

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2513 2S HB	<b>Title:</b> Higher ed. debt collection
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## Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
University of Washington	Non-zero but indeterminate cost and/or savings. Please see discussion.					
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.					
The Evergreen State College	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Western Washington University	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Community and Technical College System	Non-zero but indeterminate cost and/or savings. Please see discussion.					
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
University of Washington	.4	84,610	84,610	.5	92,470	92,470	.5	92,470	92,470
University of Washington	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Washington State University	.0	4,530	4,530	.0	2,380	2,380	.0	2,380	2,380
Eastern Washington University	.5	86,450	86,450	1.0	172,900	172,900	1.0	172,900	172,900
Central Washington University	Fiscal note not available								
The Evergreen State College	.0	2,800	2,800	.0	5,600	5,600	.0	5,600	5,600
Western Washington University	.5	101,667	101,667	.2	37,696	37,696	.2	37,696	37,696
Community and Technical College System	.0	204,000	204,000	.0	408,000	408,000	.0	408,000	408,000
Community and Technical College System	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
<b>Total \$</b>	<b>1.4</b>	<b>484,057</b>	<b>484,057</b>	<b>1.7</b>	<b>719,046</b>	<b>719,046</b>	<b>1.7</b>	<b>719,046</b>	<b>719,046</b>

## Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
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	Fiscal note not available								
The Evergreen State College	.0	0	0	.0	0	0	.0	0	0
Western Washington University	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Estimated Capital Budget Breakout

NONE

<b>Prepared by:</b> Breann Boggs, OFM	<b>Phone:</b> (360) 902-0659	<b>Date Published:</b> Preliminary 3/ 1/2020
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2513 2S HB	<b>Title:</b> Higher ed. debt collection	<b>Agency:</b> 360-University of Washington
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.8	0.4	0.5	0.5
<b>Account</b>					
General Fund-State 001-1	0	84,610	84,610	92,470	92,470
<b>Total \$</b>	0	84,610	84,610	92,470	92,470

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- ☒ 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: Kate Henry	Phone: 360-786-7349	Date: 02/14/2020
Agency Preparation: Lauren Hatchett	Phone: 2066167203	Date: 02/19/2020
Agency Approval: Kelsey Rote	Phone: 2065437466	Date: 02/19/2020
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 02/26/2020

## 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.*

Compared to the original bill, 2SHB 2513 makes the following changes:

- Adds services and activities fees, technology fees, and fees charged for non-state funded, fee-based, self-sustaining degrees, certificates, and/or continuing education courses to the definition of “tuition fees;”
- Prohibits institutions of higher education from withholding a student’s official transcript as a tool for debt collection, except for debt related to unpaid tuition fees;
- Limits the practice of transcript holds as they pertain to debt related to unpaid tuition fees;
- Limits the practice of registration holds as a tool for debt collection;
- Adds Section 1(6) which requires institutions of higher education that choose to use transcript holds and registration holds as debt collection tools to disclose to students through email and the registration process at the start of each academic term information on any debts owed by the student to the institution, including information on the payment of the debt, who to contact to set up a payment plan, and any consequence that will result from nonpayment of the debt; and
- Creates a new section, Section 2, that requires institutions of higher education to report information to the Governor and legislative higher education committees annually on data related to transcript and registration holds.

Given that these changes limit the University of Washington’s use of transcript and registration holds as a tool for debt collection, we anticipate a significant, but indeterminate, fiscal impact greater than \$50,000 beginning in FY21 and occurring in each subsequent year.

### II. B - Cash receipts Impact

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

This bill would likely result in material negative cash receipts due to changes in debt collection practices and the potential change in student payment behavior going forward.

It is unknown how many students would no longer pay debt if official transcripts were not withheld for past-due balances related to non-tuition fees. It is also unknown how many students would no longer pay debt if registration holds were limited to only tuition, room and board, or financial aid related debts. Non-tuition related fees may include room and board, library fees, parking fees, Hall Health charges, laboratory charges, Husky Union Building charges, etc. The approximate past-due balance of non-tuition fees is approximately \$2 million. Without these holds, past-due balances will likely be referred to a third-party collections agency, and ultimately they may be uncollectable.

