

Multiple Agency Fiscal Note Summary

Bill Number: 5740 E 2S SB	Title: Retirement savings program
----------------------------------	--

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.					
Office of Attorney General	0	44,000	0	44,000	0	44,000
Department of Commerce	0	0	0	187,825	0	2,136,363
Total \$	0	44,000	0	231,825	0	2,180,363

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
Office of Attorney General	.2	0	44,000	.2	0	44,000	.2	0	44,000
Department of Financial Institutions	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	4.0	0	2,334,976	3.3	0	1,476,628	3.1	0	1,436,612
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
State Investment Board	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Total \$	4.2	0	2,378,976	3.5	0	1,520,628	3.3	0	1,480,612

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
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Financial Institutions	.0	0	0	.0	0	0	.0	0	0
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Office of Administrative Hearings	.0	0	0	.0	0	0	.0	0	0
State Investment Board	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.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

Prepared by: Gwen Stamey, OFM	Phone: (360) 902-9810	Date Published: Final 3/18/2019
--------------------------------------	---------------------------------	---

Individual State Agency Fiscal Note

Bill Number: 5740 E 2S SB	Title: Retirement savings program	Agency: 090-Office of State Treasurer
----------------------------------	--	--

Part I: Estimates

☐ 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:	Phone:	Date: 03/11/2019
Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 03/14/2019
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 03/14/2019
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/15/2019

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.

E2SSB 5740 creates the secure choice retirement savings administrative fund 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.

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: 5740 E 2S SB	Title: Retirement savings program	Agency: 100-Office of Attorney General
----------------------------------	--	---

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Legal Services Revolving Account-State 405-1	22,000	22,000	44,000	44,000	44,000
Total \$	22,000	22,000	44,000	44,000	44,000

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
Account					
Legal Services Revolving Account-State 405-1	22,000	22,000	44,000	44,000	44,000
Total \$	22,000	22,000	44,000	44,000	44,000

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:	Phone:	Date: 03/11/2019
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 03/14/2019
Agency Approval: Nick Klucarich	Phone: 360-586-3434	Date: 03/14/2019
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 03/14/2019

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 3 is a new section defining 14 terms, including defining “Director” as the Director of the Department of Commerce (COM).

Section 4 is a new section requiring and providing authority to COM to design, establish, and operate the Secure Choice Retirement Savings Program. COM may collect fees to defray its administration costs. COM may adopt necessary rules and procedures. Other state agencies must provide appropriate and reasonable assistance to COM as needed. COM, in consultation with the Washington State Investment Board and the Department of Financial Institutions (DFI), is given discretion to establish and maintain the program.

Section 5 is a new section discussing fiduciary duties.

Section 6 is a new section providing requirements for the design, establishment, and operation of the Program.

Section 7 is a new section establishing the Secure Choice Retirement Savings Administrative Fund in the custody of the State Treasurer.

Section 8 is a new section creating a trust to be known as the Secure Choice Retirement Savings Trust. COM’s duties with respect to the Trust are provided.

Section 9 is a new section authorizing COM to establish a pilot program for covered employers to auto enroll employees into an IRA by January 1, 2020.

Section 11 amends RCW 43.330.732 to revise the definition of “eligible employer.”

Section 14 amends RCW 30B.04.040 to add a reference to the Trust created in Section 8, or a trustee of the Trust.

Section 15 is a new section adding Sections 2 through 9 to RCW 43.330.

II. B - Cash receipts Impact

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

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

The client agency is COM. The AGO will bill all clients for legal services rendered.

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

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. This bill is assumed effective 90 days after the end of the 2019 legislative session.
2. This request does not include cost of living salary increases identified in the Governor's proposed 2019-21 budget.
3. The AGO Government Compliance & Enforcement (GCE) division has reviewed this bill and determined it will not significantly increase the division's workload in representing DFI. This bill creates the Secure Choice Retirement Savings Program. Section 4 gives the Director COM the authority to design and maintain the program, in consultation with the State Investment Board and DFI. GCE assumes that minimal, if any, legal advice would be required as a result of DFI's role as consultant under this bill. Any additional work will be handled within existing resources. Costs are not included in this request.
4. The AGO Licensing & Administrative Law (LAL) division has reviewed this bill and determined it will not increase or decrease the division's workload in representing the Employment Security Department (ESD). The removal of Section 9 in the last version of the bill results in no fiscal impact for ESD. ESD no longer has enforcement responsibilities. ESD agrees with the no legal services impact in this version. Costs are not included in this request.

