

SENATE BILL REPORT

SB 6425

As Reported By Senate Committee On:
Higher Education, February 2, 2000

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

Brief Description: Changing advanced college tuition payment program provisions.

Sponsors: Senators McAuliffe, Kohl-Welles, Sheahan, Winsley, Rasmussen and Bauer; by request of Committee on Advanced College Tuition Payment, Higher Education Coordinating Board and State Treasurer.

Brief History:

Committee Activity: Higher Education: 1/24/2000, 2/2/2000 [DPS].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 6425 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Shin, Vice Chair; Bauer, Horn, Jacobsen, McAuliffe, Sheahan and B. Sheldon.

Staff: Jean Six (786-7423)

Background: The Washington Advanced College Tuition Payment Program, created by the Legislature in 1997, allows Washington residents to purchase college tuition units— at the current price, and to redeem them in the future at no additional cost, despite increases in tuition.

The body that has been responsible for the development and governance of the program is the Committee on Advanced Tuition whose members include the Executive Director of the Higher Education Coordinating Board (HECB), the Director of the Office of Financial Management (OFM), and the State Treasurer.

Changes to the program are requested.

Summary of Substitute Bill: Membership on the committee is expanded to include not only the current members or their designees but also two appointees of the Governor: one representing program participants and one private business representative with marketing, public relations, or financial expertise.

The definition of institution of higher education is clarified to that recognized by the Internal Revenue Service (IRS). The penalty assessed if a refund is requested is made consistent with IRS rules.

What must be considered beyond the level of tuition when setting the price of the unit— is clarified. Also clarified is that the payout per unit is the same whether attending a public or a private institution.

The governance issue making the director of the program an employee of the HECB with compensation set by the HECB is clarified. The committee is consulted only on the hire of the director and has no role in the hire of other staff.

The time line for a refund is changed so that the money needs only be in the account for two years prior to refund. It is no longer necessary to wait until the student reaches age 18. The governing board has some flexibility when making refund decisions.

Program expenditures are no longer appropriated, though there is an Office of Financial Management allocation of funds, and OFM reports to the Legislature if the allocation are exceeded.

Substitute Bill Compared to Original Bill: 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: Adding two members allows conversations between individual members of the governing committee. We have responded to the legislative directive to report back on the development and administration of the Guaranteed Education Tuition Program. It clarifies that students may redeem the units for the same value at either public or private institutions. The price needs to be set in a way that protects the GET funds.

Concern about participation for students who attend licensed proprietary schools. Section 529 of the IRS Code requires the definitional change.

Testimony Against: None.

Testified: Mike Murphy, State Treasurer; Marc Gaspard, Exec. Director, HECB; Carol Albers, WA Federation of Private Career Schools and Colleges; Becki Collins, HECB.