

Multiple Agency Fiscal Note Summary

Bill Number: 2158 2S HB PL	Title: Workforce education
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Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	0	380,000,000	0	393,100,000	0	451,300,000
University of Washington	0	168,560	0	168,560	0	168,560
Community and Technical College System	0	(60,000)	0	(60,000)	0	(60,000)
Total \$	0	380,108,560	0	393,208,560	0	451,408,560

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 the Governor	.0	0	0	.0	0	0	.0	0	0
Caseload Forecast Council	1.0	332,000	332,000	1.0	332,000	332,000	1.0	332,000	332,000
Office of Financial Management	4.0	6,554,000	6,554,000	4.0	5,540,000	5,540,000	4.0	5,540,000	5,540,000
Department of Revenue	20.8	4,217,300	4,217,300	14.1	2,789,700	2,789,700	12.7	2,509,600	2,509,600
Department of Labor and Industries	Fiscal note not available								
Department of Children, Youth, and Families	Fiscal note not available								
Student Achievement Council	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Superintendent of Public Instruction	Fiscal note not available								
Workforce Training and Education Coordinating Board	3.6	1,129,000	1,129,000	3.5	1,160,000	1,160,000	3.6	1,239,000	1,239,000
University of Washington	.5	144,828	144,828	.5	144,828	144,828	.5	144,828	144,828
Washington State University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Eastern Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Central Washington University	5.5	1,677,400	1,677,400	5.5	1,677,400	1,677,400	5.5	1,677,400	1,677,400
The Evergreen State College	Fiscal note not available								
Western Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Employment Security Department	1.0	0	5,400,000	1.0	0	5,900,000	1.0	0	5,900,000
Community and Technical College System	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	36.4	14,054,528	19,454,528	29.6	11,643,928	17,543,928	28.3	11,442,828	17,342,828

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of the Governor	.0	0	0	.0	0	0	.0	0	0
Caseload Forecast Council	.0	0	0	.0	0	0	.0	0	0
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Labor and Industries	Fiscal note not available								
Department of Children, Youth, and Families	Fiscal note not available								
Student Achievement Council	.0	0	0	.0	0	0	.0	0	0
Superintendent of Public Instruction	Fiscal note not available								
Workforce Training and Education Coordinating Board	.0	0	0	.0	0	0	.0	0	0
University of Washington	.0	0	0	.0	0	0	.0	0	0
Washington State University	.0	0	0	.0	0	0	.0	0	0
Eastern Washington University	.0	0	0	.0	0	0	.0	0	0
Central Washington University	.0	0	0	.0	0	0	.0	0	0
The Evergreen State College	Fiscal note not available								
Western Washington University	.0	0	0	.0	0	0	.0	0	0
Employment Security Department	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.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: Breann Boggs, OFM	Phone: (360) 902-0659	Date Published: Preliminary 10/24/2019
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Individual State Agency Fiscal Note

Bill Number: 2158 2S HB PL	Title: Workforce education	Agency: 075-Office of the Governor
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Part I: Estimates

No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 04/29/2019
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 04/29/2019
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 04/29/2019
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 05/07/2019

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.

The fiscal impacts related to this bill remain the same as the previous versions of the bill.

The substitute bill differs from the original as follows:

- Removes legislative elements from the Workforce Education Investment Accountability and Oversight board and requires the Workforce Training and Coordinating board to staff the legislative board, rather than senate committee services and office of program research (section 3);
- Removes requirement of a 26.5 percent salary increase for nurse educators at the community and technical colleges (section 5);
- Changes the name to the workforce education investment act; and
- Clarifies funding for the Washington College Grant Program.

These changes would not change the fiscal impact for the Office of the Governor compared to the original fiscal note.

See the OFM fiscal note for workload and costs associated with the workgroup duties and responsibilities.

Section 3 requires the Governor to make appointments to the newly created legislative workforce education investment accountability and oversight board. This will work is within the existing duties of the Office of the Governor and will create no new fiscal impact.

Section 52 of the bill provides a legislative intent to scale up career connected learning opportunities to address educational opportunity gaps and meet employer talent needs through statewide system development, resources for career launch and registered apprenticeships in K-12 and higher education and support for regional leadership and coordination.

Section 53 establishes the career connected learning cross-agency workgroup (workgroup) to scale-up and expand high-quality career connected learning opportunities.

The Governor is required to select the chair of workgroup and may consult or contract with entities with expertise in industry and education partnerships to provide staffing support and guidance for the workgroup.

The Office of the Governor must also provide a representative to participate on the workgroup.

Section 54 describes the workgroup's duties and responsibilities. These include, among others:

- Create and update guidance to endorse career launch programs;
- Mobilize private sector resources and coordinate external partnerships;
- Implement a marketing and communications plan;
- Develop a statewide inventory of support programs and resources to promote equitable participation in career connected learning;

- Build system functions in key agencies and existing systems;
- Develop and coordinate web resources;
- Develop financial and other support services to increase access and success to career connected programs for students facing barriers;
- Address credit transfer and articulation issues to ensure students in career launch programs receive appropriate credits in K-12 and college or postsecondary programs;
- Develop data systems and tracking and establish targets including equity-focused criteria;
- Submit a report and make budget recommendations to direct resources to career connected learning education programs;
- Support regional leadership and program intermediaries and the formation of regional networks;
- Develop a data enclave to measure progress and ensure equity of opportunity, led by the education research and data center at the Office of Financial Management (OFM).

Section 55 establishes a competitive grant program administered by the Employment Security Department (ESD). The Office of the Governor is required to work with the ESD to establish grant criteria and guide the process for selection, in consultation with the cross-agency workgroup.

For the purpose of this fiscal note, the Office of the Governor assumes that workload associated with providing a representative to the workgroup would fall within existing staffing duties. Supportive and coordinating duties would be provided by OFM. Contracted costs for industry experts, marketing and communications would be coordinated through OFM.

See the OFM fiscal note for workload and costs associated with the workgroup duties and responsibilities.

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: 2158 2S HB PL	Title: Workforce education	Agency: 101-Caseload Forecast Council
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Part I: Estimates

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	1.0	1.0	1.0	1.0	1.0
Account					
General Fund-State 001-1	166,000	166,000	332,000	332,000	332,000
Total \$	166,000	166,000	332,000	332,000	332,000

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: 04/29/2019
Agency Preparation: Erik Cornellier	Phone: 360-664-9375	Date: 04/30/2019
Agency Approval: Erik Cornellier	Phone: 360-664-9375	Date: 04/30/2019
OFM Review: Trisha Newport	Phone: (360) 902-0417	Date: 04/30/2019

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.

Sections 19 and 20 require the Caseload Forecast Council (CFC) to forecast the number of students who are eligible for the Washington College Grant Program and are expected to attend an institution of higher education as defined in RCW 28B.92.030. Students are eligible for the Washington College Grant Program if their family income is at or below the Median Family Income (MFI) levels specified in the bill.

The bill provides authority to the CFC to begin forecasting the program ninety days after signature. The program is effective with the 2020-21 academic year. The CFC assumes that forecast production would begin in Fiscal Year 2020, and the first official forecast would be presented at the November 2020 Council meeting.

The Caseload Forecast Council (CFC) traditionally only forecasts the caseloads for various state entitlement programs. RCW 43.88C.010 defines “[c]aseload” to mean “[t]he number of persons expected to meet entitlement requirements and require the services of [various state programs]. . . .” This bill does not amend that language, so this fiscal note assumes that the CFC will only forecast the number of persons that will receive the services referenced in the bill, and that another entity (such as OFM or OSPI) would be responsible for forecasting the per capita costs of the services those persons will receive. In forecasting these caseloads, the CFC would not be making any determinations about whether these programs are entitlements.

The workload associated with the bill involves new forecasts of the following caseloads:

- 1) Students with family incomes eligible for the Washington College Grant Program; and
- 2) Eligible Students expected to attend an institution of higher education under the Washington College Grant Program.

To satisfy the requirements of this bill, the CFC would need to:

- 1) Officially forecast the above-listed caseloads;
- 2) Establish, maintain, or expand the appropriate technological interface to access the data necessary to complete the forecasts;
- 3) Establish, maintain, or expand the processes/systems necessary to organize/manipulate the data into a format that is usable for forecasting purposes; and
- 4) Increase the workload associated with the College Bound Scholarship Program technical work group, related tracking reports, and presentation to the Council.

The CFC estimates that 1.0 FTE and related ongoing expenditures will be required to perform these new duties effective FY 2020, as current staff have no additional capacity to assume additional workload.

The workload associated with this bill will involve the following:

- Identifying data available to inform the most accurate forecasts, which may range from raw data requiring significant manipulation to well-established data, and likely a combination of both;
- Gaining and maintaining the necessary programmatic expertise for these new caseloads;
- Exploring independent variables to improve explanatory power and accuracy of the forecasts;
- Producing forecasts three times a year and monthly tracking reports of the forecasts;
- Producing any sub-forecasts that are necessary to complete the forecasts;
- Expanding the work of the current College Bound Scholarship Program forecast technical workgroup;
- Providing forecast summary materials, tracking updates, and briefings to stakeholders, including the technical

workgroup, formal workgroup, and Council;

- Maintaining the forecast updates on the CFC website to ensure timely and public access to forecast data and tracking;
- Evaluating the accuracy of the forecasts over time using established performance measures;
- Expanding the information systems interface to ensure timely, accurate, and confidential receipt of data utilized in forecast production; and
- Expanding the data infrastructure necessary to organize and manipulate the data into a format suitable for forecasting purposes.

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.

There is no additional capacity among current staff to assume the additional workload associated with this bill. The CFC estimates that it will need a full FTE to perform approximately 0.3 FTE of work, totaling to \$166,000 per fiscal year and \$332,000 for the 19-21 Biennium and subsequent biennia.

While the analysis indicates a need for 0.3 FTE, the CFC would need a full FTE to complete the work. The CFC is a small agency with 10 employees. There are three forecasters, and the Director and Deputy Director have part-time forecasting duties. Unlike larger agencies, the CFC does not have the economies of scale required to spread the workload of a partial FTE across employees. This fiscal note rounds up to one FTE to account for that challenge because it is evaluating this bill in isolation. The CFC’s actual need should be evaluated in the context of any other legislation impacting the CFC that passes during this session.

The annual cost for 0.3 FTE is \$51,000, and the breakout by object is provided in the attached document.

Salary, benefits, goods and services, and travel are based on per FTE FY2018 expenditures and FY 2019 allotments.

The CFC has office space in its current Capitol Way, Olympia location to house the additional staffing without incurring any additional office lease costs.

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	166,000	166,000	332,000	332,000	332,000
Total \$			166,000	166,000	332,000	332,000	332,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	108,000	108,000	216,000	216,000	216,000
B-Employee Benefits	35,000	35,000	70,000	70,000	70,000
C-Professional Service Contracts	20,000	20,000	40,000	40,000	40,000
E-Goods and Other Services					
G-Travel	3,000	3,000	6,000	6,000	6,000
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	166,000	166,000	332,000	332,000	332,000

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
Senior Forecaster	108,000	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.0	1.0	1.0	1.0	1.0

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.

Caseload Forecast Council Costs for 0.3 FTEs By Object

	FY 20	FY 21	FY 19-21	FY21-23	FY23-25
FTEs	0	0.3	0.15	0.3	0.3
Salary (A)	\$0	\$33,000	\$33,000	\$66,000	\$66,000
Benefits (B)	\$0	\$11,000	\$11,000	\$22,000	\$22,000
Goods and Services (E)	\$0	\$6,000	\$6,000	\$12,000	\$12,000
Travel (G)	\$0	\$1,000	\$1,000	\$2,000	\$2,000
Total	\$0	\$51,000	\$51,000	\$102,000	\$102,000

Individual State Agency Fiscal Note

Bill Number: 2158 2S HB PL	Title: Workforce education	Agency: 105-Office of Financial Management
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Part I: Estimates

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	4.0	4.0	4.0	4.0	4.0
Account					
General Fund-State 001-1	3,136,000	3,418,000	6,554,000	5,540,000	5,540,000
Total \$	3,136,000	3,418,000	6,554,000	5,540,000	5,540,000

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.
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Legislative Contact:	Phone:	Date: 04/29/2019
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 04/29/2019
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 04/29/2019
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 05/07/2019

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.

The fiscal impact related to this bill remain the same as the previous version of the bill.

The substitute bill differs from the original as follows:

- Removes legislative elements from the Workforce Education Investment Accountability and Oversight board and requires the Workforce Training and Coordinating board to staff the legislative board, rather than senate committee services and office of program research (section 3);
- Removes requirement of a 26.5 percent salary increase for nurse educators at the community and technical colleges (section 5);
- Changes the name to the workforce education investment act; and
- Clarifies funding for the Washington College Grant Program.

These changes would not change the fiscal impact for the Office of Financial Management (OFM) compared to the original fiscal note.

Section 2 creates the workforce education investment account in the state treasury. All revenues from workforce investment surcharges on certain business activities under section 72 of the act must be deposited in the fund. Expenditures from the account may only occur after appropriation; and may only be used for higher education programs, higher education operations, higher education compensation and state-funded student aid programs.

Section 13 appropriates \$50,000 annually from the newly created workforce education investment account to implement career connected learning.

Section 52 of the bill provides a legislative intent to scale up career connected learning opportunities to address educational opportunity gaps and meet employer talent needs through statewide system development, resources for career launch and registered apprenticeships in K-12 and higher education and support for regional leadership and coordination.

Section 53 establishes the career connected learning cross-agency workgroup (workgroup) to scale-up and expand high-quality career connected learning opportunities.

The Governor is required to select the chair of workgroup and may consult or contract with entities with expertise in industry and education partnerships to provide staffing support and guidance for the workgroup.

The Office of the Governor must also provide a representative to participate on the workgroup.

Section 54 describes the workgroup's duties and responsibilities. These include, among others:

- Create and update guidance to endorse career launch programs;

- Mobilize private sector resources and coordinate external partnerships;
- Implement a marketing and communications plan;
- Develop a statewide inventory of support programs and resources to promote equitable participation in career connected learning;
- Build system functions in key agencies and existing systems;
- Develop and coordinate web resources;
- Develop financial and other support services to increase access and success to career connected programs for students facing barriers;
- Address credit transfer and articulation issues to ensure students in career launch programs receive appropriate credits in K-12 and college or postsecondary programs;
- Develop data systems and tracking and establish targets including equity-focused criteria;
- Submit a report and make budget recommendations to direct resources to career connected learning education programs;
- Support regional leadership and program intermediaries and the formation of regional networks;
- Develop a data enclave to measure progress and ensure equity of opportunity, led by the education research and data center at the Office of Financial Management (OFM).