We anticipate a significant, but indeterminate, negative cash receipts impact potentially totaling millions of dollars in each year.

### 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 1

This section limits the practice of withholding official transcript and registration privileges as a tool for debt collection. It is likely that the University of Washington will refer significantly more students to a third-party collections agency in order to collect past-due balances. Because of this, we anticipate increased FTE for Student Fiscal Services which is detailed below:

- 0.5 FTE Lead Counselor (\$70,000 annual salary with a professional staff benefits rate of 32.1%, totaling \$35,000 in salary and \$11,235 in benefits) in FY21 and each subsequent year. This position would correspond directly with students and refer accounts to a third-party collections agency.

## SECTION 1(6)

Under this sub-section, the University of Washington is required disclose to students through email during the registration process for each academic term information on any debts owed by the student to the institution, including information on the payment of the debt, who to contact to set up a payment plan, and any consequence that will result from nonpayment of the debt. This change would necessitate a change in University policy as departments typically use MyUW, the University's internal portal, to inform students if official transcripts or registration privileges are withheld. It is unknown how individual departments would change their current communications with students. It is likely that units that encounter a larger volume of student debt each quarter (e.g. Housing and Transportation Services) will need to build out automated messaging systems in FY21. Given this, expenditures for this section are indeterminate but greater than \$50,000.

## SECTION 2

This section would require the University of Washington to report annually to the Governor and the legislature regarding the transcript and registration holds used as debt collection tools. We anticipate increased coordination and workload from the Office of the University Registrar and Student Fiscal Services; these costs would be absorbed within existing resources. Prior to reporting, the University's student information system would need to be modified in order to provide customized auditing capabilities that do not currently exist in the system. The design and implementation of these changes are expected to involve effort from a Business Analyst and a Senior Applications Systems Engineer for 4 months. FTE expenditures are detailed below:

- 0.17 FTE Senior Applications System Engineer (\$125,000 annual salary with a professional staff benefits rate of 32.1%, totaling \$21,250 in salary and \$6,821.25 in benefits) in FY21. This position would work 50% FTE for 4 months to design, build, and implement the system.
- 0.08 FTE Business Analyst (\$97,500 annual salary with a professional staff benefits rate of 32.1%, totaling \$7,800 in salary and \$2,503.80 in benefits) in FY21. This position would work 25% FTE for 4 months to design, build, and implement the system

## 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	0	84,610	84,610	92,470	92,470
Total \$			0	84,610	84,610	92,470	92,470

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**III. B - Expenditures by Object Or Purpose**

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.8	0.4	0.5	0.5
A-Salaries and Wages		64,050	64,050	70,000	70,000
B-Employee Benefits		20,560	20,560	22,470	22,470
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-					
<b>Total \$</b>	0	84,610	84,610	92,470	92,470

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**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
Business Analyst	97,500		0.1	0.0		
Lead Counselor	70,000		0.5	0.3	0.5	0.5
Senior Applications System Engineer	125,000		0.2	0.1		
<b>Total FTEs</b>			0.8	0.4	0.5	0.5

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact****IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2513 2S HB	<b>Title:</b> Higher ed. debt collection	<b>Agency:</b> 365-Washington State University
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.1	0.0	0.0	0.0
<b>Account</b>					
General Fund-State 001-1	0	4,530	4,530	2,380	2,380
<b>Total \$</b>	0	4,530	4,530	2,380	2,380

### 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: Kate Henry	Phone: 360-786-7349	Date: 02/14/2020
Agency Preparation: Chris Jones	Phone: 509-335-9682	Date: 02/19/2020
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 02/19/2020
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 02/26/2020

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 1 (2) of 2S HB 2513 states that institutions of higher education may only withhold a student's official transcript for the purpose of collecting debts relating to the nonpayment of tuition fees or fees charged to provide the official transcript.

Section 1 (3) states that an institution may not withhold a student's official transcript, regardless of debt, if the official transcript is requested by a student or entity for the purpose of: (a) job applications; (b) transferring to another institution; or (c) applying for financial aid.

Section 1 (4) states that an institution of higher education must release a student's official transcript if the institution assigns the student's unpaid debt to a collection agency, regardless of the type of debt.

