

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran
---	-------------------------------------

## 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	30,000	0	0	43,000	0	0	29,000
University of Washington	Non-zero but indeterminate cost and/or savings. Please see discussion.								
The Evergreen State College	0	0	(21,797)	0	0	(112,508)	0	0	(210,620)
Department of Fish and Wildlife	0	0	(30,000)	0	0	(30,000)	0	0	(30,000)
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>(21,797)</b>	<b>0</b>	<b>0</b>	<b>(99,508)</b>	<b>0</b>	<b>0</b>	<b>(211,620)</b>

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI	No fiscal impact					
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
Office of Financial Management	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State Gambling Commission	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Retirement Systems	.2	0	0	36,000	.0	0	0	0	.0	0	0	0
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Licensing	.1	0	0	34,000	.1	0	0	32,000	.1	0	0	32,000
Department of Veterans Affairs	1.0	566,000	566,000	566,000	2.0	1,106,000	1,106,000	1,106,000	2.0	1,106,000	1,106,000	1,106,000
Student Achievement Council	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Eastern Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Central Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
The Evergreen State College	.0	0	0	0	.0	0	0	0	.0	0	0	0
Western Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Fish and Wildlife	.0	0	0	0	.0	0	0	0	.0	0	0	0
Community and Technical College System	.0	0	0	0	.0	0	0	0	.0	0	0	0
Actuarial Fiscal Note - State Actuary	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>1.3</b>	<b>566,000</b>	<b>566,000</b>	<b>636,000</b>	<b>2.1</b>	<b>1,106,000</b>	<b>1,106,000</b>	<b>1,138,000</b>	<b>2.1</b>	<b>1,106,000</b>	<b>1,106,000</b>	<b>1,138,000</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	No fiscal impact								
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Office of Financial Management	.0	0	0	.0	0	0	.0	0	0
Washington State Gambling Commission	.0	0	0	.0	0	0	.0	0	0
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Licensing	.0	0	0	.0	0	0	.0	0	0
Department of Veterans Affairs	.0	0	0	.0	0	0	.0	0	0
Student Achievement Council	.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
Department of Fish and Wildlife	.0	0	0	.0	0	0	.0	0	0
Community and Technical College System	.0	0	0	.0	0	0	.0	0	0
Actuarial Fiscal Note - State Actuary	.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>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI	No fiscal impact								
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Breann Boggs, OFM	<b>Phone:</b> (360) 485-5716	<b>Date Published:</b> Final 1/30/2024
---------------------------------------	---------------------------------	---

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 105-Office of Financial Management
--	-------------------------------------	---

## 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Kathy Cody	Phone: (360) 480-7237	Date: 01/22/2024
Agency Approval: Jamie Langford	Phone: 360-902-0422	Date: 01/22/2024
OFM Review: Val Terre	Phone: (360) 280-3973	Date: 01/22/2024

## 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 changes included in the substitute version did not change OFM's fiscal impact assumptions from the previous version.

S SB 5871:

The bill would expand the definition of qualifying discharge for veterans' employment incentives (veterans' preference in layoff and exams).

- Section 14 expands the definition of qualifying discharge for veterans' receiving hiring preference where an employer is administering an examination prior to certification, as reflected in WAC 357-16-110. The required rule change can be completed with existing resources, and therefore there is no fiscal impact to OFM.

- Section 15 expands the definition of qualifying discharge for veterans' receiving preference in layoff by having their seniority increased for total active military service, as reflected in WAC 357-46-060. The required rule change can be completed with existing resources, and therefore there is no fiscal impact to OFM.

The bill also expands the definition of veterans that may impact OFM's tracking of veterans in education statistics and population estimates. Any impact can be completed within existing resources, and therefore have no fiscal impact to OFM.

### 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.*

Section 14 expands the definition of qualifying discharge for veterans' receiving hiring preference where an employer is administering an examination prior to certification, as reflected in WAC 357-16-110. The required rule change can be completed withing existing resources, and therefore there is no fiscal impact to OFM.

Section 15 expands the definition of qualifying discharge for veterans' receiving preference in layoff by having their seniority increased for total active military service, as reflected in WAC 357-46-060. The required rule change can be completed withing existing resources, and therefore there is no fiscal impact to OFM.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 117-Washington State Gambling Commission
--	-------------------------------------	--

## 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Kriscinda Hansen	Phone: 360-486-3489	Date: 01/22/2024
Agency Approval: Kriscinda Hansen	Phone: 360-486-3489	Date: 01/22/2024
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/23/2024

## 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 has no fiscal impact to the Gambling Commission.

### 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

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 124-Department of Retirement Systems
--	-------------------------------------	---

## 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
FTE Staff Years	0.0	0.4	0.2	0.0	0.0
<b>Account</b>					
Department of Retirement Systems	0	36,000	36,000	0	0
Expense Account-State 600-1					
<b>Total \$</b>	0	36,000	36,000	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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Candice Myrum	Phone: 360-664-7124	Date: 01/19/2024
Agency Approval: Mark Feldhausen	Phone: 360-664-7194	Date: 01/19/2024
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/26/2024

## 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 amends the definition of veteran in RCW 41.04.007 and intends to expand state veteran's benefits by aligning the state definition of veteran with the federal definition. The language in the striking amendment also removes the expansion of veterans' eligibility to certain uninterrupted service credit provisions.

Sec. 2 amends the definition of veteran in RCW 41.04.005 to remove the requirement that the veteran has received "an honorable discharge, is actively serving honorably, or received a discharge for physical reasons with an honorable record" and replacing it with the requirement that a veteran must have received "a qualifying discharge as defined in section 4 of this act".

Sec. 4 is a new section redefining "qualifying discharge" as a discharge with an honorable characterization of service; a discharge with a general under honorable conditions characterization of service; a discharge with an other than honorable characterization of service if the applicant provides a letter, administrative decision, or other documentation from the United States department of veterans affairs showing eligibility for or receipt of monetary benefits, such as disability compensation or nonservice-connected pension; or any characterization of service if the reason for discharge was listed as due to: a person's sexual orientation, gender identity, or gender expression; statements, consensual sexual conduct, or consensual acts relating to sexual orientation, gender identity, or gender expression; or the disclosure of statements, conduct, or acts relating to sexual orientation, gender identity, or gender expression to military officials. To prove a "qualifying discharge" under this section, an individual must provide official documentation that shows the following to the agency administering the sought benefit or protection: The individual's characterization of service; and if an individual has a qualifying discharge under subsection (1)(d) of this section, also the individual's reason for discharge or narrative reason for separation. Proof may include, but is not limited to, a department of defense DD form 214, NGB form 22, or equivalent or successor official paperwork stating the required information from a government agency. Copies of official documents are acceptable as proof.

Sec. 20 amends RCW 41.40.170 to say that for a member of Plan 1 of the Public Employees' Retirement System (PERS) to receive credit for military service, they must be an honorably discharged veteran or veteran who received a physical discharge from the armed forces with an honorable record. Furthermore, an individual must prove that their military service was during a period of war as defined in RCW 41.04.005.

### 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 impact.

### 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.*

#### ADMINISTRATIVE ASSUMPTIONS:

- DRS is unable to identify eligible members based on the existing documentation in their files. Those eligible for service credit adjustments must contact DRS with a request and supporting documentation per the bill.
- Notification of the changes in this bill will be communicated on the DRS website, and by the outreach program that will be created by the Department of Veterans Affairs (DVA) in response to this bill.

- Based on information from DVA, we have estimated that there may be about 300 eligible accounts. The costs identified in this fiscal note reflect the estimated effort to process that number of accounts.
- If military service credit is granted due to the changes in this bill, the pension benefit would be adjusted prospectively from the effective date of the bill.

### Part III: Expenditure Detail

#### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
600-1	Department of Retirement Systems Expense Account	State	0	36,000	36,000	0	0
<b>Total \$</b>			0	36,000	36,000	0	0

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.4	0.2		
A-Salaries and Wages		26,000	26,000		
B-Employee Benefits		10,000	10,000		
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-					
<b>Total \$</b>	0	36,000	36,000	0	0

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Communications Consultant 4	72,756		0.0	0.0		
Fiscal Analyst 2	54,108		0.0	0.0		
Retirement Specialist 3	61,224		0.3	0.2		
<b>Total FTEs</b>			0.4	0.2		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

*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.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 140-Department of Revenue
--	-------------------------------------	--

**Part I: Estimates**

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated 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: Greg Vogel	Phone: 60-786-7413	Date: 01/17/2024
Agency Preparation: Frank Wilson	Phone: 60-534-1527	Date: 01/25/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 01/25/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 01/26/2024

Request # 5871-2-1

## 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.*

Note: This fiscal note reflects Senate amendment 4042.1 to SB 5871, 2024 Legislative Session.

This fiscal note only addresses sections 2, 3, 4, 5, 35, and 36 of the bill, which impact the Department of Revenue (department).

#### COMPARISON OF AMENDMENT WITH ORIGINAL BILL:

The substitute bill adds that the new tax preference performance provisions do not apply to this bill (see section 36).

#### CURRENT LAW:

To qualify for the widow or widower of veteran's property tax grant (exemption) program, the claimant must provide, among other documentation, the deceased veteran's DD 214 (Certificate of Release or Discharge from Active Duty) or its equivalent that shows separation from the military was under honorable conditions.

For purposes of the widow/widower property tax grant program, the definition of a "veteran" means every person, who at the time he or she sought benefits, is the recipient of an honorable discharge, is actively serving honorably, or who received a discharge for physical reasons with an honorable record, among other criteria outlined in the statute.

#### PROPOSAL:

This bill:

- Aligns federal and state definitions of "veteran."
- Expands state benefits to any veteran already eligible for federal Department of Veterans Affairs monetary benefits.
- Creates eligibility for state benefits for veterans who separated with less than an honorable characterization of service due solely to sexual orientation, gender identity, or gender expression or actions or statements related to sexual orientation, gender identity, or gender expression, regardless of characterization of service.