Section 55 establishes a competitive grant program administered by the Employment Security Department (ESD). The Office of the Governor is required to work with ESD to establish grant criteria and guide the process for selection, in consultation with the cross-agency workgroup.

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.

This fiscal note assumes the Office of the Governor, through the Office of Financial Management (OFM) Legal and Legislative Affairs division, would contract for services under section 2 (4) for consultant or contracted expertise to support and guide the workgroup.

Contracted Services to Support Workgroup:

The estimated cost of this contract is based on a contracted team consisting of 1.0 executive director (\$199,000 salary and benefits) and 2.0 policy analysts (\$125,000 salary and benefits) plus travel, goods and services of \$192,000 in FY 2020 and \$199,000 in FY2021. Total contracted cost: \$641,000 in FY 2020 and \$648,000 in FY2021. These are one-time costs.

Marketing and Communications:

Under Section 54 (1) (c) the workgroup is required to implement a marketing and communications agenda to advance and promote a statewide system for career connected learning. OFM assumes the marketing and communications would also be provided as a contracted service.

Based on other statewide marketing campaigns, this is estimated to cost \$910,000 in FY 2020 and \$1,200,000 FY 2021, and ongoing.

This includes funding for media placement contracts, marketing vendor services, website design and staffing to manage the contracts.

- Media Placement Contract for radio, television and digital ads: \$750,000 in FY 2020 and \$1.0 million in FY 2021.
- Marketing Vendor Services to design new brand/logo and advertisements: \$75,000 in FY 2020 and \$100,000 in FY 2021
- Website design: \$10,000 in FY 2020
- 1.0 FTE Communications Specialist to manage media contracts, assumes 9 months in FY 2020: \$75,000 (salary and benefits) in FY 2020 and \$100,000 (salary and benefits) in FY 2021

Education Research and Data Center (ERDC):

Section 54 (5) directs the ERDC to develop a data enclave to measure progress and ensure equity by developing program codes to track career awareness and exploration, career connected learning and career launch programs, as defined in section 56 of the act.

The ERDC is also required to collect and disaggregate participation and outcomes data by race, gender, rurality, ability, foster youth, homeless youth, English language learner and other relevant categories.

The data enclave will allow users to run queries and models against ERDC data in a secure environment. Developing the data enclave is estimated to cost \$600,000 annually.

Data enclave – A data enclave allows users to run queries and models against data without taking the data out of a secure environment. The user runs their queries, the ERDC reviews the output for privacy concerns, and shares the results but not the data. Ideally, the data enclave would be used for all requesters of data from ERDC to maximize data security and the privacy of students and workers.

Establishing new regional and statewide metrics and data sources is estimated to cost \$350,000 annually, in contracted services, and have a staffing impact of 4.0 FTE for \$635,000 in FY 2020 and \$620,000 in FY 2021, and ongoing, based on the following:

- 1.0 FTE Senior Forecast Analyst: Linking and Matching Data - This FTE will be responsible for adding data sources, including but not limited to foster care, homeless and vocational training, to the ERDC's P-20 data warehouse; linking and matching data, and contributing to the implementation of data warehouse processes, such as profiling, extracting, loading new data sources; and will provide source to the data enclave. (\$127,000 per year in salary and benefits plus equipment, good and services)
- 1.0 FTE Senior Forecast Analyst: Data visualization - Additional data dashboards and visualizations will be needed for the development of career connected learning data both at the state and regional levels as well as aiding Career Connected Learning networks. (\$127,000 per year in salary and benefits plus equipment, good and services)
- 1.0 FTE Senior Forecast Analyst: Data governance – Additional data sharing agreements will be necessary to bring in new data sources. This FTE will evaluate the quantitative and technical aspects of data requests and data usage as well as reviewing data request results in the data enclave before release. (\$127,000 per year in salary and benefits plus equipment, good and services)
- 1.0 FTE Senior Forecast Analyst: Process Improvement – Establish statewide and regional metrics and develop

new data sources required for the CCW work and initiative goals. This position will also help inform the work of the data visualization analyst and the efforts of the data governance position to identify and acquire new data streams necessary for the CCW work. (\$127,000 per year in salary and benefits plus equipment, good and services)

- Statewide + Regional CCL Measurement & Technical Assistance – ERDC would contract with or hire two to three FTEs to (1) establish statewide metrics and new data sources for CCW initiative goals; (2) provide data use, measurement support, and data-informed policy/practice/program development to CCW networks; and, (3) provide other data use and technical assistance for networks outside of CCW-explicit efforts.

Total 2019-21 estimate: \$3,136,000 in FY 2020; \$3,418,000 in FY 2021

Ongoing costs of: \$2,770,000, annually.

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	3,136,000	3,418,000	6,554,000	5,540,000	5,540,000
Total \$			3,136,000	3,418,000	6,554,000	5,540,000	5,540,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	4.0	4.0	4.0	4.0	4.0
A-Salaries and Wages	381,000	381,000	762,000	762,000	762,000
B-Employee Benefits	128,400	133,400	261,800	266,800	266,800
C-Professional Service Contracts	1,901,000	2,198,000	4,099,000	3,100,000	3,100,000
E-Goods and Other Services	696,000	696,000	1,392,000	1,392,000	1,392,000
G-Travel	9,600	9,600	19,200	19,200	19,200
J-Capital Outlays	20,000		20,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	3,136,000	3,418,000	6,554,000	5,540,000	5,540,000

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
Forecast Analyst	95,400	4.0	4.0	4.0	4.0	4.0
Total FTEs		4.0	4.0	4.0	4.0	4.0

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.

Department of Revenue Fiscal Note

Bill Number: 2158 2S HB PL	Title: Workforce education	Agency: 140-Department of Revenue
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
NEW-State 01 - Taxes 05 - Bus and Occup Tax	113,100,000	266,900,000	380,000,000	393,100,000	451,300,000
Total \$	113,100,000	266,900,000	380,000,000	393,100,000	451,300,000

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	22.3	19.2	20.8	14.1	12.7
Account					
GF-STATE-State 001-1	2,465,700	1,751,600	4,217,300	2,789,700	2,509,600
Total \$	2,465,700	1,751,600	4,217,300	2,789,700	2,509,600

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact:	Phone:	Date: 04/29/2019
Agency Preparation: Erin Valz	Phone: 360-534-1522	Date: 05/08/2019
Agency Approval: Kim Davis	Phone: 360-534-1508	Date: 05/08/2019
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 05/08/2019

Request # 2158-8-1

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 E2SHB 2158 as passed the Legislature in the 2019 Legislative Session.

PART II - WORKFORCE EDUCATION INVESTMENT ACCOUNT

This part creates the workforce education investment account. Funds deposited into the account may be used only for higher education programs, higher education operations, higher education compensation, and state-funded student aid programs.

PART III-IV

These parts of the bill make education-related changes. These parts of the bill do not impact the Department of Revenue (Department).

PART V - WORKFORCE EDUCATION INVESTMENT ASSESSMENT

CURRENT LAW:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state.

A taxpayer may pay more than one B&O tax rate, depending on the types of activities conducted. Major B&O tax rates are 0.471 percent for retailing, 0.484 percent for manufacturing, wholesaling, and extracting, and 1.5 percent for most services and other activities not classified elsewhere in the B&O tax code. Several preferential rates also apply to specific business activities.

PROPOSAL:

This proposal does the following:

- Creates a surcharge that increases the service and other activities B&O tax rate from 1.5% to 1.8% for all "specified persons." A specified person is a business that:
 - Is primarily engaged in any combination of business activities captured within any of 43 categories of business activities that are based on certain North American Industry Classification System codes; and
 - Is not subject to the separate surcharge on select advanced computing businesses, discussed below.
- Creates a separate surcharge on "select advanced computing businesses" that:
 - Increases the service and other activities B&O tax rate to 2.0% for select advanced computing businesses, and all of their affiliates, with worldwide revenue that exceeds \$25 billion in the current or immediately preceding calendar year.
 - Increases the service and other activities B&O tax rate to 2.5% for select advanced computing businesses, and all of their affiliates, with worldwide revenue that exceeds \$100 billion in the current or immediately preceding calendar year.
 - The worldwide revenue thresholds are based on gross revenue from all business activities of the select advanced computing business's affiliated group.
 - A select advanced computing business's affiliated group will pay no less than \$4 million and no more than \$7 million per year in combined surcharge. This minimum and maximum annual combined surcharge amount is based on the affiliated group's total tax due.
- "Advanced computing" means designing or developing computer software or computer hardware, whether directly or contracting with another person, including modifications to computer software or computer hardware, cloud computing services, or operating an online marketplace, an online search engine, or online social networking platform.
- "Select advanced computing business" means a business that is a member of an affiliated group with at least one member

of the affiliated group engaging in advanced computing, and the affiliated group has worldwide gross revenue of more than \$25 billion.

- A business primarily engaged in this state in providing commercial mobile service, as that term is defined in 47 U.S.C. Sec. 332(d)(1), will not be considered a select advanced computing business. A business who is primarily engaged in this state in the operation and provision of access to transmission facilities and infrastructure that the person owns or leases for the transmission of voice, data, text, sound, and video using wired telecommunications networks shall not be considered a select advanced computing business.

The bill includes the following provisions intended to assist the Department in administering the surcharges:

- A statement of legislative intent that the provisions of the act be applied broadly in favor of application of the surcharges and that the courts and administrative tribunals should construe any ambiguous provisions of the bill in favor of application of the surcharges.
- A heightened standard of proof under which the Department's determination that a business is subject to the surcharge is presumed to be correct unless the business shows by clear, cogent, and convincing evidence that the Department's determination was incorrect.

However, the bill was amended on the floor to expire this rule of statutory construction and standard of proof effective January 1, 2022.

EFFECTIVE DATE:

This part takes effect on January 1, 2020.

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.

ASSUMPTIONS

This proposal impacts 5 months of cash collections in Fiscal Year 2020 due to the January 1, 2020, effective date.

Additional service and other B&O tax on certain businesses assumptions:

- Taxpayers are subject to the additional service and other B&O tax on "specified persons" if the taxpayer generates more than 50 percent of its taxable income from any combination of the 43 business activities categories on which the additional B&O tax is imposed.
- A small number of taxpayers do not have a North American Industrial Classification System (NAICS) code assigned in our system. These businesses are not included in this estimate.
- The Department has assigned the correct NAICS category to each taxpayer.
- There will be no additional revenue generated from annual filers during Fiscal Year 2020 due to the January 1, 2020, effective date.
- There will be a minimum of \$4 million in additional tax revenue collected for advanced computing businesses. The minimum is the total for each affiliated group.
- There will be a maximum of \$7 million in additional tax revenue collected for advanced computing businesses. The maximum is the total for each affiliated group.
- If a business is categorized as primarily providing commercial mobile service, and they are affiliated with advanced computing businesses, then the commercial mobile service business will not be required to contribute to the advanced computing surcharge minimum or maximum for their affiliate group.
- There is reduced compliance and the possibility of refunds starting in Fiscal Year 2022, as a result of the expiration date of the evidentiary standard. The expiration date of the evidentiary standard is January 1, 2022.
- Compliance will be as follows:
 - 90 percent compliance for Fiscal Year 2020.
 - 95 percent compliance for Fiscal Year 2021.
 - 75 percent compliance for all fiscal years thereafter.
- In addition to the compliance factors above, it is assumed that refund requests will be received starting January 1, 2022,

for amounts paid in Fiscal Years 2020 and 2021.

- It is assumed that refunds will be issued for approximately 20 percent of amounts paid during Fiscal Years 2020 and 2021, and that resulting refunds will occur over a 3-year period.

Taxpayer counts:

Businesses impacted by increasing the service and other B&O tax: 82,000

DATA SOURCES

- Department excise tax returns
- Economic and Revenue Forecast Council, November 2018 forecast

REVENUE ESTIMATES

This bill increases state revenues by an estimated \$380 million in the 2019-21 Biennium and by \$393.1 million in the 2021-23 Biennium.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2020 -	\$ 113,100
FY 2021 -	\$ 266,900
FY 2022 -	\$ 192,200
FY 2023 -	\$ 200,900
FY 2024 -	\$ 211,100
FY 2025 -	\$ 240,200

Local Government, if applicable (cash basis, \$000): none

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS:

This legislation affects about 82,000 taxpayers who would report the additional service and other B&O tax. The Department anticipates that a significant number of taxpayers will contest letter rulings, assessments and determinations.

FIRST YEAR COSTS:

The Department will incur total costs of \$2,465,700 in Fiscal Year 2020. These costs include:

Labor Costs - Time and effort equates to 22.33 FTEs.

- Provide increased interpretation and analysis of new laws.
- Set up, program and test computer system for three new line, reason, refund and transaction codes, assist with form development, oversee computer systems, resolve computer system problems, and conduct testing for each return period.
- Answer an increased number of taxpayer inquiries via email, telephone, and field office counter visits.
- Respond to letter ruling requests and email inquiries.
- Resolve additional error and out-of-balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.
- Collect additional balance due invoices.
- Hold hearings and write determinations related to administrative reviews of contested assessments and letter rulings.
- Additional time required for field audits of taxpayers subject to the new tax rate.
- Adopt one new administrative rule.

Object Costs - \$311,800.

- Contract computer system programming.
- Print and mail a special notice to taxpayers who do not file returns electronically.
- Agent seat licenses for the Telephone Information Center.
- Warrant filing fees and postage for collection of additional delinquent accounts.

SECOND YEAR COSTS:

The Department will incur total costs of \$1,751,600 in Fiscal Year 2021. These costs include:

Labor Costs - Time and effort equates to 19.2 FTEs.

- Provide increased interpretation and analysis of new laws.
- Answer an increased number of taxpayer inquiries via email, telephone, and field office counter visits.
- Respond to letter ruling requests and email inquiries.
- Resolve additional error and out-of-balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.
- Collect additional balance due invoices.
- Hold hearings and write determinations related to administrative reviews of contested assessments and letter rulings.
- Additional time required for field audits of taxpayers subject to the new tax rate.