Assumptions for the AGO Agriculture & Health (AHD) Legal Services for COM:

1. The AGO will bill COM for legal services based on the enactment of this bill.
2. The bill would require legal advice for the following aspects of the bill:
 - A. Section 4(2)(c) requires COM to design the program so as not to conflict with Employee Retirement Income Security Act (ERISA) or other federal laws.
 - B. Section 4(5) authorizes COM to contract with another state in a partnership. That contract will need legal review.
 - C. Section 5 establishes COM as one of several entities with fiduciary responsibilities to the trust. AHD will likely provide legal review to ensure meeting due diligence fiduciary responsibilities. Section 5 also applies to Sections 7 (administrative fund) and 8 (trust).
 - D. Sections 4(1)(h) and 6(7) authorize COM to adopt rules to implement the program. COM will require legal review of these rules.
3. These assumptions are based on past experience in creating new programs within COM.
4. This bill is likely to require the appointment of a Special AAG for legal advice on certain specialized issues. Those costs are not included in this request.
5. Total workload impact in FY 2020 and in each FY thereafter: 0.10 AAG and 0.05 LA at a cost of \$22,000 per

FY.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
405-1	Legal Services Revolving Account	State	22,000	22,000	44,000	44,000	44,000
Total \$			22,000	22,000	44,000	44,000	44,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.2	0.2	0.2	0.2	0.2
A-Salaries and Wages	14,000	14,000	28,000	28,000	28,000
B-Employee Benefits	5,000	5,000	10,000	10,000	10,000
E-Goods and Other Services	3,000	3,000	6,000	6,000	6,000
Total \$	22,000	22,000	44,000	44,000	44,000

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
Assistant Attorney General	103,560	0.1	0.1	0.1	0.1	0.1
Legal Assistant 3	51,004	0.1	0.1	0.1	0.1	0.1
Total FTEs		0.2	0.2	0.2	0.2	0.2

III. D - Expenditures By Program (optional)

Program	FY 2020	FY 2021	2019-21	2021-23	2023-25
Agriculture & Health Division (AHD)	22,000	22,000	44,000	44,000	44,000
Total \$	22,000	22,000	44,000	44,000	44,000

Part IV: Capital Budget Impact

NONE

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: 5740 E 2S SB	Title: Retirement savings program	Agency: 102-Department of Financial Institutions
----------------------------------	--	---

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: 03/11/2019
Agency Preparation: Emily Fitzgerald	Phone: (360) 902-8780	Date: 03/12/2019
Agency Approval: Levi Clemmens	Phone: (360) 902-8818	Date: 03/12/2019
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 03/12/2019

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.

This bill creates the Secure Choice Retirement Savings Program. Section 4 states that the Department of Financial Institutions may be consulted in designing and managing the Savings Program. In the event that it is needed, the Department will absorb the cost of this consultation.

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

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: 5740 E 2S SB	Title: Retirement savings program	Agency: 103-Department of Commerce
----------------------------------	--	---

Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
NEW-Non-Appropriated NEW-6				187,825	2,136,363
Total \$				187,825	2,136,363

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	3.8	4.1	4.0	3.3	3.1
Account					
NEW-Non-Appropriated NEW-6	1,165,687	1,169,289	2,334,976	1,476,628	1,436,612
Total \$	1,165,687	1,169,289	2,334,976	1,476,628	1,436,612

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: 03/11/2019
Agency Preparation: Pouth Ing	Phone: 360-725-2715	Date: 03/15/2019
Agency Approval: Joyce Miller	Phone: 360-725-2723	Date: 03/15/2019
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 03/15/2019

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.

Differences between the engrossed second substitute and the second substitute:

There are no differences between the engrossed second substitute bill and the second substitute bill that effect the fiscal impact to the Department of Commerce (department).

Summary of the bill:

The bill requires the department to establish and operate a “Secure Choice” retirement savings program as the default option for employers not offering a workplace savings plan to eligible employees. The program has three primary features: auto-enrollment, individual retirement accounts (IRAs) as the savings vehicle and payroll deduction. The bill adds new sections to 43.330 RCW for the Secure Choice program and amends sections related to the Retirement Marketplace.

