

Multiple Agency Fiscal Note Summary

Bill Number: 5704 SB	Title: Children's ed. savings acct.
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Social and Health Services	0	12,000	0	0	0	0
Student Achievement Council	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	12,000	0	0	0	0

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	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
Department of Social and Health Services	.1	34,000	46,000	.0	0	0	.0	0	0
Student Achievement Council	4.2	8,647,000	8,647,000	3.2	8,962,000	8,962,000	3.2	9,448,000	9,448,000
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
The Evergreen State College	.1	20,495	20,495	.0	7,957	7,957	.0	8,196	8,196
Total \$	4.4	8,701,495	8,713,495	3.2	8,969,957	8,969,957	3.2	9,456,196	9,456,196

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Student Achievement Council	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	.0	0	0	.0	0	0	.0	0	0
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

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

** See local government fiscal note

FNPID: 55488

FNS029 Multi Agency rollup

Prepared by: Breann Boggs, OFM	Phone: (360) 902-0659	Date Published: Final 2/ 8/2019
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note
FNPID: 55488

Individual State Agency Fiscal Note

Bill Number: 5704 SB	Title: Children's ed. savings acct.	Agency: 090-Office of State Treasurer
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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 Operating Expenditures from:

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: Alicia Kinne-Clawson	Phone: 360-786-7407	Date: 01/31/2019
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 02/01/2019
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 02/01/2019
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 02/03/2019

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.

SB 5704 creates the Washington children’s educational savings account program account and allows the account to retain its 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 November 2018 revenue forecast, assume approximately \$27,200 in FY 20, \$32,500 in FY 21, \$33,300 in FY 22, and \$34,300 in FY 23 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

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 - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

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.

Individual State Agency Fiscal Note

Bill Number: 5704 SB	Title: Children's ed. savings acct.	Agency: 300-Department of Social and Health Services
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
General Fund-Federal 001-2	12,000		12,000		
Total \$	12,000		12,000		

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.1	0.0	0.1	0.0	0.0
Account					
General Fund-State 001-1	34,000	0	34,000	0	0
General Fund-Federal 001-2	12,000	0	12,000	0	0
Total \$	46,000	0	46,000	0	0

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: Alicia Kinne-Clawson	Phone: 360-786-7407	Date: 01/31/2019
Agency Preparation: Chris Chung	Phone: 360-902-7769	Date: 02/07/2019
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 02/07/2019
OFM Review: Anna Minor	Phone: (360) 902-0541	Date: 02/07/2019

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 7 requires the Department of Social and Health Services (DSHS) to exclude any amounts deposited in an individual college savings program account from income eligibility determination of any assistance or benefits.

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.

DSHS Community Services Division (CSD) earns federal funds at an average rate of 27 percent based on the current cost allocation plan.

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 bill requires DSHS to implement the following system modifications to the Automated Client Eligibility System (ACES):

- New resource or income identifiers
- Eligibility processing rule changes
- Letter updates

To implement these changes, DSHS requires IT Specialist 5 - 0.12 FTE to gather requirements, develop automated solutions, perform testing, and promote coding changes as well as \$31,000 (\$23,000 GF-State) in ACES contractor costs. The total cost is \$46,000 (\$34,000 GF-State) in Fiscal Year 2020.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	34,000	0	34,000	0	0
001-2	General Fund	Federal	12,000	0	12,000	0	0
Total \$			46,000	0	46,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.1		0.1		
A-Salaries and Wages	10,000		10,000		
B-Employee Benefits	4,000		4,000		
C-Professional Service Contracts	31,000		31,000		
E-Goods and Other Services	1,000		1,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	46,000	0	46,000	0	0

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
IT Specialist 5	89,964	0.1		0.1		
Total FTEs		0.1		0.1		0.0

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Economic Services Administration (060)	46,000		46,000		
Total \$	46,000		46,000		

Part IV: Capital Budget Impact

NONE

N/A

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.

This bill requires new and amended rules.