Object Costs - \$9,800.

- Warrant filing fees and postage for collection of additional delinquent accounts.

ONGOING COSTS:

Ongoing costs for the 2021-23 Biennium equal \$2,789,700 and include similar activities described in the second year costs. Time and effort equates to 14.05 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	22.3	19.2	20.8	14.1	12.7
A-Salaries and Wages	1,343,000	1,155,100	2,498,100	1,842,000	1,666,600
B-Employee Benefits	402,800	346,400	749,200	552,600	500,000
C-Professional Service Contracts	281,600		281,600		
E-Goods and Other Services	287,700	206,100	493,800	311,400	279,000
G-Travel	3,700	3,700	7,400	10,700	10,600
J-Capital Outlays	146,900	40,300	187,200	73,000	53,400
Total \$	\$2,465,700	\$1,751,600	\$4,217,300	\$2,789,700	\$2,509,600

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
COMMUNICATIONS CNSLT 4	60,636	0.1		0.1		
EMS BAND 4	115,593	0.0		0.0		
EMS BAND 5	135,039	0.0		0.0		
EXCISE TAX EX 2	51,000	5.0	5.0	5.0	2.5	2.0
EXCISE TAX EX 3	56,256	3.0	3.0	3.0	1.5	1.5
FORMS AND RECORDS	54,924	0.2		0.1		
ANALYST SUPV						
IT SPEC 4	70,320	0.5		0.3		
IT SPEC 5	77,616	0.1		0.1		
MGMT ANALYST1	45,096	0.0		0.0		
MGMT ANALYST5	68,580	2.0	1.0	1.5	0.3	0.3
REVENUE AGENT 2	52,332	0.2	0.2	0.2	0.1	
REVENUE AUDITOR 2	56,256	1.0	1.0	1.0	1.5	1.5
TAX INFO SPEC 1	40,908	3.0	2.0	2.5	1.0	1.0
TAX INFO SPEC 4	60,636	2.0	2.0	2.0	0.3	0.1
TAX POLICY SP 3	77,616	4.4	4.2	4.3	5.8	5.3
TAX POLICY SP 4	83,556	0.8	0.8	0.8	1.2	1.0
WMS BAND 3	98,308	0.0		0.0		
Total FTEs		22.3	19.2	20.8	14.1	12.7

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.

Should this legislation become law, the Department will use the complex rule-making process to adopt one new rule under chapter 458-20 WAC. Persons affected by this rule making would include selected service businesses.

Individual State Agency Fiscal Note

Bill Number: 2158 2S HB PL	Title: Workforce education	Agency: 340-Student Achievement Council
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: 04/29/2019
Agency Preparation: Becky Thompson	Phone: 360-753-7840	Date: 05/03/2019
Agency Approval: Don Alexander	Phone: (360) 753-7816	Date: 05/03/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 05/07/2019

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.

Engrossed Second Substitute House Bill 2158 (2158 2S HB.PL) makes new investments in workforce education to train Washington students for Washington jobs.

Responsibilities specific to the Washington Student Achievement Council (WSAC) are:

1. Section 4(3) Financial Aid Application Digital Tools

WSAC to increase the number of high school seniors and College Bound students to complete their financial aid application through digital tools, training and increased high school events. WSAC to submit a legislative report by December 1, 2020.

2. SECTION 3, Legislative Workforce Education Investment Accountability and Oversight Board (Board)

WSAC assumes a member of leadership will attend Board meetings as required in Section 3 to develop legislative recommendations and review outcomes of activities funded with the workforce education investment account (created in Sec. 2). The meeting schedule is not outlined in the bill and it is assumed costs related to participation will be minimal and covered through existing resources.

3. SECTIONS 18-48, Washington College Grant

E2SHB 2158 creates the Washington College Grant (WCG), as a replacement to the State Need Grant (SNG). The program, administered by the Washington Student Achievement Council (WSAC), would serve eligible students seeking an apprenticeship or postsecondary credential.

General eligibility requirements for WCG are as follows:

1. Demonstrate financial need
2. Be a resident student
3. Complete an annual financial aid application
4. Enroll in an eligible program or registered apprenticeship program
5. Maintain satisfactory academic progress
6. Scholarship receipt limited to 125% of program length

For the 2019-20 academic year, per Section 20(1)(a-d), income requirements would remain at 0-70% MFI with award prorations for MFI levels between 51-70% (current SNG eligibility). Maximum awards would vary by type of institution, with an expansion to full tuition and fees for students attending public institutions. Awards for students at other types of institutions would remain at current SNG levels for 2019-20 and would increase by a "tuition growth factor" in subsequent years as defined in Section 21(5)(b-f). A new award category for apprenticeship programs would be added (Section 21(5)(g)).

Award amounts are as follows (Section 21(5)):

- Public colleges = Tuition and estimated S&A fees for fifteen quarter credit hours or the equivalent.
- Private four-year not-for-profits = \$9,739
- Two-year private not-for-profits = \$3,694
- Four-year private for-profit = \$8,517

- Two-year private for-profit = \$2,823
- Western Governors University = \$5,619
- Approved apprenticeship programs = Tuition and fees, as determined by WSAC, in addition to required program supplies and equipment.

Beginning in the 2020-21 academic year, WCG would be expanded to students with family incomes up to 100% of MFI, with prorated awards between 55-100% MFI as follows (Section 20(2)(a-e)):

- 70% award for 56-60% MFI
- 60% award for 61-65% MFI
- 50% award for 66-70%
- 24.5% award for 71-75%
- 10% award for 76-100%

4. SECTIONS 49-52, Student Loan Relief

The Washington Student Loan Refinancing Program would be administered by the Washington Student Achievement Council (WSAC). WSAC would contract with up to five financial institutions to refinance existing student loans (Section 51(2)).

WSAC would establish the terms and work with an advisory committee and the Department of Financial Institutions as needed (Section 51(2)(f)).

The interest rate would be at least one-quarter percentage point lower than the loan being refinanced (Section 50(7)(a)). Eligible loans for refinancing would include federal direct PLUS loans or private loans that are not dischargeable in bankruptcy (Section 50(7)). WSAC would provide biennial reporting as outlined in Section 51(3).

5. SECTIONS 53-61, Career Connected Learning

Per Section 54, a Career Connected Learning Workgroup cross-agency workgroup is established with a representative from WSAC as one of its members. The group will meet at least six times during the calendar year and fulfill the duties outlined below.

SYSTEM BUILDING

- Advance the statewide system for career connected learning
- Prioritize activities with cross-agency and industry coordination
- Mobilize private sector resources and coordinate external partnerships
- Coordinate agency functions and build system functions
- Support regional networks, both rural and urban, and the regional grant program
- Promote the system with marketing and communications including an equity lens

DATA SYSTEMS & TRACKING

- Develop data systems and tracking and establish targets including equity-focused criteria
- Develop system for planning and evaluation

CAREER CONNECTED POLICY, PROGRAM AND SUPPORTS DEVELOPMENT

- Career launch guidance including expansion of apprenticeships
- Build an inventory and develop guidance for program endorsements

- Promote innovation in equivalency and credentialing by offering guidance re. earning credits
- Develop and coordinate web resources
- Address transfer and articulation policy barriers
- Address financial aid and support barriers
- Align work study

REPORTING

- Make budget recommendations by September 1 each year with support for K-12, innovative design for apprenticeships and dual credit, and support for higher education sectors and aligned work-study.

Development of the Career Launch program directory and a coordinated inventory of student supports and resources will require staff resources. The work required in this legislation involves identification of existing support programs to promote equitable participation in career connected learning, including resources for populations less likely to reengage with educational opportunities, and developing a student-facing web-based resource and implementation of digital tools in collaboration with the Workforce Board and Employment Security Department.

6. SECTIONS 62-68, Washington State Opportunity Scholarship (WSOS)

The bill includes various updates to laws governing Washington State Opportunity Scholarships. Only the new section (Section 68) relates to WSAC administration of financial aid. WSOS awards would not be considered a state-funded financial aid program when determining state financial aid awards. Currently WSOS is considered state financial aid for College Bound Scholarship awards.

7. SECTION 72, Health Professional Loan Repayment Program

Section 72(2) would provide loan repayment eligibility to chiropractors.

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 attached document titled 2SHB.PL 2158 -- WSAC Administrative Expenditures summarizes staffing administrative expenses for each program element of the bill described in greater detail, below.

1. Section 4(3) Financial Aid Application Digital Tools

Per Section 4(3), \$580,000 is provided FY 20 and \$575,000 in FY 21.

WSAC duties would include:

- Provision and evaluation of well-vetted innovative digital platforms to connect with and provide information to College Bound Scholarship students.
- Development of trainings to school staff and college access providers regarding the tools.
- Management of the vendor contract(s) and coordination with other CBS outreach efforts.
- Technical support to the vendor(s) and oversight of privacy, data integrity, and security.
- Expansion of FAFSA/WASFA 12th Year Campaign events into additional regions, to reach 300 events and

increase attendance by 20 percent.

- Promotion of events within regions.
- Expanded training regarding FAFSA/WASFA completion.

Expenses associated with these duties include:

- 1.0 FTE Program Associate – manage the CBS digital tool procurement and implementation
- 1.0 FTE Program Associate – manage the 12th Year Campaign expansion of FAFSA/WASFA
- \$300,000 for vendor contracts

2. SECTION 3, Legislative Workforce Education Investment Accountability and Oversight Board (Board)

Assuming local Olympia travel, WSAC would cover expenses within existing resources.

3. SECTIONS 18-48, Washington College Grant

Per Section 4(1): \$39.735M in FY20 and \$99.377M in FY21, or as much thereof as may be necessary, appropriated for the backlog of students eligible but not receiving aid and the expansion to full tuition and fees.

Per Section 4(2): \$21.218M for FY21 to expand income eligibility for WCG.

Overall expenditures are indeterminate for several reasons: costs associated with awards for apprenticeship students are unknown, exact tuition and fees in future years are unknown, uncertainty exists about how enrollments by sector may shift and fluctuate in the next few years, enrollment behaviors may change as a result of this bill, and average award amounts could change.

EXPENDITURES

Expenditures fall into the following three categories, with additional details below:

- i. Awards to students pursuing a degree or certificate at an eligible institution.
- ii. Awards to apprentices in an eligible apprenticeship program.
- iii. Administrative costs.

i. WCG Awards to Students at Eligible Institutions

Ultimately, expenditures are indeterminate due to uncertainty about how enrollments may grow and shift by sector as a result of this bill, unknown exact tuition and fees amounts, and uncertain average award amounts.

To fully fund current need, two factors increase WCG funding from amounts assumed in the operating budget:

1) award amounts equal tuition and estimated fees for public institutions starting in FY20; and 2) increased number of students served.

- First, the current SNG program awards do not cover public tuition at 100%, instead the percentage varies by public college and range from 93% to 97%. WCG proposes to close those gaps. For example, the estimated FY22 WCG maximum award at the University of Washington would be \$10,963, an increase of \$806 over the award forecast for FY22 under current SNG funding policy.

Another consideration is the interaction between WCG and College Bound Scholarship (CBS). Specifically, as awards in WCG cover more tuition and fees, CBS funding would need to cover less of the CBS state aid commitment. As a result, estimated cost increases for WCG would need to account for corresponding decreases in costs for CBS.

ii. WCG Awards for Apprenticeships

Overall expenditures are indeterminate because costs are dependent on the number of eligible apprentices, the type of apprenticeships pursued, and the average or actual award amounts (maximum award will vary by apprenticeship program as the maximum award is based on tuition, fees, supplies and equipment per subsection 21(5)(g)).

Apprenticeship enrollments in 2017 were 5,025 (Workforce Board Analysis of Washington State Department of Labor and Industries data, referenced on WSAC's Roadmap Dashboard, <https://wsac.wa.gov/roadmap/access#apprenticeship-enrollments>). It is unknown how many of these apprentices would meet income requirements.

It is unclear how Veterans Administration funding for apprenticeship awards might compare to WCG as those awards do not vary by apprenticeship program. VA awards include \$83 per month for books and supplies for On the Job Apprenticeships (OJA) or \$1,000 for books and supplies for academic-based apprenticeships. Both types of participants also receive a monthly housing allowance that varies by GI Bill chapter and program location which decreases over time for OJA participants.

iii. WSAC Administration of WCG

It is assumed that current SNG staffing levels would remain and only additional staffing required by this legislation is described below.

Administrative functions assumed by the Washington Student Achievement Council to implement and maintain WCG include:

- For the apprenticeship component: Create application, awarding, and certification processes, including developing IT systems to support
- Develop and carry out ongoing award disbursements for apprenticeships
- Update fund management
- Update program guidance and provide training to financial aid administrators
- Revise promotional materials for school partners, students, and families
- Develop and adopt rules

WSAC would have initial implementation expenditures, including IT development in FY20 and FY21, before level maintenance staffing beginning in FY22 and beyond. Costs associated with FTEs are as follows:

FY 20

Staff FTE:

- Associate Director = 0.25
- Program Manager (working with institutions) = 0.25
- Program Associate (apprenticeship program) = 0.50
- IT Programmer = 1.00

Salaries = \$152,000

Benefits = \$57,000

Goods & Services = \$59,000

Travel = \$2,000

Equipment = \$7,000

Total for FY 21 = \$277,000

FY 21

Staff FTE:

- Associate Director = 0.10
- Program Manager (working with institutions) = 0.25
- Program Associate (apprenticeship program) = 0.75
- IT Programmer = 0.50

Salaries = \$113,000

Benefits = \$48,000

Goods & Services = \$48,000

Travel = \$2,000

Total for FY 21 = \$211,000

FY 22 and beyond, annually

Staff FTE:

- Program Associate (apprenticeship program) = 0.75
- IT Programmer = 0.25

Salaries = \$69,000

Benefits = \$27,000

Goods & Services = \$30,000

Travel = \$1,000

Total for FY 22 and beyond, annually= \$127,000

4. SECTIONS 49-52, Student Loan Relief

Per Section 4(5): \$1,098,000, or as much thereof as may be necessary, appropriated in FY20 and \$1,097,000 for FY 21 for the Washington Student Loan Refinancing Program.