Section 1 (5) states that institutions may not withhold registration privileges as a debt collection tool, excluding the case of any debts related to nonpayment of tuition fees, unpaid room and board fees, or any financial aid funds owed to the institution under Title IV, or to the state, due to miscalculation, withdrawal, misinformation, or other reason, not including the standard repayment of student loans.

Section 1 (7) provides definitions, including the definition of "tuition fees" as meaning tuition fees as defined in RCW 28B.15.020, services and activities fees as defined in RCW 28B.15.041, technology fees as defined in RCW 28B.15.051, and fees charged for nonstate funded, fee-based, self-supporting degree, certificate, or continuing education courses.

Section 2 (1) states that institutions of higher education shall report to the governor and the higher education committees of the legislature in accordance with RCW 43.01.036 annually beginning on December 1, 2020, on transcript and registration holds used as debt collection tools.

### 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.*

WSU estimates that the requirements of the bill will result in foregone cash receipts in the form of uncollected debt.

Current WSU policy allows a transcript hold to be placed on a student's account once the account is 30 days past due. 2S HB 2513 would only allow transcript holds for the purposes of unpaid tuition or transcript fees, but not if the student is requesting the transcript for purposes of applying for a job, transferring to another institution, or applying for financial aid. These exclusions would likely prevent WSU from withholding transcripts for many cases but this cannot be estimated with available data. For purposes of the fiscal note, WSU is not estimating an impact on uncollected tuition fees.

Current WSU policy places a registration hold on a student's account if there is an outstanding balance of \$500 or greater. 2S HB 2513 only allows institutions to withhold registration privileges as a debt collection tool for unpaid tuition fees, unpaid room and board fees, and any unpaid financial aid funds per the qualifications in Section 1 (5) (c).



Since it is difficult to estimate from existing data how much debt is collected due to the transcript and registration hold policies, WSU has made the following assumptions in its calculation:

- The total outstanding balance used in the analysis is as of June 30, 2019.
- Identified charges do not include tuition, S&A or technology fees
- Accounts include those for both current and former students
- Accounts are identified as having either a transcript or registration hold as of June 30, 2019

The total balances as of June 30, 2019 for accounts with registration and/or transcript holds was approximately \$7,400,000. It is important to note that this reflects cumulative student balances going back to at least FY2012 (this was the year WSU transitioned to its current student information system) for approximately 6,500 accounts. Since the total includes housing and dining fees, for which a registration hold -- but not a transcript hold -- may still apply under the bill's requirements, the total lost revenue will be less than \$7,400,000. Total unpaid housing and dining balances were approximately \$3,800,000 at the end of FY19.

## 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 2 (1) of the 2nd substitute bill states that institutions of higher education shall report to the governor and the higher education committees of the legislature in accordance with RCW 43.01.036 annually beginning on December 1, 2020, on transcript and registration holds used as debt collection tools. This will require approximately 0.03 FTE of an Applications Systems Developer in FY21 to build the necessary queries for the report. Approximately 0.02 FTE for the Collections Program Manager to compile the report will be needed each year. The total annual cost to produce the report is less than \$5,000.

## 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	0	4,530	4,530	2,380	2,380
<b>Total \$</b>			0	4,530	4,530	2,380	2,380

### III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.1	0.0	0.0	0.0
A-Salaries and Wages		3,280	3,280	1,600	1,600
B-Employee Benefits		1,250	1,250	780	780
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-					
<b>Total \$</b>	0	4,530	4,530	2,380	2,380

**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
Application Systems Analyst/Developer	87,000		0.0	0.0		
Collections Manager	40,000		0.0	0.0	0.0	0.0
Total FTEs			0.1	0.0	0.0	0.0

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2513 2S HB	<b>Title:</b> Higher ed. debt collection	<b>Agency:</b> 370-Eastern Washington University
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	1.0	0.5	1.0	1.0
<b>Account</b>					
General Fund-State 001-1	0	86,450	86,450	172,900	172,900
<b>Total \$</b>	0	86,450	86,450	172,900	172,900

### 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: Kate Henry	Phone: 360-786-7349	Date: 02/14/2020
Agency Preparation: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 02/20/2020
Agency Approval: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 02/20/2020
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 02/26/2020

