b>Title:</b> Higher ed. financial aid	<b>Agency:</b> 360-University of Washington
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## Part I: Estimates

☒ No Fiscal Impact

*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:	Phone:	Date: 03/06/2018
Agency Preparation: Kelsey Rote	Phone: 2065437466	Date: 03/09/2018
Agency Approval: Sharyl Morris	Phone: 2065434679	Date: 03/09/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 04/03/2018

## 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.*

2143 2S HB.PL creates the Medical Student Loan Program to provide low-interest loans to students in Doctor of Medicine or Doctor of Osteopathic Medicine programs who declare an intention to work in a rural underserved area in Washington. It expands the Washington State Opportunity Scholarship to students in eligible advanced degree programs in health professions who commit to a required service obligation in a service obligation area.

2143 2S HB.PL would not result in a fiscal impact for the University of Washington (UW), and any activity generated from this bill would be handled within existing resources and workload. The UW School of Medicine would use existing resources and methods to handle the processing and assistance for students entering into this particular loan program. Since there are similar programs and loans already in place, we do not estimate additional workload or costs to offer and implement this loan program.

### 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

## 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

<b>Bill Number:</b> 2143 2S HB PL	<b>Title:</b> Higher ed. financial aid	<b>Agency:</b> 365-Washington State University
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## Part I: Estimates

☒ No Fiscal Impact

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

Legislative Contact:	Phone:	Date: 03/06/2018
Agency Preparation: Chris Jones	Phone: 509-335-9682	Date: 03/09/2018
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 03/09/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 04/03/2018

## 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 of 2S HB.PL 2143 creates the Medical School Loan Program, which is targeted to students who declare an intent to work in a rural underserved area in Washington.

Section 6 expands the Washington State Opportunity Scholarship to students in eligible advanced degree programs in health professions who commit to a required service obligation in a service obligation area.

WSU does not expect the need for additional resources to serve students who are interested in or participating in the Medical School Loan or Opportunity Scholarship programs.

### II. B - Cash receipts Impact

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### 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

## 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.*