The overall fiscal impact is indeterminate. One unknown includes the terms that would be agreeable to financial institutions. WSAC assumes it would conduct a request for proposals (RFP). Contractor compensation could be structured in several ways. Further, expenditures are dependent on number of participants in program, average loan indebtedness, interest rates on loans being refinanced, terms of the refinanced loans, and number of defaults.

Administrative responsibilities include:

- Establishing terms of the refinanced loans
- Establishing minimum reporting requirements for contractors
- Appointing advisory committees and consulting with the Department of Financial Institutions, as needed
- Contract management
- Reporting to the legislature biennially, beginning July 1, 2020.
- Adopting administrative rules

Administrative Staffing Assumed by the Agency Include:

Year One - 0.50 FTE associate director, 0.50 FTE program manager

Year Two and ongoing - 0.50 program manager

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

Year One

Salaries = \$75,000

Benefits = \$28,000

Goods & Services = \$30,000

Total = \$133,000

Year Two and ongoing

Salaries = \$28,000

Benefits = \$19,000

Goods & Services = \$15,000

Total = \$62,000

Ongoing staffing requirements will depend on terms of contracts with participants.

5. Section 53-61, Career Connect

Career Connect Workgroup

Per Section 54(1) – within existing resources.

WSAC participated in the Career Connect Washington strategic planning effort, serving on the education sub-group, and leading the data committee discussions. Cost estimates to produce the results described in this legislation are informed by that planning effort and include developing web sites, coordinating equity supports, and providing staff support for the cross-agency workgroup. Multiple workgroup duties require expertise from WSAC's policy and affordability analyses and program experience, including insights on barriers for transfer students, financial aid eligibility issues, data systems and tracking, digital resources, and work-study.

Implementation of HB 2158 Section 55 requires 1.0 FTE in Year 1 and .5 FTE in Year 2.

WORKGROUP DUTIES (SEC 55) REQUIRING WSAC PARTICIPATION AND SUPPORT
SYSTEM BUILDING

- Advance the statewide system for career connected learning
- Prioritize activities with cross-agency and industry coordination
- Mobilize private sector resources and coordinate external partnerships
- Coordinate agency functions and build system functions
- Support regional networks, both rural and urban, and the regional grant program
- Promote the system with marketing and communications including an equity lens

DATA SYSTEMS & TRACKING

- Develop data systems and tracking and establish targets including equity-focused criteria
- Develop system for planning and evaluation

CAREER CONNECTED POLICY, PROGRAM AND SUPPORTS DEVELOPMENT

- Career launch guidance including expansion of apprenticeships
- Build an inventory and develop guidance for program endorsements
- Promote innovation in equivalency and credentialing by offering guidance re. earning credits

- Develop and coordinate web resources
- Address transfer and articulation policy barriers
- Address financial aid and support barriers
- Align work study

REPORTING

- Make budget recommendations by September 1 each year with support for K-12, innovative design for apprenticeships and dual credit, and support for higher education sectors and aligned work-study

WSAC would build upon the agency's involvement in the Career Connect Washington strategic planning, as well as related activities including management of the STEM Alliance, participation in the NGA Work Based Learning policy academy, facilitating transfer and prior learning policies, developing the Skilled and Educated Workforce report and related regional analyses, and administering financial aid and college readiness programs. As required in the bill, WSAC would support building an infrastructure that prepares students to make choices among career and education pathways and provide opportunities for work-based learning to be prepared for career launch into life-long learning and work.

WSAC assumes the following resources are required for planning, preparing and participating in the broad workgroup duties described above, including the development of web-based resources.

**Policy Analyst (policy recommendations, program inventory, resource coordination)

The position coordinates the development of web resources and digital tools for career connected learning activities, including the Career Launch program directory and student supports. The position also provides expertise on issues related to dual credit, college and career readiness, transfer, credit for prior learning, affordability, financial aid program barriers, and programs administered by WSAC including State Work Study.

Identification and development of resources are assumed to occur in Year 1 requiring 1.0 FTE, while 0.5 FTE would be required for Year 2 and beyond for updating resources and continual policy analysis and coordination. Costs for FY20 = \$142,000 [Salary and benefits = \$111,000 (\$82k salary and \$29k benefits); Staff-related goods and services = \$30,000; Travel = \$1,000].

Costs for FY21 = \$ 80,000 [Salary and benefits = \$63,000 (\$41k salary and \$22k benefits); Staff-related goods and services = \$16,000; Travel = \$1,000].

**Digital tool web-based resources

Based on demonstrations of products for supports to College Bound students, as well as the development of a statewide web-based interactive tool for adult learners, the technology platforms are expected to cost \$650,000 in the first year with \$120,000 in maintenance and update costs thereafter.

STATE WORK STUDY

Section 55(2)(c)(ii) would require WSAC to align State Work Study (SWS) with identified Career Launch programs. The definition of Career Launch includes pathways that provide paid work experiences for participants. SWS provides an opportunity to develop subsidized positions in collaboration with employers and institutions that are linked to Career Launch pathways. SWS program funding is assumed to increase as Career Connect Washington is implemented and promoted. The number of positions which will be subsidized with SWS to serve eligible students is indeterminate at this time. For reference, an additional \$1 million in SWS will serve 333 participants with 60% of wages subsidized by the state and the remainder covered by employers.

6. Section 68, Awarding Washington Opportunity Scholarship and College Bound Scholarship.
There is no fiscal impact to WSAC to change awarding guidance to colleges participating in state financial aid programs. WSAC updates materials and provides training annually. This change would be communicated through established processes.

7. Section 72, Health Professional Loan Repayment Program
There is no fiscal impact to WSAC to change the eligible professions for the program. This is an annual review and would be handled through established processes.

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.

Washington Student Achievement Council would need to adopt administrative rules to implement/update the financial aid programs outlined in the bill.

2SHB.PL 2158--WSAC Administrative Expenditures

Sections	4 Digital Tools	3 LWEIAO Board	18-48 WA College Grant	49-52 Student Loan Relief	53-61 Career Connect Workgroup	Total HB 2158
FY 20						
FTE	2.5	0.0	2.0	1.0	1.0	6.5
A	\$ 128,000	\$ -	\$ 152,000	\$ 75,000	\$ 82,000	\$ 437,000
B	\$ 52,000		\$ 57,000	\$ 28,000	\$ 29,000	\$ 166,000
C	\$ 300,000		\$ -		\$ 650,000	\$ 950,000
E	\$ 79,000		\$ 59,000	\$ 30,000	\$ 30,000	\$ 198,000
G	\$ 16,000		\$ 2,000		\$ 1,000	\$ 19,000
J	\$ 5,000		\$ 7,000			\$ 12,000
Total FY20	\$ 580,000	\$ -	\$ 277,000	\$ 133,000	\$ 792,000	\$ 1,782,000
FY 21						
FTE	2.5	0.0	1.6	0.5	0.5	5.1
A	\$ 128,000	\$ -	\$ 113,000	\$ 28,000	\$ 41,000	\$ 310,000
B	\$ 52,000		\$ 48,000	\$ 19,000	\$ 22,000	\$ 141,000
C	\$ 300,000		\$ -	\$ -	\$ 120,000	\$ 420,000
E	\$ 79,000		\$ 48,000	\$ 15,000	\$ 16,000	\$ 158,000
G	\$ 16,000		\$ 2,000		\$ 1,000	\$ 19,000
J	\$ -		\$ -		\$ -	\$ -
Total FY21	\$ 575,000	\$ -	\$ 211,000	\$ 62,000	\$ 200,000	\$ 1,048,000
FY 22 and Beyond						
FTE	2.5	0.0	1.0	0.5	0.5	4.5
A	\$ 128,000	\$ -	\$ 69,000	\$ 28,000	\$ 41,000	\$ 266,000
B	\$ 52,000		\$ 27,000	\$ 19,000	\$ 22,000	\$ 120,000
C	\$ 300,000		\$ -	\$ -	\$ 120,000	\$ 420,000
E	\$ 79,000		\$ 30,000	\$ 15,000	\$ 16,000	\$ 140,000
G	\$ 16,000		\$ 1,000		\$ 1,000	\$ 18,000
J	\$ -		\$ -		\$ -	\$ -
Total FY22 +	\$ 575,000	\$ -	\$ 127,000	\$ 62,000	\$ 200,000	\$ 964,000

Individual State Agency Fiscal Note

Bill Number: 2158 2S HB PL	Title: Workforce education	Agency: 354-Workforce Training and Education Coordinating Board
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Part I: Estimates

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	3.6	3.5	3.6	3.5	3.6
Account					
General Fund-State 001-1	571,000	558,000	1,129,000	1,160,000	1,239,000
Total \$	571,000	558,000	1,129,000	1,160,000	1,239,000

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: 04/29/2019
Agency Preparation: Dave Pavelchek	Phone: 360-709-4630	Date: 05/08/2019
Agency Approval: Victoria DeBoer	Phone: 360 709-4620	Date: 05/08/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 05/08/2019

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 of the bill creates the Workforce Education Investment Accountability and Oversight Board (Oversight Board) to oversee the Workforce Education Investment Account, and assigns the Workforce Board the role of providing overall staff support to the Oversight Board. The Oversight Board's annual report to the Legislature is due August 1, starting in 2019.

Section 3(7) of the bill identifies a role for Workforce Board in supporting the Oversight Board by providing data for assessment and evaluation of the efficacy of the full range of programs funded through the Workforce Education Investment Account.

Section 22 provides that certain postsecondary institutions may be found ineligible for the state's federally required eligible training provider list, which the Workforce Board administers, based on failure to provide student records to the Washington Student Achievement Council.

Section 54 of the bill identifies the Workforce Board as a member of the career connected learning cross-agency workgroup, which is charged with meeting at least six times per year to coordinate agency functions and external partnerships.

In Section 55, this workgroup is given an expansive list of duties and responsibilities, including creating guidance for endorsing "Career Launch" programs, implementing a marketing and communications plan, creating a statewide inventory of support services, developing new and coordinating existing web and other resources, addressing transfer and articulation issues, developing data systems, making policy recommendations, supporting regional leadership and local networks, and developing a data enclave for career-connected learning.

Among those responsibilities is a substantial body of work in assessment, development and implementation of data and evaluation work, including cross-agency data standards, collection, compilation, management, analysis, and dissemination. Participation in the workgroup's data and evaluation activities will also be required of Workforce Board research staff. Research staff will be actively involved in consulting and coordinating with staff at partner agencies in developing standards, protocols, and systems.

Section 61 (17) of the bill charges the Workforce Board with incorporating the expansion of K-12 and postsecondary opportunities for career-connected learning into the planning efforts for the federal Carl D. Perkins (Perkins) Act. The planning process for the Perkins plan occurs every four years, with the next planning cycle already underway for FY20 submission.

II. B - Cash receipts Impact

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

None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section: 3(5) Providing staff support to the Legislative Workforce Education Investment Accountability and Oversight Board has three components: Logistics, a staff coordinator, and Data Analysis for Assessing Program Effectiveness. The scope of the Oversight Board portfolio is considerably larger than the current evaluation and policy activities of the Workforce Board. It includes additional programs such as student loans, policy issues such as federal constraints on child care support for education and training participants, and performance measures such as student retention rates.

Logistics – The Oversight Board will have 16 members, at least half of whom will not be state employees nor state legislators. The Oversight Board will meet four times a year, and produce an annual report of recommendations to the Legislature on workforce education priorities. Meeting arrangements, materials and report production and distribution, and other administrative and clerical tasks will require 0.3 FTE of an Administrative Assistant 4 each year.

Staff Coordinator

The Staff Coordinator's roles will include organizing meeting briefings and presentations, compiling and editing meeting materials, responding to further information requests from Oversight Board members, drafting and revising the annual report, and serving as a liaison with state agencies, and other organizations responsible for activities funded through the Workforce Education Investment Account. This position is budgeted as 1.0 FTE of WMS-1 each year.

Data Analysis for Assessing Program Effectiveness

Sec. 3(5) The Oversight Board's annual report of recommendations about activities to be funded from the Workforce Education Investment Account is to be based on assessments of the extent to which existing workforce education investments are effective. In addition to the role as a provider of data on those programs within the current scope of the Workforce Board - which are designated in Section 3(7) and covered below - the programs to be funded from the Workforce Education Investment Account include substantial programs that are currently outside the Workforce Board's current data compilation, analysis and expertise, such as student financial aid loans and grants, student retention and choice of majors at the baccalaureate level, and the participation requirements for working connections child care benefits. This will require compiling and developing understanding and competency about diverse data from the Education Research Data Center and other agencies.

Section 3(7): The scope of the Oversight Board's program assessment mandate is larger than the career-connected learning and Career Launch programs that are addressed in the Sections 54-55 narrative below. While the Board already works with data for programs such as apprenticeship, secondary and postsecondary career and technical education, and private career schools, there are additional components and focus areas of Oversight Board responsibility, such as student retention, that are beyond the current scope of the Workforce Board's evaluation activities. This will require additional analysis and research expertise, as well as expansion of data collection, and an increase in the diversity of analytic methods applied.

The analytic and data compilation work required under Sections 3(5) and 3(7) is estimated to require an additional 0.7 FTE of Research Investigator 3 annually.

The estimated travel costs for Oversight Board members are based on the following assumptions:

- Eight of the sixteen Board members will request reimbursement for their travel costs.
- Three of the four annual meetings would be in the central Puget Sound area, which would incur mileage charges, and one meeting would be in eastern Washington with corresponding costs for travel and per diem.
- Workforce Board staff travel costs are based on the same meeting schedule, plus additional travel to meet

with Oversight Board members and other stakeholders outside of formal meetings.

An additional 0.2 FTE of an Administrative Assistant 4 will be required to maintain the current level of general administrative staff support at one admin assistant to 10 professional staff.

Section 22, Which could generate an increased workload related to possible determinations of ineligibility for the federally required eligible training provider list, based on failure to provide student records to the Washington Student Achievement Council, can be accommodated within existing resources.

Sections 54 & 55: While the bill states that the career connected learning cross-agency work group be operated within existing resources, the projected resources required are described below. implementation of Career Connect Washington requires substantial participation by the Workforce Board in a range of complex activities to achieve the goals of the multi-agency workgroup. The Workforce Board estimates that a 1.0 FTE Program Manager is necessary to participate at the level required to coordinate agency activities to implement the several charges of the workgroup.

