
Ways & Means Committee

ESSB 5749

Brief Description: Regarding the Washington advanced college tuition payment (GET) program.

Sponsors: Senate Committee on Higher Education & Workforce Development (originally sponsored by Senators Brown, Hewitt and Shin).

Brief Summary of Engrossed Substitute Bill

- Changes the membership of the Committee on Advanced Tuition Payment (Committee) so that members appointed by the Governor serve for four-year terms instead of an unspecified period of time and adds two additional members representing private business.
- Directs the Committee to utilize the State Actuary in reviewing the Guaranteed Education Tuition (GET) Program rather than a nationally recognized actuary while permitting the Committee to obtain an assessment by a nationally recognized actuary.
- Directs the Committee, with the State Actuary, to review the GET Program and make any necessary changes for units purchased on or after September 1, 2011.
- Creates a legislative advisory committee to the Committee to provide advice regarding the administration of the GET Program including, but not limited to, pricing guidelines, the tuition unit price, and the unit payout value.

Hearing Date:

Staff: Trista Zugel (786-7157) and Madeleine Thompson (786-7304).

Background:

Most states have a form of a "529 Plan" operated by a state or educational institution designed to help families set aside funds for future college costs. They are named after section 529 of the Internal Revenue Code, which created these types of savings plans in 1996. Washington's

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Guaranteed Education Tuition (GET) Program was created in 1998 as Washington's prepaid college tuition program.

The GET Program allows purchasers to buy tuition units at current prices for use at a later date. These funds are invested by the State Investment Board and the purchaser is guaranteed that one year's worth of units purchased now will be worth one year's worth of public university tuition in the future and is guaranteed to keep pace with rising tuition. One hundred GET units are equal to one year of resident undergraduate tuition and state-mandated fees at the most expensive public university in Washington.

The Higher Education Coordinating Board administers the GET Program while the State Investment Board oversees its investments. A five-member committee establishes the policies of the program and sets the price of the GET unit, currently \$117. Guaranteed Education Tuition accounts can be used at nearly any public or private college in the country. Families can buy between one and 500 units per child, and the account will benefit from tax-free growth and withdrawals. Since the GET Program began in 1998, families have opened more than 119,000 accounts and 16,500 students have used their GET accounts in all 50 states.

Summary of Bill:

The existing two members of the Committee on Advanced Tuition Payment (Committee) are appointed by the Governor for four-year terms instead of an unspecified period of time and two additional representatives of private business, also appointed by the Governor for four-year terms, are added. The Governor must consider names from a list provided by the Legislature when appointing private business representatives.

The Committee utilizes the State Actuary in reviewing the GET Program rather than a nationally recognized actuary, but the Committee may, at its discretion, obtain an assessment by a nationally recognized actuary. The Committee, with the State Actuary, reviews the program in light of passage of Engrossed Second Substitute House Bill 1795 (Higher Education Opportunity Act) and makes any necessary changes to the GET Program for units purchased on or after September 1, 2011.

A legislative advisory committee to the Committee is established. The advisory committee provides advice to the Committee and the State Actuary regarding the administration of the GET Program including, but not limited to, pricing guidelines, the tuition unit price, and the unit payout value.

Appropriation: None.

Fiscal Note: Requested on May 23, 2011.

Effective Date: This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 1, relating to Senate confirmation, and section 6, relating to the makeup of the Committee on Advanced Tuition Payment, which take effect immediately.