

Higher Education Committee

HB 2126

Brief Description: Authorizing a college savings plan.

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

Brief Summary of Bill

- *Authorizes a college savings program in conjunction with the pre-paid tuition program and makes changes regarding refunding tuition units purchased as part of the college tuition payment program.*

Hearing Date: 2/21/01

Staff: Marsha Reilly (786-7135).

Background:

The state of Washington established a college tuition payment program in 1997. Named the Guaranteed Education Tuition program, or "GET program," it is an investment program designed to allow Washington residents an opportunity to purchase college tuition at the current price and later redeem it at no additional cost when their student attends college.

Purchased tuition units pay for the mandatory tuition and student and activities fees. If additional funds are available after paying tuition and service and activities fees, the funds may be used to pay for other fees, such as the technology fee. In cases where a student has received a scholarship, waiver or similar subsidy, the units may be applied to room and board and books.

Refunds are available under specific conditions, including death or disability of the beneficiary; the beneficiary does not attend an institution of higher education; beneficiary completes their education and has remaining unused units; that beneficiary's education was paid through scholarships; or other circumstances determined by the committee.

Refunds currently are determined by a weighted average of unused tuition units.

Summary of Bill:

This bill authorizes the Guaranteed Education Tuition Committee of the Higher Education Coordinating Board to establish and operate a college savings program in conjunction with the pre-paid tuition program. The program is established under section 529 of the internal revenue code and administered in a manner consistent with the college tuition payment program. The committee shall adopt rules for implementation of this program and funds will be deposited into a non-treasury account in the custody of the State Treasurer.

The bill also amends the statute governing the advanced college tuition program by changing the amount of refund for unused units to reflect current value of the units as opposed to a weighted average.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2001.