## 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.*

Compared to the original bill, 2SHB 2513 makes the following changes:

- Adds fees charged for non-state funded, fee-based, self-sustaining degrees, certificates, and/or continuing education courses to the definition of “tuition fees;”
- Prohibits institutions of higher education from withholding a student’s official transcript as a tool for debt collection, except for debt related to unpaid tuition fees;
- Limits the practice of transcript holds as they pertain to debt related to unpaid tuition fees;
- Limits the practice of registration holds as a tool for debt collection;
- Adds Section 1(6) which requires institutions of higher education that choose to use transcript holds and registration holds as debt collection tools to disclose to students through email and the registration process at the start of each academic term information on any debts owed by the student to the institution, including information on the payment of the debt, who to contact to set up a payment plan, and any consequence that will result from nonpayment of the debt; and
- Creates a new section, Section 2, that requires institutions of higher education to report information to the Governor and legislative higher education committees annually on data related to transcript and registration holds.

Given that these changes limit Eastern Washington University's use of transcript and registration holds as a tool for debt collection, we anticipate a significant, but indeterminate, fiscal impact greater than \$50,000 beginning in FY21 and each subsequent year.

### II. B - Cash receipts Impact

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

This bill would likely result in material negative cash receipts due to changes in debt collection practices and the potential change in the future student payment behavior.

#### Section 1(2) Transcript Holds

Eastern Washington University is unable to identify how many students would no longer pay student account debt if transcripts were no longer withheld for students who owe debt. We assume that this amount would substantially increase as a result of this bill, but to what extent is indeterminate. For example, without Transcript Holds, the uncollectible amount for tuition of the last quarter prior to a student graduating likely will increase. Eastern Washington University had over 2,000 students graduate in June 2019.

The approximate past-due balance is \$5,572,008.

#### Section 1(5) Registration holds

Registration holds have a number of exceptions that may be continue to be collected, however, Eastern still has outstanding accounts receivable that would have could be uncollectible as a result of this proposed bill.

In the past few years EWU has implemented policies to provide additional flexibility to our students for payment of the costs of attendance. EWU changed the registration hold level from \$200 to \$1000. This allowed many

students to continue pursuing their educational goals while the institution counseled students on keeping current on their accounts. EWU also implemented a payment plan for students which enables a student to pay the cost of attendance over 3 payments per term. EWU routinely provides small amount short term loans to students which in many cases allows the student to stay enrolled.

Furthermore, mandatory student fees are typically associated with debt service payments for revenue bonds such as mandatory fees for student facilities. Elimination of administrative holds may negatively impact the ability to collect mandatory fees over time and therefore impact debt service and effective operation of mandatory fee funded facilities.

Given the wide range of fee and significant revenue impact, this section would potentially allow students with significant amounts owed to continue to register for courses and incur additional housing expenses. Therefore, we would anticipate a significant but indeterminate negative cash receipts impact potentially reaching into the millions over time without a means to effectively collect amounts owed. The annual negative cash receipts impact to EWU could easily surpass a hundred thousand dollars per year.

## **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 section limits the practice of withholding official transcript and registration privileges as a tool for debt collection. It is likely that significantly more students will be referred to a third-party collections agency in order to collect past-due balances. Because of this, we anticipate increased FTE for Student Fiscal Services.

### **SECTION 1(6)**

Under this sub-section, the Eastern Washington University is required disclose to students through email during the registration process for each academic term information on any debts owed by the student to the institution, including information on the payment of the debt, who to contact to set up a payment plan, and any consequence that will result from nonpayment of the debt. This change would necessitate a change in University policy as departments typically use MyUW, the University's internal portal, to inform students if official transcripts or registration privileges are withheld. It is unknown how individual departments would change their current communications with students. It is likely that units that encounter a larger volume of student debt each quarter (e.g. Housing and Transportation Services) will need to build out automated messaging systems in FY21. Given this, expenditures for this section are indeterminate, but greater than \$50,000.

### **SECTION 2**

This section would require the Eastern Washington University to report annually to the Governor and Legislature regarding the transcript and registration holds used as debt collection tools. We anticipate increased coordination and workload from the Office of the University Registrar and Student Fiscal Services.