Given the heavy emphasis on workforce data and measurement in the work of the multi-agency workgroups activities, a 0.3 FTE Research Investigator 3 is required. This position will be focused initially on the development of standards and a data system, and in later years on system implementation, analysis, evaluation, and dissemination.

The Workforce Board is assuming that of the six meetings of the group every year, three would be in Olympia, two would be in the central Puget Sound area, which would incur a mileage charge, and one meeting would be in eastern Washington with a corresponding charge for travel and per diem.

Section 61(17) requires the Workforce Board to integrate the new programs, strategies, and recommendations specified in this bill in the next edition of the state strategic plan required by the federal Carl D. Perkins Career and Technical Education Act, which is due on four-year cycles. A new plan is due to the federal Department of Education in 2020, and again in 2024. The Board assumes that the activity required for the planning process will include at least one public meeting focused on this topic, incorporating public comment, and integrating pertinent details into the federally required components of the plan. This will require 0.1 FTE of the Deputy Director for Policy and Programs, to coordinate agency strategic planning, in FY20 and FY24, and to draft the plan in alignment with this bill.

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	571,000	558,000	1,129,000	1,160,000	1,239,000
Total \$			571,000	558,000	1,129,000	1,160,000	1,239,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	3.6	3.5	3.6	3.5	3.6
A-Salaries and Wages	288,000	287,000	575,000	601,000	647,000
B-Employee Benefits	101,000	100,000	201,000	204,000	214,000
C-Professional Service Contracts					
E-Goods and Other Services	118,000	118,000	236,000	245,000	261,000
G-Travel	13,000	14,000	27,000	29,000	30,000
J-Capital Outlays	12,000		12,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	39,000	39,000	78,000	81,000	87,000
9-					
Total \$	571,000	558,000	1,129,000	1,160,000	1,239,000

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
Admin Asst 4	53,592	0.5	0.5	0.5	0.5	0.5
Dep. Dir.	94,000	0.1		0.1		0.1
Prog. Mgr.	87,000	2.0	2.0	2.0	2.0	2.0
Research Investigator 3	77,600	1.0	1.0	1.0	1.0	1.0
Total FTEs		3.6	3.5	3.6	3.5	3.6

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: 2158 2S HB PL	Title: Workforce education	Agency: 360-University of Washington
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
University of Washington Building Account-State 064-1	4,720	4,720	9,440	9,440	9,440
Inst of HI ED-Operating Fees Acct-State 149-1	76,296	76,296	152,592	152,592	152,592
Institutions of Higher Education - Associated Students' Account-Non-Appropriated 522-6	3,264	3,264	6,528	6,528	6,528
Total \$	84,280	84,280	168,560	168,560	168,560

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
Account					
General Fund-State 001-1	72,414	72,414	144,828	144,828	144,828
Total \$	72,414	72,414	144,828	144,828	144,828

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: 04/29/2019
Agency Preparation: Jed Bradley	Phone: 2066164684	Date: 05/02/2019
Agency Approval: Kelsey Rote	Phone: 2065437466	Date: 05/02/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 05/07/2019

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.

The version of Second Substitute House Bill 2158 that passed the legislature, including amendment AMH APP MULV 282 and floor changes made the following changes to the underlying bill:

- Modifies the Washington College Grant award amounts for different income thresholds. The amendment modified the thresholds in the original proposed second substitute.
- Strikes the Washington Student Loan Program.
- Adds in the Washington Student Loan Refinancing Program, in which the Washington Student Achievement Council (WSAC) must contract with up to five financial institutions to refinance student loans by providing an interest rate buy-down incentive or loan loss reserve coverage.
- Adds a member representing the independent, not-for-private higher education institutions to the Workforce Education Investment (WEI) Accountability and Oversight Board.
- Changes the reporting date for the WEI Accountability and Oversight Board to August 1st of each year.
- Clarifies that a quorum constitutes nine voting members of the WEI Accountability and Oversight Board.
- Adds local Washington State Apprenticeship and Training Council registered apprenticeship programs to the list of entities involved in developing a Regional Apprenticeship Pathways Pilot Program.
- Allows that the Workforce Education Investment Account may be used for K-12 career connected learning for the 2019-21 biennium.
- Adds the Work-Integrated Learning Advisory Committee, the Office of the Lieutenant Governor, and the Department of Children, Youth, and Families to the Career Connected Learning cross-agency workgroup.
- Directs that the Career Connected Learning workgroup coordinate its strategies and actions relate to the common schools with the recommendations of the Work Integrated Learning Advisory Committee.
- Requires the CCL workgroup to coordinate with the Complete Washington program in regards to credit portability.
- Adds career technical student organizations and state agencies to the list of eligible program applicants for the Career Connected Learning Grant Program.
- Adds definitions of "work-integrated learning" and "complete Washington" to the career connected learning initiative.
- Adds chiropractors to the eligibility pool for the Health Professional Loan Repayment Program.
- Increases tuition waiver credits from 200 to 250 that a child, spouse, or domestic partner of an eligible veteran or National Guard member who became totally disabled, a prisoner of war, missing in action, or who lost his or her life while serving may receive.
- Expands the definition of "eligible veteran or National Guard member" for the purposes of tuition waivers at the public institutions of higher education to include veteran or National Guard members with any discharge status if the sole reason for discharge is due to gender or sexuality.

In addition to this summary of changes, the MULV amendment would modified the application of the Business and Occupation (B&O) surcharge and appropriations in the original bill. Some of these amendments changed the impact of this bill on the University of Washington. Notably, the state loan program was removed, which would decrease the expenditures associated with this bill. In addition, the bill expands veteran tuition waiver eligibility, which will have a negative cash receipts impact on the University.

The final version as passed the legislature also modified appropriation amounts to the University. Per OFM instructions, we have not included these amounts in the fiscal note.

A new summary of the bill and anticipated impact is outlined below:

Engrossed Second Substitute House Bill 2158 (including MULV 282 and floor changes) increases revenue to fund investments in higher education enrollments, financial aid, and other items. Several policy decisions are similar to other proposed legislation, which we have attempted to identify below.

Part III establishes a legislative workforce education investment accountability and oversight board to provide guidance and recommendations to the legislature on what workforce education priorities should be funded with the workforce education investment account. The board consists of seventeen members, including one member representing four-year institutions and two students. Member terms are three years, except students who serve one year. The board will meet four times a year.

Part IV(A) Section 6 provides appropriations to the UW for the following purposes: (1) for operating costs, including compensation and central services; (2) for employee compensation, academic program enhancements, student support services, and other institutional priorities that maintain a quality academic experience for Washington students; (3) increase degree production in the college of engineering at the Seattle campus; (4) maintain the Washington state Academic Redshirt (STARS) Program; (5) add degree capacity and increase undergraduate enrollments engineering, mathematics, and science programs to support the biomedical innovation partnership zone at the Bothell campus; and (6) establish bachelor of science programs in mechanical and civil engineering at the Tacoma campus.

Part IV(B)(1) (similar to SB 5393) would create the Washington College Grant Program (WCGP), which would replace the State Need Grant (SNG) beginning in the 2021-22 academic year. The program would be administered by WSAC.

Section 19 establishes the program and defines parameters of eligibility for students to participate in the WCGS program, reimbursement of unused funds, and part-time enrollment.

Section 19(11) requires that students be awarded all need-based financial aid for which they qualify, as determined by the institution.

Sections 20 outlines income thresholds through FY20 and beginning in FY21 respectively. These thresholds are the same as the current program until FY21. In FY21, the 100% coverage would be extended into the 51-55% MFI bracket, 70% coverage would be extended to the 56-60% MFI bracket, and coverage would be added for students with MFI between 71% and 100% MFI (24.5% coverage for 71-75% MFI and 10% coverage for 76-100% MFI).

Section 21 adds a definition of financial need, and set maximum award amounts pegged to fifteen quarter credit hours or the equivalent for students attending two or four year institutions. Maximum awards are equal to tuition and S&A fees.

Section 22 (similar to part of SB 5960) requires institutions to submit student-level data to the Education Research and Data Center (ERDC) in order to be eligible to participate in the WCGP.

Sections 23 and 24 modify requirements for the Caseload Forecast Council.

Sections 25 through 48 modify existing statutes to correct language that references the SNG program to reference the WCGP, and repeal SNG program statutes.

Part IV(B)(2) pertains to Student Loan Relief. Sections 49 to 52 provide that WSAC must contract with up to five financial institutions to refinance student loans by providing an interest rate buy-down incentive or loan loss reserve coverage.

Part IV(B)(3) (similar to HB 1336) would expand offerings for career connected learning for K-12 students by increasing cross-sector collaboration and coordination. The following sections would have fiscal impact on the University of Washington:

Section 54 establishes a work group within existing resources to inform and coordinate expansion of career connected learning. This work group would likely include representation from the University of Washington.

Section 55(1)(i) would require the aforementioned career connected learning work group to address transfer and articulation issues to ensure continuity and credit portability between institutions.

Section 56 creates the “Career Connected Learning Grant Program,” intended to expand career connected learning throughout Washington State. It is possible that the University of Washington would receive a grant under Section 4, but we have not included the fiscal impact here because the possibility of receiving a grant and the amount of the grant is unknown.

Part IV(B)(4) (similar to HB 1927, which the UW did not provide a FN for) would amend the Washington State Opportunity Scholarship (WSOS) Program to include contributions from private organizations, corporations, municipalities, or counties and adds language regarding federally recognized Indian tribes. It also removes language regarding the service requirement for advanced degrees in health professions and prohibits WSAC and higher education institutions from considering the WSOS as state-funded aid for the purpose of calculating awards for other state financial aid programs.

Part IV(B)(5) pertains to the Working Connections Child Care Program. In order to be eligible, students must be a single parent, and pursuing a vocational education that leads to a degree or certificate in a specific occupation, not to result in a bachelor’s or advanced degree.

Part IV(B)(6) expands eligibility for the Health Professional Loan Repayment Program to chiropractors.

Part IV(B)(7) (similar to HB 1178) expands veteran and national guard tuition waivers under RCW 28B.15.621 from 200 to 250 quarter credits, and also expands eligibility to those who have received any discharge if the sole reason for discharge is due to gender or sexuality.

Part V creates additional surcharges on business activities occurring on or after January 1, 2020. In addition to the taxes imposed under RCW 36 82.04.290(2), a workforce education investment surcharge is imposed on specified persons. The surcharge is equal to the total amount of tax payable by the person on business activities taxed under RCW 82.04.290(2), including any additional tax due resulting from any other surcharges on such business activities, but before application of any tax credits, multiplied by the rate of twenty percent.

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.

Part IV, Section 6 provides appropriations. Per OFM instructions, these are not considered cash receipts.

Part IV(B)(2), state loan relief, could make it more affordable or attractive for students to seek educational opportunities at the UW or at other institutions. As a result, the UW could see additional undergraduate enrollment in its programs. That said, the University is not expecting significant increases in enrollment capacity at its three campuses, so any impact is indeterminate and likely to be minimal.

Part IV(B)(7), veteran tuition waivers, would result in foregone cash receipts. Amounts are difficult to estimate for the following reasons:

- It is unknown how many additional students would be eligible for tuition waivers if this would result in additional students enrolling at the UW due to the increased availability of waived credits.
- It is unknown how many existing students would take more than two hundred credits if an additional fifty credits of tuition waiver were available to them.
- It is also unknown what type of degree an eligible student might pursue and whether they would attend full-time or part-time – these, in combination, would determine the dollar value of an individual student’s tuition waiver.

However, for the purposes of this fiscal note, we've provided a scalable estimate of impact:

In FY19, for every full-time, tuition-paying resident student who receives a waiver under this bill and who pursues undergraduate-level coursework, the UW would receive approximately \$10,535 less in tuition and services and activities (S&A) fee revenue (using FY19 rates).

We estimate that at least the equivalent of eight full-time students would receive additional waivers under the expansion of credits from two-hundred to two-hundred and fifty, and from the expansion of tuition waivers to those who were discharged due to gender or sexuality. Therefore the cash receipts impact would be approximately \$84,280 per year in foregone tuition revenue. The breakout would be as follows: operating fee (8 * \$9,537 = \$76,296), building fee (8 * \$590 = \$4,720), and S&A fees (8 * \$408 = \$3,264).

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.

Overall, the impact of this bill is indeterminate (primarily due to Part V), but we have included determinate amounts in expenditure tables. A part-by-part summary is below, with estimated totals at the end.

For Part III, if a representative from UW serves on the Board there would be some expenses for staff time and travel expenses, likely under \$5,000. However, given that we do not know if or when UW staff would serve, the impact is indeterminate.

Total Cost for Part III: Less than \$5,000.

For Part IV(B)(1), because WSAC would be tasked with establishing rules for the implementation of the program, there are still several unknowns. Below, we have attempted to provide commentary for sections that would affect the University of Washington:

Section 19: Note: If this bill were to would expand SNG funding and eligibility, then the UW would have additional students served by the WCGP compared to the current program. The UW currently backfills with institutional aid where SNG is not available for on-time applicants who are eligible for SNG under current income thresholds. Given that the exact parameters of the program and associated rulemaking, state funding amounts and timelines, and other factors are unknown at this time, any overall expenditure changes as a result of additional students being eligible for aid are indeterminate. We are considering this subsection to have no impact.

Section 22 requires institutions to submit student-level data to the Education Research and Data Center (ERDC) in order to be eligible to participate in the WCG program. We assume that the data that the University already reports to the federal Integrated Postsecondary Data System (IPEDS) and to the state level Public Centralized Higher Education Enrollment System (PCHEES) would be sufficient to address this requirement. If this assumption were to be incorrect and additional data would need to be provided, and especially if that data were not readily available in our systems, then the costs of this section would increase significantly.

Total Cost for Part IV(B)(1): No impact.

Part IV(B)(2) pertains to Student Loan Relief and would not have an impact on expenditures at the UW.

Part IV(B)(3):

Section 53: We assume that a representative from the Council of Presidents would join the career connected learning work group. As such, there is no expense associated with this section.

