

Multiple Agency Fiscal Note Summary

Bill Number: 1666 HB	Title: Fee and debt collection
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Licensing	0	0	15,000	0	0	0	0	0	0
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.								
Central 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	0	0	(292,320)	0	0	(310,121)	0	0	(329,008)
Western Washington University	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	0	0	(277,320)	0	0	(310,121)	0	0	(329,008)

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts	No fiscal impact					
Loc School dist-SPI						
Local Gov. Other						
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Administrative Office of the Courts	.0	0	0	0	.0	0	0	0	.0	0	0	0
Office of Attorney General	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Licensing	.0	0	0	15,000	.0	0	0	0	.0	0	0	0
University of Washington	6.0	1,101,680	1,101,680	1,101,680	6.0	1,101,680	1,101,680	1,101,680	6.0	1,101,680	1,101,680	1,101,680
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	264,000	264,000	264,000	.0	264,000	264,000	264,000	.0	264,000	264,000	264,000
Eastern Washington University	.0	316,000	316,000	316,000	.0	316,000	316,000	316,000	.0	316,000	316,000	316,000
Eastern Washington University	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Central Washington University	.0	600,398	600,398	600,398	.0	592,398	592,398	592,398	.0	592,398	592,398	592,398
Central Washington University	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
The Evergreen State College	1.5	298,964	298,964	298,964	1.5	298,964	298,964	298,964	1.5	298,964	298,964	298,964
Western Washington University	.5	62,500	62,500	62,500	.5	62,500	62,500	62,500	.5	62,500	62,500	62,500
Western Washington University	In addition to the estimate above,there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Community and Technical College System	.0	572,000	572,000	572,000	.0	762,000	762,000	762,000	.0	762,000	762,000	762,000
Total \$	8.0	3,215,542	3,215,542	3,230,542	8.0	3,397,542	3,397,542	3,397,542	8.0	3,397,542	3,397,542	3,397,542

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Administrative Office of the Courts	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.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	.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
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts	No fiscal impact								
Loc School dist-SPI									
Local Gov. Other									
Local Gov. Total									

Estimated Capital Budget Breakout

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Prepared by: Kyle Siefering, OFM	Phone: (360) 995-3825	Date Published: Revised 3/20/2023
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Judicial Impact Fiscal Note

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 055-Administrative Office of the Courts
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.

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 for 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.

Legislative Contact: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Angie Wirkkala	Phone: 360-704-5528	Date: 02/03/2023
Agency Approval: Chris Stanley	Phone: 360-357-2406	Date: 02/03/2023
OFM Review: Gaius Horton	Phone: (360) 819-3112	Date: 02/03/2023

181,901.00

Form FN (Rev 1/00)

Request # 123-1

Bill # 1666 HB

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts

This bill would change certain fee and debt collection practices.

II. B - Cash Receipts Impact

None

II. C - Expenditures

No fiscal impact is expected to the Administrative Office of the Court or the courts. Public agencies will need to ensure contracts with debt collection agencies comply with the revisions to the law.

Part III: Expenditure Detail

III. A - Expenditure By Object or Purpose (State)

NONE

III. B - Expenditure By Object or Purpose (County)

NONE

III. C - Expenditure By Object or Purpose (City)

NONE

III. D - FTE Detail

NONE

III. E - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B1 - Expenditures by Object Or Purpose (State)

NONE

IV. B2 - Expenditures by Object Or Purpose (County)

NONE

IV. B3 - Expenditures by Object Or Purpose (City)

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

None

181,901.00

Form FN (Rev 1/00)

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Request # 123-1

Bill # 1666 HB

Individual State Agency Fiscal Note

Revised

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 100-Office of Attorney General
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

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

Check applicable boxes and follow corresponding instructions:

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

Legislative Contact: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Dave Merchant	Phone: 360-753-1620	Date: 02/02/2023
Agency Approval: Joe Zawislak	Phone: 360-586-3003	Date: 02/02/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 02/02/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The AGO Licensing & Administrative Law Division (LAL) has reviewed this bill and determined it will not significantly increase or decrease the division's workload in representing the Collection Agency Board (Board). This bill will expressly include legal financial obligations as a debt that, when collected, must follow the requirements of chapter 19.16 RCW. Based on the Board's experience, the Board does not anticipate that it would cause a significant increase in appeals that would increase billing of legal services. New legal services would be nominal, and costs are not included in this request.

The AGO Solicitor General's Office has reviewed this bill and determined it will not significantly increase or decrease the division's workload. New legal services are nominal, and costs are not included in this request.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 240-Department of Licensing
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Business and Professions Account-State 06L-1	15,000		15,000		
Total \$	15,000		15,000		

Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
Business and Professions Account-State 06L-1	15,000	0	15,000	0	0
Total \$	15,000	0	15,000	0	0

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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Gina Rogers	Phone: 360-634-5036	Date: 03/08/2023
Agency Approval: Gerrit Eades	Phone: (360)902-3863	Date: 03/08/2023
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 03/09/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Please see attached fiscal note.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Please see attached fiscal note.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Please see attached fiscal note.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
06L-1	Business and Professions Account	State	15,000	0	15,000	0	0
Total \$			15,000	0	15,000	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	15,000		15,000		
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 \$	15,000	0	15,000	0	0

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

See attached fiscal note

Individual State Agency Fiscal Note

Agency 240 – Department of Licensing

Bill Number: HB 1666

Bill Title: Making changes to certain fee and debt collection practices

Part 1: Estimates

No Fiscal Impact

Estimated Cash Receipts:

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Business and Professions	06L	15,000	-	15,000	-	-
Account Totals		15,000	-	15,000	-	-

Estimated Expenditures:

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		-	-	-	-	-
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Business and Professions	06L	15,000	-	15,000	-	-
Account Totals		15,000	-	15,000	-	-

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

Legislative Contact: Megan Mulvihill	Phone: (360) 786-7304	Date:
Agency Preparation: Gina Rogers	Phone: (360) 634-5036	Date: 2/1/2022
Agency Approval: Gerrit Eades	Phone: (360) 902-3931	Date: 2/1/2022

Request #	1
Bill #	1666 HB

Part 2 – Explanation

This bill sets new prohibitions for collection agency licensees and employees regarding information that is sent to debtors and codes of conduct. It also limits the fee governmental entities using collection agencies are allowed to charge, as well as allowing businesses whose fees are regulated in WA to charge a transaction fee for credit card payments with limits.

2.A – Brief Description Of What The Measure Does That Has Fiscal Impact

Sec. 1 – Amends RCW 19.16.100

- (1)(b) further defines “claim” as outstanding public debts owed to government entities or courts

Sec. 2 – Amends RCW 19.16.250

- removes the requirement for the debtor’s request to be in written form
- prohibits licensees or their employees from:
 - (8)(c) sending debtors information that implies a claim exists unless it contains an itemization of the claim if it’s the first notice or upon request
 - (d) it must also contain postjudgment collection costs in addition to postjudgment interest if it concerns a judgment obtained against the debtor
 - (30) using false or misleading representation in connection with claim collection
 - (31) using unfair or unconscionable means to attempt or collect claims

Sec. 3 – Amends RCW 19.16.500

- (b) limits the fee governmental entities using a collection agency are allowed to charge to 9%
 - Strikes language concerning the agreement between the governmental entity and its collection agency for collection services payment

Sec. 4 – Adds a new section to chapter 19.200 RCW

- (1) businesses whose fees or charges are regulated in WA may charge a transaction fee for processing credit card payments if:
 - (a) no-cost payment options are available to debtors
 - (b) no-cost payment options are disclosed at the same time and in the same manner that the debtor’s credit card information is taken
- (2) transaction fee amounts must not exceed the actual amount incurred, or 3% of the payment amount (whichever is less)
- (3) “credit card payment” means any payment made by a card that incurs an interchange fee

Sec. 5 – New Section

- Adds an effective date of January 1, 2024

2.B - Cash receipts Impact

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Business and Professions	06L	15,000	-	15,000	-	-
Account Totals		15,000	-	15,000	-	-

2.C – Expenditures

No Fiscal Impact for programs. There is a minor operational impact to DOL as third part examiners must disclose and get approval for fee collections. This can be done within existing resources.

Information Services:

The agency will use appropriated funds to hire contract programmers to accomplish this work or to support current staff implementing this legislation within the required timeline. Appropriated funds may also be used to hire agency temporary staff to support permanent staff assigned to this legislative effort.

Any change requires a process to ensure changes are correctly applied to the system. This involves Project Managers that manage the team that completes the update, business analyst that documents and reviews the system changes, architect services that analyzes how the update could have an effect on other systems or DOL processes, developers who create the change, and testers and quality assurance teams that ensure the update is working correctly.

Cost Category	Description	Rate	2024	2025	2026	2027	2028	2029	Total Cost
TESTER	Test to verify individual components meet requirements; ensure that other business transactions have not been impacted.	\$ 22,620	2,300	-	-	-	-	-	2,300
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 16,530	1,700	-	-	-	-	-	1,700
PROJECT MANAGER	Manage schedule and contracts	\$ 28,710	2,900	-	-	-	-	-	2,900
SECURITY AND ARCHITECT SERVICES	Create the conceptual model that defines the structure, behavior and framework of a computerized system including a breakdown of the system into components, the component interactions and interfaces (including with the environment, especially the user), and the technologies and resources to be used in the design.	\$ 16,530	1,700	-	-	-	-	-	1,700
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 22,620	2,300	-	-	-	-	-	2,300
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 25,474	1,100	-	-	-	-	-	1,100
Totals			12,000	-	-	-	-	-	12,000

What IS Will Implement:

- Add new and update existing ordinance records to align with state laws and rules

Project Duration: 1 month

Effective Date: 1/1/2024

Support Services:

Agency Administrative Overhead is included at a rate of 23.4 percent of the direct program costs. This funding received covers agency-wide functions such as vendor payments, contract administration,

financial management, mail processing, equipment management, help desk support, and technical assistance to DOL employees.

Part 3 – Expenditure Detail

3.A – Operating Budget Expenditures

Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Business and Professions	06L	15,000	-	15,000	-	-
Account Totals		15,000	-	15,000	-	-

3.B – Expenditures by Object or Purpose

Object of Expenditure	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Goods and Services	15,000	-	15,000	-	-
Total By Object Type		15,000	-	15,000	-

Part 4 – Capital Budget Impact

None.

Part 5 – New Rule Making Required

To implement this legislation, a one-time assessment would need to be added to licenses that are funded with dedicated funds, equal to the costs contained in the expenditure section of this fiscal note. The cost allocation model applied to current expenditures is used to establish the revenue breakdown. For efficiency purposes, the department will add inclusion of this one-time assessment per license, to a planned fee rulemaking process in the spring of 2024, with any fee proposed increases to go into effect in June 2024.

Individual State Agency Fiscal Note

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	6.0	6.0	6.0	6.0	6.0
Account					
General Fund-State 001-1	550,840	550,840	1,101,680	1,101,680	1,101,680
Total \$	550,840	550,840	1,101,680	1,101,680	1,101,680

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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Lauren Hatchett	Phone: 2066167203	Date: 02/13/2023
Agency Approval: Charlotte Shannon	Phone: 2066858868	Date: 02/13/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/17/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1666 makes changes to the Collection Agency Act, RCW 19.16

Section 1 modifies the definition of “claim” in RCW 19.16.100 to include outstanding debts owed to government entities.

Section 2 adds to prohibited practices outlined in RCW 19.16.250.

Section 3 limits the collection agency fee, to 9 percent, which government entities are permitted to add to outstanding debts

Section 4 adds a new section to RCW 19.200 which permits businesses whose fees or charges are regulated by the state to charge a transaction fee for processing credit card transactions.

For the purposes of this fiscal note, the proposed changes in Section 3 of the bill present significant costs and risks to the University of Washington (UW). Please see the discussion in the Cash Receipts and Expenditures sections

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

For context, UW Student Fiscal Services (SFS) sent approximately 1,400 student loans, with a value of \$6.7 million, to collection agencies annually (Prior to March 2020). Presently, Accounts Receivable (AR) debt totals approximately \$9.5 million across 8,229 student accounts. AR debt has increased over the past few years due to federal COVID-19 debt collection restrictions.

The collection agencies that the UW contracts with provide quality service and significant recovery rates. However, none of the UW’s current collection agencies will accept a contract capped at 9 percent, and it is unknown if there are agencies that will accept contracts with such a cap as current negotiated contracts require a 21-23 percent contingency collection fee. It is likely that procuring a new contract will hinder collections of student loans and other receivables.

It is unknown what amount of student loan debt may not be recovered, but UW SFS anticipates uncollected debt will exceed millions of dollars each year.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

CFR §674.45(a)(2)(ii) and (c)(1)(ii)(B) require institutions of higher education to pursue student loan debtors to collect the debt. CFR §674.46 outlines the requirements to litigate debt collection disputes. Institutions must either use their own staff or engage a collection agency. The federal regulations provide that collection agencies shall be compensated at a rate not to exceed between 30-40% of the debt (plus interest and late charges). This is added to the borrower’s debt. There is also a preemption clause regarding any contrary state laws. If the UW is unable to collect on these debts, this potentially violates obligations under federal law. Expenditures anticipated are thus categorized below under “Collections” and “Litigation.”

COLLECTIONS

In order to implement such legislation, the UW SFS would pursue collections internally, only sending extenuating cases to third-party collections. Current Accounts Receivable (AR) debt totals approximately \$9.5 million, across 8,229 student

accounts. Student loan debt that is already in the “loan collection portfolio” totals \$3.8 million across 812 loans. In-house collections for Accounts Receivable (AR) would require the following FTE to be added to SFS:

- 5 FTE Collectors (annual salary: \$60,000; benefits rate: 31.8%) beginning in FY24 and each year thereafter to assist in collecting current AR debt, as well as collecting on the current “loan collection portfolio.”
- 1 FTE Collections Manager (annual salary: \$80,000; benefits rate: 31.8%) beginning in FY24 and each year thereafter to manage Collectors and overall AR debt load and “loan collection portfolio”.

We would also expect to have additional expenses to cover the remaining contractual obligation for the accounts that we have placed to date. If the rate is capped at 9 percent, then we would have to pay our agencies the remaining 12 percent to make up the 21 percent. The total expense to cover this gap cannot be calculated as collection agency fees are contingent upon recovery; however, we do anticipate total expenses to significantly exceed \$50,000 in FY24.

LITIGATION

As mentioned above, The current “loan collection portfolio” totals \$3.8 million across 812 loans. It should be noted that of the 812 loans, 21 have judgments (requiring litigation) totaling \$251,000 in legal and agency fees. Currently, collection agencies hire outside law firms to conduct this legal work. With the passage of this legislation, the UW would need to hire a Special Assistant Attorney General (SAAG) to pursue student loan collections and litigation per federal obligations.

We estimate that there would be 200 new collection actions a year and 5 new judgment cases a year. Of the 200 collections, it is likely that 10 percent (20 cases) will require SAAG involvement. This results in 20 cases involving a SAAG with 5 of those going to judgment annually. Approximate costs per case total \$1,250 for filing and \$5,000 for pursuing to judgment. And so, we anticipate the following professional service contracts for hiring SAAG time and service:

- \$50,000 in legal fees (15 cases filed but not pursued to judgment at \$1,250 per case = \$25,000; 5 cases pursued to judgment at \$5,000 per case = \$25,000) beginning in FY24 and each year thereafter.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	550,840	550,840	1,101,680	1,101,680	1,101,680
Total \$			550,840	550,840	1,101,680	1,101,680	1,101,680

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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	6.0	6.0	6.0	6.0	6.0
A-Salaries and Wages	380,000	380,000	760,000	760,000	760,000
B-Employee Benefits	120,840	120,840	241,680	241,680	241,680
C-Professional Service Contracts	50,000	50,000	100,000	100,000	100,000
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 \$	550,840	550,840	1,101,680	1,101,680	1,101,680

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 2024	FY 2025	2023-25	2025-27	2027-29
Collections Manager	80,000	1.0	1.0	1.0	1.0	1.0
Collector	60,000	5.0	5.0	5.0	5.0	5.0
Total FTEs		6.0	6.0	6.0	6.0	6.0

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 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 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	132,000	132,000	264,000	264,000	264,000
Total \$	132,000	132,000	264,000	264,000	264,000

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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Emily Green	Phone: 5093359681	Date: 02/15/2023
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 02/15/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/17/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1666 – Fee and Debt Collection makes changes to certain fee and debt collection practices.

Section 1 expands the definition of “claim” in RCW 19.16.100 to include outstanding debts owed to government entities.

Section 2 adds to prohibited practices outlined in RCW 19.16.250.

Section 3 limits the collection agency fee, to 9%, that government entities are permitted to add to outstanding debts.

Section 4 adds a new section to RCW 19.200 which permits businesses whose fees or charges are regulated by the state to charge a transaction fee for processing credit card transactions.

This bill would fiscally impact Washington State University.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

WSU assumes that limiting the collection fee to 9% and the requirements on credit card transaction fees may affect the amount of debts that are successfully collected. The effects are not possible to estimate at this time.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

WSU assumes some of the collection costs will be passed on to the WSU Bursar’s Office due to the collection fee limit of 9%. WSU recovers approximately \$1,200,000 per year through collection agencies who currently assess a 20% collection fee on funds recovered that is assigned to the debtor. A limit of 9% to be assigned to the debtor would pass the remaining 11% to WSU for an annual cost of \$132,000.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	132,000	132,000	264,000	264,000	264,000
Total \$			132,000	132,000	264,000	264,000	264,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services	132,000	132,000	264,000	264,000	264,000
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 \$	132,000	132,000	264,000	264,000	264,000

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 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 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	158,000	158,000	316,000	316,000	316,000
Total \$	158,000	158,000	316,000	316,000	316,000

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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Keith Tyler	Phone: 509 359-2480	Date: 02/14/2023
Agency Approval: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 02/14/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/17/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1666 make changes to the Collection Agency Act, RCW 19.16

Section 1 modifies the definition of “claim” in RCW 19.16.100 to include outstanding debts owed to government entities.

Section 2 adds to prohibited practices outlined in RCW 19.16.250.

Section 3 limits the collection agency fee, to 9 percent, that government entities are permitted to add to outstanding debts.

Section 4 adds a new section to RCW 19.200 which permits businesses whose fees or charges are regulated by the state to charge a transaction fee for processing credit card transactions.

For the purposes of this fiscal note, the proposed changes in Section 3 of the bill present significant costs and risk to the Eastern Washington University (EWU). Please see the discussion in the Cash Receipts and Expenditures sections

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

The collection agencies that the EWU contracts with provide quality service and significant recovery rates. However, it is highly unlikely that any of our current collection agencies will accept a contract capped at 9 percent. It is typical for the collection agencies to charge around 20 percent contingency collection fees. Procuring or providing these services through EWU staff will likely hinder the collections of student loans and other receivables, which will have a negative impact on cash receipts.

IT is unknown what amount of student loan debt may not be recovered.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

CFR §674.45(a)(2)(ii) and (c)(1)(ii)(B) require institutions of higher education to pursue student loan debtors to collect the debt. CFR §674.46 outlines the requirements to litigate debt collection disputes. Institutions must either use their own staff or engage a collection agency. The federal regulations provide that collection agencies shall be compensated at a rate not to exceed between 30-40% of the debt (plus interest and late charges). This is added to the borrower’s debt. There is also a preemption clause regarding any contrary state laws. If EWU is unable to collect on these debts, this potentially violates obligations under federal law. Expenditures anticipated are thus categorized below under “Collections” and “Litigation.”

COLLECTIONS

In order to implement such legislation, EWU SFS would pursue collections internally, only sending extenuating cases to third party collections. Current Accounts Receivable (AR) debt totals approximately \$13,605,280, across 11,245 student accounts. Student loan debt that is already in the “loan collection portfolio” totals \$1,364,220 and 986 loans. In-house collections for Accounts Receivable (AR) would require the following FTE to be added to SFS:

- 2 FTE additional Collectors (annual salary: \$55,000; \$24,000 benefits) beginning in FY24 and each year thereafter to assist in collecting current AR debt, as well as collecting on the current “loan collection portfolio.”

We would also expect to have additional expenses to cover the remaining contractual obligation for the accounts that we have placed to date. If the rate is capped at 9 percent, then we would have to pay our agencies the remaining 12 percent to make up the 21 percent. The total expense to cover this gap cannot be calculated as collection agency fees are contingent upon recovery; however we do anticipate total expenses to significantly exceed \$50,000 in FY24.

LITIGATION

As mentioned above, The current “loan collection portfolio” totals \$1,364,220 million across 986 loans. It should be noted that of the 986 loans, 6 have judgements (requiring litigation). Currently, collection agencies hire outside law firms to conduct this legal work. With the passage of this legislation, the EWU would need to hire a Special Assistant Attorney General (SAAG) to pursue student loan collections and litigation per federal obligations. This amount is currently unknown

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	158,000	158,000	316,000	316,000	316,000
Total \$			158,000	158,000	316,000	316,000	316,000

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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	110,000	110,000	220,000	220,000	220,000
B-Employee Benefits	48,000	48,000	96,000	96,000	96,000
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 \$	158,000	158,000	316,000	316,000	316,000

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

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 375-Central 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 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	304,199	296,199	600,398	592,398	592,398
Total \$	304,199	296,199	600,398	592,398	592,398

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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Erin Sargent	Phone: 509-963-2395	Date: 02/14/2023
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 02/14/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/17/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1666 changes the language in section 3 regarding the collection agency fee that can be added to outstanding debt payable by the debtor. Current law allows for a “reasonable” fee to be added and then provides some guidance around that, however, the proposed legislation limits that fee to 9% effective January 1, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

CWU acknowledges the efficiencies that using outside collection agencies brings. It is expected that with the 9% cap in effect, CWU will not be able to utilize these services and will have to bring all collection efforts in house, with an anticipated increase in write-offs of uncollectible debt. Though indeterminate, it is expected that the amount will increase over time with overall debt.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Given that the industry standard collection agencies charge for their services is 30%, CWU expects that all collection activities will need to be brought in-house should HB 1666 pass. This will create an immediate need to hire additional staff for the collections department, which would incur an annual cost of \$296,199 (program manager annual salary of \$63,216 plus 33% benefits and 3 program coordinators with annual salary of 49,404 plus 33% benefits) as well as first-year costs of \$8,000 to provide workspace and computer setup.

Beyond staffing costs, it is expected that additional costs will be incurred related to pursuing litigation. While it is unknown what those actual cost will be, CWU has included an estimate of \$15,000 per academic year.

CWU currently has 1,310 students with tuition-related charges in collections, for a total of \$5,084,985.64 and 345 student with non-tuition-related charges in collections for a total of \$75,907.19, and these numbers are expected to rise, given the current economical situation. As such, it is possible that with additional accounts being referred to collections, the FTE requirements will increase.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	304,199	296,199	600,398	592,398	592,398
Total \$			304,199	296,199	600,398	592,398	592,398

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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages	211,428	211,428	422,856	422,856	422,856
B-Employee Benefits	69,771	69,771	139,542	139,542	139,542
C-Professional Service Contracts	15,000	15,000	30,000	30,000	30,000
E-Goods and Other Services	8,000		8,000		
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 \$	304,199	296,199	600,398	592,398	592,398

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

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Revised

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.5	1.5	1.5	1.5	1.5
Account					
General Fund-State 001-1	149,482	149,482	298,964	298,964	298,964
Total \$	149,482	149,482	298,964	298,964	298,964

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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 03/18/2023
Agency Approval: Dane Apalategui	Phone: 360-867-6517	Date: 03/18/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/18/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1666 relates to making changes to certain fee and debt collection practices.

Section 1 amends RCW 19.19.100

Section 1 (2) (b) revises to the definition of “claim” to include “outstanding public debts owed to government entities and courts.”

Section 3 (1) (b) revises the language for any government entity using a collection agency to replace the language of “may add a reasonable fee” with “may add a 9% fee, payable by the debtor, to the outstanding debt for the collection agency fee incurred.” The language allowing a government entity to reach an agreement for a reasonable fee with a collection agency, and for that amount to be presumptively considered to be reasonable, would be stricken.

Section 5 states that this act will take effect on January 1, 2024.

This bill will prevent Evergreen from using collection agencies to collect its student defaulted debt. In order to comply with Federal regulations, Evergreen will be required to hire additional staff (1.5 FTE) to collect this defaulted debt for the College.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Evergreen expects that no collection agency will accept a 9% service fee, so these collection services will need to be brought in-house. But collection agencies have access to resources and recovery tools that the college will not, even with an increase in staff. The part of the college's debt which will become non-collectable will therefore grow, although we do not know by how much. It is possible that we may collect up to \$90,000, the average amount collection agencies currently collect, if we are able to attain the recovery tools collection agencies currently have such as reporting to credit bureaus, etc....

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

This bill will require that Evergreen State College hire 1.50 FTE financial recovery enforcement officers to collect defaulted student debt. In addition to the recovery officers, we will incur legal fees associated with the debt collection. We are estimating that cost at 5 hours per month with a rate of \$250 per hour. We also estimate stationary, mailing, and other collection related costs at \$10,000 per year. We have included a negative reduced collection fees line for collection agency fees we are currently incurring in the amount of \$18,400.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	149,482	149,482	298,964	298,964	298,964
Total \$			149,482	149,482	298,964	298,964	298,964

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.5	1.5	1.5	1.5	1.5
A-Salaries and Wages	92,448	92,448	184,896	184,896	184,896
B-Employee Benefits	50,434	50,434	100,868	100,868	100,868
C-Professional Service Contracts	15,000	15,000	30,000	30,000	30,000
E-Goods and Other Services	10,000	10,000	20,000	20,000	20,000
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-Reduced Collection Agency Fees	(18,400)	(18,400)	(36,800)	(36,800)	(36,800)
Total \$	149,482	149,482	298,964	298,964	298,964

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 2024	FY 2025	2023-25	2025-27	2027-29
Financial Recovery Enforcement Officer 3	61,632	1.5	1.5	1.5	1.5	1.5
Total FTEs		1.5	1.5	1.5	1.5	1.5

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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 380-Western Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Inst of HI ED-Operating Fees	(144,000)	(148,320)	(292,320)	(310,121)	(329,008)
Acct-Non-Appropriated 149-6					
Total \$	(144,000)	(148,320)	(292,320)	(310,121)	(329,008)

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

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
Account					
General Fund-State 001-1	31,250	31,250	62,500	62,500	62,500
Total \$	31,250	31,250	62,500	62,500	62,500

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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Timothy Davenport	Phone: 3606503257	Date: 02/13/2023
Agency Approval: Faye Gallant	Phone: 3606504762	Date: 02/13/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/17/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Western currently has contracts with external third-party collection agencies with 20-30% contingency collection fees. It is unlikely that Western's current collection agencies will accept a contract capped at a 9% contingency. If any other collection agencies are willing to accept 9%, they will likely not provide the same level of quality, service, and recovery. A 9% cap on the collection fee would likely lead to an inability of Western to collect most of its debt that has been outstanding for 120 days or longer, resulting in a substantial loss to the university and the state. Western will likely be writing-off to uncollectible debt, a significant portion of the \$144,000 annual revenue (on average) recovered by our collection agencies.

All debt referred to the collection agencies has previously been pursued in-house at WWU. 100% of the debt assigned to collection agencies was unable to be collected through internal collection efforts. If Western added in-house collection staffing (i.e., new employees) to replace external collection agencies, it is estimated that 80% of the outstanding debt would remain uncollected without collection agency support due to their resources and practices, including potentially reporting late payment history with credit rating agencies.

The inability to place Perkins loans with collection agencies will potentially put Western in violation of our obligations under federal law. This will result in unfunded additional work for our office and the Attorney General Office to pursue the litigation that is currently being pursued and paid for by our contracted collection agencies.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

A 9% cap on the contingency collection fee would likely lead to an inability of Western to collect most of its otherwise uncollectible debt, resulting in a substantial loss to the university and the state. Western will likely be writing-off to uncollectible debt, a significant portion of the \$144,000 annual revenue (on average) recovered by our collection agencies (which are currently compensated by 20-30% contingency collection fees). Estimated lost revenue is incremented by 3% annually to account for anticipated tuition and fee increases, enrollment fluctuations, and other economic factors that impact the ability to pay.

All debt referred to collection agencies has been outstanding for at least 120 days and has previously been pursued in-house at WWU. 100% of the debt assigned to collection agencies was unable to be collected through internal collection efforts. If Western added in-house collection staffing (i.e., new employees) to replace external collection agencies, it is estimated that 80% of the outstanding debt would remain uncollected without collection agency support due to their resources and practices, including potentially reporting late payment history with credit rating agencies.

We have indicated indeterminate cash receipt impact because we do not know the exact amount of future outstanding debts which will be referred to collection agencies. Potentially, the dollar amount of lost revenue could be higher if our patrons know their debt will not be referred to collection agencies.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

We estimate needing at least 0.50 FTE new staffing (plus benefits at 25% of salary) to replace the collection efforts of third-party agencies. However, if Western added in-house collection staffing (i.e., new employees) to replace external collection agencies, it is estimated that about 80% of the outstanding debt would remain uncollected without collection agency support due to their resources and practices, including reporting late payment history with credit rating agencies.

Other expenses cannot be estimated such as referrals to the Office of the Attorney General for litigation which is currently paid by external collection agencies.

Wages are not incremented for future cost of living allowance, negotiated pay increases, or inflation.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	31,250	31,250	62,500	62,500	62,500
Total \$			31,250	31,250	62,500	62,500	62,500

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 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	25,000	25,000	50,000	50,000	50,000
B-Employee Benefits	6,250	6,250	12,500	12,500	12,500
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 \$	31,250	31,250	62,500	62,500	62,500

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 2024	FY 2025	2023-25	2025-27	2027-29
Fiscal Specialist 1	50,000	0.3	0.3	0.3	0.3	0.3
Program Specialist 2	50,000	0.3	0.3	0.3	0.3	0.3
Total FTEs		0.5	0.5	0.5	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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1666 HB	Title: Fee and debt collection	Agency: 699-Community and Technica College System
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	191,000	381,000	572,000	762,000	762,000
Total \$	191,000	381,000	572,000	762,000	762,000

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: Megan Mulvihill	Phone: 360-786-7304	Date: 01/30/2023
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 02/15/2023
Agency Approval: Cherie Berthon	Phone: 360-704-1023	Date: 02/15/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 03/17/2023

Part II: Narrative Explanation

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

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This bill would make changes to certain fee and debt collection practices. Changes include specifying the collection agency fee that government entities are permitted to add to outstanding debts is limited to 9 percent.

Provisions of the bill would take effect on January 1, 2024.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

No cash receipts impact.

Section 3 of the bill would limit the collection agency fee that government entities are permitted to add to outstanding debts to 9 percent. In order to remain in compliance with this provision of the bill, colleges would subsidize agreements that have a higher rate, so that a debtor does not pay more than the 9 percent fee. Assuming that collection agency fees are subsidized by the colleges, collection agency activities should not change and cash receipts should not be affected.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Limiting agency collection fees would have the following expenditure impact.

Section 3 of the bill would limit the collection agency fee that government entities are permitted to add to outstanding debts, to 9 percent. In order to remain in compliance with this provision of the bill, colleges would subsidize agreements that have a higher rate, so that a debtor does not pay more than the 9 percent fee.

Subsidizing the amount of fees beyond the 9 percent limit would result in expenditures for the colleges. Based on a sampling of colleges, the average amount of debt per college sent to collections annually is approximately \$150,000. For the purposes of this fiscal note, it is assumed that approximately 50% of the debt is successfully collected.

Total annual debt collected for the system would be:
\$150,000 X 50% X 34 colleges = \$2,380,000

It is estimated the average agency collection fee is 25%. The amount of the collection fee to be subsidized would therefore be 25% - 9% = 16%.

\$2,380,000 X 16% = \$381,000 subsidized collection fee costs - FY25 onward.

Since the bill takes effect halfway through FY24 (January 1, 2024), the costs for FY 24 would be half the amount shown above.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	191,000	381,000	572,000	762,000	762,000
Total \$			191,000	381,000	572,000	762,000	762,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	191,000	381,000	572,000	762,000	762,000
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 \$	191,000	381,000	572,000	762,000	762,000

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals 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

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.