To comply with sections detailed above, we anticipate 1 FTE Fiscal Analyst 3, \$65,000 annual salary and benefits at 33% or \$21,450.

## 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	0	86,450	86,450	172,900	172,900
Total \$			0	86,450	86,450	172,900	172,900

### III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		1.0	0.5	1.0	1.0
A-Salaries and Wages		65,000	65,000	130,000	130,000
B-Employee Benefits		21,450	21,450	42,900	42,900
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 \$	0	86,450	86,450	172,900	172,900

**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
Fiscal Analyst 3	65,000		1.0	0.5	1.0	1.0
Total FTEs			1.0	0.5	1.0	1.0

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

## Part V: New Rule Making Required

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2513 2S HB	<b>Title:</b> Higher ed. debt collection	<b>Agency:</b> 376-The Evergreen State College
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	0.0	0.0	0.0	0.0
<b>Account</b>					
General Fund-State 001-1	0	2,800	2,800	5,600	5,600
<b>Total \$</b>	0	2,800	2,800	5,600	5,600

### 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: Kate Henry	Phone: 360-786-7349	Date: 02/14/2020
Agency Preparation: Holly Joseph	Phone: 360-867-6652	Date: 02/25/2020
Agency Approval: Holly Joseph	Phone: 360-867-6652	Date: 02/25/2020
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 03/01/2020

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 1(2) of SS HB 2513 states that institutions of higher education may only withhold official transcripts for the purpose of collecting unpaid tuition fees, or fees charged to provide the official transcript.

Section 1(3) states that institutions may not withhold a student's official transcript if the official transcript is requested by a student, or any entity, if the official transcript is for a job application, transferring to another institution, or applying for financial aid.

Section 1(4) If a student's unpaid debt is assigned to a collection agency, the institution must release the student's official transcript, regardless of the type of debt.

Section 1(5) Institutions may withhold registration privileges as a debt collection tool for the following types of debt: unpaid tuition fees; unpaid room and board fees for on-campus housing and meal plans; any financial aid funds owed to the institution under Title IV, or to the state. This does not include standard repayment of student loans.

Section 1(6) At the beginning of each academic term institutions must disclose to students through email and the class registration process the policy and practice for withholding official transcripts and registration privileges as a means of collecting debt. This notice must include the amount of debt, if any owed; information on payment options, including setting up a payment plan; and consequences of not paying the debt.

Section 1(7) provides definitions of debt, institutions of higher education, and tuition fees.

Section 2(1) requires institutions of higher education to annually report to the governor and legislative higher education committees regarding transcript and registration holds used as a tool to collect debt. The first report is due December, 1 2020 and must include:

- the institution's policy on when registration and transcript holds are used; the time frame and amounts for which holds are to be used; and the lowest debt that an institution has assigned to a third-party collection agency.
- The actual lowest debt owed when official transcripts are withheld, and registration privileges are withheld.
- The number of holds placed on the release of official transcripts, and registration privileges.
- Categories of debt when transcripts and registration privileges are withheld, and the average amount of debt for each category.
- Average past-due time period for debts where transcript and registration privileges were withheld.
- The number of past-due accounts assigned to third-party collection agencies.
- The lowest amount owed that is assigned to a third-party collection agency.

### 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.*

Evergreen estimates that the requirements of this bill will result in foregone cash receipts in the form of uncollected debt. Current Evergreen policy is to place a hold on a student's account prohibiting registration, or the release of a transcript, once the account is 30 days past due.

Since it is difficult to estimate from existing data how much debt is collected due to the transcript and registration hold policies, Evergreen has made the following assumptions in its calculation:

- The total outstanding balance used in the analysis is as of June 30, 2019.
- Identified charges do not include tuition, S&A or technology fees



- Accounts include those for both current and former students
  - Accounts are identified as having either a transcript or registration hold as of June 30, 2019
- The total balances as of June 30, 2019 for accounts with registration and/or transcript holds was approximately \$1,286,000

## 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 disclosure requirements in Section 1(6) and the reporting requirements in Section 2 will require 60 hours of work on an annual basis for the Manager of Student Financial Services. (salary is \$2,100; benefits \$700)

