

HOUSE BILL REPORT

HB 1556

As Reported by House Committee On: Higher Education

Title: An act relating to strengthening the Washington advanced college tuition payment program by setting new requirements on the purchase and use of tuition units.

Brief Description: Strengthening the Washington advanced college tuition payment program by setting new requirements on the purchase and use of tuition units.

Sponsors: Representatives Hargrove, Walkinshaw, Zeiger, Pollet, Van Werven, Bergquist, Ortiz-Self and Parker.

Brief History:

Committee Activity:

Higher Education: 2/4/15, 2/18/15 [DPS].

Brief Summary of Substitute Bill

- Requires the governing body of the GET program to evaluate whether adding certain minimum limits on the number of tuition units that may be purchased on behalf of any one beneficiary or that may be used in any one year would cause the program's funded status to increase the probability of program insolvency above 0.1 percent before implementing the minimum limits administratively.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Hansen, Chair; Pollet, Vice Chair; Zeiger, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Bergquist, Gregory, Hargrove, Holy, Reykdal, Sells, Stambaugh, Tarleton and Van Werven.

Staff: Megan Wargacki (786-7194).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In 1998 the Washington Advanced College Tuition Payment Program, known as the GET Program, was established as Washington's 529 prepaid college tuition plan. The GET Program was started to help families with young children save for future higher education expenses by guaranteeing that the value of the families' accounts will keep pace with the cost of college tuition. Since 1998 over 157,000 GET accounts have been opened, and over 38,000 students have used their accounts to attend colleges, universities, and technical schools nationwide.

The governing body of the GET Program has the authority to determine many of the specifics of the program, including:

- the cost of a tuition unit;
- the number of units necessary to pay for a full-year's worth of full-time undergraduate tuition and fees at a state institution of higher education;
- any limit on the number of units purchased by one purchaser or on behalf of one beneficiary; and
- reasonable limits on the number of units that may be used in one year.

The governing body allows GET units to be purchased in whole or partial amounts, from one to 500 units per student, and allows up to 125 units to be used each academic year.

Summary of Substitute Bill:

The governing body must add to its annual evaluation of the soundness of the GET program a determination of whether adding minimum limits of 800 tuition units purchased on behalf of any one beneficiary, and 200 tuition units used in any one year, would change the program's funded status.

If adding the new limits would not increase the probability of program insolvency above 0.1 percent, then the governing body must administratively implement these minimum limits. Once implemented, the governing body may not set the number of tuition units that may be purchased on behalf of any one beneficiary or used in any one year, below the minimum limits described above without specific statutory authorization.

Substitute Bill Compared to Original Bill:

The substitute bill requires the governing board to evaluate the effect of new minimum limits on the probability of program insolvency before implementing the new limits, rather than requiring the new limits to be implemented directly.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 19, 2015.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill gives parents a tool to ensure that their children do not graduate with tens of thousands of dollars in debt. Families can use GET units for things besides tuition and fees, so many students may wish to use more than 100 units per year.

(Opposed) None.

Persons Testifying: Representative Hargrove, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.