Section 3: Adds definitions for “employer”, “covered employer”, and “covered employee” for purposes of the Secure Choice Program. An employer is defined as having more than five individuals. A covered employer is defined as having been in business at least five years and does not provide selected retirement plans for his or her employees. A covered employee is defined as a person 18 years or older who is employed by a covered employer, and who has compensation allocable to the state.

Section 4: Adds a new section providing broad power and duties for the department to design and operate the program. Significant duties include program design, rulemaking, data analysis, and consultation with other agencies. This section includes authority for the department to design the program using either a partnership or consortium model with another state. It also includes authority to collect fees to defray the costs of administering the program.

Section 4(5): The department will elect to contract with another state to use that state’s auto-IRA program. Should the department elect to implement one of the other options allowed under section 4(5), costs will differ from the costs shown here.

Section 5: Adds a new section establishing fiduciary responsibilities of the agencies and others managing the trust established through the act.

Section 6: Adds a new section defining the specific programmatic elements of the “Secure Choice” retirement savings program. The department is required to establish, provide, and/or develop:

- Default contribution and escalation rates;
- Intervals governing employee opt-out decisions;
- Rules and procedures for withdrawals, distributions, rollovers, and beneficiary designations of IRA’s;
- Annual reports to the governor and legislature; and
- Information, instructions, disclosures and other statements to covered employers.

Section 7: Adds a new section establishing a non-appropriated account with the state treasurer to pay administrative expenses incurred to design and operation the program. The department is authorized to maintain a cash deficit in the account for up to six fiscal years after the implementation of the program. The department is

required to develop a spending plan and fee schedule by January 1, 2020 to address any projected cash deficit in the account.

Section 8: Adds a new section establishing a Secure Choice Retirement Savings Trust. In managing the Trust, the director is required to:

- Appoint an institution to act as trustee of IRA assets;
- Establish one or more investment funds (the funds must be diversified; the director can add, replace, or remove investment funds; funds cannot include bonds, debt instrument, or other such security); and
- Select the investments of each fund.

Section 10: Adds a new section authorizing the agency to establish a pilot phase to test implementation of the Secure Choice program. This section also allows the department to phase implementation over time using employee headcount or other measure.

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.

Program Implementation	Projected Revenues
FY20 Pre-Launch	\$0
FY21 Voluntary Pilot	\$0
FY22 Roll-out Waves 1-2	\$0
FY23 Roll-out Wave 3; Full Implementation	\$187,825
FY24 Full Implementation	\$750,289
FY25 Full Implementation	\$1,386,074
 TOTAL first three bienniums	 \$2,324,187

Participating employees typically pay a 1% annual administrative fee for account management. The state, third-party administrator, and the investment manager share this fee; the third party administrator receives the largest portion. This revenue projection assumes:

- State contracts with another state to use the state's auto-IRA program;
- State portion is 15% of the 1% administrative fee (15 basis points);
- Revenue sharing with partner state (5 basis points);
- One million employees are eligible for the program; and
- Participation rate is 62%.

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.

OVERVIEW and GENERAL ASSUMPTIONS

The bill requires the department to establish and operate a "Secure Choice" retirement savings program as the default option for employers not offering a workplace savings plan to eligible employees. The department will

use the secure choice retirement savings administrative fund (fund) to pay for administrative expenses in the implementation and development of the Secure Choice Retirement Savings Program.

The department will implement the program in phases, and will not begin to collect fees until fiscal year 2023. As a result, the agency will maintain a cash deficit in the fund until fiscal year 2025 or longer. During the time there is a cash deficit in the new fund, indeterminate expenses for negative interest will be incurred. It's assumed this will result in less cash to be available in the state's concentration account.

The program has three primary features:

- Auto-enrollment – Employees are automatically enrolled unless they opt out of the saving plan;
- Individual Retirement Accounts – IRAs, typically a Roth, are the saving vehicles used in the program to avoid federal (ERISA) jurisdiction. The program does not allow employers to contribute to an employee's account; and
- Payroll Deduction – Participating employees automatically contribute to their savings account when they receive their paycheck.

Sections 4-8 and 10 collectively grant the director of the department broad powers and duties to implement a Secure Choice retirement savings program. Major activities include:

- Program Analysis and Design
- Legal, Regulatory, and Oversight
- Engagement and Outreach
- Program Development and Implementation

Lastly, per Section 4(5), the department will elect to contract with another state to use that state's auto-IRA program. The department assumes marketing, legal, and financial services contracts related to Section 4(1)(d), to implement the program. NOTE: Should the department elect to implement one of the other options allowed under section 4(5), costs will differ from costs illustrated in this fiscal note.

