

HOUSE BILL REPORT

EHB 2559

As Passed House:

February 3, 2000

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

Brief Description: Changing advanced college tuition payment program provisions.

Sponsors: Representatives Carlson, Kenney, Lantz and Radcliff; by request of Committee on Advanced College Tuition Payment, Higher Education Coordinating Board and State Treasurer.

Brief History:

Committee Activity:

Higher Education: 1/26/00, 1/28/00 [DP].

Floor Activity:

Passed House: 2/3/00, 95-0.

Brief Summary of Engrossed Bill

- Clarifies several administrative issues relating to the advanced college tuition payment program.
- Clarifies definitions of governing body, board, tuition and fees, and higher education institutions.
- Expands administrative committee membership from three to five members.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 8 members: Representatives Carlson, Republican Co-Chair; Kenney, Democratic Co-Chair; Lantz, Democratic Vice Chair; Radcliff, Republican Vice Chair; Dunn; Edmonds; Esser and Gombosky.

Staff: Erika Prager (786-7120).

Background: In 1997, the Legislature created the Washington advanced college tuition payment program. This program allows families to buy tuition units that are redeemable for future tuition at a Washington institution of higher education at no additional cost.

Summary of Bill: Several administrative issues relating to the Washington advanced college tuition payment program are clarified.

Committee Membership. The membership of the committee that administers the advanced college tuition payment program is expanded from three to five members. Two additional members are appointed by the Governor: one is a community member who represents program participants and one is a business person with marketing or financial expertise. The definition of "governing board" is clarified to mean the committee that administers the program.

Board. References to the "board" and "governing body" are changed throughout. "Board" refers to the Higher Education Coordinating Board while "governing body" refers to the committee that administers the program. The board determines salaries for employees. The board must also consult with the committee in decisions related to employment of the program director.

Tuition/Tuition Units. The definitions of "tuition and fees" and "unit purchase price" are clarified to mean undergraduate tuition. Tuition units for out-of-state or graduate tuition are redeemed at the rate for state public institutions.

Higher Education Institutions. The definition of "higher education institutions" is changed to mean those institutions that are recognized under chapter 529 of the internal revenue code. These are institutions that are eligible for federal financial aid.

Refunds. Refunds will not exceed the current weighted average minus the penalty rate established by chapter 529 of the internal revenue code. Refunds are allowed after funds are held for two years.

Program Administration Expenditures. Money used for program administration is subject to the allotment of all expenditures.

Account Assets. The money in a guaranteed education tuition account is private money and is not subject to the restrictions of state financial aid awards.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The committee on advanced tuition payment program endorses this bill. The members of the committee met several times to make clarifications to the current language. A larger board is better. There were concerns about the size of the committee given the open meeting law. With only three members, two members having a discussion could be perceived as a quorum. A larger board also allows for more expertise on issues such as marketing. References to chapter 529 of the internal revenue code were necessary. By not adhering to chapter 529 of the internal revenue code, program administrators would jeopardize the tax status of all who hold units in the program. While the list of institutions under chapter 529 is liberal, some schools in the state may be affected.

Testimony Against: None.

Testified: Mike Murphy, State Treasurer; and Marc Gaspard, Executive Director, Higher Education Coordinating Board.