

FINAL BILL REPORT

HB 2126

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Synopsis as Enacted

Brief Description: Authorizing a college savings program.

Sponsors: By Representatives Kenney, Cox, McIntire and Edwards; by request of Committee on Advanced College Tuition Payment and State Treasurer.

House Committee on Higher Education
House Committee on Appropriations
Senate Committee on Higher Education
Senate Committee on Ways & Means

Background:

A prepaid college tuition payment program was established in Washington in 1997. Named the Guaranteed Education Tuition Program, this program provides an opportunity for the public to purchase tuition at current prices that later may be redeemed when the named beneficiary is ready to attend college.

Purchased tuition units cover the costs of tuition and student and activities fees and, if funds are not entirely used, also may pay for other fees. If the beneficiary receives a scholarship, waiver, or similar subsidy, the units may be applied to room, board, and books.

Refunds of pre-paid tuition are available under specific conditions, including if: the beneficiary dies or becomes disabled; the beneficiary does not attend an institution of higher education; the beneficiary completes his or her education and has unused units; the beneficiary's education was paid through scholarships; or other circumstances occur as determined by the committee.

Summary:

The Committee on Advanced Tuition Payment is authorized to establish and operate a college savings program in conjunction with the pre-paid tuition program. The committee will plan and devise the program in consultation with the State Investment Board, the State Treasurer, a qualified actuarial consulting firm, institutions of higher education, and legislative fiscal and higher education committees.

An account for the college savings program is created in the custody of the State Treasurer. Program contributions may be invested by the State Investment Board or

under a contract with an investment company licensed to conduct business in Washington. Interest earnings shall be retained in account. Associated start-up costs, up to a limit of \$200,000, are to be borrowed from the guaranteed education tuition account and repaid with interest.

A change is made in the way refunds are figured for the prepaid college tuition program. Refunds on unused tuition units are calculated based on current value rather than on a weighted average.

Votes on Final Passage:

House 94 0
Senate 44 0 (Senate amended)
House (House refused to concur)
Senate 46 0 (Senate amended)
House 90 0 (House concurred)

Effective: May 7, 2001
July 1, 2001 (Section 3)