PROGRAM ANALYSIS and DESIGN

The legislation requires the department to analyze and design the Secure Choice program, including the following activities:

- Consult on program design – Section 4(5)
- Conduct negotiations and contract with partner state – Section 4(1)(d)
- Develop spending plan and fee schedule – Section 4(1)(b) and 7(2)
- Procure and manage consultants – Section 4(1)(d)

0.05 FTE EMS 3/Policy Director in FY 20 (200 hours): Provide executive leadership and guidance in analyzing and designing the Secure Choice Program. Provide oversight of all Secure Choice program staff and program design.

0.2 FTE EMS 2/Policy Advisor in FY 20 (500 hours): Consult with stakeholders and partners regarding the design of the program, conduct negotiations, develop and finalize a contract with a partner state, and develop

spending plan and fee schedule.

0.2 FTE Commerce Specialist 5 in FY 20 (500 hours): Support and manage contract with partner state. Provide support work to policy development and consultation to recognized stakeholders and agency executive management. Provide advanced technical business information and support to other agencies or private entities regarding employer data, fee schedules, projected revenues, and program operations. Procure and oversee required contracts.

0.3 FTE Commerce Specialist 3 in FY 20 (700 hours): Solicit, originate, manage, and monitor required contracts. Assist senior management with representing the agency.

Salaries and Benefits

FY20: \$88,372

Goods and Services, and Equipment

FY20: \$49,887

Sections 4, 5, 7 and 8: LEGAL, REGULATORY, and OVERSIGHT

The legislation requires the department to ensure that all legal, regulatory, and fiduciary oversight mechanisms are in place to ensure proper program administration, including the following activities:

- Develop and adopt rules – Sections 4(1)(i), and 6(7)
- Establish investment funds – Sections 8(1)(3)(5)
- Establish and execute fiduciary responsibilities – Section 5(2)

0.1 FTE EMS 3/Policy Director in FY 20 (300 hours) and 0.05 in FY 21-25 (200 hours): Provide executive leadership and guidance over legal and regulatory issues.

0.3 FTE EMS 2/Policy Advisor in FY 20-21 (700 hours), 0.2 in FY 22-25 (500 hours): Consult with AAG and SAAG on ERISA issues, agency risk, contracting issues, marketing work orders, etc. Identify and establish parameters around rule making.

0.5 FTE Commerce Specialist 5 in FY 20 (1,000 hours), 0.4 in FY 21 (800 hours), 0.3 in FY 22-25 (700 hours): Provide support work around legal issues and review. Develop and lead required rule making. Solicit, originate, manage, and monitor required contracts. Coordinate program implementation.

0.2 FTE Commerce Specialist 3 in FY 20 (500 hours), 0.1 in FY 21 (300 hours): Provide support assistance regarding legal review and regulatory oversight matters. Support rule making efforts.

Salaries and Benefits

FY20: \$134,355

FY21: \$105,323

FY22-FY25: \$70,025 each fiscal year

Goods and Services

FY20: \$52,208

FY21: \$40,872
FY22-FY25: \$27,107 each fiscal year

Sections 4 and 6: ENGAGEMENT and OUTREACH

The legislation requires the department to identify employers without a workplace savings plan and provide extensive outreach to employers and employees, including the following activities:

- Develop and provide ongoing customer service processes – Section 4(2)(d)
- Develop outreach plan – Section 4(1)(d)
- Develop and provide ongoing employer communications – Section 6(9)

0.1 FTE EMS 2/Policy Advisor in FY 20 (300 hours), 0.2 in FY 21 (500 hours), 0.1 in FY 22-25 (300 hours):
Oversee communication efforts for internal and external stakeholders, including employers and employees.

0.3 FTE Commerce Specialist 5 in FY 20-22 (700 hours), 0.1 in FY 23-25 (300 hours): Oversee communication efforts for internal and external stakeholders, including employers and employees. Procure and oversee required contracts. Define needs and principles for communication. Develop marketing and outreach plan and establish annual marketing and/or outreach timelines.

0.15 FTE Commerce Specialist 3 in FY 20-22 (450 hours), 0.2 in FY23-25 (500 hours): Solicit, originate, manage, and monitor required contracts. Provide the day-to-day support function of ensuring timely and accurate communication with employers and employees. Provide customer service functions. Support and implement marketing and outreach plan.