Individual State Agency Fiscal Note

Bill Number: 5704 SB	Title: Children's ed. savings acct.	Agency: 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 Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	4.7	3.7	4.2	3.2	3.2
Account					
General Fund-State 001-1	4,312,000	4,335,000	8,647,000	8,962,000	9,448,000
Total \$	4,312,000	4,335,000	8,647,000	8,962,000	9,448,000

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: Alicia Kinne-Clawson	Phone: 360-786-7407	Date: 01/31/2019
Agency Preparation: Luke Minor	Phone: 360-753-7628	Date: 01/31/2019
Agency Approval: Don Bennett	Phone: 360-753-7810	Date: 01/31/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 02/03/2019

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.

SB 5704 directs the Washington Student Achievement Council (WSAC) to develop and manage the Washington children's educational savings account program (WCESAP), through the Washington College Savings Program (WCSP). The program's purpose is to establish college savings accounts for eligible beneficiaries. Eligible beneficiaries are defined as kindergartners who are Washington residents enrolled in a Washington public school and eligible for free or reduced-price lunch.

Section 3(1) outlines the following duties for WSAC:

- (a) automatically enroll all eligible beneficiaries;
- (b) set up and maintain an omnibus account that will hold all state-funded grants for each beneficiary;
- (c) make an initial seed grant of \$100 for each eligible beneficiary
- (d) deposit "incentive grants" for qualifying eligible beneficiaries (see Section 3(2) for more details);
- (e) coordinate with the Committee on Advanced Tuition Payment and College Savings (WA 529 Committee) as needed;
- (f) coordinate with the Office of the Superintendent of Public Instruction (OSPI) to identify eligible beneficiaries;
- (g) partner with local communities, schools, school districts, etc. to promote and market the program;
- (h) coordinate with the financial education public-private partnership (FEPPP) and OSPI to provide financial education training and make available to parents;
- (i) allow parents to opt-out;
- (j) accept donations from philanthropic entities; and
- (k) adopt rules necessary to implement the program.

Section 3(2) directs WSAC to make additional, contingent, incentive grants of \$50 if: the parent opens up their own individual savings account in the WCSP and invests \$50; participates in approved financial education training; or participates in an engagement or education activity as part of a pilot program (described in Section 6(2)(a));

Section 4 states:

- (1) WSAC shall establish a way for parents/guardians of beneficiaries to claim funds within 15 years of enrollment. If grant funds are not claimed within 15 years, any initial and incentive funds plus interest are returned to the WCESAP;
- (2) any initial and incentive funds must only be used for qualified higher education expenses, as defined in section 529 of the Internal Revenue Code; and
- (3)(a) if a beneficiary turns 29 years of age or dies and funds have not been used, all initial and incentive funds plus interest are returned to the program; and
- (3)(b) beneficiaries serving in U.S. armed forces, National Guard, Peace Corps or AmeriCorps, will have an additional month for each month of service to use the initial and incentive dollars after age 29.

Section 5 requires all WCESAP participant information/data to remain confidential.

Section 6 requires WSAC to:

- (1) encourage families to open individual college savings accounts through marketing, including creating a simplified application (if possible);
- (2)(a) coordinate with OSPI and FEPPP to engage schools, school districts, and community organizations to

develop pilot projects to innovatively market the program. Pilot projects are designed to educate and engage parents and prioritize populations with barriers to college savings including rural, immigrant and refugee, and racial and ethnic minority communities; and

(2)(b) report to the Legislature on the progress of the pilot project by December 1, 2025.

Section 7 prohibits any savings in an individual college savings account for an eligible beneficiary of the WCESAP from impacting eligibility for any federal or state funded assistance or benefits, including SNAP, TANF, Medicaid, ECEAP, WCCC, head start, or state financial aid.

Section 8 creates the Washington Children's Educational Savings Account Program account in the custody of the State Treasurer, with any funds used exclusively for WCESAP purposes.

Section 9 requires WSAC and the Washington State Institute for Public Policy (WSIPP) to submit reports to the Legislature (WSAC by December 1, 2025 and WSIPP by December 1, 2035).