Section 56: The University of Washington does not currently have a policy in place to review and approve career launch credits. Creation of such a policy, and implementation of credits would require a coordinated review process between UW faculty and staff. This would require significant time from an enrollment management director, (.5 FTE with a full-time annual salary of \$108,000 and professional staff benefits rate of 34.1%). Therefore, the annual cost of this effort would be \$72,414 (\$54,000 in salary and \$18,414 in benefits). Some additional staff time would also be necessary to coordinate with other institutions to ensure consistency in policies, and the cost of this effort would not exceed \$5,000 and would be largely absorbed within existing staff resources.

Total Cost for Part IV(B)(3): Given the above, we estimate the total cost as approximately \$73,000 per year.

Part IV(B)(4): This section would likely require certain changes to loan awarding. A fiscal note was not requested on HB 1927 because changes would be within normal course of business in managing awarding processes and systems. Therefore, we consider this section to have no impact.

Part IV(B)(7) would most likely not require any significant changes to systems to successfully track revised student eligibility for tuition waivers, so any changes would be minor and absorbed within existing resources

Part V increases B&O taxes for certain professional services, which may apply to physicians in UW Physicians. We estimate that this increase would have an impact in the ballpark of at least \$1.65 million per year for physicians at UW Medicine entities other than Valley Medical Center, and at least \$300,000 per year for physicians at Valley. These amounts are highly indeterminate.

]TOTALS BY PART:

III: Less than \$5,000 (not included in expenditures tables)

IV(B)(1): No impact.

IV(B)(2): No impact.

IV(B)(3): Approximately \$73,000 per year (\$54,000 in salary and \$18,414 in benefits).

IV(B)(4): No impact.

IV(B)(7): No impact.

V: At least \$1.65 million per year at UW Medicine entities, \$300,000 per year at Valley (indeterminate, not included in expenditures tables).

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	72,414	72,414	144,828	144,828	144,828
Total \$			72,414	72,414	144,828	144,828	144,828

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	54,000	54,000	108,000	108,000	108,000
B-Employee Benefits	18,414	18,414	36,828	36,828	36,828
C-Professional Service Contracts					
E-Goods and Other Services					
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 \$	72,414	72,414	144,828	144,828	144,828

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
Enrollment management director	108,000	0.5	0.5	0.5	0.5	0.5
Total FTEs		0.5	0.5	0.5	0.5	0.5

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: 2158 2S HB PL	Title: Workforce education	Agency: 365-Washington State University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: 04/29/2019
Agency Preparation: Chris Jones	Phone: 509-335-9682	Date: 05/01/2019
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 05/01/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 05/07/2019

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.

Per Section 1, 2S HB.PL 2158 provides additional resources for workforce investments in Washington, including investments to help people earn the credentials essential to obtain family-wage jobs.

Section 3 creates the workforce education investment accountability and oversight board. At least one member must be from the four-year sector of higher education.

Section 7 appropriates the following biennial amounts to WSU:

7(1): \$5,353,000 for institution operating costs, including compensation and central services.

7(2): \$10,800,000 for completion funding for four classes of sixty students each at the Elson S. Floyd College of Medicine.

7(3): \$3,600,000 to increase the cohort size by twenty students for the Elson S. Floyd College of Medicine in fall 2019 and fall 2020, for a total of eighty students per cohort.

Section 19 creates the Washington college grant program to provide a statewide free college program for eligible participants and greater access to postsecondary education for Washington residents. Awards to eligible students are to begin in academic year 2020-21. Students must demonstrate financial need and be enrolled or accepted for enrollment for at least three quarter credits or the equivalent semester credits at an institution of higher education in Washington. Students must be residents as defined in RCW 28B.15.012(2) and file an annual application for financial aid. The award may not extend beyond five years or one hundred twenty-five percent of the published length of the student's program. Students must maintain satisfactory academic progress.

Section 20 states that until academic year 2020-21, students with family incomes between zero and fifty percent of the state median family income (MFI) shall receive the maximum Washington college grant as defined in RCW 28B.92.030. Grants for students with incomes between fifty-one and seventy percent of the state MFI shall be prorated. Beginning 2020-21, students with MFI between zero and fifty-five percent shall receive the maximum Washington college grant award. Grants for students between fifty-six and one-hundred percent of the state MFI shall be prorated.

Section 21 (5) defines the maximum Washington college grant as tuition and estimated fees for fifteen quarter credits or the equivalent, including operating fees, building fees, and services and activities fees.

Section 54 creates a career connected learning cross-agency work group to scale up and expand high-quality career connected learning opportunities in the state. One representative must be from the public baccalaureate institutions.

II. B - Cash receipts Impact

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

The bill would not have a cash receipts impact on WSU.

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.

Section 3: It is unknown if a representative from WSU would serve on the board. If WSU does participate, then costs are estimated to be less than \$5,000, but are ultimately indeterminate at this time.

Section 19: This bill would not change state financial aid policy under RCW 28B.15.820, and in particular the amount WSU deposits into its institutional aid fund.

Section 19(3) states that all eligible students are entitled to the Washington College Grant in academic year 2020-21.

Under current WSU financial aid policy, students who receive the SNG and/or Pell grant are eligible for WSU's Cougar Commitment financial aid program. Without changing institutional aid policies, more students would be eligible for Cougar Commitment due to the increased population of SNG/Washington College Grant recipients. WSU currently funds Cougar Commitment through a combination of institutional grants and tuition waivers. For purposes of the fiscal note, WSU assumes that it would evaluate its institutional aid policies to preclude exceeding existing fiscal resources due to the increased population of students receiving SNG/Washington College Grant.

WSU also assumes that the Washington College Grant can be implemented with existing financial aid staff resources.

Section 54: It is unknown if a representative from WSU would serve on the work group. If WSU does participate, then costs are estimated to be less than \$5,000, but are ultimately indeterminate at this time.

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: 2158 2S HB PL	Title: Workforce education	Agency: 370-Eastern Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: 04/29/2019
Agency Preparation: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 05/03/2019
Agency Approval: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 05/03/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 05/07/2019

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.

House Bill 2158 increases revenue to fund investments in higher education enrollments, financial aid, and other items. Several policy decisions are similar to other proposed legislation, which we have attempted to identify below.

Part III establishes a legislative Workforce Education Investment Accountability and Oversight Board to provide guidance and recommendations to the legislature on which workforce education priorities should be funded with the workforce education investment account. The board consists of sixteen members, including one member representing four-year institutions and two students. Member terms are three years, except students who serve one year. The board will meet four times a year.

Part IV(A) Section 10 provides appropriations to Eastern for the following purposes: (1) to create a computer engineering degree and (2) develop a coordinated care network.

Part IV(B)(1) (similar to SB 5393) would create the Washington College Grant (WCGP) program, which would replace the State Need Grant (SNG) beginning in the 2021-22 academic year. The program would be administered by the Washington Student Achievement Council (WSAC).

Section 19 establishes the program and defines parameters of eligibility for students to participate in the WCPS program, reimbursement of unused funds, and part-time enrollment.

Section 19(11) requires that students be awarded all need-based financial aid for which they qualify, as determined by the institution.

Sections 20 define eligibility pegged to financial need below seventy percent of the state median family income, add a definition of financial need, and set maximum award amounts pegged to fifteen quarter credit hours or the equivalent for students attending two or four year institutions. Maximum awards are equal to tuition and S&A fees.

Sections 19 and 20 modify requirements for the Caseload Forecast Council.

Sections 21 through 48 modify existing statutes to correct language that references the SNG program to now reference the WCPS program and repeal SNG program statutes.

Part IV(B)(2) (similar to SB 1542) would establish a state-run student loan program for students who graduate from Washington high schools and are pursuing undergraduate studies. Loans would be offered at a subsidized, one percent interest rate. The program would be funded by increasing real estate excise taxes on properties over one million dollars.

Section 50 establishes defines “institutions of higher education” as including state universities, regional universities, the Evergreen State College, community and technical colleges, and private not-for-profit institutions.

Sections 49 through 52 require the Washington Student Achievement Council (WSAC) Office of Student

Financial Assistance to administer the program and sets additional requirements for servicing student loans, account management, data collection, and reporting.

Part IV(B)(3) (similar to HB 1336) would expand offerings for career connected learning for K-12 students by increasing cross-sector collaboration and coordination. The following sections would have fiscal impact on Eastern:

Section 54 establishes a work group within existing resources to inform and coordinate expansion of career connected learning. This work group includes representation from a public baccalaureate institution.

Section 55(1)(i) would require the aforementioned career connected learning work group to address transfer and articulation issues to ensure continuity and credit portability between institutions.

Section 56 creates the “Career Connected Learning Grant Program,” intended to expand career connected learning throughout Washington State. It is possible that Eastern would receive a grant under Section 4, but we have not included the fiscal impact here because the possibility of receiving a grant and the amount of the grant is unknown.

Part IV(B)(4) (similar to HB 1927; Eastern did not provide a previous fiscal note) would amend the Washington State Opportunity Scholarship (WSOS) Program to include contributions from private organizations, corporations, municipalities, or counties. It also prohibits WSAC and higher education institutions from considering the WSOS as state-funded aid for the purpose of calculating awards for other state financial aid programs.

Section 63 adds language regarding private funds from federally recognized Indian tribe, municipality, or county to ensure that the funds are awarded to participants within that federally recognized Indian tribe, municipality, or county. The section removes language regarding the service requirement for advanced degrees in health professions.

Section 68 requires the office of student financial assistance and the institutions of higher education may not consider awards made under WSOS to be state-funded for the purpose of determining the value of an award for other state financial aid programs.

Part V creates additional surcharges on business activities occurring on or after January 1, 2020. In addition to the taxes imposed under RCW 36 82.04.290(2), a workforce education investment surcharge is imposed on specified persons. The surcharge is equal to the total amount of tax payable by the person on business activities taxed under RCW 82.04.290(2), including any additional tax due resulting from any other surcharges on such business activities, but before application of any tax credits, multiplied by the rate of twenty percent.

II. B - Cash receipts Impact

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

The bill provides appropriations to Eastern Washington University. Per OFM instructions, we have not included these amounts in the cash receipts table.

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.

Overall, the impact of this bill is indeterminate, so we have not included any amounts in expenditure tables. That said, several sections have determinate amounts, identified below and summarized at the end:

For Part III, Section 3(6) states that travel expenses will not be reimbursed. If a representative from Eastern serves on the Board there would be some expenses for staff time and travel expenses, likely under \$5,000. However, given that we do not know if or when Eastern staff would serve, the impact is indeterminate.

Total Cost for Part III: Less than \$5,000

For Part IV(B)(1), because WSAC would be tasked with establishing rules for the implementation of the program, there are still several unknowns. Below, we have attempted to provide commentary for sections that would affect the Eastern:

Section 19(11): Note: If the Washington College Grant program (WCGP) is fully funded, then Eastern would have approximately 600 more students per year (fall-spring) that are served by the WCGP. Eastern currently backfills with institutional aid where SNG is not available for on-time applicants, so approximately 1,100 students currently receive institutional funding as a result. Given that the exact parameters of the program and associated rulemaking, state funding amounts and timelines, and other factors are unknown at this time, any overall expenditure changes as a result of additional students being eligible for aid are indeterminate. We are considering this subsection to be “no impact.”

The creation of the new program would require the university to review its current processes to align with any new requirements. Assuming, as above, that the university is able to award WCGP funds in the same way as SNG, there would likely be minimal changes to our financial aid systems and processes. Due to an indeterminate increase in the number of students receiving state financial aid, we would see an increase in time spent by staff on interim and year-end reconciliation and reporting to the state that occur on an annual and quarterly basis. Currently, staff spend approximately 80 hours per year (0.04 FTE for an Associate Director) on these processes. Given the additional students eligible for the program, we estimate that the Associate Director would be required to spend an additional 20 hours (0.01 FTE). Assuming a full-time annual salary of \$90,000 and a professional staff benefits rate of 34.1 percent, this would cost approximately \$1,200 in each year. These amounts are minimal and thus not included in expenditure tables.

Total Cost for Part IV(B)(1): Less than \$5,000

For Part IV(B)(2), Sections 49 through 52 would provide additional loan options to Eastern students through a program implemented by WSAC. There are several unknowns, including the exact parameters of the program that would be implemented by WSAC, any limits on the number of students allowed to participate in the program, alignment with federal aid programs, and other factors. These unknowns could substantially increase or decrease the estimates provided below. However, a new student loan program would necessitate a variety of implementation costs and increased workload at the university, which we have attempted to estimate:

- System changes to implement loan awarding, disbursement, and reporting modules: 1.0 FTE system programmer in FY22 and 0.25 FTE system programmer for ongoing maintenance of the loan system. Assuming a full-time annual salary of \$95,000 per year and a professional staff benefits rate of 33 percent, this would cost approximately \$126,350 in FY22 (\$95,000 salary and \$31,350 benefits) and \$31,588 in each year thereafter (\$23,750 salary and \$7,838 benefits).
- Financial aid counselors will be needed to communicate to students, adjust loans, and monitor Truth in Lending Act (TILA) requirements. We assume that having a state-run loan program with one percent interest that does not accrue until a student graduates would result in significant increases in the number of resident undergraduate students who borrow to pay for their education. We estimate that this could result in as many as

3,000 new borrowers at the university. Given current ratios of approximately 1.0 FTE counselor for every 3,000 borrowers at Eastern, we estimate this would result in the need for up to 1.0 FTE counselors. Assuming a full-time annual salary of \$44,847 per year and a professional staff benefits rate of 33 percent, the cost of additional counselors would be approximately \$65,375 (\$44,847 salary and \$20,528 benefits) in FY22 and each year thereafter.

Total Cost for Part IV(B)(2): Given the above, we estimate the total cost as \$191,725 (\$139,847 salary and \$51,878 benefits) in FY22 and \$96,963 (\$68,597 salary and \$28,366 benefits) in each year thereafter.

Part IV(B)(3):

SECTION 53: we assume that a representative from the Council of Presidents would join the career connected learning work group created in Section 53. As such, there is no expense associated with this section.

SECTION 54(1)(i): Eastern does not currently have a policy in place to review and approve career launch credits. Creation of such a policy and implementation of credits would require a coordinated review process between Eastern faculty and staff. This would require significant time from a Director of Articulation and Transfer Policy. Eastern estimates .5 FTE Director of Articulation and Transfer Policy approximately \$55,195 (\$83,000 annual salary at .5 FTE \$41,500 and benefits at 33% \$13,695). Some additional staff time would also be necessary to coordinate with other institutions to ensure consistency in policies. The cost of this effort would not exceed \$5,000 and would be largely absorbed within existing staff resources.