0.4 FTE Communications 5 in FY 20 (800 hours), 0.6 FTE in FY 21 (1,300 hours), 0.5 in FY22 (1,000 hours), 0.2 in FY 23-25 (500 hours): Develop communications scope of work. Manage communications with other state agencies. Review and approve marketing, communication strategies/tactics, and design of proposed collateral.

Salaries and Benefits

FY20: \$105,830
FY21: \$141,552
FY22: \$116,604
FY23-FY25: \$66,712 each fiscal year

Goods and Services

FY20: \$41,497
FY21: \$55,411
FY22: \$45,735
FY23-FY25: \$26,163 each fiscal year

Section 4: PROGRAM DEVELOPMENT and IMPLEMENTATION

The department assumes program implementation occurs in phases with program development beginning in FY 20:

- Hire Employees – Section 4(1)(f)
- Procure and Manage Consultants – Section 4(1)(d)
- Gather employer and employee data – Section 4(3)

A pilot will be conducted in FY21, followed by roll-out of three successive “waves” of six months each. The bill exempts employers in business two years or less, so new employers will enter the program on an ongoing basis. Program implementation is planned to occur as follows:

FY 21 – Pilot
 FY 22 – Roll-out Waves 1 and 2
 FY 23 – Roll-out Wave 3
 FY 24-25 – Ongoing administration

0.05 FTE EMS 3/Policy Director in FY 20-25 (200 hours): Provide executive leadership and guidance over program development and implementation. Provide oversight of all Secure Choice program staff and program development.

0.1 FTE EMS 2/Policy Advisor in FY 20 (300 hours), 0.3 in FY 21 (700 hours), 0.1 in FY 22-25 (300 hours): Provide policy input and oversight. Provide direct oversight of Secure Choice program staff and implementation. Represent the agency on statewide policies. Hire staff and provide general direction of Secure Choice staff and programmatic functions.

0.2 FTE Commerce Specialist 5 in FY 20 (500 hours), 0.4 in FY 21 (800 hours), 0.5 in FY 22 (1,000 hours), 0.6 in FY23-25 (1,300 hours): Hire and lead staff; provide day-to-day direction on Secure Choice program overall operations. Procure and oversee required contracts. Represent the agency on behalf of the program.

0.15 FTE Commerce Specialist 3 in FY 20 (450 hours), 0.6 in FY 21 (1,300 hours), 0.7 in FY 22 (1,500 hours), 0.8 in FY23-25 (1,700 hours): Solicit, originate, manage, and monitor required contracts. Coordinate program implementation.

Salaries and Benefits

FY20: \$59,396
 FY21: \$154,659
 FY22: \$147,426
 FY23-FY25: \$168,547 each fiscal year

Goods and Services

FY20: \$23,142
 FY21: \$60,472
 FY22: \$57,925
 FY23-FY25: \$66,252 each fiscal year

The department assumes travel for stakeholder engagement meetings (12 statewide), and for partner state coordination in FY 20-21. In addition, travel will be required for contract negotiation, monitoring, outreach and national level conferences and meetings.

Travel costs:

FY 20-21: \$11,000 each fiscal year

FY 22-25: \$5,000 each fiscal year

The department assumes marketing and outreach procurements of \$500,000 per year in FY 20-21 and \$250,000 per year in FY 22-25. The department assumes the costs will be higher in the initial implementation to inform, create awareness, educate and produce notifications in a timely manner, resuming to a maintenance level thereafter.

FY20-21 – \$500,000 each fiscal year

Marketing and outreach plan 675 hours x \$200/hr = \$135,000

Design of program brand collateral 150 hours x \$100/hr = \$15,000

Video production/graphics 250 hours X \$100/hr = \$25,000

TV and radio media buys (4) regions annually statewide = \$175,000

Print media design 200 hours X \$100/hr = \$20,000

Social media ad buys \$2,500/month annual = \$30,000

Printing and distribution across the state = \$100,000

FY 22-25 – \$250,000 each fiscal year

Media/graphic design = \$25,000

TV and radio media buys (4) regions annually statewide = 45,000

Social media ad buys \$2,500/month annual = \$30,000

Printing and distribution across the state = \$150,000

Contract costs:

FY20-21: \$500,000 each fiscal year

FY22-25: \$250,000 each fiscal year

The department assumes legal and/or financial services contracts of \$100,000 per year in FY 20-21 and \$38,500 per year in FY 22-25 including, but not limited to, support of Assistant Attorney General (AAG) and Special Assistant Attorney General (SAAG), legal considerations around Employee Retirement Income Security Act (ERISA), cyber security review, investment advisory and/or professional services necessary to implement program activities. The department assumes initial implementation costs will be higher for startup counsel resuming to a maintenance level thereafter.

