
Higher Education Committee

HB 2582

Brief Description: Modifying provisions of the Washington advanced college tuition payment program.

Sponsors: Representatives Bergquist, Stokesbary, Orwall, Gregerson, Zeiger and Hickel.

Brief Summary of Bill

- Restrict the Guaranteed Education Tuition (GET) Committee from limiting the number of tuition units purchased on behalf of a beneficiary to no less than 800.
- Restricts a beneficiary from redeeming more than 200 tuition units per year.
- Requires the GET Committee to increase the payout value of a tuition unit by the cumulative total of annual inflationary increases experienced between state fiscal year 2012 through 2015 for the 2016-17 academic year.
- Requires the GET Committee to increase the value of a tuition unit by inflation, up to a maximum of 5 percent, if the funded status of the GET program is at least 120 percent and the payout value of a tuition unit is greater than 1 percent of a full year of full-time, undergraduate tuition and fee charges at the most expensive state institution of higher education.
- Allows the GET Committee to decrease the value of a tuition unit to achieve a funded status of 100 percent if the funded status of the GET program is below 90 percent, as long as the value of a tuition unit does not decrease below 1 percent of a full year of full-time, undergraduate tuition and fee charges at the most expensive state institution of higher education.

Hearing Date: 1/27/16

Staff: Megan Mulvihill (786-7304).

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.

The Advanced College Tuition Payment Program, better known as the Guaranteed Education Tuition (GET) program, was created in 1997 to encourage Washington residents to save for future higher education expenses. The GET program is a 529 prepaid education savings plan in which a GET account is measured in tuition units. One hundred tuition units represents the cost of one year of resident, undergraduate tuition and state-mandated fees at the highest priced public university in the state. Therefore, one tuition unit represents 1 percent of a full year of resident, undergraduate tuition and fee charges. The tuition unit cost is based on the tuition unit price in effect at the time of purchase. The state guarantees that tuition units purchased may be redeemed at a future date for an equal number of tuition units, regardless of any increase in the price of tuition that may have occurred in the interval.

The GET program is governed by the GET Committee, which has the authority to set the price and number of tuition units necessary to pay for a full year's worth of full-time undergraduate tuition and fee charges at the most expensive state institution of higher education. The GET Committee also has the authority to limit the number of tuition units purchased on behalf of a beneficiary and the number of tuition units a beneficiary may redeem in a year.

For academic years 2012-15, the cost of tuition remained constant, and as a result the payout value of a GET tuition unit did not increase and remained at \$117.82. In 2015, the College Affordability Program was enacted, which lowered tuition at each public institution of higher education in the state. In response to the decreased tuition, the GET Committee decided to freeze the current payout value of a tuition unit at \$117.82 until one year of resident, undergraduate tuition and state mandated fees at Washington's highest priced public university surpasses \$11,782.

Summary of Bill:

The GET Committee may not limit the number of tuition units purchased on behalf of a beneficiary to less than 800, and a beneficiary is limited to redeeming 200 tuition units per year. The Get Committee's authority to impose reasonable limits on the number of tuition units that may be used in any one year is removed.

For the 2016-17 academic year, the GET Committee must increase the payout value of a tuition unit by the cumulative total of annual inflationary increases experienced between state fiscal year 2012 through 2015.

Beginning September 1, 2016, in any year in which the payout value of a tuition unit is greater than 1 percent of a full year of full-time, undergraduate tuition and fee charges at the most expensive public university in Washington, the GET Committee:

- must increase the value of a tuition unit by inflation, up to a maximum of 5 percent, if the funded status of the GET program is at least 120 percent; or
- may decrease the value of a tuition unit to achieve a funded status of 100 percent, if the funded status of the GET program is below 90 percent, as long as the value of a tuition unit does not decrease below 1 percent of a full year of full-time, undergraduate tuition and fee charges at the most expensive public university in Washington.

"Inflation" means, for any calendar year, that year's annual average consumer price index, for Washington, for wage earners and clerical workers, all items, compiled by the Bureau of Labor

Statistics (BLS), United States Department of Labor for Washington. If the BLS develops more than one consumer price index for areas within the state, the index covering the greatest number of people, covering areas exclusively within the boundaries of the state, and including all items must be used.

Appropriation: None.

Fiscal Note: Available.

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