Total Cost for Part IV(B)(3): Given the above, we estimate the total cost as approximately \$60,195 per year.

TOTALS BY PART:

III: Less than \$5,000

IV(B)(1): Less than \$5,000

IV(B)(2): Given the above, we estimate the total cost as \$191,725 (\$139,847 salary and \$51,878 benefits) in FY22 and \$96,963 (\$68,597 salary and \$28,366 benefits) in each year thereafter.

IV(B)(3): \$60,195 per year.

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: 2158 2S HB PL	Title: Workforce education	Agency: 375-Central Washington University
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Part I: Estimates

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	5.5	5.5	5.5	5.5	5.5
Account					
General Fund-State 001-1	838,700	838,700	1,677,400	1,677,400	1,677,400
Total \$	838,700	838,700	1,677,400	1,677,400	1,677,400

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: 04/29/2019
Agency Preparation: Lisa Plesha	Phone: (509) 963-1233	Date: 05/03/2019
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 05/03/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 05/07/2019

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.

Engrossed Second Substitute House Bill 2158 increases revenue to fund investments in higher education enrollments, financial aid, and other programs. This revenue bill includes several policy decisions which mirror other proposed legislation from this session. We have identified those below.

Part III establishes a legislative workforce education investment accountability and oversight board to provide guidance and recommendations to the legislature on what workforce education priorities should be funded with the workforce education investment account. The board consists of sixteen members, including one member representing the four-year institutions of higher education and two students. Member terms are three years, except students who serve one year. The board will meet four times a year.

Part IV(A) Section 8 provides appropriations to Central Washington University for the following purposes: (1) increase the number of certified K-12 teachers; and (2) increase mental health counseling at Central Washington University.

Part IV(B)(1) would create the Washington College Grant program, which would replace the State Need Grant program beginning in the 2020-21 academic year. The program would be administered by the Washington Student Achievement Council (WSAC).

Section 19 creates the program and defines the parameters for student eligibility to participate in the grant program, reimbursement of unused funds, and part-time enrollment and requires that students be awarded all need-based financial aid for which they qualify, as determined by the institution.

Sections 20 and 21 define eligibility tied to financial need below 70% of the state median family income (MFI), modify the definitions of financial need, and set award amounts to a maximum of 15 quarter credit hours or equivalent for students attending two or four-year institutions. Maximum awards are equal to tuition and S&A fees.

Sections 23 and 24 modify requirements for the Caseload Forecast Council.

Sections 27 through 48 correct language in existing statutes to repeal WSNG and replace with WCPS program.

Part IV(B)(2) would establish a state-run student loan refinancing program for qualified borrowers who complete a degree or certificate program and are a resident of the state of Washington.

Sections 51 and 52 require the Washington Student Achievement Council (WSAC) to contract with up to five financial institutions to leverage the interest rate buy down incentive or the loan loss reserve coverage to refinance existing student loans.

Part IV(B)(3) would expand offerings for career connected learning for K-12 students by increasing cross-sector collaboration and coordination.

Section 54 establishes a career connected learning cross-agency work group. The work group must include one representative of the public four-year institutions of higher education and one representative from the SBCTC.

The work group will meet at least six times during the calendar year.

Section 55(1)(i) defines the responsibilities of the work group. Broadly, they are to advance and promote career connected learning in Washington state, by addressing transfer and articulation issues to ensure continuity and credit portability between institutions.

Section 56 creates the “Career Connected Learning Grant Program,” intended to expand career connected learning throughout Washington State. At this time it is unknown whether CWU would receive a grant under this section, and therefore we have not included the fiscal impact here.

Part IV(B)(4) would amend the Washington State Opportunity Scholarship (WSOS) Program to include contributions from private organizations, corporations, municipalities, or counties. It also prohibits WSAC and higher education institutions from considering the WSOS as state-funded aid for the purpose of calculating awards for other state financial aid programs.

Section 63 adds language regarding private funds from federally recognized Indian tribe, municipality, or county to ensure that the funds are awarded to participants within that federally recognized Indian tribe, municipality, or county. The section removes language regarding the service requirement for advanced degrees in health professions.

Section 68 requires the office of student financial assistance and the institutions of higher education may not consider awards made under WSOS to be state-funded for the purpose of determining the value of an award for other state financial aid programs.

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, Section 3: Travel costs to serve on the Board would likely amount to less than \$5,000. However, given that CWU does not know whether we would be selected to have a representative on the Board, expenditures are indeterminate.

Part IV(A), Section 8 requires CWU to increase the number of certified K-12 teachers through both grow-your-own high school teacher academies in communities that face chronic teacher shortages and through the expansion of alternative routes to certification options by targeting conditional or emergency teachers and para-educators and encouraging those individuals to gain Washington state certification.

Both legislative mandates are the results of requests made by CWU for additional funding to expand teacher certifications. The grow-your-own high school teacher academies would require CWU to hire three tenure track faculty at salary and benefits costs of \$100,000 each plus funding for 20 academies costing \$5000 per academy which will serve 20 students each. Annually, the academies would require \$400,000 to operate.

Expanding alternative routes to teacher certification in high need areas as described in CWU’s original budget request, would necessitate two tenure track faculty at salary and benefits costs of \$100,000 each, field support personnel for 150 teacher candidates at \$1100 per candidate or \$165,000, marketing and recruiting efforts

totaling \$20,000 and necessary program materials totaling \$15,000 per year or an annual total of \$400,000.

Part IV(B)(1) Based on guidance from WSAC and OFM, CWU is to assume WCPS would be packaged in the same way as the current WSNG program. If the WCPS is fully funded, CWU anticipates awarding an additional 2500 students under the new program.

Changes to this program represent no additional cost to CWU.

Part IV(B)(2) would establish a state-run student loan refinancing program for qualified borrowers who complete a degree or certificate program and are a resident of the state of Washington

A loan refinance program offered to qualified borrowers as described above would not represent any fiscal impact to CWU

Part IV(B)(3), Section 54 establishes the career connected learning cross-agency workgroup for which CWU assumes the Council of Presidents would select the representative of the public baccalaureate institutions, and for which there would be on associated expenses to CWU.

Section 55(1)(i) would require a coordinated review process between faculty and staff to develop a policy to approve and review career launch credits. CWU assumes a .5 FTE @ \$110,000 annual salary and benefits to address transfer and articulation issues outlined in this section, which correlates to an annual salary of \$55,000 and benefits of \$18,700 (34%), totaling \$73,700 per year.

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	838,700	838,700	1,677,400	1,677,400	1,677,400
Total \$			838,700	838,700	1,677,400	1,677,400	1,677,400

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	5.5	5.5	5.5	5.5	5.5
A-Salaries and Wages	430,000	430,000	860,000	860,000	860,000
B-Employee Benefits	143,700	143,700	287,400	287,400	287,400
C-Professional Service Contracts					
E-Goods and Other Services	265,000	265,000	530,000	530,000	530,000
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 \$	838,700	838,700	1,677,400	1,677,400	1,677,400

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
Articulation and Transfer expert	11,000	0.5	0.5	0.5	0.5	0.5
Tenure track faculty	75,000	5.0	5.0	5.0	5.0	5.0
Total FTEs		5.5	5.5	5.5	5.5	5.5

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: 2158 2S HB PL	Title: Workforce education	Agency: 380-Western Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: 04/29/2019
Agency Preparation: Dana Weigel	Phone: 360-650-2811	Date: 05/02/2019
Agency Approval: Ted Castro	Phone: (360) 650-4694	Date: 05/02/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 05/07/2019

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.

House Bill 2158 increases revenue to fund investments in higher education enrollments, financial aid, and other items. Several policy decisions are similar to other proposed legislation, which we have attempted to identify below.

Part III establishes a legislative workforce education investment accountability and oversight board to provide guidance and recommendations to the legislature on what workforce education priorities should be funded with the workforce education investment account. The board consists of sixteen members, including one member representing four-year institutions and two students. Member terms are three years, except students who serve one year. The board will meet four times a year.

Part IV(A) Section 9 provides appropriations to WWU for the following purposes: (1) provide funding for institution operation costs and (2) increase access to science, technology, engineering, and mathematic degrees including prehealthcare, energy science and technology, and electrical engineering.

Part IV(B)(3) (similar to HB 1336) would expand offerings for career connected learning for K-12 students by increasing cross-sector collaboration and coordination. The following sections would have fiscal impact on the Western Washington University:

Section 53 establishes a work group within existing resources to inform and coordinate expansion of career connected learning. This work group may include representation from Western Washington University.

Section 54(1)(i) would require the aforementioned career connected learning work group to address transfer and articulation issues to ensure continuity and credit portability between institutions.

Section 55 creates the "Career Connected Learning Grant Program," intended to expand career connected learning throughout Washington State. It is possible that Western Washington University would receive a grant under Section 4, but we have not included the fiscal impact here because the possibility of receiving a grant and the amount of the grant is unknown.

Part IV(B)(4) (similar to HB 1927, for which WWU did not provide a FN) would amend the Washington State Opportunity Scholarship (WSOS) Program to include contributions from private organizations, corporations, municipalities, or counties. It also prohibits WSAC and higher education institutions from considering the WSOS as state-funded aid for the purpose of calculating awards for other state financial aid programs.

Section 64 adds language regarding private funds from federally recognized Indian tribe, municipality, or county to ensure that the funds are awarded to participants within that federally recognized Indian tribe, municipality, or county. The section removes language regarding the service requirement for advanced degrees in health professions.

Section 67 requires that the office of student financial assistance and the institutions of higher education may not consider awards made under WSOS to be state-funded for the purpose of determining the value of an award for other state financial aid programs.

Part V creates additional surcharges on business activities occurring on or after January 1, 2020. In addition to

the taxes imposed under RCW 36 82.04.290(2), a workforce education investment surcharge is imposed on specified persons. The surcharge is equal to the total amount of tax payable by the person on business activities taxed under RCW 82.04.290(2), including any additional tax due resulting from any other surcharges on such business activities, but before application of any tax credits, multiplied by the rate of twenty percent.

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.

Overall, the impact of this bill is highly indeterminate, so we have not included any amounts in expenditure tables. That said, several sections have determinate amounts, identified below and summarized at the end:

For Part III, if a representative from WWU serves on the Board there would be some expenses for staff time and travel expenses, likely under \$8,000. However, given that we do not know if or when WWU staff would serve, the impact is indeterminate.

Total Cost for Part III: Less than \$8,000

Part IV Section 8 provides appropriations in increased access to STEM courses and degree programs. The amounts appropriated will be used to hire additional faculty to all for higher enrollments in courses for prehealthcare, electrical engineering, and energy science and technology. It is currently unknown exactly what the breakdown of expenditures will be per program, but expenditures will match appropriations. Section 8 also provides funding operating costs. Expenditures will also match appropriations in this area and be used for a variety of operating costs exceeding the increase in resident undergraduate operating fee revenue.

SECTION 53: we assume that a representative from the Council of Presidents would join the career connected learning work group created in Section 53. As such, there is no expense associated with this section.

SECTION 54(1)(i): Western does not currently have a policy in place to review and approve career launch credits. Creation of such a policy, and implementation of credits would require a coordinated review process between faculty and staff. This would require significant time from the Registrar, (.5 FTE with a full-time salary of \$106,000 with additional \$42,000 in benefits). Therefore, the annual cost of this effort would be \$74,000. Some additional staff time would also be necessary to coordinate with other institutions to ensure consistency in policies, and the cost of this effort would not exceed \$5,000 and would be largely absorbed within existing staff resources.

Total Cost for Part IV(B)(3): Given the above, we estimate the total cost as approximately \$79,000 per year.

TOTALS BY PART:

III: Less than \$8,000

IV(B)(3): Approximately \$79,000 per year

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: 2158 2S HB PL	Title: Workforce education	Agency: 540-Employment Security Department
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Part I: Estimates

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	1.0	1.0	1.0	1.0	1.0
Account					
All Other Funds-State 000-1	2,450,000	2,950,000	5,400,000	5,900,000	5,900,000
Total \$	2,450,000	2,950,000	5,400,000	5,900,000	5,900,000

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: 04/29/2019
Agency Preparation: Dan Phillips	Phone: 360 902-9448	Date: 05/10/2019
Agency Approval: Sondra Walsh	Phone: 360/902-0023	Date: 05/10/2019
OFM Review: Anna Minor	Phone: (360) 902-0541	Date: 05/10/2019

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 substitute version of the bill reduces the cost to the agency as well as the amount for grants.

Section 12 of the bill appropriates funds from Workforce Education Investment Account to ESD to administer the career connected learning grant program established in section 55 of the bill. If this bill passes ESD will receive \$2,450,000 in Year 1 and \$2,950,000 in Year 2 - totaling \$5.4 million for the biennium.

The bill creates a fiscal impact on ESD to administer the program. ESD will be responsible for managing the grant awards to the regional networks and intermediaries. In addition, ESD will serve on the new board "Legislative Workforce Education Investment Accountability Oversight Board."

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.

This version of the bill reduces the cost impact to ESD The cost is as follows.

This bill creates in section 55 a competitive grant program for career connected learning, ESD will be responsible for administering this new grant program. ESD will work with the Governor's office to establish grant criteria and guide the process for the selection process. In addition, a member of ESD will serve on the newly created Legislative Workforce Education Investment Accountability Oversight Board."