FY20-21 – \$100,000 each fiscal year

Legal reviews and advice

AAG 183 hours x \$115/hr = \$21,000

SAAG 43 hours x \$500/hr = \$21,500

Financial advisor

150 hours x \$250/hr = \$37,500

Contracting advisor

100 hours x \$200/hr = \$20,000

FY 22-25 – \$38,500 each fiscal year

Legal reviews and advice

AAG 183 hours x \$115/hr = \$21,000

SAAG 15 hours x \$500/hr = \$7,500

Financial advisor

40 hours x \$250/hr = \$10,000

Legal costs:

FY20-21: \$100,000 each fiscal year

FY22-25: \$38,500 each fiscal year

Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g. payroll, HR, IT) are funded under a federally approved cost allocation plan.

TOTAL Costs:

FY20: \$1,165,687

FY21: \$1,169,289

FY22: \$758,322

FY23-25: \$718,306 each fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
NEW-6	NEW	Non-Appropriated	1,165,687	1,169,289	2,334,976	1,476,628	1,436,612
Total \$			1,165,687	1,169,289	2,334,976	1,476,628	1,436,612

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	3.8	4.1	4.0	3.3	3.1
A-Salaries and Wages	289,362	299,151	588,513	474,773	453,366
B-Employee Benefits	98,591	102,383	200,974	164,566	157,202
C-Professional Service Contracts	500,000	500,000	1,000,000	500,000	500,000
E-Goods and Other Services	256,734	256,755	513,489	327,289	316,044
G-Travel	11,000	11,000	22,000	10,000	10,000
J-Capital Outlays	10,000		10,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	1,165,687	1,169,289	2,334,976	1,476,628	1,436,612

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
Administrative Services	69,552	0.5	0.6	0.6	0.5	0.4
Commerce Specialist 3	72,010	0.8	0.9	0.9	1.0	1.0
Commerce Specialist 5	83,516	1.2	1.1	1.2	1.1	1.0
Communications Consultant 5	79,523	0.4	0.6	0.5	0.4	0.2
EMS Band 2	107,777	0.7	0.8	0.8	0.4	0.4
EMS Band 3	121,405	0.2	0.1	0.2	0.1	0.1
Total FTEs		3.8	4.1	4.0	3.3	3.1

Part IV: Capital Budget Impact

NONE

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 4(1)(i) requires the Department of Commerce to adopt rules and procedures for the establishment and operation of the program and to take other such actions as necessary or desirable to establish and operate the program in accordance with sections 2 through 10 of this act.

Section 6(7) requires the Department of Commerce to determine the rules and procedures for withdrawals, distributions, transfer, and rollovers of IRAs and for the designation of IRA beneficiaries.

Individual State Agency Fiscal Note

Bill Number: 5740 E 2S SB	Title: Retirement savings program	Agency: 110-Office of Administrative Hearings
----------------------------------	--	--

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: 03/11/2019
Agency Preparation: Deborah Feinstein	Phone: 360-407-2717	Date: 03/13/2019
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 03/13/2019
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 03/18/2019

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.

The Engrossed Second Substitute bill was amended on the Senate floor to remove the power and duty from the Employment Security Department (ESD) to ensure covered employee compliance and likewise the need for ESD to establish an appeal process. With no appeals, the Office of Administrative Hearings has no fiscal impact.

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.

The Engrossed Second Substitute bill was amended on the Senate floor to remove the power and duty from the Employment Security Department (ESD) to ensure covered employee compliance and likewise the need for ESD to establish an appeal process. With no appeals, the Office of Administrative Hearings has no fiscal impact.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

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: 5740 E 2S SB	Title: Retirement savings program	Agency: 126-State Investment Board
----------------------------------	--	---

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: 03/11/2019
Agency Preparation: Celina Verme	Phone: (360) 956-4740	Date: 03/11/2019
Agency Approval: Theresa Whitmarsh	Phone: 360-956-4600	Date: 03/11/2019
OFM Review: Jane Sakson	Phone: 360-902-0549	Date: 03/12/2019

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 4 identifies the State Investment Board as a resource the Department of Commerce may consult as it designs and maintains the program.