A "qualifying discharge" means:

- A discharge with an honorable characterization of service.
- A discharge with a general under honorable conditions characterization of service.
- A discharge with an other than honorable characterization of service if the applicant provides a letter, administrative decision, or other documentation from the United States Department of Veterans Affairs showing eligibility for or receipt of monetary benefits, such as disability compensation or nonservice-connected pension.
- Any characterization of service if the reason for discharge listed includes:
  - A person's sexual orientation, gender identity, or gender expression.
  - Statements, consensual sexual conduct, or consensual acts relating to sexual orientation, gender identity, or gender expression.
  - The disclosure of statements, conduct, or acts relating to sexual orientation, gender identity, or gender expression to military officials.

The proposal changes the documentation required for claimants of the widow or widowers of veteran's property tax grant program (exemption).

The bill also requires the Washington state Department of Veterans Affairs (DVA) to develop and implement an outreach program to ensure veterans under the new definitions are aware of state veteran's benefits and programs.

Request # 5871-2-1

The new tax preference performance provisions do not apply to this bill (see section 36).

**EFFECTIVE DATE:**

The bill takes effect 90 days after final adjournment of the session.

**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.*

**ASSUMPTIONS**

- The DVA estimates a 2-6% increase in the number of veterans receiving benefits, leading to a 2-6% increase in the number of veteran widows or widowers receiving benefits.
- For a widow or widower to qualify for grant assistance, the qualified veteran must be deceased and meet the expanded definition of a veteran.
- As of 2022, 11 participants qualified for the widow or widowers grant program and a 2-6% increase among the current participants would be small.

**DATA SOURCES**

- Department of Veteran's Affairs, 2020 Veteran Population Projection
- Department of Revenue, Impact of Senior Property Tax Relief 2023

**REVENUE ESTIMATES**

This legislation results in no revenue impact to taxes administered by the department.

**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.*

The department will have minimal costs of approximately \$2,400 for 40 hours of work by a property acquisition specialist.

A 2-6% increase in veteran's widow or widower receiving a grant would include one additional participant. This would cost \$140 for the grant program to implement this legislation.

The department will absorb these costs within current funding.

**Part III: Expenditure Detail**

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

NONE

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

NONE

**III. C - 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

## **Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 240-Department of Licensing
--	-------------------------------------	--

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Veterans Stewardship Account-State 08V-1		8,000	8,000	25,000	23,000
Motor Vehicle Account-State 108-1		10,000	10,000	9,000	4,000
Move Ahead WA Account-State 26P-1		12,000	12,000	9,000	2,000
<b>Total \$</b>		30,000	30,000	43,000	29,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.0	0.1	0.1	0.1	0.1
<b>Account</b>					
Motor Vehicle Account-State 108 -1	0	34,000	34,000	32,000	32,000
<b>Total \$</b>	0	34,000	34,000	32,000	32,000

### 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Gerrit Eades	Phone: (360) 902-3931	Date: 01/22/2024
Agency Approval: Collin Ashley	Phone: (564) 669-9190	Date: 01/22/2024
OFM Review: Kyle Siefering	Phone: (360) 995-3825	Date: 01/22/2024

## 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.

SSB 5871 compared to SB 5871: SSB 5871 extends the effective date for sections 24-27 of the bill related to military plates, emblems, and ID/Driver's license designations to April 1, 2025. An extended effective date was assumed for successful implementation in SB 5871. SSB 5871 establishes the extended effective date, therefore there is no change to the department's fiscal note.

This bill makes changes to the definition of veteran, as well as expands the criteria and availability of state's veteran's benefits. This bill also changes the criteria necessary to become eligible for veteran special plates, veteran plate emblems, and veteran driver's license privileges.

### 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
108-1	Motor Vehicle Account	State	0	34,000	34,000	32,000	32,000
<b>Total \$</b>			0	34,000	34,000	32,000	32,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.1	0.1	0.1	0.1
A-Salaries and Wages		5,000	5,000	10,000	10,000
B-Employee Benefits		2,000	2,000	4,000	4,000
C-Professional Service Contracts					
E-Goods and Other Services		27,000	27,000	18,000	18,000
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-					
<b>Total \$</b>	0	34,000	34,000	32,000	32,000

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Licensing Services Representative 1	48,864		0.1	0.1	0.1	0.1
<b>Total FTEs</b>			0.1	0.1	0.1	0.1

**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

Agency 240 – Department of Licensing

Bill Number: SSB 5871

Bill Title: Definition of veteran

**Part 1: Estimates**

No Fiscal Impact

**Estimated Cash Receipts:**

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Veterans Stewardship Account	08V	-	8,000	8,000	25,000	23,000
Motor Vehicle	108	-	10,000	10,000	9,000	4,000
Move Ahead WA Account	26P	-	12,000	12,000	9,000	2,000
<b>Account Totals</b>		<b>-</b>	<b>30,000</b>	<b>30,000</b>	<b>43,000</b>	<b>29,000</b>

**Estimated Expenditures:**

		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		-	0.1	0.1	0.1	0.1
Operating Expenditures	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Motor Vehicle	108	-	34,000	34,000	32,000	32,000
<b>Account Totals</b>		<b>-</b>	<b>34,000</b>	<b>34,000</b>	<b>32,000</b>	<b>32,000</b>

*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: Greg Vogel	Phone: (360) 786-7413	Date: 01/17/2024
Agency Preparation: Gerrit Eades	Phone: (360) 902-3931	Date: 01/19/2024
Agency Approval: Collin Ashley	Phone: (360) 634-5384	Date: 01/19/2024

Request #	1
Bill #	5871 SSB

## **Part 2 – Explanation**

This bill makes changes to the definition of veteran, as well as expands the criteria and availability of state's veteran's benefits. This bill also changes the criteria necessary to become eligible for veteran special plates, veteran plate emblems, and veteran driver's license privileges.

**SSB 5871 compared to SB 5871:** SSB 5871 extends the effective date for sections 24-27 of the bill related to military plates, emblems, and ID/Driver's license designations to April 1, 2025. An extended effective date was assumed for successful implementation in SB 5871. SSB 5871 establishes the extended effective date, therefore there is no change to the department's fiscal note.

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

**Section 4:** Adds a new section to Chapter 73.04 RCW discharge means:

- (1) A discharge with an honorable characterization of service;
- (2) A discharge with a general under honorable conditions characterization of service;
- (3) A discharge with an other than honorable characterization of service if the applicant provides a letter, administrative decision, or other documentation from the United States department of veterans affairs showing eligibility for or receipt of monetary benefits, such as disability compensation or nonservice-connected pension; or
- (4) Any characterization of service if the reason for discharge was listed as due to:
  - (a) A person's sexual orientation, gender identity, or gender expression;
  - (b) statements, consensual sexual conduct, or consensual acts relating to sexual orientation, gender identity, or gender expression; or
  - (c) the disclosure of statements, conduct, or acts relating to sexual orientation, gender identity, or gender expression to military officials.

**Section 18:** Amends RCW 43.23.130 to reference the definition made in section 4 instead of honorable discharge.

**Section 21:** Amends RCW 46.18.270 to reference the definition made in section 4 instead of honorable discharge.

**Section 22:** Amends RCW 46.18.280 to reference the definition made in section 4 instead of honorable discharge.

**Section 23:** Amends RCW 46.18.295 to define active duty military personnel and utilizes the definition of Veteran as listed in RCW 41.04.007. In addition, includes requirements for showing proof of eligibility.

**Section 24:** Amends RCW 46.20.027 to remove honorably from this section.

**Section 25:** Amends RCW 46.20.161 to reference the definition made in section 4 instead of honorable discharge.

**2.B - Cash receipts Impact**

Revenue	Fund	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Veterans Stewardship Account	08V	-	8,000	8,000	25,000	23,000
Motor Vehicle	108	-	10,000	10,000	9,000	4,000
Move Ahead WA Account	26P	-	12,000	12,000	9,000	2,000
<b>Account Totals</b>		-	<b>30,000</b>	<b>30,000</b>	<b>43,000</b>	<b>29,000</b>

This bill expands the definition of a veteran and the criteria necessary to become eligible for the purchase of veteran special plates and veteran plate emblems. DOL anticipates minimal, if any, impact to veteran emblem purchases. DOL assumes the expanded eligibility would result in approximately 480 additional armed services special plates purchased within the first two years of implementation and around a 1% increase in original plate purchases in subsequent years. Armed services special plate fees are distributed to the Veterans Stewardship Account (08V) and Motor Vehicle Fund (108). The revenue impact analysis provided is based on the November 2023 forecast.

For the purposes of this analysis, DOL assumes armed services special plates will be purchased as replacement for existing plates. The fee for replacement plate is \$30 per plate and the reflectivity fee is \$2 per plate. DOL assumes these will be purchases for vehicles with two plates. The plate replacement fee is distributed to the Motor Vehicle Fund (108) at \$10 per plate and the Move Ahead WA Account (26P) at \$20 per plate. The plate reflectivity fee is distributed to the Motor Vehicle Fund (108).

**2.C – Expenditures**

**Programs and Services Division (PSD):**

*What PSD Will Implement:*

1. Based on new eligibility, this will increase DVR’s military special plates applications and emblems process which is handled by a Licensing Services Representative 1 (LSR1) in Applications & Issuance. The average touch time to process applications is 10 minutes and for emblems is 5 minutes. DVR will need an additional .1 FTE (LSR 1) to complete this work.

*Assumptions:*

1. DVR process on average 8,000 military plate applications per year. Each application on average takes 10 minutes to complete. With the 6% assumed increase provided in the lead agency assumptions, there will be an estimated increase of 480 applications per year.
2. There will be an increase in refund requests based on new eligibility.
3. There will be Web updates.
4. There will be additional mail costs in the amount of \$2,030 annually to support the additional 480 applications per year.
5. There will be additional plate costs in the amount of \$2,130 annually to support the additional veteran specialty plates and veteran permanent registrations.

**Information Services (ISD):**

*What IS Will Implement:*

1. Modify Disabled Veteran Plate statement "Honorable discharge or a discharge for physical reasons with an honorable record" to "Qualifying discharge".

*Assumptions:*

1. No changes to plate screens as DRIVES already states verify military\veternan is a "qualifying" individual for military\veternan plates.
2. Training Team will update Help Articles.
3. The Outreach Program will be managed by business.

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.	\$ 27,144	-	2,700	-	-	-	-	2,700
BUSINESS ANALYST	Determine business requirements; translate requirements into what changes are needed to various systems including account codes, inventory codes, testing considerations, etc.	\$ 19,836	-	2,000	-	-	-	-	2,000
PROJECT MANAGER	Manage schedule and contracts	\$ 34,452	-	3,400	-	-	-	-	3,400
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.	\$ 19,836	-	2,000	-	-	-	-	2,000
CONTRACTED FAST DEVELOPER / TESTER	Updates to the DRIVES system will require additional vendor hours outside of the contracted maintenance to make system updates to implement this bill.	\$ 37,236	-	3,700	-	-	-	-	3,700
Trainer	Trains business partners and employees in new system processes and capabilities.	\$ 27,144	-	2,700	-	-	-	-	2,700
Project Contingency	Office of the Chief Information Officer designated rate of 10%	\$ 29,824	-	1,700	-	-	-	-	1,700
<b>Totals</b>			-	<b>18,200</b>	-	-	-	-	<b>18,200</b>

**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. These indirect costs are shown under object E.

**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
Motor Vehicle	108	-	34,000	34,000	32,000	32,000
<b>Account Totals</b>		-	<b>34,000</b>	<b>34,000</b>	<b>32,000</b>	<b>32,000</b>



### 3.B – Expenditures by Object or Purpose

Object of Expenditure		FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
FTE Staff Years		0.0	0.1	0.1	0.1	0.1
Salaries and Wages		-	5,000	5,000	10,000	10,000
Employee Benefits		-	2,000	2,000	4,000	4,000
Goods and Services		-	27,000	27,000	18,000	18,000
	<b>Total By Object Type</b>	<b>-</b>	<b>34,000</b>	<b>34,000</b>	<b>32,000</b>	<b>32,000</b>

### 3.C – FTE Detail

Staffing	Salary	FY 24	FY 25	23-25 Total	25-27 Total	27-29 Total
Licensing Services Representative 1	48,864	0.0	0.1	0.1	0.1	0.1
	<b>Total FTE</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>

### Part 4 – Capital Budget Impact

None.

### Part 5 – New Rule Making Required

None.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 305-Department of Veterans Affairs
--	-------------------------------------	---

## 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
FTE Staff Years	0.0	2.0	1.0	2.0	2.0
<b>Account</b>					
General Fund-State      001-1	0	566,000	566,000	1,106,000	1,106,000
<b>Total \$</b>	0	566,000	566,000	1,106,000	1,106,000

### 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Chony Culley	Phone: 3604808127	Date: 01/26/2024
Agency Approval: Yacob Zekarias	Phone: 253-545-1942	Date: 01/26/2024
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 01/29/2024

## 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 substitute bill does not change the fiscal impact to WDVA from the previous version.

The changes in this bill include codifying the official documentation requirements proving a “qualifying discharge”, and additional language regarding service computation rules for firefighters and police who also accumulated military service time, and employer-related military leave of absence status. None of these additions or modifications change the fiscal impact to WDVA.

WDVA has revised the impact based off of discussions and feedback from the Attorney General’s Office (AGO) regarding the interpretation and assumptions of the outreach program described in Section 5. In the original fiscal note, DVA assumed an outreach program would include specific outreach and education within LGBTQ+ veterans and family members, as well as ongoing statewide education and outreach to transitioning military and current veteran population. The program could implement this section without 1.0 of the original FTE impact if the outreach program is focused on ongoing outreach to existing veterans and family members on services that may be received under the new definitions of this bill, and the training of existing and ongoing VSO officer certification.

Section 5 generates fiscal impact to Washington State Department of Veterans Affairs (WDVA) by requiring the agency to develop and implement an outreach program to ensure that veterans as defined in RCW 41.04.005 and 41.04.007 are aware of state veterans' benefits and programs. Outreach information shall explain, in an easy-to-understand format, changes in the law for the definition of a veteran, unchanged eligibility requirements for current benefits, and how to find more information about benefits from the department and other state agencies. The outreach program must begin on the effective date of this section.

Sections 3, 4, and 30, regarding Veterans Homes eligibility, do not generate fiscal impact to WDVA: the modified definition of veteran in this bill is likely to have a negligible impact. Our intent and efforts have been to restore census to at-or-near full capacity even before an assumed potential increase in the candidate pool.

Section 32, these programs are operated by the Counties, independently of WDVA.

Section 22, regarding the veteran-owned business assistance program, does not generate fiscal impact to WDVA: an assumed potential 2-6% increase in eligible population for our veteran-owned business assistance program could be absorbed within existing resources, assuming our current proviso is included in the base budget on an ongoing basis.

Section 33, regarding an employment services campaign, does not generate fiscal impact to WDVA: the bill states veteran employment campaign is to be funded within existing resources.

The bill also does not generate cost savings to WDVA by allowing the discontinuation of our current efforts to assist veterans in filing for discharge upgrades. WDVA will continue to assist veterans in filing for discharge upgrades, as effort is still required to find the affected veterans and get their discharges changed so they will be eligible for federal VA benefits such as disability compensation, pension, health care, education, housing services, etc. The outreach program described in the bill may help us to reach more Veterans and provide these services to them as our current program is operated by only one person who simply doesn’t have capacity to conduct the level of outreach needed to get the message out to all veterans.

### 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.*

Section 5 requires WDVA to develop implement an outreach program to ensure that veterans as defined in RCW 41.04.005 and 41.04.007 are aware of state veterans' benefits and programs.

WDVA assumes 2.0 FTE impact [1.0 Program Specialist 5 (PS5) and 1.0 Communications Consultant 5 (CC5)], broken out as follows:

0.5 FTE (PS5) required for ongoing outreach to existing veterans and family members. Assumes there could be an additional impact to surviving spouses and family members of services that may be received under the new definitions of this bill. Assumes an increase in Veterans contacting WDVA to get clarity on current benefits and levels of compensation already accessed. Assumes the existing VSO officers and organizations supported by WDVA will require training and education on the new terms and how to engage in assisting Veterans in applying for any additional benefits they are entitled to by the bill.

0.5 FTE (PS5) required for ongoing training of existing and ongoing VSO officer certification. Assumes an impact and possible increase in outreach and education within the WDVA LGBTQ+ Program which may impact capacity and existing resourcing support if additional technology or virtual capabilities for training and education are not supplied.

0.25 FTE (CC5) required for ongoing statewide education and outreach. Assumes providing education through training materials, virtual education classes on the new status of Veteran, and support steps for those veterans on Veteran Benefits they may now be able to obtain.

0.25 FTE (CC5) required for ongoing production of training materials. Assumes the need for resources to support education and outreach activities related to the terms in this bill for new definitions of a Veteran and status changes allowing for potential additional benefits and services. Assumes the need for resources to do the work of outreach, marketing, and content management of websites, and other communication activities.

0.5 FTE (CC5) required for ongoing marketing, website content management, and other communication activities.

In addition to FTE, WDVA assumes the following impact:

a. \$50,000/year for IT services: enhanced social media advertising & marketing (short informational videos or podcasts), modifications to the WDVA website, current and ongoing training and research, technology support for local Veteran Service Organization (VSO) officers, and training platform to communicate on an ongoing basis for VSO officers.

b. \$60,000/year for printing: \$50,000 for updating all WDVA letters, brochures, pamphlets, posters and other printed materials which reference character of discharge for eligibility for WDVA program and services, printing costs for updated materials, statewide mailing and distribution of updated materials to WDVA offices, VSO's, other partners, and the general public. \$10,000 for mailing brochures to all partner organizations who maintain our publications, Veterans Service Officers (VSOs), WorkSource Offices, Veteran Resource Centers at colleges, and letters to those previously denied veteran applicants who may now qualify for services.

c. \$300/year for Zoom platform to provide virtual access between veterans and WDVA staff.

d. \$99,500/year for specialized training: hiring subject matter expert trainers who are certified to provide Continuing Education Credits (CEUs), CEU certification with the American Psychological Association, EventSquid contract renewal for online registration platform (for up to 5,000 people per event), and conducting an annual statewide conference for 350+

attendees.

e. \$28,000/year (\$2,333/per month) travel costs to attend all stand downs and host Town Halls and/or public meetings, trainings, across the state to disseminate the information and talk with veterans and their families in their local settings. This includes dedicated travel to tribal events to support cultural events for veterans.

f. \$10,000/year for equipment to include, but not limited to: mobile printer, Bluetooth PA system, I-Pad mini, Meeting Owl, Microsoft Surface, and Vibe Board.

### 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	0	566,000	566,000	1,106,000	1,106,000
<b>Total \$</b>			0	566,000	566,000	1,106,000	1,106,000

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		2.0	1.0	2.0	2.0
A-Salaries and Wages		177,000	177,000	354,000	354,000
B-Employee Benefits		73,000	73,000	146,000	146,000
C-Professional Service Contracts					
E-Goods and Other Services		213,000	213,000	426,000	426,000
G-Travel		28,000	28,000	56,000	56,000
J-Capital Outlays		12,000	12,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		63,000	63,000	124,000	124,000
9-					
<b>Total \$</b>	0	566,000	566,000	1,106,000	1,106,000

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
107L: PROGRAM SPECIALIST 5	86,208		1.0	0.5	1.0	1.0
197M: COMMUNICATIONS CONSULTANT 5	90,624		1.0	0.5	1.0	1.0
<b>Total FTEs</b>			2.0	1.0	2.0	2.0

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

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Veterans Services (020)		566,000	566,000	1,106,000	1,106,000
<b>Total \$</b>		566,000	566,000	1,106,000	1,106,000

### 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

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 340-Student Achievement Council
--	-------------------------------------	--

## 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Sam Loftin	Phone: 360-753-7866	Date: 01/22/2024
Agency Approval: Brian Richardson	Phone: 360-485-1124	Date: 01/22/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/24/2024

## 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 substitute version of this bill adds instructions for how to prove a "qualifying discharge." It also adds the definition of "qualifying discharge" under Chapter 73.04 RCW to several additional RCW chapters.

This bill would create eligibility for state benefits for veterans who were separated with less than honorable characterizations of service due solely to sexual orientation, gender identity, or gender expression or actions or statements related to sexual orientation, gender identity, or gender expression, regardless of characterization of service. (Section 1). It adds a definition of "qualifying discharge" to Chapter 73.04 RCW that is consistent with the reasons for discharge identified in Section 1 of the bill. (Section 4).

The definition of "resident student" under Chapter 28B.15.012 RCW would be expanded to include a student with a qualifying discharge – or the spouse, state registered domestic partner, or child of an individual who has separated or retired with a qualifying discharge, so long as any additional criteria for residency are established.

The definition of "eligible veteran or national guard member" for the Educator Conditional Scholarship and Repayment Programs under Chapter 28B.102 RCW would be expanded to include a Washington domiciliary who was a service member with a qualifying discharge.

The Washington Student Achievement Council (WSAC) maintains resources that include definitions of "resident student" and "eligible veteran or national guard member" for the Educator Conditional Scholarship and Repayment Programs. WSAC routinely updates these resources and anticipates being able to amend these definitions as part of that routine process. Additionally, residency determinations are made by institutions and not by WSAC. For these reasons, the bill would have no fiscal impact.

### 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

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 360-University of Washington
--	-------------------------------------	---

## 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:**

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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Alexis Rinck	Phone: 2066858868	Date: 01/22/2024
Agency Approval: Michael Lantz	Phone: 2065437466	Date: 01/22/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/24/2024

## 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 Substitute Senate Bill 5871 (5871 S SB S-4042.1/24) makes no changes that alter the analysis prepared by the University of Washington (UW) on the original bill. Therefore, the UW is submitting the same fiscal note as for the original bill. Overall, SSB 5871 would extend eligibility for in-state residency to certain veterans and their dependents, and tuition waivers to children of military or naval veterans. The following sections would impact the University of Washington (UW):

Section 4 would broaden the definition of qualifying discharge to include "general under honorable conditions, other than honorable" if the service member show documentation for eligibility of VA monetary benefits and broadens the definition for reason for discharge in relation to sexual orientation, gender identity, or expression.

Section 11(2)(l) would extend the eligibility for in-state residency to students with at least 10 years of service to include qualifying discharge as defined in Section 4.

Section 11(2)(m) would extend the eligibility for in-state residency to the dependents to the group in Section 11(2)(l).

Section 11(2)(n) would extend the eligibility for in-state residency for students discharged due to reasons as described in Section 4.

Section 12 would extend the eligibility for tuition waivers for service members and their dependents to include the broader definition of eligible veteran by extending the qualifying discharge type as described in Section 4.

### 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 fiscal impact of this bill is indeterminate. However, we estimate that the net gain of cash receipts would be greater than \$50,000 due to increases in tuition revenue from students now eligible for in-state tuition under the measure.

#### SECTION 11

The most recent update to RCW 28B.15.012(2)(k) (students eligible for VA education benefits) is quite broad, and the majority of military connected students qualifying for in-state tuition under RCW 28B.15.012(2) falls under (2)(k). For the 2022-23 academic year, we had 2 students qualifying under (2)(m), and for 2023-24 academic year so far, we have 5 students qualifying under (2)(m). We do not have any data on students that would fall under (2)(l) or (2)(n).

It should also be noted that the WDVA estimates a 2%-6% increase in number of veterans receiving benefits.

The cash receipts impact of section 11 is difficult to estimate and ultimately indeterminate for the following reasons: 1) It is unknown how many additional students would be eligible for resident tuition if this would result in additional students enrolling at the UW. 2) It is unknown how many existing students would qualify as we do not track discharge types of students. 3) It is also unknown what type of degree an eligible student might pursue and whether they would attend full-time or part-time.

#### SECTION 12

We typically see fewer than 5 cases of tuition waiver applications where their discharge type has been different than the current RCW.

The cash receipts impact of section 12 is difficult to estimate and ultimately indeterminate for the following reasons: 1) It is unknown how many additional students would be eligible for tuition waivers if this would result in additional students enrolling at the UW. 2) It is unknown how many existing students would qualify. 3) It is also unknown what type of degree an eligible student might pursue and whether they would attend full-time or part-time.

These unknown factors, in combination, would determine the dollar value of an individual student's tuition waiver.

## **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 would most likely not require any significant changes to systems to successfully track revised student eligibility, so any changes would be minor and absorbed within existing resources.

## **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

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 365-Washington State University
--	-------------------------------------	--

## 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Brittney Gamez	Phone: 509-335-5406	Date: 01/22/2024
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 01/22/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/24/2024

## 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.*

S SB 5871 amends existing state laws to align the federal and state definition of "veteran."

WSU expects no fiscal impact due to this bill.

### 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

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 370-Eastern Washington University
--	-------------------------------------	---

## 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Keith Tyler	Phone: 509 359-2480	Date: 01/22/2024
Agency Approval: Tammy Felicijan	Phone: (509) 359-7364	Date: 01/22/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/24/2024



## 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.*

SB 5871 aligns the state definition of “veteran” with the federal definition to expand state veterans’ benefits to any veteran already eligible for federal department of veterans affairs monetary benefits. Additionally, eligibility for state benefits will be created for veterans separated with less than honorable service due to sexual orientation, gender identity, or gender expression or related actions or statements. This proposed bill does not make specific amendments to RCW broadening benefits related to higher education, however the expanded state definition of “veteran” may extend availability of state veterans’ benefits for higher education to veteran students who otherwise would not be eligible. As this would affect a indeterminately small population of students, and related funding for state veterans' benefits is funded externally to EWU, we do not anticipate a fiscal impact from the passing of this bill.

### 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

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 375-Central Washington University
--	-------------------------------------	--

## 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Alexa Orcutt	Phone: 5099632955	Date: 01/22/2024
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 01/22/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/24/2024

## 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.*

Substitute Senate Bill 5871 reorganizes Section 4 and adds guidelines on how to prove a "qualifying discharge", while also adding more sections, not applicable to higher education.

A summary of the original bill is shown below:

In sections 1-3, 5-10 and 12-35 The legislature is intending to align the federal and state definition of "veteran" to expand veterans' benefits to any veteran who is already eligible for federal department of veterans affairs monetary benefits and inserts "qualifying discharge" as defined in section 4.

Section 4: New: (1) Defines a "qualifying discharge" (2) How to prove a "qualifying discharge."

Section 11 applies to Institutions of Higher Education as summarized below:

Section 11: Amending RCW 28B.15.012 and 2022 c 249 s 1 as follows: (2)(l & m) Strikes out "honorable" and inserted a "qualifying discharge as defined in section 4 of this act". (n) a student who has separated from the uniformed services who was discharged for a reason described in section 4(1)(d) of this act.

Section 36: New: Provisions of RCW 82.32.805 and 82.32.808 don't apply to this act.

Section 37: New: Sections 25-27 of this act take effect April 1, 2025.

Section 38: New: Section 24 of this act expires April 1, 2025.

Fiscal impacts are minimal and can be absorbed within existing resources.

### 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

Revised

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 376-The Evergreen State College
--	-------------------------------------	--

## 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		(21,797)	(21,797)	(112,508)	(210,620)
Acct-Non-Appropriated 149-6					
<b>Total \$</b>		(21,797)	(21,797)	(112,508)	(210,620)

### 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Lisa Dawn-Fisher	Phone: 512-658-0328	Date: 01/23/2024
Agency Approval: Lisa Dawn-Fisher	Phone: 512-658-0328	Date: 01/23/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/24/2024

## 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.*

S SB 5871 creates a new, more inclusive definition of “veteran” that will include those who served but who received less than honorable discharges under certain conditions.

Section 4(2)(a) adds ways that a veteran may prove that they have a qualifying discharge.

The addition of this section, and others which do not impact the college, do not change our assessment of the likely expenditures created by 5871.

\*\*\*\*\*

SB 5871 creates a new, more inclusive definition of “veteran” that will include those who served but who received less than honorable discharges under certain conditions.

Section 1 creates alignment between the state and federal definitions of veterans, and makes veterans who received a less than honorable discharge due solely to sexual orientation, gender identity, or gender expression or actions or statements related to sexual orientation, gender identity, or gender expression, eligible for state benefits.

Section 4 redefines “qualifying discharge” in accordance with the conditions in Section 1.

Subsequent sections redefine eligibility for veterans benefit programs in accordance with the new definition of veteran in section 1 and the new definition of “qualifying discharge” in section 4.

Section 12.8 (b) confirms the eligibility of students to participate in approved tuition waiver programs at institutions of higher education in accordance with the new definition of “qualifying discharge” in section 4.

### 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 has been contacted by students in recent years who are currently ineligible for benefits because they received less than honorable discharges as a result of the conditions laid out in section 1 of the bill. We believe some of these students will welcome the opportunity to pursue their education at Evergreen using their restored eligibility for benefits, and we expect them to pursue tuition waivers, which will increase enrollment but not tuition revenue. Other institutions already have tuition waivers in place for ineligible veteran students, but Evergreen does not, so bringing on these additional students on tuition waivers will result in new expenditures for the college.

Based on the likely effective date of the bill, no costs are anticipated for FY 2024. Estimates use FY 2023 negative cash receipts for veteran's waivers of \$544,926 as the base year. Negative cash receipts are increased by 4% each fiscal year beginning with FY 2025 based on the assumptions issued by the Washington Department of Veterans Affairs regarding anticipated growth in the eligible population.

### 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

Revised

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 380-Western Washington University
--	-------------------------------------	---

## 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.

<b>Legislative Contact:</b> Greg Vogel	<b>Phone:</b> 360-786-7413	<b>Date:</b> 01/17/2024
<b>Agency Preparation:</b> Gena Mikkelsen	<b>Phone:</b> 3606507412	<b>Date:</b> 01/22/2024
<b>Agency Approval:</b> Anna Hurst	<b>Phone:</b> 360-650-3569	<b>Date:</b> 01/22/2024
<b>OFM Review:</b> Ramona Nabors	<b>Phone:</b> (360) 742-8948	<b>Date:</b> 01/24/2024

## 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 proposed legislation made additional modifications to the definition of “qualifying discharge” for purposes of veterans’ benefits eligibility for existing programs in higher education.

This legislative bill aims to align the state's definition of "veteran" with the federal definition, expanding veterans' benefits. It also intends to extend eligibility for state benefits to veterans who were separated with less than honorable characterizations due to sexual orientation, gender identity, or expression. The bill includes amendments to existing sections, defining qualifying discharges and establishing an outreach program to inform veterans of state benefits. Additionally, it addresses the issuance of diplomas to honorably discharged veterans and posthumous diplomas for deceased students meeting certain criteria.

No Fiscal Impact for the following reasons:

In aligning the state definition with the federal definition of Veteran, it does not open any additional benefits to Veteran students. State benefits are contingent on the student being eligible for the Federal benefits. Additionally RCW b.15.621 already includes a subsection that includes any service member discharged “if the sole reason for discharge is due to gender or sexuality.”

Thus, this bill should have little to no impact on the Veteran Service Office, and other Veteran student serving offices (i.e., result in little to no additional work or expenses).

### 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

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 477-Department of Fish and Wildlife
--	-------------------------------------	--

## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
Recreational Fisheries Enhancement-State 04M-1	(2,000)	(2,000)	(4,000)	(4,000)	(4,000)
Limited Fish and Wildlife Account-State 104-1	(1,000)	(1,000)	(2,000)	(2,000)	(2,000)
Fish, Wildlife, and Conservation Account-State 24N-1	(12,000)	(12,000)	(24,000)	(24,000)	(24,000)
<b>Total \$</b>	(15,000)	(15,000)	(30,000)	(30,000)	(30,000)

### 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Barbara Reichart	Phone: (360) 819-0438	Date: 01/19/2024
Agency Approval: Barbara Reichart	Phone: (360) 819-0438	Date: 01/19/2024
OFM Review: Matthew Hunter	Phone: (360) 529-7078	Date: 01/19/2024

## 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.*

NO CHANGE IN FISCAL IMPACT: The substitute bill makes expands the definition of a veteran. No change the fiscal impact to WDFW.

Section 2 amends the definition of “veteran” by striking, “an honorable discharge, is actively serving honorably, or received a discharge for physical reasons with an honorable record” and adding “a qualifying discharge as defined in section 4 of this act.”

Section 4 defines “qualifying discharge” as a discharge with an honorable characterization of service; a discharge with a general, under honorable conditions characterization of service; a discharge with an other than honorable characterization or any characterization of service if the reason for discharge was listed as due to a person’s sexual orientation, gender identity, or gender expression.

Section 34 strikes language “is an honorably discharged veteran” and adds “has a qualifying discharge, as defined in section 4 of this act.”

### 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.*

Following lead agency assumptions from the Department of Veteran Affairs, WDFW estimates that 2% more veterans will be eligible to purchase a combination fishing license at the reduced rate of \$5.00 and hunting licenses at the reduced rate of a youth license. WDFW used eligible veterans license purchase data from the last 5 years for this fiscal note. WDFW assumes that there will be no new hunters and anglers purchasing licenses, but there will be current license holders that become eligible under the changes who will purchase their next license at the reduced rate.

The impact of the changes in Sections 4 and Section 30 are a loss in revenue of -\$15,000 per fiscal year. The breakout is below:

#### Combination Fishing Licenses

Additional Veterans (based on a 5-year average):  $14,347 * 0.2\% = 287$

Combination Fishing License Regular Price: \$45.00

Discounted Combination Fishing License: \$5.00

The change in revenue will be  $287 * (\$5 - \$45) = -\$11,480$ . The Limited Fish and Wildlife Account (104) collects 10 percent of these transactions for the Wild Transaction Fee (see expenditure narrative):  $-\$11,480 * 10\% = -\$1,148$ .

Total revenue loss (rounded to the nearest thousand):  $-\$11,000 + -\$1,000 = -\$12,000$

#### Hunting Licenses

Additional Veterans (based on a 5-year average):  $2,234 * 0.2\% = 45$

DEBC w/DSG license: \$105.00

Discounted DEBC w/DSG license: \$48.00

The only license where WDFW anticipates a significant change in revenue (more than \$1,000) is the Deer, Elk, Bear, Cougar w/discounted small game hunting (DEBC w/DSG) licenses. The change in revenue will be  $45 * (\$48 - \$105) = -\$2,565$ . The Limited Fish and Wildlife Account (104) collects 10 percent of these transactions for the Wild Transaction Fee

(see expenditure narrative):  $-\$2,565 * 10\% = -\$257$ .

Total revenue loss (rounded to the nearest thousand):  $-\$3,000 + \$0 = -\$3,000$

## 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

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> 699-Community and Technica College System
--	-------------------------------------	---

## 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 01/22/2024
Agency Approval: Stephanie Winner	Phone: 360-704-1023	Date: 01/22/2024
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/24/2024

## 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.*

Compared to the original bill, the substitute bill does not change any sections applicable the community and technical college system. There is no change to sections related to residency for tuition purposes or to military waivers, and there is no change in fiscal impact when compared to the original bill.

-----

This bill seeks to align federal and state definitions of “veteran”. The bill would also create eligibility for state benefits for veterans who were separated with less than honorable characterizations of service due solely to sexual orientation, gender identity, or gender expression or actions or statements related to sexual orientation, gender identity, or gender expression, regardless of characterization of service.

The bill would establish a definition for “qualifying discharge” for use in determining eligibility for various benefits for uniformed services members, including eligibility for resident tuition rates and tuition waivers.

#### SECTION 4

The term “qualifying discharge” means:

- (1) A discharge with an honorable characterization of service;
- (2) A discharge with a general under honorable conditions characterization of service;
- (3) A discharge, other than honorable characterization of service, if the applicant provides a letter, administrative decision, or other documentation from the United States department of veterans affairs showing eligibility for or receipt of monetary benefits;
- (4) Any characterization of service if the reason for discharge was listed as:
  - A person's sexual orientation, gender identity, or gender expression;
  - Statements, consensual sexual conduct, or consensual acts relating to sexual orientation, gender identity, or gender expression;
  - The disclosure of statements, conduct, or acts relating to sexual orientation, gender identity, or gender expression to military officials.

#### SECTION 11(2) – Residency Requirements

Language related to eligibility requirements for in-state resident tuition rates would be revised to include those who have had a “qualifying discharge” as defined in Section 4 and their spouses, domestic partners, and dependents.

The revised student categories are:

- A student who has separated or retired from the uniformed services with at least 10 years of service and at least 90 days of active duty service, with a qualifying discharge as defined in section 4 of this act;
- A student who is the spouse, state registered domestic partner, or child under the age of 26 years of an individual who has separated or retired from the uniformed services with at least 10 years of service and at least 90 days of active duty service, with a qualifying discharge as defined in section 4 of this act
- A student who has separated from the uniformed services who was discharged for a reason described in section 4(4) of this act;

#### SECTION 12 – Military Waivers

The definition of “eligible Veteran or National Guard Member” as it relates to tuition waivers would be revised to include those who have had a “qualifying discharge” as defined in Section 4.



“Eligible Veteran or National Guard Member means:

A Washington domiciliary who was an active or reserve member of the United States military or naval forces, or a National Guard member called to active duty, who served in active federal service, under either Title 10 or Title 32 of the United States Code, in a war or conflict fought on foreign soil or in international waters or in support of those serving on foreign soil or in international waters, and if discharged from service, has a qualifying discharge as defined in section 4.

## **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.

This bill would establish a definition for “qualifying discharge” for use in determining eligibility for various benefits for uniformed services members. These benefits include tuition waivers and eligibility for resident tuition rates.

The definition for “qualifying discharge” could expand the number of spouses, domestic partners and dependents that are eligible for resident tuition rates and tuition waivers. It is anticipated that the number of additional students qualifying for resident tuition and tuition waivers under the terms of the bill would be negligible.

## **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.*

No expenditure impact.

## **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

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> AFN-Actuarial Fiscal Note - State Actuary
--	-------------------------------------	---

## 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Melinda Aslakson	Phone: 360-786-6161	Date: 01/29/2024
Agency Approval: Luke Masselink	Phone: 360-786-6154	Date: 01/29/2024
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/29/2024

## 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.*

### 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.*

**SUMMARY OF RESULTS**

**BRIEF SUMMARY OF BILL:** Expands the definition of veteran to include certain qualifying discharges for purposes of eligibility of veterans’ benefits. This bill would expand access to fully subsidized Interruptive Military Service Credit (IMSC) for pension benefits.

**COST SUMMARY**

We estimate this bill will result in the following supplemental contribution rate and budget impacts. This bill also would result in an increase to the WSPRS member maximum contribution rate.

Impact on Contribution Rates (Effective 09/01/2024)				
FY 2025 State Budget	PERS	PSERS	LEOFF	WSPRS
Employee (Plan 2 or WSPRS)	0.00%	0.00%	0.00%	0.01%
Employer	0.00%	0.00%	0.00%	0.01%
State			0.00%	

Budget Impacts			
(Dollars in Millions)	2024-25	2025-27	25-Year
General Fund-State	\$0.0	\$0.0	\$0.5
Local Government	\$0.0	\$0.1	\$0.7
<b>Total Employer</b>	<b>\$0.0</b>	<b>\$0.2</b>	<b>\$1.5</b>

*Note: We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.*

**HIGHLIGHTS OF ACTUARIAL ANALYSIS**

- ❖ We estimate this bill will result in more members receiving fully subsidized IMSC and consequently larger pension benefits. The eligible IMSC is free to the member and the costs are socialized among Plan 2 members and employers of the impacted plan.
- ❖ DVA assumes there will be a 2 to 6% increase in the number of veterans receiving benefits under this bill. To estimate the cost of this bill, we assumed a 4% increase in the amount of fully subsidized IMSC for past military service.
  - We assumed no impact to benefits for future military service compared to current law.
- ❖ We examined the impacts if we assumed a 2%/6% increase in veterans receiving additional pension benefits under this bill. This results in a 50% decrease/increase in the expected 25-year costs compared to our best estimate.
- ❖ This bill is not expected to materially increase plan affordability or solvency risks.

*See the remainder of this fiscal note for additional details on this summary and highlights.*

## WHAT IS THE PROPOSED CHANGE?

### Summary of Bill

This bill impacts the following systems:

- ❖ Public Employees' Retirement System (PERS).
- ❖ Teachers' Retirement System (TRS).
- ❖ School Employees' Retirement System (SERS).
- ❖ Public Safety Employees' Retirement System (PSERS).
- ❖ Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).
- ❖ Washington State Patrol Retirement System (WSPRS).

This bill modifies the definition of veteran expanding services for which veterans may be eligible, if the veteran has received:

- ❖ A discharge with an honorable characterization of service,
- ❖ A discharge with a general under honorable conditions characterization of service,
- ❖ A discharge with an other-than-honorable characterization of service if the applicant provides certain documentation demonstrating eligibility, or
- ❖ Any characterization of service if the reason for discharge was listed as due to:
  - A person's sexual orientation, gender identity, or gender expression,
  - Statements, consensual sexual conduct, or consensual acts relating to sexual orientation, gender identity, or gender expression, or
  - The disclosure of statements, conduct, or acts relating to sexual orientation, gender identity, or gender expression to military officials.

Based upon the new definition of veteran, expanded services for state employees includes increasing access to fully subsidized IMSC if the individual's service meets the period of war definition in statute or they are the recipient of a Campaign or Expeditionary medal. The bill also requires the Department of Veterans' Affairs (DVA) to develop and implement an outreach program to make veterans aware of the benefits and programs made available under the bill.

Assumed Effective Date: 90 days after session.

In this summary, we only include changes pertinent to our Actuarial Fiscal Note (AFN). See the legislative bill report for a complete summary of the bill to better understand all impacts.

### HOW SUBSTITUTE HOUSE BILL 2014 AND SUBSTITUTE SENATE BILL 5871 DIFFER FROM THE ORIGINAL BILLS

The following list includes only the changes that impact the pricing of the bill. For a complete list of changes to the current version of the bill, please refer to the bill reports prepared by legislative staff.

In addition to the changes in the original bill, the substitute modifies PERS 1, one of the pre-LEOFF 1 systems ([Revised Code of Washington \[RCW\] 41.16.220](#)) and police in first-class cities statutes by incorporating the current law definition of veteran into the pension statutes. This change limits providing certain types of military service credit to eligible plan members who are either an honorably discharged veteran or veteran who received a physical discharge from the armed forces with an honorable record. Service is also limited to during a period of war as defined in [RCW 41.04.005](#).

### **What Is the Current Situation?**

The definition of “veteran” in RCW 41.04.005 is used to determine eligibility for pension benefits related to military service credit for all plans. This definition is also used for other purposes, but only the impacts to pension benefits are covered in this fiscal note. “Veteran” is defined as every person, who at the time he or she seeks the benefits under the statute received an honorable discharge, is actively serving honorably, or received a discharge for physical reasons with an honorable record. This means if members were discharged for reasons other than those stated in current law, they may not qualify for certain veterans’ benefits.

### ***Interruptive Military Service Credit***

Members of PERS, TRS, SERS, PSERS, LEOFF, and WSPRS qualify for IMSC when they take a leave of absence from their Department of Retirement Systems (DRS)-covered position to serve in the United States military and return to work within 90 days of an eligible discharge. Members can receive up to ten years of IMSC of which:

- ❖ Up to five years is at no cost to the member (i.e., fully subsidized) if the member's service took place during a period of war or an armed conflict during which a Campaign or Expeditionary medal (or badge) was earned.
- ❖ Up to five years can be purchased by the member (i.e., partially subsidized) if their military service did not take place during a period of war. In this scenario, the member pays the member contribution cost for those years.

Additionally, in the event a member dies while honorably serving in the national guard or military reserves during a period of war, the member’s beneficiary or estate is entitled to the following:

- ❖ For PERS, TRS, SERS, or PSERS: Retirement allowance is not subject to actuarial reduction.
- ❖ For LEOFF or WSPRS: Duty-related death benefits provided in the respective plan.

For IMSC, to qualify as a veteran under this statute, a member must have either:

- ❖ Served during one of the wars listed (e.g., World War II); or
- ❖ Been awarded the respective Campaign or Expeditionary medal (or badge) for any armed conflict (e.g., the invasions of Grenada or Panama, etc.).

## ***Non-Interruptive Military Service Credit***

PERS 1 and WSPRS 1 also have provisions for non-interruptive military service credit. After completing 25 Years Of Service (YOS) credit in these plans, members with service in the armed forces (as defined in RCW 41.04.005) may be credited up to five years of military service whether or not they left the employment of a participating employer to serve.

### **Who Is Impacted and How?**

This bill could affect all current and future members of the impacted plans through improved benefits by expanding eligibility for fully subsidized IMSC.

The benefits of eligible members can be improved in two ways:

1. **Increase in Pension Benefit:** This bill will increase the pension benefits by providing additional service credit to members who meet the definition of veteran under this bill that were otherwise excluded.

For example, a Plan 2 member who retires with an average final salary of \$100,000 and 25 YOS under current law will receive an initial annual benefit of \$50,000 per year at retirement. If the same member had six months of fully subsidized IMSC, then their annual benefit would be 2.0 percent larger (i.e., \$51,000).

2. **Return of Contributions:** Impacted members who already purchased IMSC will not see a pension benefit increase. However, they will have their past payment(s) reimbursed by DRS.

This bill impacts all employers and Plan 2 members through increased contribution rates. With the exception of WSPRS members<sup>1</sup>, this bill will not affect member contribution rates in Plan 1 since they are fixed in statute. Additionally, this bill will not affect member contribution rates in Plans 3 since they do not contribute to their employer-provided defined benefit.

There could be a limited number of impacted members currently in PERS 1, TRS 1, and LEOFF 1 that may receive increased benefits. Any increase in costs to these plans would be funded according to the plan's funding policy.

## **WHY THIS BILL HAS A COST AND WHO PAYS FOR IT**

### **Why This Bill Has a Cost**

This bill allows members to receive fully subsidized IMSC for military service not covered under current law. As a result, an eligible member who applies for, and receives, IMSC will have a larger benefit upon retirement.

In addition, eligible members who already purchased IMSC will have their past payment(s) reimbursed by DRS. Any reimbursement of past payments would decrease assets of the plan which ultimately results in a cost.

---

<sup>1</sup>WSPRS 1 members have the same contribution rate as Plan 2 members.



## Who Will Pay for These Costs?

### ***PERS, TRS, SERS Plans 2/3 and PSERS Plan 2***

Where applicable, the costs that result from this bill will be divided between members and employers according to standard funding methods that vary by plan:

- ❖ Plan 1: 100 percent employer.
- ❖ Plan 2: 50 percent member and 50 percent employer.
- ❖ Plan 3: 100 percent employer.

### ***LEOFF 2***

Any costs that arise from this bill will be divided according to the standard funding method for LEOFF Plan 2: 50 percent member, 30 percent employer, and 20 percent state.

### ***WSPRS Plans 1/2***

Any costs that arise from this bill will be divided according to the standard funding method of 50 percent member and 50 percent employer. The statutory maximum member contribution rate will correspondingly increase since this bill is a benefit improvement. The current maximum member rate is 8.74 percent. We estimate this bill will increase the maximum by 0.01 percent.

### ***Plan 1 (PERS, TRS, LEOFF)***

PERS, SERS, and PSERS employers will realize any impacts on the PERS 1 Unfunded Actuarial Accrued Liability (UAAL) payments, whereas TRS employers will realize any impacts on the TRS 1 UAAL payments. We expect no impact to contribution rates in LEOFF 1 given the small number of active members and the current funded status in LEOFF 1.

## HOW WE VALUED THESE COSTS

We modeled the current law cost of the retirement systems using our most recent Actuarial Valuation Report (AVR) – the [June 30, 2022, AVR](#) – as well as the assumptions and methods found on our [Projections](#) webpage. To analyze the impact of this bill, we then adjusted the following data, assumptions, and methods.

### **Special Data Needed**

We relied on the following information sources when performing our analysis.

- ❖ [Substitute House Bill \(SHB\) 1007](#) (Chapter 18, Laws of 2023).
  - The AFN we prepared on this bill included data provided by DRS on the number of IMSC awarded from 2010-2019. This data was used to identify the number of Washington State retirement system members that were annually awarded fully subsidized IMSC.
  - It also includes data from the Department of Defense (DoD) on the number of Campaign medals and Expeditionary medals awarded from 2001-2019.

- ❖ DVA's assumption there will be a 2 to 6 percent increase in the number of veterans receiving benefits under this bill.

We reviewed the historical data provided and found it reasonable for the purposes of this bill, but we did not audit the data. We assumed the data was accurate and complete. Please see **Appendix A** for more details.

### **Assumptions We Made**

To estimate the costs under this bill, we assumed a 4 percent increase in the amount of fully subsidized IMSC for past military service. We believe this bill will largely impact members with past military service and assume no increase in pension benefits for future military service.

To arrive at our assumption, we considered the following:

- ❖ Veterans with military service during the Don't Ask, Don't Tell policy in place from 1994 to 2011 may be more likely to be impacted under this bill.
- ❖ State employees may be more likely to have their [discharge characterization corrected](#) with the US DoD than an average Washington State veteran. A correction to the discharge characterization may allow veterans to be eligible for fully subsidized IMSC under current law.

We also made assumptions to determine the number of veterans receiving fully subsidized IMSC under current law. We relied on our AFN for SHB 1007 (C 18, L 23) to inform the expected number of members with fully subsidized IMSC under current law and the amount of additional service provided.

### **Other Assumptions**

Based on our understanding of current law, DRS will collect employer contributions for IMSC, which may include interest. We did not confirm with DRS if that is their current practice and did not value these potential employer contributions for this analysis. Any contributions from the employer would lower the overall cost of this bill.

We anticipate the impact to duty-related death benefits under this bill is not material to this pricing exercise, and as a result we have not captured any associated cost in this fiscal note.

We assume the impact to all plans in TRS and SERS, as well as PERS 1 and LEOFF 1, are immaterial under this bill. Few members of these plans, relative to active membership, have qualified for IMSC in the past, so we assume that will continue under this bill.

### **How We Applied These Assumptions**

We used the following method to estimate the cost under this bill:

- ❖ We began by estimating the value of the fully subsidized IMSC for Campaign medals over this period.
  - We calculated a liability per YOS by taking the total active Present Value of Future Benefits for each plan and dividing by the expected YOS at retirement for future retirees. This amount was then multiplied by the fully subsidized IMSC granted for the observed time period of 2010 through 2019.

- ❖ We then made the following adjustments to reflect expanded eligibility under current law to include those with Expeditionary medals, the time horizon over which these benefits were accrued, and the percent of veterans newly eligible for IMSC under this bill.
  - Consistent with our AFN for SHB 1007 (C 18, L 23), we increased the value of the fully subsidized IMSC for Campaign medals by 75 percent to reflect individuals with Expeditionary medals who will receive benefits under current law.
  - We doubled the costs for most systems (except PSERS, given it first opened in 2006) to approximate prior military service since the early 2000s. This adjustment may over-estimate liabilities if the number of impacted members declined after the Don't Ask, Don't Tell Repeal Act of 2010. Alternatively, this adjustment may under-estimate liabilities if individuals impacted under this bill have military service prior to the early 2000s.
  - Once we estimated the amount of expected IMSC for past military service, we calculated 4 percent of that amount to estimate the impact of additional benefits under this bill.

Our methodology for estimating the accrued costs for historical IMSC can be low (or high) dependent on the status of the member (active or retired) and if they purchased partially subsidized IMSC. This methodology under-estimates the liability for retired members who receive an immediate increase in pension benefits. The liabilities for retired members are larger than the liabilities for active members because their benefits are payable immediately versus active member's benefits being deferred (discounted with interest) to a future retirement data.

Our methodology overstates the liability for members who purchased IMSC because it assumes they would receive an increase in pension benefits; however, they would only receive a return of contributions which has a lower pension obligation.

The fiscal impact of this bill represents the change in projected contributions. To estimate the fiscal impact of this bill, we compared projected pension contributions under current law to the projected contributions we expect under this bill. The projected pension contributions reflect contributions from the current members as well as future hires. For more detail, please see **Appendix B**.

## **ACTUARIAL RESULTS**

### **How the Liabilities Changed**

This bill is not expected to materially impact the actuarial funding of all plans in TRS and SERS, PERS 1, and LEOFF 1. We show the impacts to the remaining plans below. Note the expected increase to PSERS 2 liabilities is less than \$20,000 and therefore do not result in a rounded impact in the following table.

Impact on Pension Liability (As of 6/30/2022)			
(Dollars in Millions)	Current	Increase	Total
<b>Actuarial Present Value of Projected Benefits</b>			
<i>(The Value of the Total Commitment to All Current Members)</i>			
PERS 2/3	\$67,129	\$0.5	\$67,129
PSERS 2	\$2,302	\$0.0	\$2,302
LEOFF 2	\$23,018	\$1.0	\$23,019
WSPRS 1/2	\$1,909	\$0.2	\$1,909
<b>Unfunded Entry Age Accrued Liability</b>			
<i>(The Value of the Total Commitment to All Current Members Attributable to Past Service that is Not Covered by Current Assets)</i>			
PERS 2/3	\$1,384	\$0.5	\$1,384
PSERS 2	(\$7)	\$0.0	(\$7)
LEOFF 2	(\$648)	\$1.0	(\$647)
WSPRS 1/2	\$93	\$0.2	\$93

Note: Totals may not agree due to rounding.

### How the Assets Changed

Our analysis does not contain any change in assets as discussed in the **Assumptions We Made** section.

### How the Present Value of Future Salaries (PVFS) Changed

This bill does not change the PVFS so there is no impact on the actuarial funding of the affected plans due to PVFS changes.

### How Contribution Rates Changed

For Fiscal Year (FY) 2025, a supplemental contribution rate is collected for WSPRS 1/2 to fund the cost of this bill. Additionally, this bill is a benefit improvement so an increase to the WSPRS member maximum contribution rate would also occur.

The increase in the required actuarial contribution rate does not round up to the minimum supplemental contribution rate of 0.01 percent for PERS 2/3, PSERS 2 and LEOFF 2. Therefore, this bill will not affect contribution rates in FY 2025 for those plans.

We will use the unrounded rate increase shown in the following table to measure the budget changes in future biennia for all impacted plans.

Impact on Contribution Rates				
System/Plan	PERS	PSERS	LEOFF	WSPRS
<b>Current Members</b>				
Employee (Plan 2 or WSPRS)	0.0003%	0.0001%	0.0017%	0.0091%
Employer	0.0003%	0.0001%	0.0010%	0.0091%
State			0.0007%	
<b>New Entrants*</b>				
Employee (Plan 2 or WSPRS)	0.0000%	0.0000%	0.0000%	0.0000%
Employer	0.0000%	0.0000%	0.0000%	0.0000%
State			0.0000%	

\*Rate change applied to future new entrant payroll and used to determine budget impacts only. Current members and new entrants pay the same contribution rate.

## How This Impacts Budgets and Employees

Budget Impacts					
(Dollars in Millions)	PERS	PSERS	LEOFF	WSPRS	Total
<b>2024-2025</b>					
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total State</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Local Government	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Employer</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>Total Employee</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b>2025-2027</b>					
General Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-General Fund	0.0	0.0	0.0	0.0	0.0
<b>Total State</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.1</b>
Local Government	0.0	0.0	0.1	0.0	0.1
<b>Total Employer</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>\$0.2</b>
<b>Total Employee</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>\$0.2</b>
<b>2024-2049</b>					
General Fund	\$0.1	\$0.0	\$0.3	\$0.0	\$0.5
Non-General Fund	0.1	0.0	0.0	0.2	0.3
<b>Total State</b>	<b>\$0.2</b>	<b>\$0.0</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.7</b>
Local Government	0.2	0.0	0.5	0.0	0.7
<b>Total Employer</b>	<b>\$0.5</b>	<b>\$0.0</b>	<b>\$0.9</b>	<b>\$0.2</b>	<b>\$1.5</b>
<b>Total Employee</b>	<b>\$0.3</b>	<b>\$0.0</b>	<b>\$0.9</b>	<b>\$0.2</b>	<b>\$1.4</b>

*Note: Totals may not agree due to rounding. We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.*

Note the budget impacts for PSERS are below \$50,000 and do not result in a rounded impact in the preceding table.

The analysis of this bill does not consider any other proposed changes to the systems. The combined effect of several changes to the systems could exceed the sum of each proposed change considered individually.

### Comments on Risk

Our office performs risk assessments to help us demonstrate and assess the effect of unexpected experience on pension plans. The risk assessment allows us to measure how affordability and funded status can change if investment experience, expected state revenue growth, and inflation do not match our long-term assumptions. Our risk assessment also considers past practices, for funding and benefit enhancements, and their impact on pension plan risk if those practices continue.

The following table displays our risk measurements as of June 30, 2021. The figures in this table were not reproduced for the 2022 valuation or for this bill, as we are in the process of revisiting how we convey these risk metrics. For more information, please see our [Risk Assessment](#), [Commentary on Risk](#), and [Glossary](#) webpages.

Select Measures of Pension Risk (As of 6/30/2021) *		
	FY 2022-41	FY 2042-71
<b>Affordability Measures</b>		
Chance of Pensions Double their Current Share of GF-S**	1%	2%
Chance of Pensions Half their Current Share of GF-S**	44%	42%
<b>Solvency Measures</b>		
Chance of PERS 1, TRS 1, in Pay-Go***	<1%	2%
Chance of Open Plan in Pay-Go***	<1%	1%
Chance of PERS 1, TRS 1, Total Funded Status Below 60%	5%	1%
Chance of Open Plans Total Funded Status Below 60%	20%	31%

\*Prior to law changes from the 2023 Legislative Session.

\*\*Pensions approximately 4.9% of current GF-S budget; does not include higher education.

\*\*\*When today's value of annual pay-go cost exceeds \$50 million.

We would not expect a significant increase to current total plan membership service and consequently the overall risk measures as a result of this bill.

**HOW THE RESULTS CHANGE WHEN THE ASSUMPTIONS CHANGE**

The best estimate results can vary under a different set of assumptions. The actual amount of fully subsidized IMSC added as a result of this bill could be higher (or lower) than we assume.

- ❖ If we lowered our assumption from 4 percent to a 2 percent increase in fully subsidized IMSC for past service, the 25-year total employer cost would be \$0.8 million.
- ❖ Alternatively, if we increased our assumption to 6 percent, the 25-year total employer cost would be \$2.2 million.

We also assumed this bill would not change the number of veterans who will receive fully subsidized IMSC from future military service. If instead we assumed the same percentage increase in veterans eligible for benefits as past service, the expected 25-year cost of this bill could increase by roughly 50 percent. We based this estimate on prior bill analysis that changed the definition of veteran used for pension benefits.

## ACTUARY'S CERTIFICATION

The undersigned certifies that:

1. The actuarial assumptions, methods, and data used are reasonable for the purposes of this pricing exercise. The use of another set of assumptions, methods, and data may also be reasonable and might produce different results.
2. The risk analysis summarized in this AFN involves the interpretation of many factors and the application of professional judgment. We believe that the assumptions, methods, and data used in our risk assessment model are reasonable for the purposes of this pricing exercise. However, the use of another set of assumptions, methods, and data could also be reasonable and could produce different results.
3. The models used are appropriate for the purpose of this pricing. We are not aware of any known weaknesses or limitations of the models that have a material impact on the results.
4. We prepared this AFN based on our current understanding of the bill as of the date shown in the footer. If the bill or our understanding of the bill changes, the results of a future AFN based on those changes may vary. Additionally, the results presented here may change after our next annual update of the underlying actuarial measurements.
5. We prepared this AFN and provided opinions in accordance with Washington State law and accepted Actuarial Standards of Practice as of the date shown in the footer.

We prepared this AFN to support legislative deliberations during the 2024 Legislative Session, and it may not be appropriate for other purposes.

We advise readers of this AFN to seek professional guidance as to its content and interpretation, and not to rely on this communication without such guidance. Please read the analysis shown in this AFN as a whole. Distribution of, or reliance on, only parts of this AFN could result in its misuse and may mislead others.

The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. While this AFN is meant to be complete, the undersigned is available to provide extra advice and explanations as needed.



Luke Masselink, ASA, EA, MAAA  
Senior Actuary

O:\Fiscal Notes\2024\5871.SSB.S-4042.1-24.docx

## APPENDIX A

### Special Data Needed

Data from DRS was used to help inform the assumptions we selected for this pricing exercise. We summarized the information we relied on within this section.

### Fully Subsidized IMSC for Campaign Medals

We reviewed historical data from DRS on fully subsidized IMSC granted for Campaign medals. This data was received from DRS on July 14, 2020, and was initially used for the 2020 Interim [IMSC Study](#) that was submitted to the Select Committee on Pension Policy. This data was initially used to help our assumption setting process related to IMSC for Expeditionary medal recipients; however, we believe this data remains reasonable for purposes of pricing this bill.

The following table provides an annual summary of the data provided by DRS, as well as the average over the 2010-2019 time period.

IMSC Granted for Campaign Medals												
PERS 2/3	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Avg	Total
Count	37	37	23	74	49	46	20	25	19	14	34	344
Avg Service	1	1	1.2	1	1.1	0.7	0.9	0.9	1.2	0.9	1	
PSERS	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Avg	Total
Count	1	2	1	8	0	0	4	2	0	3	2	21
Avg Service	0.8	0.6	1.5	0.5	N/A	N/A	0.3	0.9	N/A	0.9	0.6	
LEOFF 2	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Avg	Total
Count	51	54	22	36	42	47	28	19	7	14	32	320
Avg Service	0.9	0.7	1	0.8	0.8	0.8	0.7	0.8	0.9	0.8	0.8	
WSPRS 1/2	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Avg	Total
Count	6	7	4	10	11	4	5	3	4	10	6	64
Avg Service	0.6	0.6	0.8	1.0	0.8	0.5	1.1	1.0	0.5	0.7	0.8	

We reviewed the data for TRS, SERS, PERS 1, and LEOFF 1 but did not include it in the above table. On average, three members (or less) received IMSC annually, which is less than 0.005 percent of their respective active populations.

### Data from DoD

The DoD data in the following table was used to compare the number of Expeditionary medals awarded relative to Campaign medals at the national level. This information was received late 2020 and compiled as part of the IMSC Study.



<b>Department of Defense</b>			
	<b>Expeditionary Medals</b>	<b>Campaign Medals</b>	<b>Ratio</b>
<b>2001</b>	4,275	1,276	3.35
<b>2002</b>	3,386	1,306	2.59
<b>2003</b>	7,187	4,463	1.61
<b>2004</b>	19,683	7,001	2.81
<b>2005</b>	31,256	15,652	2.00
<b>2006</b>	9,328	17,255	0.54
<b>2007</b>	7,285	17,002	0.43
<b>2008</b>	8,145	42,847	0.19
<b>2009</b>	9,390	36,791	0.26
<b>2010</b>	10,580	46,362	0.23
<b>2011</b>	16,091	46,305	0.35
<b>2012</b>	16,746	43,674	0.38
<b>2013</b>	19,635	40,020	0.49
<b>2014</b>	21,745	31,825	0.68
<b>2015</b>	36,737	24,108	1.52
<b>2016</b>	27,801	24,704	1.13
<b>2017</b>	48,596	22,478	2.16
<b>2018</b>	31,886	27,797	1.15
<b>2019</b>	23,899	18,793	1.27
<b>Total</b>	<b>353,651</b>	<b>469,659</b>	<b>0.75</b>

## APPENDIX B

### How We Applied These Assumptions

We estimated the fiscal impact of this bill by comparing projected pension contributions under this bill to contributions under current law. The projected pension contributions reflect contributions from the current members as well as future hires.

To determine the projected contributions under current law, we relied on our base model described in the **How We Valued These Costs** section. For current members, contribution rates from the base model are multiplied by future payroll. For future hires, contribution rates under the Entry Age Normal Cost method are multiplied by future new entrant payroll.

To determine the projected costs under this bill, we modified the base model described above to reflect the provisions of the bill and the assumptions noted in the body of this fiscal note. We then multiplied the respective new contribution rates reflecting these changes by future payroll.

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 5871 S SB  
S-4042.1/24

**Title:** Definition of veteran

## Part I: Jurisdiction

Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

Cities: Indeterminate staff costs and retirement plan contributions for all cities.

Counties: Same as above.

Special Districts: Same as above.

Specific jurisdictions only:

Variance occurs due to:

## Part II: Estimates

No fiscal impacts.

Expenditures represent one-time costs:

Legislation provides local option:

Key variables cannot be estimated with certainty at this time: Increase in staff workload; the number of newly eligible veterans that will apply for county financial assistance funding. The number of newly eligible claimants that will file for a property tax exemption grant. The number of active or retired firefighters or police department members that will submit a request for military service retirement credits.

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

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

## Part III: Preparation and Approval

Fiscal Note Analyst: Kristine Williams	Phone: (564) 669-3002	Date: 01/30/2024
Leg. Committee Contact: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Approval: Alice Zillah	Phone: 360-725-5035	Date: 01/30/2024
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 01/30/2024

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

This note is on 5871 S SB S-4042.1/24 and compares it to SB 5871.

#### **CHANGES BETWEEN THIS VERSION AND THE PRIOR BILL VERSION:**

The changes in the substitute version of this bill would not change the revenue impact to local governments, which is no impact. This version of the bill added new sections related to retirement benefits for certain firefighters and police department employees which include additional, indeterminate, expenditure impacts for local governments. These changes include:

Sections 18 and 19 amend RCW 41.16.220 and RCW 41.20.50, respectively, to include any person who at the time of entering the armed services was a firefighter or member of a police department and is an honorably discharged veteran or received a discharge for physical reasons with an honorable record and whose military service was during a period of war as defined in RCW 41.04.005, shall have his or her period of war service added and accredited to his or her period of employment, subject to the provisions in this section. This accredited service shall not exceed five years.

#### **SUMMARY OF CURRENT BILL:**

The proposed legislation would allow veterans who are eligible for federal Department of Veterans Affairs monetary benefits to also be eligible for certain state benefits without regard to sexual orientation, gender identity or gender expression. This bill amends several RCWs which describe scoring criteria used for civil service entrance examinations and the eligibility criteria used to approve or renew veterans' financial assistance, occupational licenses, business certifications, special license plates, property tax exemption claims, and retirement benefits.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

#### **CHANGES IN EXPENDITURE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:**

The changes in the substitute version would have an indeterminate expenditure impact on local governments, explained below.

#### **EXPENDITURE IMPACTS OF CURRENT BILL:**

DRS has estimated, based on information provided by DVA, that there may be 300 accounts that would be affected by this legislation. Those eligible for service credit adjustments would need to contact DRS with a request and supporting documentation per the bill. If military service credit is granted, the pension benefit would be adjusted prospectively from the effective date of the bill.

The Actuary fiscal note for this version of the bill states that this legislation will result in more retirement members receiving fully subsidized interruptive military service credit (IMSC) and consequently larger pension benefits. In addition, eligible members who already purchased IMSC will have their past payments reimbursed by DRS. These costs are distributed between plan members and employers according to the standard funding methods for each retirement plan as described in the fiscal note. Assumptions included in the note also state that DRS will collect employer contributions for IMSC, which may include interest.

Fiscal impacts for local governments in the Actuary fiscal note are based on long-term assumptions and are not categorized by county, city, or special district. In the years 2025 to 2027, the fiscal impact for local governments is estimated to be \$100,000. In years 2024 to 2029, the fiscal impact is estimated to be \$700,000.

## C. SUMMARY OF REVENUE IMPACTS

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

### CHANGES IN REVENUE IMPACTS BETWEEN THIS VERSION AND PREVIOUS BILL VERSION:

The changes in the substitute version do not create any new fiscal impacts to local governments.

### REVENUE IMPACTS OF CURRENT BILL:

This bill would not impact local government revenues.

### SOURCES

Association of Washington Cities (AWC)

Washington State Association of Counties

WDVA SB 5871 Assumptions (2024)

Department of Revenue fiscal note SB 5871 (2024)

Local Government fiscal note SB 5871 (2024)

Actuarial fiscal note S SB 5871 (2024)

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5871 S SB S-4042.1/24	<b>Title:</b> Definition of veteran	<b>Agency:</b> SDF-School District Fiscal Note - SPI
--	-------------------------------------	--

## 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: Greg Vogel	Phone: 360-786-7413	Date: 01/17/2024
Agency Preparation: Tisha Kuhn	Phone: 360 725-6424	Date: 01/26/2024
Agency Approval: TJ Kelly	Phone: (360) 725-6301	Date: 01/26/2024
OFM Review: Brian Fechter	Phone: (360) 688-4225	Date: 01/26/2024

## 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.*

Changes compared to SB 5871

Section 10 of SSB 5871 does not include any revisions, as compared to SB 5871.

Summary of SSB 5871

Section 10 (Amended)

Amends RCW 28A.230.120 and 2022 c 224 s 2 regarding high school diplomas.

Section 10(3)(a)(i):

- Removes the words “an honorably discharged member”.
- Language added indicating a school district may issue a high school diploma to a person who is a veteran of the armed forces of the United States with a qualifying discharge as defined in section 4 of this act.

### 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 anticipated.

### 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.*

There is little to no school district expenditure impact anticipated. This bill does not add any additional requirements to school districts.

SSB 5871 expands the definition of veterans eligible for state services to include those who received a qualifying discharge. Currently, school districts may issue high school diplomas to persons who are an honorably discharged student. This bill expands those eligible to persons with a qualifying discharge.

## 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

No capital budget impact anticipated.

## **Part V: New Rule Making Required**

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