## 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	0	2,800	2,800	5,600	5,600
Total \$			0	2,800	2,800	5,600	5,600

### III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.0	0.0	0.0	0.0
A-Salaries and Wages		2,100	2,100	4,200	4,200
B-Employee Benefits		700	700	1,400	1,400
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 \$	0	2,800	2,800	5,600	5,600

**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
Manager, Student Financial Services	85,900		0.0	0.0	0.0	0.0
Total FTEs			0.0	0.0	0.0	0.0

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2513 2S HB	<b>Title:</b> Higher ed. debt collection	<b>Agency:</b> 380-Western Washington University
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.0	1.0	0.5	0.2	0.2
<b>Account</b>					
General Fund-State 001-1	0	101,667	101,667	37,696	37,696
<b>Total \$</b>	0	101,667	101,667	37,696	37,696

### 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: Kate Henry	Phone: 360-786-7349	Date: 02/14/2020
Agency Preparation: Kristen Stouder	Phone: (360) 650-2811	Date: 02/25/2020
Agency Approval: Ted Castro	Phone: (360) 650-4694	Date: 02/25/2020
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 03/01/2020

## 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.*

2SHB 2513 sets limits on transcript and registration holds as debt collection practices. Compared to HB 2513, 2SHB 2513 requires that:

Section 1(2) only permits the withholding of student transcripts for debts related to tuition fees or fees related to the transcript issuance. However, section 1(3) requires that transcripts requested for purposes of job applications, transferring to other institutions, or applications for financial aid cannot be withheld regardless of debt type.

Section 1(4) stipulates that if the institution assigns student unpaid debts to a collection agency (regardless of debt type) that the institution must release a student's official transcript upon request.

Section 1(5) limits registration holds except for debt collection related to unpaid tuition fees, unpaid room and board fees, any financial aid funds owed by the student to the institution or state. Previous versions of this bill only allowed for registration holds on tuition-related debts, so this version expands the types of debt that registration holds may be placed on.

Section 1(6) requires a notification process for students who incur a registration or transcript hold for outstanding debt. The email notification must include the amount of debt owed, information on payment, and consequences of unpaid debt.

Section 1(7) clarifies tuition fees to include all tuition fees as defined in RCW 28B.15.020, service and activity fees (RCW 28B.15.041), technology fees (RCW 28B.15.051), fees for non-state funded, fee-based, self-supporting degree, certificate or continuing education courses.

Section 2 is a new section outlining new reporting requirements for institutions related to transcript and registration holds used as debt collection tools. The first report is due December 1, 2020, and annual reporting is required each year thereafter.

Compared to HB 2513, our fiscal note for 2SHB 2513 differs in three areas:

- The types of debt allowed under section 1(5) are expanded from prior versions of the bill. We have updated our expected loss of revenue in the Cash Receipts section accordingly.
- The pro-active notification process for current students regarding debt holds would be a new process for WWU. We have included costs accordingly.
- The reporting requirements in Section 2 are new and we have updated costs accordingly.

### 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.*

Western estimates that 2SHB 2513 would result in an indeterminate but significant negative cash receipts for the institution due to uncollected student debts. Western's current practice is to place registration and transcript holds on student accounts for outstanding late balances. Generally, these holds are effective in encouraging students to

repay debts and the inability to place such holds would result in a loss of revenue. At WWU, tuition, course fees, on-campus housing charges, and meal plan charges are considered late if they are unpaid after the first day of the term. Other miscellaneous fees (e.g., ID card fees, parking or library fees) are considered late after they have aged 30 days.

2SHB 2513 (compared to HB 2513) restricts transcript holds to only allow transcript holds related to tuition fees but does not allow transcript holds for students requesting transcripts for job applications, transfer applications to other institutions, or applications for financial aid. WWU believes it likely that most, if not all, requests for official transcripts would fall under the reasons listed and prevent WWU from collecting on these debts. For purposes of this fiscal note, we assume that this effectively presents the same potential loss of cash receipts for restrictions of transcript withholding practices as our response to HB 2513.

2SHB 2513 (compared to HB 2513) allows for registration holds for unpaid debts related to room and board charges, financial aid funds owed by the student, and unpaid tuition fees. Previously, HB 2513 only allowed for registration holds for unpaid tuition fees.