The State Investment Board does not anticipate additional resources will be necessary to implement this legislation.

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

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.

Department of Revenue Fiscal Note

Bill Number: 5740 E 2S SB	Title: Retirement savings program	Agency: 140-Department of Revenue
----------------------------------	--	--

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: 03/11/2019
Agency Preparation: Deborah Williams	Phone: 360-534-1516	Date: 03/12/2019
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 03/12/2019
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 03/12/2019

Request # 5740-4-1

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.

Note: This fiscal note reflects language in E2SSB 5740, 2019 Legislative Session.

The changes in this version of the legislation strike Sec. 9 in its entirety, which removes compliance duties from the bill.

This legislation creates the secure choice retirement saving program. This program is automatic for all employees 18 years old or older. However, employees may opt out of the program without penalty.

Section 3 defines a covered employer as an employer that has either been in business for at least 5 years and has no current retirement plan (per the IRS code) or an employer who elects to be a covered employer. The employer must also be engaged in business in the state and employ five or more individuals in the state.

Section 6 provides guidelines for covered employers.

This version of the bill has no impact for the Department of Revenue.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

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.

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

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 Department of Revenue will not incur any costs with the implementation of this legislation.

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.

No rule-making required.

Individual State Agency Fiscal Note

Bill Number: 5740 E 2S SB	Title: Retirement savings program	Agency: 540-Employment Security Department
----------------------------------	--	---

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: 03/11/2019
Agency Preparation: Daniel Hare	Phone: 360 902-9422	Date: 03/13/2019
Agency Approval: Sondra Walsh	Phone: 360/902-0023	Date: 03/13/2019
OFM Review: Anna Minor	Phone: (360) 902-0541	Date: 03/14/2019

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.

This Engrossed Second Substitute bill was amended on the Senate floor to remove the power and duty from the Employment Security Department (ESD) to ensure covered employee compliance therefore; there is no longer a fiscal impact on ESD.

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.

N/A

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.

N/A

Part III: Expenditure Detail

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.

N/A



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
5740 E 2S SB	Retirement savings program

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

Estimated Cash Receipts

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	2020-29 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	0	0	0	0	0	0	0	0	0	0
Department of Commerce	0	0	0	187,825	750,289	1,386,074	2,003,174	2,601,379	3,180,990	3,742,281	13,852,012
Office of Administrative Hearings	0	0	0	0	0	0	0	0	0	0	0
State Investment Board	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	0	0	0	0	0	0	0	0	0	0
Employment Security Department	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	187,825	750,289	1,386,074	2,003,174	2,601,379	3,180,990	3,742,281	13,852,012



Ten-Year Analysis

Bill Number 5740 E 2S SB	Title Retirement savings program	Agency 090 Office of State Treasurer
------------------------------------	--	--

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											
--------------------	-----------	--	--	--	--	--	--	--	--	--	--	--

Agency Preparation: Dan Mason	Phone: (360) 902-8990	Date: 3/14/2019 9:16:12 am
Agency Approval: Dan Mason	Phone: (360) 902-8990	Date: 3/14/2019 9:16:12 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5740 E 2S SB	Title Retirement savings program	Agency 100 Office of Attorney General
------------------------------------	--	---

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											
--------------------	-----------	--	--	--	--	--	--	--	--	--	--	--

Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 3/14/2019 8:16:46 am
Agency Approval: Nick Klucarich	Phone: 360-586-3434	Date: 3/14/2019 8:16:46 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5740 E 2S SB	Title Retirement savings program	Agency 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>.

Estimates

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

Name of Tax or Fee	Acct Code											
--------------------	-----------	--	--	--	--	--	--	--	--	--	--	--

Agency Preparation: Emily Fitzgerald	Phone: (360) 902-8780	Date: 3/12/2019 12:29:41 pm
Agency Approval: Levi Clemmens	Phone: (360) 902-8818	Date: 3/12/2019 12:29:41 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number	Title	Agency
5740 E 2S SB	Retirement savings program	103 Department of Commerce

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 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029	2020-29 TOTAL
NEW	NEW				187,825	750,289	1,386,074	2,003,174	2,601,379	3,180,990	3,742,281	13,852,012
Total					187,825	750,289	1,386,074	2,003,174	2,601,379	3,180,990	3,742,281	13,852,012
Biennial Totals					187,825	2,136,363	4,604,553	6,923,271	13,852,012			