The associated cost to ESD administer this program and serve on the board is as follows:

0.50 FTE - WMS2 to administer the program and provide policy guidance.

0.50 FTE – WMS1 to provide basic independent review to ensure grantee expenditures are appropriate and consistent with state accounting policies and procedures and state audit requirements. ESD does not intend to monitor funds distributed to other state agencies

Section 12 of the bill states that ESD will receive \$2,450,00 in Year 1 and \$2,950,000 in Year 2 - totaling 5.4 million over the biennium. For each year thereafter \$2,950,000 is projected to be received.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
000-1	All Other Funds	State	2,450,000	2,950,000	5,400,000	5,900,000	5,900,000
Total \$			2,450,000	2,950,000	5,400,000	5,900,000	5,900,000

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	83,701	83,701	167,402	167,402	167,402
B-Employee Benefits	33,480	33,480	66,960	66,960	66,960
C-Professional Service Contracts					
E-Goods and Other Services	18,500	18,500	37,000	37,000	37,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	2,289,460	2,789,460	5,078,920	5,578,920	5,578,920
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	24,859	24,859	49,718	49,718	49,718
9-					
Total \$	2,450,000	2,950,000	5,400,000	5,900,000	5,900,000

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
WMS BAND 1	76,374	0.5	0.5	0.5	0.5	0.5
WMS BAND 2	91,027	0.5	0.5	0.5	0.5	0.5
Total FTEs		1.0	1.0	1.0	1.0	1.0

Part IV: Capital Budget Impact

NONE

No Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No Rulemaking

Individual State Agency Fiscal Note

Bill Number: 2158 2S HB PL	Title: Workforce education	Agency: 699-Community and Technical College System
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2020	FY 2021	2019-21	2021-23	2023-25
Community/Technical College Capital Projects Account-State 060-1	(3,000)	(3,000)	(6,000)	(6,000)	(6,000)
Inst of HI ED-Operating Fees Acct-Non-Appropriated 149-6	(24,000)	(24,000)	(48,000)	(48,000)	(48,000)
Institutions of Higher Education - Associated Students' Account-Non-Appropriated 522-6	(3,000)	(3,000)	(6,000)	(6,000)	(6,000)
Total \$	(30,000)	(30,000)	(60,000)	(60,000)	(60,000)

Estimated Operating Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

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: 04/29/2019
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 05/06/2019
Agency Approval: Cherie Berthon	Phone: 360-704-1023	Date: 05/06/2019
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 05/07/2019

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.

The second substitute bill, as passed by the legislature, differs from the substitute bill in several ways, including:

- Allows funds from the workforce education investment account to be used for K-12 in 2019-21 biennium if used for career connected learning as provided in the bill.
- Expands the Workforce Education Investment Accountability and Oversight Board to 17 members by adding one member representing independent, not-for-profit higher education institutions.
- Changes the Washington College Grant award amounts for students at various family income levels.
- Requires postsecondary institutions to submit student-level data to the Education Data Center in order to be eligible for state financial aid programs.
- Removes sections related to the Student Loan Program
- Adds sections related to the Student Loan Refinancing Program
- Adds members to the Career Connected Learning Cross-Agency Work Group
- The definitions sections specifies that “career connected learning” includes work-integrated learning and work-integrated experiences.
- Increases the credits allowed under the waiver for children and spouses of deceased/disabled eligible veterans to 250 credits.
- Changes the definition of eligible vet to include those discharged from service solely due to gender or sexuality.
- Caps the B&O surcharge for certain companies and adds language regarding the administration of the surcharge.
- Sunsets certain provisions related to the interpretation and application of the B&O surcharges listed in the bill.
- Changes appropriated amounts for various agencies including for the State Board for Community and Technical Colleges.

Increasing the number of credits allowed for the waiver for children and spouses of deceased/disabled eligible veterans will reduce cash receipts and change the fiscal impact when compared to the substitute bill.

This bill would implement new, and expand existing, workforce education opportunities to help prepare people for jobs that will require postsecondary credentials. A Workforce Education Investment Account would be created to provide funding to carry out the various initiatives listed in the bill.

SECTION 2

Would create the Workforce Education Investment Account. The account would be funded from the B&O tax surcharges listed in section 72 of the bill.

SECTION 3

Section 3(1)(b) – Would create the Legislative Workforce Education Investment Accountability and Oversight Board. The Board must include 1 member from the community and technical college sector.

Section 3(10)

The Board is to report recommendations to the legislature by December 1, of each year.

SECTION 4

This section would appropriate funds to the Washington Student Achievement Council for several items including:

- Section 4(1) would appropriate funds for the Washington College Grant Program (formerly State Need Grant) for unserved students and for the maximum grant increase to full tuition and fees and for the apprenticeship program.
- Section 4(2) would appropriate funds in FY 2021 for expanding the income eligibility threshold for the Grant Program as described in section 20.
- Section 4(3) would appropriate funds for the Washington Student Loan Refinancing Program created in section 51.

SECTION 5

This section would appropriate funds to the Washington State Board for Community and Technical Colleges for several items including:

- Section 5(1) for college operating costs, including compensation and central services
- Section 5(2) for academic program enhancements and other institutional priorities
- Section 5(3) for Guided Pathways
- Section 5(4) to increase Nurse Educator salaries
- Section 5(5) to increase high-demand faculty salaries in FY 2021
- Section 5(6) for enrollments in new career launch programs as defined in Section 57
- Section 5(7) for regional training facility equipment purchase

SECTION 13

Section 13(3) would appropriate funds to the Office of Superintendent of Public Instruction for Marysville school district to collaborate with Everett Community College, among others, to develop a Regional Apprenticeship Pathways Pilot Program.

SECTION 15

Would appropriate funds in FY 2021 to the Department of Children, Youth and Families to eliminate the work requirement under the Working Connections Childcare Program for single parents who are pursuing a vocational education on a full-time basis at a community, technical or tribal college as authorized in sections 69 and 70 of the bill.

SECTION 16

Would appropriate funds for staffing costs for the Workforce Education Investment Accountability and Oversight Board.

SECTION 17

Would appropriate funds to the Caseload Forecast Council for forecasting the caseload for the Washington College Grant Program.

SECTIONS 18 – 48

Would create the Washington College Grant Program to replace the State Need Grant Program, to be administered by the Office of Student Financial Assistance at the Washington Student Achievement Council. Until the 2020-21 academic year, students between 0% and 50% of state median family income (MFI) would be entitled to the maximum grant award with students between 50% and 70% of MFI receiving a prorated

percentage of the maximum award. Starting in the 2020-21 academic year, students between 0% and 55% of MFI would be entitled to the maximum grant award with students between 56% and 100% of MFI receiving a prorated percentage of the maximum award.

SECTIONS 49 – 52

Would create the Washington Student Loan Refinancing Program, to be administered by the Washington Student Achievement Council. Under this program “qualified loans” would be eligible to be refinanced at lower interest rates.

SECTIONS 53 – 61

Would seek to expand career connected learning opportunities to address persistent educational opportunity gaps. A statewide career connected learning system would address; a statewide system development through cross-sector coordination, resources for K-12 and higher education partners to support career launch and registered apprenticeship programs and support for regional leadership and coordination.

Section 54 - Within existing resources, a Career Connected Learning Cross-Agency Work Group would be established to scale up and expand high-quality career connected learning opportunities. The Work Group must include a representative from the State Board for Community and Technical Colleges. The workgroup must meet at least six times during the calendar year and report progress to the Governor and Legislature by September 1 of each year.

Section 56 – Would establish the Career Connected Learning Grant Program administered by the Employment Security Department. Grants would go to regional career connected learning networks and program intermediaries. Networks can include higher education institutions.

Section 59 would create the Career Connected Learning Account

SECTIONS 69 – 71

Would exempt eligible students from work requirements as a condition of receiving working connection child care benefits. Section 70 specifies eligibility as being; a single parent, full-time student, pursuing vocational education that lease to a degree or certificate, but not resulting in a bachelor’s degree or better.

SECTION 73

Increases the credits allowed under the waiver for children and spouses of deceased/disabled eligible veterans to 250 credits and changes the definition of eligible vet to include those discharged from service solely due to gender or sexuality.

SECTION 74

Would impose surcharges on the Business and Occupation (B&O) taxes paid by certain entities. The surcharges would take effect on business activities occurring on or after January 1, 2020.

II. B - Cash receipts Impact

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

The following element of section 73 of the bill would result in a reduction in cash receipts.

SECTION 73

This section would increase the number of credits that spouses, surviving spouses and dependents of eligible

veterans and National Guard members can earn under the waiver from 200 credits to 250 credits. Waivers reduce the cash receipts collected by the colleges. Increasing the number of credits that can be taken under a waiver would result in a loss of tuition (Operating and Building Fees) and Services and Activities (S&A) Fees collected by the community and technical college system.

Based on data from the last complete academic year, there would have been 283 additional credits subject to the waiver for eligible spouses and dependents. The tuition loss due to the waiving of additional credits would be: 283 credits X \$107.59 tuition and fees = \$30,000 on-going tuition and fee reduction (rounded to nearest thousand). Amounts for each fee are: \$24,000 (Operating Fee) + \$3,000 (Building Fee) + \$3,000 (S&A Fee) = \$30,000.

The following section of the bill would have an indeterminate impact on cash receipts:

SECTION 13

This section would appropriate funds to the Office of Superintendent of Public Instruction for Marysville school district to develop a Regional Apprenticeship Pathways Pilot Program. Marysville School District may contract with Everett Community College for faculty and student services for the participants of the apprenticeship preparation program. Contract amounts are unknown at this time.

The following sections of the bill would have no cash receipts impact:

SECTIONS 18 – 48

These sections of the bill would create the Washington College Grant Program. For the purposes of this fiscal note, it is assumed that students receiving grants are already enrolled in college using other funding sources. Therefore there would not be any additional students and there would be no change in anticipated revenues.

SECTIONS 49 – 52

These sections of the bill would create the Washington Student Loan Refinancing Program to be administered by the Washington Student Achievement Council. Under this program “qualified loans” would be eligible to be refinanced at lower interest rates. It is assumed that the refinancing of existing student loans would not change the amount of cash receipts derived from the original loan. Based on this assumption, cash receipts for the community and technical college system would not be impacted.

SECTION 73

This section would modify the definition of “eligible” veterans and National Guard members to include those discharged from service solely due to gender or sexuality. For the purposes of this fiscal note, it is assumed this modification would maintain, rather than expand, the number of veterans and National Guard members eligible for this waiver when compared to prior years. No fiscal impact is anticipated.

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.

There would be indeterminate expenditure impacts as a result of provisions of this bill.

SECTION 5

This section would appropriate funds to the State Board for Community and Technical Colleges for various

activities, including:

- Funds for college operating costs, including compensation and central services.
- Funds for compensation, program enhancements, student support services and other items
- Funds appropriated for Guided Pathways would be used to improve student success by increasing student support services and academic advising, redesigning academic programs help students choose and stay on their academic career goals, and tracking student progress towards their goals.
- Funds appropriated for nurse educator salaries would be used to increase salaries.
- Funds appropriated for High-Demand Faculty salaries would be used to increase salaries for faculty in high-demand areas with the aim of being no less than the average salary identified by the College and University Professional Association or similar organization.
- Funds appropriated for new career launch programs would be used for student enrollments in new career launch programs. Career launch programs include registered apprenticeships and programs that include; supervised paid work experience, classroom learning aligned to academic and employer standards and culmination in a valuable credential beyond a high diploma or 45 credits toward a degree.
- Funds for the purchase of equipment for a regional training facility.

It is expected that expenditures related to the work described above will be proportionate to the final level of appropriations in the bill.

SECTION 13

This section would appropriate funds to the Office of Superintendent of Public Instruction for Marysville school district to collaborate with Everett Community College, among others, to develop a Regional Apprenticeship Pathways Pilot Program.

Marysville School District may contract with Everett Community College for faculty and student services for the participants of the apprenticeship preparation program. The program is slated to begin operations in September 2019 (fiscal year 2020). Amounts are unknown at this time but any increased expenditures would equal cash receipts received from the school district and net to zero.

SECTIONS 18 – 48

These sections would create the Washington College Grant Program. Eligible students would be entitled to a grant starting in the 2020-21 academic year. Grants under the Program would be awarded at amounts specified in the bill. It is assumed that grants would serve existing students and therefore, not result in additional expenditure impacts. If any additional students did enroll as a result of the Grant Program, the number of students, and resulting expenditures, is unknown at this time.

SECTIONS 49 – 52

These sections of the bill would create the Washington Student Loan Refinancing Program to be administered by the Washington Student Achievement Council (WSAC). Under this program “qualified loans” would be eligible to be refinanced at lower interest rates. It is assumed that any workload, and associated costs, related to refinancing a student loan would be experienced by WSAC. Based on this assumption, there would be no expenditure impacts to the community and technical college system.

Sections 53 – 61

These sections would seek to expand career connected learning opportunities to address persistent educational opportunity gaps by creating a statewide career connected learning system.

Section 54 would establish a Career Connected Learning Cross-Agency Work Group. The workgroup duties as outlined in sections 54 and 55 reflect a governance body responsible for the establishment and implementation of a new statewide system of regional networks and career launch programs. This work would require one full-time Policy Associate and 0.1 FTE of a Workforce Director.

1 FTE Policy Associate: \$118,000 (Salary and Benefits)
0.1 FTE Workforce Director: \$15,000 (Salary and Benefits)
Associated Goods & Services: \$9,000
Total: \$142,000

Additionally, SBCTC would work with 34 colleges to implement consistent new course coding to identify a new category of classes (in accordance with the definition in section 55 (5). This would require 0.3 FTE of a Policy Research Associate to coordinate, first with the ERDC and other workgroup members, then with the colleges' Institutional Research Departments to roll out a consistent coding method. This workload is assumed to be ongoing to coordinate CCL data between colleges, the ERDC and the governing workgroup.

0.3 FTE Policy Research Associate: \$34,000 (Salary and Benefits)

Section 55(1)(i) includes requirements to: (1) address transfer and articulation issues related to high-school and college credits for career launch students in high schools, dropout reengagement programs, colleges and apprenticeships; and (2) work to expand the portability of credits to the maximum extent possible.

This work is time-intensive, requiring program-level coordination among the 34 colleges. To accomplish this work SBCTC would require two full-time policy associates. The first would work with colleges that offer or plan to offer career launch programs in order to maximize the options for articulation and transfer to other post-secondary institutions. This work will need to be monitored and updated on an annual basis. The second policy associate would work with 200+ apprenticeship programs to manage and coordinate the articulations and transfer possibilities between registered apprenticeships and additional training and college programming options. Both of these positions would also coordinate with other institutions of higher education, both public and private, and the career launch network across the state.

Costs for each position:
Policy Associate: \$118,000 (Salary and Benefits)
Travel to colleges/ CCW regions: \$10,000
Associated Goods & Services: \$9,000
Total \$137,000 per FTE

$\$137,000 \times 2 \text{ FTE} = \$274,000$

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE

No capital budget impact.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.