Western has examined data from fiscal year 2019 to estimate the potential of foregone revenue. During FY2019, 52,965 holds were placed on student accounts, and the charges due totaled \$11,120,412. At the end of the academic year, the remaining balance of unpaid debts was \$1,646,500 across 761 student accounts. For purposes of this fiscal note, we assume the paid debt amount of \$9,473,912 was due to the effectiveness of registration and transcript holds on student accounts. Please note parking fees are discussed separately in this narrative.

Due to reporting limitations, we are unable to precisely disaggregate the \$9,473,912 of paid student debt by the type of charge. However, through a process of sampling open student accounts and examining the proportion of unpaid debts remaining by debt type, Western estimates that 39% (\$3,694,825) of the \$9,473,912 was tuition-related debt, 9% of debt (\$852,652) was for tuition and dining related charges, and 1% (\$94,739) was for debt related to financial aid. These three types of debt would likely be repaid by students under 2SHB 2513 because WWU would be allowed to continue to place registration holds for these types of debt. The remainder of student debt amounted to approximately \$4,831,695.

The figures above do not account for additional student parking debts collected during FY2019. In FY2019, students incurred a total parking debt amount of \$61,026. Holds were placed on these student accounts, resulting in nearly a 100% payment rate of the student parking debt.

Taken together, eliminating the ability to place holds on student accounts for debts not related to tuition, housing and dining, or financial aid would result in a significant annual reduction in cash receipts due to uncollected debt in the amount of approximately \$4,892,721 (\$4,831,695 from debts not related to tuition, housing and dining, or financial aid, and \$61,026 for parking debts). This is approximately a \$1M reduction in foregone cash receipts from what WWU estimated for HB 2513.

## **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.*

We expect the following expenditures related to section 1(6), which requires the proactive email notification of current students of debts:

- Approximately .2 FTE for and IT Support Technician 2 to make necessary system changes to allow for email notifications (Annual salary = \$80,000, benefits rate = 36%). This is for FY 21 only for initial setup.

- Approximately .2 FTE for a Fiscal Support Supervisor to collaborate with the IT Support Technician 2 for development of changes to current system to implement proactive email notifications for FY21 initial setup and .1 FTE in subsequent years for ongoing work (annual salary = \$53,000, benefits rate = 43%).

For section 2 which requires new reporting, we expect the following costs:

- .3 FTE IT Support Technician 2 for FY 21 for required programming to current system to make necessary changes for reporting as required in this bill (annual salary \$80,000, benefits rate = 36%).
- .2 FTE Manager, Student Business office in FY21 for collaboration in implementing new reporting requirements, and .05 FTE in subsequent years for annual reporting (annual salary \$73,000, benefits rate = 32%).
- .1 FTE Assistant Director, Student Business Office in FY21 for collaboration in implementing new reporting requirements, and .05 FTE in subsequent years for annual reporting (annual salary \$97,000, benefits rate = 33%).

## 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	0	101,667	101,667	37,696	37,696
Total \$			0	101,667	101,667	37,696	37,696

### III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		1.0	0.5	0.2	0.2
A-Salaries and Wages		74,900	74,900	27,600	27,600
B-Employee Benefits		26,767	26,767	10,096	10,096
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 \$	0	101,667	101,667	37,696	37,696

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

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
Assistant Director, Student Business Office	97,000		0.1	0.1	0.1	0.1
Fiscal Specialist Supervisor	53,000		0.2	0.1	0.1	0.1
IT Support Technician 2	80,000		0.5	0.3		
Manager, Student Business Office	73,000		0.2	0.1	0.1	0.1
Total FTEs			1.0	0.5	0.2	0.2

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods*

NONE

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2513 2S HB	<b>Title:</b> Higher ed. debt collection	<b>Agency:</b> 699-Community and Technical College System
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
<b>Account</b>					
General Fund-State 001-1	0	204,000	204,000	408,000	408,000
<b>Total \$</b>	0	204,000	204,000	408,000	408,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

- ☒ 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: Kate Henry	Phone: 360-786-7349	Date: 02/14/2020
Agency Preparation: Cherie Berthon	Phone: 360-704-1023	Date: 02/24/2020
Agency Approval: Brian Myhre	Phone: 360-704-4413	Date: 02/24/2020
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 03/01/2020



## 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 differs from the substitute in the following ways:

- If institutions of higher education use transcripts and registration holds as a tool for debt collection, they must disclose to all students certain information on their debt, if any, and the debt collection practices.
- Institutions of higher education must report annually to the Governor and Higher Education Committees of the Legislature on transcript and registration holds used as debt collection tools.