Based on the bill requirements summarized above, WSAC makes the following assumptions for purposes of this fiscal note:

- Costs for activities and expenditures for the Washington Children's Educational Savings Account Program (WCESAP) will be funded by state appropriations and/or charitable donations.
- If participating families also establish individual college savings accounts for WCESAP participants, the WCSP program manager will require WCSP administrative fees, including a \$35 annual account maintenance fee, to be collected from WCESAP participants, or be paid on behalf of WCESAP participants from appropriations or charitable donations. WCSP fees are designed to cover general account maintenance costs common to all WCSP accounts.
- The state will be able to legally retain control of incentives and the resulting interest, or regain ownership as required in Section 4.
- WSAC will be able (and has sufficient legal authority) to establish an omnibus account within WCSP that contains all state-provided matching dollars and does not incur fees on an individual basis for WCESAP beneficiaries.
- WSAC will be able to develop, or have developed, a specialized system to establish sub-accounting for the omnibus account to track each beneficiary's share of the funds and associated interest earned separately.
- WSAC and the WCSP program manager will be able to identify WCESAP participants who also open individual college savings accounts and track them separately from other WCSP account owners.
- WSAC or the contracted WCSP program manager can develop a simplified and more user-friendly version of the account application form that will be legally sufficient and with negligible added costs.
- WSAC will need to coordinate with other state agencies to carry out the directives of the bill, including identifying and contacting eligible beneficiaries and their families (OSPI), managing the new account created specifically for WCESAP (OFM, OST), ensuring CESAP participation does not impact eligibility for public benefits (DSHS, DCYF), and legislative reporting (WSIPP).

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 indeterminate.

Section 3(1)(j) permits WSAC to accept donations for the program from philanthropic entities and individuals. With no basis to estimate the frequency or amount of such donations, WSAC assumes an indeterminate cash receipts impact from this provision.

Section 4 requires the recapture of grant dollars that are not claimed within 15 years from the date of beneficiary enrollment, or remain unused by the time a beneficiary reaches age 29. WSAC assumes an indeterminate percentage of accounts will forfeit their state-provided initial and incentive grants, along with any earned interest. No estimated cash receipts are made because any such funds would not be recognized until at least 2035 (15 years after the first cohort receives their initial grant funding).

WSAC anticipates an indeterminate amount of increased WCSP administrative fee revenue may be realized from increased participation as a result of the \$50 incentive for families to open individual WCSP accounts. WSAC collects an annual administrative fee of 0.1% (10 bps) of each individual account's average daily balance, plus a \$5 per account annual maintenance fee. For purposes of this fiscal note, WSAC assumes fee revenue would not cover WCESAP costs beyond the base level account maintenance for any other WCSP account.

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.

Washington Children's Educational Savings Account Program (WCESAP) expenditures fall into two primary categories: grant payments to beneficiaries (initial deposits and incentive payments described in section 3(1)(c) and 3(2) of the bill); and administrative costs (staff and related costs required to carry out the provisions of Sec. 3-6 and Sec. 9 of the bill).

--- Grant payments discussion ---

Eligible beneficiaries: Section 2 defines eligible WCESAP beneficiaries as kindergartners in Washington public schools eligible for Free and Reduced-Priced Lunch (FRPL). According to OSPI enrollment data, as of October 2018, 80,981 kindergartners were enrolled in Washington public schools. This figure has remained relatively stable over the last six years, remaining between 80,500 and 81,500, so WSAC assumes 81,000 kindergartners each year for purposes of this fiscal note. Additionally, OSPI Children Nutrition Programs data shows that as of October 2017, 42.3 percent of all public school students were free and reduced-priced meal eligible. Applying this percentage to the total results in 34,623 eligible beneficiaries in each year's cohort.

Initial \$100 deposits (Section 3(1)(c)): Each year, the \$100 initial seed deposit is to be made for all eligible beneficiaries. WSAC assumes each of the 34,263 beneficiaries will receive \$100, resulting in total initial grant deposits of \$3,426,300 per year beginning in Year 1 and ongoing.