Narrative Explanation (Required for Indeterminate Cash Receipts)

Program Implementation	Projected Revenues
FY20 Pre-Launch	\$0
FY21 Voluntary Pilot	\$0
FY22 Roll-out Waves 1-2	\$0
FY23 Roll-out Wave 3; Full Implementation	\$187,825
FY24 Full Implementation	\$750,289
FY25 Full Implementation	\$1,386,074
FY26 Full Implementation	\$2,003,174
FY27 Full Implementation	\$2,601,379
FY28 Full Implementation	\$3,180,990
FY29 Full Implementation	\$3,742,281

TOTAL first three bienniums \$13.9 million

Participating employees typically pay a 1% annual administrative fee for account management. The state, third-party administrator, and the investment manager share this fee; the third party administrator receives the largest portion. This revenue projection assumes:



Ten-Year Analysis

Bill Number	Title	Agency
5740 E 2S SB	Retirement savings program	103 Department of Commerce

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)

- State contracts with another state to use the state's auto-IRA program;
- State portion is 15% of the 1% administrative fee (15 basis points);
- Revenue sharing with partner state (5 basis points);
- One million employees are eligible for the program; and
- Participation rate is 62%.

Agency Preparation: Pouth Ing	Phone: 360-725-2715	Date: 3/15/2019 8:44:44 am
Agency Approval: Joyce Miller	Phone: 360-725-2723	Date: 3/15/2019 8:44:44 am
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5740 E 2S SB	Title Retirement savings program	Agency 110 Office of Administrative Hearings
------------------------------------	--	--

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											
--------------------	-----------	--	--	--	--	--	--	--	--	--	--	--

Narrative Explanation (Required for Indeterminate Cash Receipts)

None.

Agency Preparation: Deborah Feinstein	Phone: 360-407-2717	Date: 3/13/2019 9:59:33 pm
Agency Approval: Deborah Feinstein	Phone: 360-407-2717	Date: 3/13/2019 9:59:33 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5740 E 2S SB	Title Retirement savings program	Agency 126 State Investment Board
------------------------------------	--	---

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											
--------------------	-----------	--	--	--	--	--	--	--	--	--	--	--

Agency Preparation: Celina Verme	Phone: (360) 956-4740	Date: 3/11/2019 4:24:36 pm
Agency Approval: Theresa Whitmarsh	Phone: 360-956-4600	Date: 3/11/2019 4:24:36 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5740 E 2S SB	Title Retirement savings program	Agency 140 Department of Revenue
------------------------------------	--	--

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

<input checked="" type="checkbox"/> No Cash Receipts	<input type="checkbox"/> Partially Indeterminate Cash Receipts	<input type="checkbox"/> Indeterminate Cash Receipts
---	---	---

Name of Tax or Fee	Acct Code											
--------------------	-----------	--	--	--	--	--	--	--	--	--	--	--

Narrative Explanation (Required for Indeterminate Cash Receipts)

Note: This fiscal note reflects language in E2SSB 5740, 2019 Legislative Session.

The changes in this version of the legislation strike Sec. 9 in its entirety, which removes compliance duties from the bill.

This legislation creates the secure choice retirement saving program. This program is automatic for all employees 18 years old or older. However, employees may opt out of the program without penalty.

Section 3 defines a covered employer as an employer that has either been in business for at least 5 years and has no current retirement plan (per the IRS code) or an employer who elects to be a covered employer. The employer must also be engaged in business in the state and employ five or more individuals in the state.

Section 6 provides guidelines for covered employers.

This version of the bill has no impact for the Department of Revenue.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

Agency Preparation: Deborah Williams	Phone: 360-534-1516	Date: 3/12/2019 1:38:25 pm
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 3/12/2019 1:38:25 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5740 E 2S SB	Title Retirement savings program	Agency 540 Employment Security Department
------------------------------------	--	---

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											
--------------------	-----------	--	--	--	--	--	--	--	--	--	--	--

Agency Preparation: Daniel Hare	Phone: 360 902-9422	Date: 3/13/2019 2:45:17 pm
Agency Approval: Sondra Walsh	Phone: 360/902-0023	Date: 3/13/2019 2:45:17 pm
OFM Review:	Phone:	Date: