

# HOUSE BILL REPORT

## HB 2430

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### As Reported By House Committee On:

Higher Education  
Appropriations

**Title:** An act relating to the advanced college tuition payment program.

**Brief Description:** Changing provisions relating to the advanced college tuition payment program.

**Sponsors:** Representatives Huff, Carlson, Kenney, Radcliff and McDonald; by request of Committee on Advanced College Tuition Payment and Higher Education Coordinating Board.

### Brief History:

#### Committee Activity:

Higher Education: 1/23/98, 1/29/98 [DPS];  
Appropriations: 2/7/98 [DP2S(w/o sub HE)].

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### HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Carlson, Chairman; Radcliff, Vice Chairman; Mason, Ranking Minority Member; Kenney, Assistant Ranking Minority Member; Butler; Dunn; O'Brien and Sheahan.

**Staff:** Marilee Scarbrough (786-7196).

**Background:** In 1997, the Legislature created the Washington Advanced College Tuition Payment Program. The program allows families to buy tuition units. The units are redeemable for future tuition at a Washington institution of higher education at no additional cost.

The Committee on Advanced Tuition, whose members are Marc Gaspard, executive director of the Higher Education Coordinating Board; Dick Thompson, Director of the Office of Financial Management; and Mike Murphy, State Treasurer, are responsible for the governance and development of the program.

The Advance College Tuition Payment Program account exists in the Office of the State Treasurer. During the 1997 legislative session \$350,000, for the biennium, was appropriated for operating expenses.

**Summary of Substitute Bill:** The State Finance Committee is authorized to issue general obligation notes in the amount of \$2 million dollars. The maturity of the notes shall not exceed three years. Proceeds from the notes will be deposited in the Washington Advance College Tuition Payment account and will be used for operating expenses.

Several administrative issues are also addressed in the bill: (1) financial and commercial information supplied in relation to the purchase or sale of tuition units is exempt from public inspection and copying; (2) the Committee on Advanced Tuition Payment may maintain offices and employ personnel; and (3) committee members are immune from liability while performing the duties of their office.

**Substitute Bill Compared to Original Bill:** Language is deleted that exempts the general obligation notes from the debt limit.

**Appropriation:** None.

**Fiscal Note:** Requested on January 16, 1998.

**Effective Date of Substitute Bill:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** We only received \$175,000 for each fiscal year. Eventually, the program will be self-supporting. Until then we need to borrow funds for our initial operating costs. The amendments will provide that committee members are exempt from liability, and that financial records provided to the committee are not subject to public disclosure. An emergency clause is also included so that there is no further delay in starting the program.

**Testimony Against:** None.

**Testified:** Marc Gaspard, Executive Director Higher Education Coordinating Board; Dick Thompson, Director, Office of Financial Management; Susan Patrick, Higher Education Coordinating Board; Steve Smith, Higher Education Coordinating Board; and Donna Lawrence, State Treasurer's Office.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Higher Education. Signed by 29 members: Representatives Huff, Chairman; Alexander, Vice Chairman; Clements, Vice Chairman; Wensman, Vice Chairman; H. Sommers, Ranking Minority Member; Doumit, Assistant Ranking Minority Member; Gombosky, Assistant Ranking Minority Member; Benson; Carlson; Chopp; Cody; Cooke; Crouse; Grant; Keiser; Kenney; Kessler; Lambert; Lisk; Mastin; McMorris; Parlette; Poulsen; Regala; D. Schmidt; Sehlin; Sheahan; Talcott and Tokuda.

**Staff:** Mary Alice Grobins (786-7118).

**Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Higher Education:** The second substitute removes the authority for the State Finance Committee to issue general obligation notes for the purposes of funding the operating expenses of the program. Sections that provide for the repayment of the notes are deleted. The second substitute requires an appropriation for administrative expenses.

**Appropriation:** None.

**Fiscal Note:** Requested on January 16, 1998.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** Once the initial costs are funded, the program will be financially self-sufficient. The front-end loan will be recovered through the program in the future. Alternatively, an appropriation for the program's startup costs would be welcome. The Higher Education Coordinating Board supports the approach of having a loan for startup costs.

**Testimony Against:** None.

**Testified:** Mike Murphy, State Treasurer; and Susan Patrick, Higher Education Coordinating Board.