Incentive \$50 deposits (Section 3(2)): The \$50 incentive grants are contingent, and based on families taking one of three specified actions to receive the benefit. The timeframe in which a family must take a specified action is undefined, so WSAC assumes a 12-year period in which a beneficiary can be potentially eligible for the incentives (between the ages of 6 and 18). For purposes of this fiscal note, WSAC assumes that families are less likely to take a specified action as time progresses. On average, a varying percentage of families in each cohort

will earn one \$50 deposit in a given year, based on the following schedule: Years 1-2: 10%; Years 3-4: 7.5%; Years 5-6: 5%; Years 7-12: 2.5%. This results in anticipated funding needs of: \$171,300 in FY 2020; \$342,600 in FY 2021; \$471,100; \$599,600 in FY 2023; \$685,250 in FY 2024; and \$770,900 in FY 2025. Different assumptions about the percent of accounts that qualify for the incentive grants would affect these cost estimates.

--- Administrative costs discussion ---

Based on WSAC experience with program administration for college savings programs, additional dedicated staffing would be required to implement the directives in Sec. 3-6 (see brief description in section II.A. above for details). The work described would require 1.0 FTE Program Manager and 1.0 FTE Outreach Specialist beginning July 1, 2019 to immediately begin building relationships in local communities in preparation for an FY20 launch. The program manager would be primarily responsible for program design and coordinating efforts between all internal and external stakeholders. The outreach specialist would primarily be in the field, building relationships within local communities, directing participant activities, and garnering philanthropic support. These new positions would need to remain fully dedicated to WCESAP (i.e., not partially working for existing college savings programs) through FY25 and beyond.

In addition to these two full-time positions, administrative support would be provided through the following:

- Programmer: 2.0 FTE for FY20 and 1.0 FTE FY21 to fully develop, test and modify the selected WCESAP account management solution and data collection tools in a series of phases. After the platform is fully developed, the focus will shift towards system maintenance, quality assurance, and data collection, and needed support will drop to 0.5 FTE for FY22 – FY25.
- Communications Specialist: 0.5 FTE will be required Year 1 and ongoing to support the program manager and the outreach specialist and develop marketing and enrollment materials, support participant and stakeholder communication efforts, and solicit media coverage.
- Financial Analyst: 0.1 FTE will be required Year 1 and ongoing to perform necessary accounting functions, prepare invoices for payment, and ensure omnibus account sub-accounting is in compliance with statewide financial reporting requirements.
- Associate Director: 0.1 FTE will be required Year 1 and ongoing to lead program policy and rule development efforts, oversee program operations, monitor high-level participation trends, manage high-profile community and donor relationships, and report status updates to executive management, the Legislature, and other stakeholders.

Examples of tasks required to accomplish the directives outlined in Sections 3 through 6, and 9 include:

- Work with WSAC staff and rules coordinator, Assistant Attorney General, and the Committee on Advanced Tuition Payment and College Savings to develop program rules, per Section 3(1)(k) of the bill (FY20 activity).
- Work with the Office of the Superintendent of Public Instruction (OSPI) to ensure the existing WSAC-OSPI data sharing agreement is augmented/modified as needed to identify eligible beneficiaries. Additionally, WSAC intends to directly communicate with kindergarten parents and guardians to promote the program and encourage participation, especially for incentive grant-eligible activities, as described in Section 3(2) of the bill (FY20 activity with on-going follow-up in out years).
- Develop and maintain an account management infrastructure, and methodology for tracking the number of WCESAP accounts opened, participant contributions, program-provided incentives, etc. (on-going).

Programmers will need to develop several interfaces, including but not limited to: the backend architecture that supports sub-accounting of each participants grant funds and associated interested contained in the omnibus account; solutions such as an API endpoint to facilitate data sharing between the WCSP program manager and the WCESAP database to maintain the omnibus account and track WCESAP participants who establish individual WCSP accounts; and the WCESAP user experience, which will include an online account/dashboard where participants can create a login to claim their grants and view their account balances.

- Per section 6 of the bill, encourage families to establish individual WCSP accounts through marketing and community development and develop pilot projects targeted at communities with the highest barriers to saving. Work with OSPI, FEPPP and local communities to identify and engage with target communities.
- Make contacts with and conduct site visits to city, county, school, school district, educational service district, organization, and business offices; and attend relevant community events (ongoing).
- Build and implement a marketing plan that includes developing branding, print and digital marketing materials, and creating a simplified enrollment materials to distribute to families (ongoing).
- Engage in media relations efforts such as issuing press releases and contacting reporters to earn free media coverage (ongoing).
- Establish a follow-up process to review the effectiveness of marketing and outreach efforts in each target community and make adjustments and additional contacts as necessary (ongoing).
- Secure and utilize professional translation services for enrollment forms and materials, especially for purposes of supporting the pilot programs outlined in Section 6(2).
- Work with WSAC's assigned AAG as needed to ensure legal sufficiency of forms, disclosures, rules, ownership rights associated with incentive payments, etc.
- Perform necessary accounting functions, prepare invoices for payment, and ensure omnibus account sub-accounting is in compliance with statewide financial reporting requirements (ongoing).
- Collect, analyze and update WCESAP trend data to monitor program progress and prepare for the required 2025 legislative reports required by Sections 6(2)(b) and 9 (ongoing).
- Coordinate with DSHS and DCYF as needed to ensure WCESAP participation does not impact eligibility for any federal or state funded assistance/benefits programs including, but not limited to: SNAP, TANF, Medicaid, ECEAP, WCCC, head start, state financial aid, etc. (Section 7).

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	4,312,000	4,335,000	8,647,000	8,962,000	9,448,000
Total \$			4,312,000	4,335,000	8,647,000	8,962,000	9,448,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	4.7	3.7	4.2	3.2	3.2
A-Salaries and Wages	332,000	250,000	582,000	418,000	418,000
B-Employee Benefits	128,000	102,000	230,000	162,000	162,000
C-Professional Service Contracts	30,000	10,000	40,000	20,000	20,000
E-Goods and Other Services	191,000	186,000	377,000	402,000	502,000
G-Travel	19,000	18,000	37,000	36,000	36,000
J-Capital Outlays	14,000		14,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	3,598,000	3,769,000	7,367,000	7,924,000	8,310,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	4,312,000	4,335,000	8,647,000	8,962,000	9,448,000

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Associate Director	94,000	0.1	0.1	0.1	0.1	0.1
Communications Specialist	57,000	0.5	0.5	0.5	0.5	0.5
Financial Analyst 2	50,000	0.1	0.1	0.1	0.1	0.1
Outreach Specialist	70,000	1.0	1.0	1.0	1.0	1.0
Program Manager A	55,000	1.0	1.0	1.0	1.0	1.0
Programmer	82,000	2.0	1.0	1.5	0.5	0.5
Total FTEs		4.7	3.7	4.2	3.2	3.2

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Policy Coordination & Administration (010)	4,312,000	4,335,000	8,647,000	8,962,000	9,448,000
Total \$	4,312,000	4,335,000	8,647,000	8,962,000	9,448,000

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.

Section 2(1)(k) requires WSAC to adopt rules necessary to implement the program. Several aspects of the bill necessitate well-defined rules, including, but not limited to:

- WSAC is required to automatically enroll and provide an opt-out option for all eligible beneficiaries, which include all kindergarten students in Washington public schools eligible for FRPL. This will require coordination with OSPI on data sharing.
- WSAC is required to keep all program participant information confidential and only for use in connection with the WCESAP.
- Per federal 529 plan regulations, WCESAP participants will be required to provide personally identifiable information such as Social Security Numbers and/or Taxpayer Identification Numbers if they open individual savings accounts through the WCSP.

- WCESAP participants, especially those who also establish individual WCSP accounts will be accepting financial and investment risk inherent in any financial product.
- WCESAP participants will have usage limitations on their accounts (e.g. funds can only be used for qualified higher education expenses).
- The program is to provide contingent incentive payments that are revocable under certain circumstances. Incentive payments can expire and be returned to the program (along with associated interest) if not claimed or used within the timelines specified in the bill.
- Section 7 of the bill states that, unless prohibited by federal law, any savings in an individual college savings account for an eligible beneficiary of the WCESAP program may not be considered when determining eligibility for any federal or state funded assistance/benefits programs including, but not limited to: SNAP, TANF, Medicaid, ECEAP, WCCC, head start, state financial aid, etc. This may necessitate coordination with the DSHS and DCYF.

Individual State Agency Fiscal Note

Bill Number: 5704 SB	Title: Children's ed. savings acct.	Agency: 350-Superintendent of Public Instruction
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Part I: Estimates

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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: Alicia Kinne-Clawson	Phone: 360-786-7407	Date: 01/31/2019
Agency Preparation: Mike Woods	Phone: 360 725-6283	Date: 02/05/2019
Agency Approval: Mike Woods	Phone: 360 725-6283	Date: 02/05/2019
OFM Review: Cynthia Hollimon	Phone: (360) 902-0562	Date: 02/05/2019

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 Definitions

Section 3

Directs the Washington Student Achievement Council (WSAC) to establish the Washington Children's Educational Savings Account Program (WCESAP). The purpose of the program is to establish college savings accounts for low-income kindergartners in Washington public schools.

WSAC is to coordinate with the Office of the Superintendent of Public Instruction (OSPI) to identify eligible beneficiaries and coordinate with the Financial Education Public-Private Partnership (FEPPP) to provide financial education training and make financial literacy training available to parents, guardians, and eligible beneficiaries in the program, including integrating discussion of the program into the financial education K-12 learning standards.

Section 4

WSAC shall establish a method for a parent or guardian of a beneficiary to claim the state grant money. Funds may only be used to attend an eligible educational institution for qualifying higher education expenses.

Section 5

Prescribes how WSAC can use information about beneficiaries or guardians.

Section 6

Subject to an appropriation, WSAC shall coordinate with OSPI and the FEPPP to innovatively market the Washington Children's Educational Savings Account Program and to develop pilot projects to innovatively market the WCESAP.

By December 1, 2025, WSAC shall provide a report to the legislature regarding pilot projects under this section.

Section 8

The Washington Children's Educational Savings Account Program account is created in the custody of the State Treasurer. The account subject to allotment, but an appropriation is not required for expenditures.

Section 12

If specific funding for this act is not provided in the 19-21 budget, this act is null and void.

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.

OSPI Impact

OSPI assumes it will be required to share data with WSAC regarding potential eligible participants; and to incorporate information about the WCESAP into existing financial literacy curricula. The impacts are expected to be minimal and can be absorbed within existing resources.

FEPPP Impact

The FEPPP responsibilities under Sections 3 and 6 are minimal and can be absorbed within existing resources. No fiscal impact.

Part III: Expenditure Detail

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.

Individual State Agency Fiscal Note

Bill Number: 5704 SB	Title: Children's ed. savings acct.	Agency: 376-The Evergreen State College
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.1	0.0	0.1	0.0	0.0
Account					
General Fund-State 001-1	16,606	3,889	20,495	7,957	8,196
Total \$	16,606	3,889	20,495	7,957	8,196

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: Alicia Kinne-Clawson	Phone: 360-786-7407	Date: 01/31/2019
Agency Preparation: Catherine Nicolai	Phone: (360) 664-9087	Date: 01/31/2019
Agency Approval: Holly Joseph	Phone: 360-867-6652	Date: 01/31/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 02/03/2019

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. 9(2) of SB 5704 directs the Washington State Institute for Public Policy to "complete an evaluation of the Washington children's educational savings account program and submit a report to the appropriate committees of the legislature by December 1, 2035. The evaluation must address whether the program is:

- (a) Fostering a college bound identity and increasing college attendance and college savings among eligible beneficiaries; and
- (b) Promoting financial security, financial literacy, and economic stability of the families of eligible beneficiaries."

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 fulfill the assignment outlined in Sec. 9(2) of SB 5704, WSIPP would assign the following resources:

FY 20

-0.10 FTE Senior Research Associate to review other state programs and begin scoping the study.

FY 21-FY 25

-0.02 FTE Senior Research Associate to monitor the evaluation.

FY 26—FY 26 total cost of \$29,907 (\$18,653 in salaries, \$4,978 in benefits, and \$6,276 in goods and services).

-0.09 FTE Senior Research Associate to begin developing the study plan and identify datasets.

-0.06 FTE Methods Review to develop an initial study plan.

FY 27-FY 33:

-0.02 FTE Senior Research Associate to monitor the evaluation.

FY 27 total cost of \$4,253 (\$2,650 in salaries, \$711 in benefits, and \$893 in goods and services).

FY 28 total cost of \$4,317 (\$2,690 in salaries, \$721 in benefits, and \$906 in goods and services).

FY 29 total cost of \$4,382 (\$2,730 in salaries, \$732 in benefits, and \$920 in goods and services).

FY 30 total cost of \$4,447 (\$2,771 in salaries, \$743 in benefits, and \$933 in goods and services).

FY 31 total cost of \$4,514 (\$2,813 in salaries, \$754 in benefits, and \$947 in goods and services).

FY 32 total cost of \$4,583 (\$2,855 in salaries, \$766 in benefits, and \$962 in goods and services).

FY 33 total cost of \$4,651 (\$2,898 in salaries, \$777 in benefits, and \$976 in goods and services).

FY 34—FY 34 total cost of \$125,571 (\$47,011 in salaries, \$12,543 in benefits, \$15,817 in goods and services, \$4,000 in WSIRB fees, and \$46,200 in NSC data fees).

-0.30 FTE Senior Research Associate to scope the study and submit the Washington State Institutional Review Board (WSIRB) application.

-0.06 FTE Methods Review to continue to develop a study plan.

- We assume \$4,000 in WSIRB fees.
- We assume \$46,200 in National Student Clearinghouse (NSC) data fees.

FY 35—FY 35 total cost of \$184,589 (\$113,752 in salaries, \$32,099 in benefits, and \$38,738 in goods and services).

- 0.30 FTE Research Associate for data cleaning and analysis.
- 0.59 FTE Senior Research Association for data cleaning and analysis.
- 0.09 FTE Data Management for data processing and matching.

FY 36—FY 36 total cost of \$193,409 (\$118,493 in salaries, \$33,695 in benefits, \$40,421 in goods and services, and \$800 in WSIRB fees).

- 0.30 FTE Research Associate for data analysis and report writing.
- 0.59 FTE Senior Research Association for data analysis and report writing.
- 0.06 FTE Methods Review for final review.
- 0.06 FTE Editing/Publication for publication.

We estimate the total cost of this study is \$601,270. Our expenditure estimates are based on the assumption that enrollment in the Washington Children's Educational Savings Account Program will start in the 2019-20 school year. Other than the National Student Clearinghouse data, our estimate assumes we will not have to pay for access to data.

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

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	16,606	3,889	20,495	7,957	8,196
Total \$			16,606	3,889	20,495	7,957	8,196

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.1	0.0	0.1	0.0	0.0
A-Salaries and Wages	10,346	2,423	12,769	4,957	5,106
B-Employee Benefits	2,775	650	3,425	1,330	1,370
C-Professional Service Contracts					
E-Goods and Other Services	3,485	816	4,301	1,670	1,720
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 \$	16,606	3,889	20,495	7,957	8,196

III. C - Operating FTE 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 2020	FY 2021	2019-21	2021-23	2023-25
Senior Research Associate	103,663	0.1	0.0	0.1	0.0	0.0
Total FTEs		0.1	0.0	0.1	0.0	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.