These changes will result in increased costs for reporting, but do not change the impact on college debt collection.

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This bill would limit the practice of transcript and registration holds when used as a debt collection measure.

#### SECTION 1

Section 1(2) would allow colleges to withhold official academic transcripts for current and former students only for collecting debt related to the non-payment of tuition fees or fees charged to provide the transcript.

Section 1(3) would prohibit colleges from withholding transcripts, regardless of debt, if the transcript is requested by a student or entity for; job applications, transfer to another college, or applying for financial aid.

Section 1(4) requires a college to release a student's transcript if the college assigns the student's unpaid debt to a collection agency, regardless of type of debt.

Section 1(5) would prohibit colleges from withholding registration privileges as a debt collection tool except for debt related to the nonpayment of tuition fees, room and board fees, and financial aid owed to the college.

Section 1(6) requires colleges that use withholding of transcripts and registration as a debt collection tool to disclose to all students, via email and the class registration process, the amount of debt if any that they owe, information about paying the debt, consequences of not paying the debt.

Section 1(7) creates definitions for "institutions of higher education", "debt" and "tuition fees".

"Tuition Fees", as defined in the bill, are tuition fees as defined in RCW 28B.15.020, services and activities fees as defined in RCW 28B.15.041, technology fees as defined in RCW 28B.15.051, and fees for non-state funded, fee-based, self-supporting degree, certificate or continuing education courses.

## SECTION 2

Colleges would be required to submit a report to the Governor and the Higher Education Committees of the Legislature on the practice of transcript and registration holds. The report must include each college's policy on transcript and registration holds, the lowest amount of debt for which holds take place, the number of holds, the categories of debt for which holds were done and the amounts in each category, the average past-due time period for debts with holds, the number of past-due accounts assigned to collection agencies and the lowest amount at which a college assigns debt to a collection agency. Reports must be submitted by December 1, 2020 and annually thereafter.

### 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.*

Indeterminate cash receipts impact.

It is assumed that limiting a colleges' ability to use transcript and registration holds for the purposes of debt collection will change student behavior and would result in a loss of cash receipts in the form of debt that is no longer able to be collected. We cannot estimate how many students would not pay their debt if transcripts were no longer withheld for non-payment.

Our colleges have varied policies on the amount of debt that triggers a transcript hold. A recent survey indicates, our colleges have from 50 to 350 transcript holds in place due to unpaid student debt and fines. For illustrative purposes, if each of the 34 colleges had an average of \$300,000 in uncollected debt per year and \$100,000 remained uncollected due to the policies in this bill, this would result an annual loss of \$3.4 million in cash receipts.

### 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 1 - Indeterminate expenditure impact - It is anticipated that any reduction in the amount of cash receipts collected would result in a corresponding reduction in expenditures.

Section 2 – There are several elements of the reporting requirements that are not tracked by the colleges. Those include the lowest amount of debt for which holds take place, the number of holds, the categories of debt for which holds were done and the amounts in each category, the average past-due time period for debts with holds, the number of past-due accounts assigned to collection agencies and the lowest amount at which a college assigns debt to a collection agency. Currently, once holds are removed from a student's account the records associated with the hold are deleted. To track the information required in the report, we anticipate colleges would spend 10 hours per month (120 hours per year). Another 20 hours would be required to compile the information and draft a report to the Legislature.

Director of Enrollment Services or Registrar annual salary \$90,000 or \$43.27 per hour.

\$43.27 x 140 hours = \$6,000 (rounded)

\$6,000 x 34 colleges = \$204,000

## 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	0	204,000	204,000	408,000	408,000
Total \$			0	204,000	204,000	408,000	408,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years					
A-Salaries and Wages		204,000	204,000	408,000	408,000
B-Employee Benefits					
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 \$	0	204,000	204,000	408,000	408,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**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

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

## Part V: New Rule Making Required