
HOUSE BILL 2582

State of Washington

64th Legislature

2016 Regular Session

By Representatives Bergquist, Stokesbary, Orwall, Gregerson, Zeiger, and Hickel

Read first time 01/15/16. Referred to Committee on Higher Education.

1 AN ACT Relating to modifying provisions of the Washington
2 advanced college tuition payment program; amending RCW 28B.95.030;
3 and creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature intends to recharge the
6 Washington advanced college tuition payment program by allowing
7 purchasers to buy more tuition units per beneficiary, allowing
8 beneficiaries to use more units per year, and requiring that the
9 payout value of a tuition unit increases with the rate of inflation
10 in any year in which the unit value is greater than one percent of a
11 full year of full-time undergraduate tuition and fee charges at the
12 most expensive state institution of higher education in Washington.

13 **Sec. 2.** RCW 28B.95.030 and 2015 3rd sp.s. c 36 s 7 are each
14 amended to read as follows:

15 (1) The Washington advanced college tuition payment program shall
16 be administered by the committee on advanced tuition payment which
17 shall be chaired by the director of the office. The committee shall
18 be supported by staff of the office.

19 (2)(a) The Washington advanced college tuition payment program
20 shall consist of the sale of tuition units, which may be redeemed by

1 the beneficiary at a future date for an equal number of tuition units
2 regardless of any increase in the price of tuition, that may have
3 occurred in the interval, except as provided in subsection (7) of
4 this section.

5 (b) Each purchase shall be worth a specific number of or fraction
6 of tuition units at each state institution of higher education as
7 determined by the governing body, except as provided in subsection
8 (7) of this section.

9 (c) The number of tuition units necessary to pay for a full
10 year's, full-time undergraduate tuition and fee charges at a state
11 institution of higher education shall be set by the governing body at
12 the time a purchaser enters into a tuition unit contract, except as
13 provided in subsection (7) of this section.

14 (d) The governing body may limit the number of tuition units
15 purchased by any one purchaser or on behalf of any one beneficiary,
16 however, no limit may be imposed that is less than that necessary to
17 achieve four years of full-time, undergraduate tuition charges at a
18 state institution of higher education. In addition, for tuition units
19 purchased on behalf of any one beneficiary, the governing body may
20 not set the limit at less than eight hundred units. The governing
21 body also may, at its discretion, limit the number of participants,
22 if needed, to ensure the actuarial soundness and integrity of the
23 program.

24 (e) While the Washington advanced college tuition payment program
25 is designed to help all citizens of the state of Washington, the
26 governing body may determine residency requirements for eligible
27 purchasers and eligible beneficiaries to ensure the actuarial
28 soundness and integrity of the program.

29 (3)(a) No tuition unit may be redeemed until two years after the
30 purchase of the unit.

31 (b) Units may be redeemed for enrollment at any institution of
32 higher education that is recognized by the internal revenue service
33 under chapter 529 of the internal revenue code. Units may also be
34 redeemed to pay for dual credit fees.

35 (c) Units redeemed at a nonstate institution of higher education
36 or for graduate enrollment shall be redeemed at the rate for state
37 public institutions in effect at the time of redemption.

38 (d) A beneficiary may not redeem more than two hundred units per
39 year.

1 (4) The governing body shall determine the conditions under which
2 the tuition benefit may be transferred to another family member. In
3 permitting such transfers, the governing body may not allow the
4 tuition benefit to be bought, sold, bartered, or otherwise exchanged
5 for goods and services by either the beneficiary or the purchaser.

6 (5) The governing body shall administer the Washington advanced
7 college tuition payment program in a manner reasonably designed to be
8 actuarially sound, such that the assets of the trust will be
9 sufficient to defray the obligations of the trust including the costs
10 of administration. The governing body may, at its discretion,
11 discount the minimum purchase price for certain kinds of purchases
12 such as those from families with young children, as long as the
13 actuarial soundness of the account is not jeopardized.

14 (6)(a) The governing body shall annually determine current value
15 of a tuition unit.

16 (b) Beginning September 1, 2016, in any year in which the payout
17 value of a tuition unit is greater than one percent of a full year of
18 full-time, undergraduate tuition and fee charges at the most
19 expensive state institution of higher education in Washington:

20 (i) If the funded status of the program is at least one hundred
21 and twenty percent, the governing body shall increase the value of a
22 tuition unit by inflation, up to a maximum of five percent; or

23 (ii) If the funded status of the program is below ninety percent,
24 the governing body may reduce the value of a tuition unit to achieve
25 a funded status of one hundred percent, as long as the value of a
26 tuition unit does not decrease below one percent of a full year of
27 full-time, undergraduate tuition and fee charges at the most
28 expensive state institution of higher education in Washington.

29 (c) For the 2016-17 academic year, the governing body shall
30 increase the payout value of a tuition unit by the cumulative total
31 of annual inflationary increases experienced between state fiscal
32 year 2012 through state fiscal year 2015.

33 (d) As used in this subsection (6), "inflation" means, for any
34 calendar year, that year's annual average consumer price index, for
35 Washington, for wage earners and clerical workers, all items,
36 compiled by the bureau of labor statistics, United States department
37 of labor for the state of Washington. If the bureau of labor
38 statistics develops more than one consumer price index for areas
39 within the state, the index covering the greatest number of people,

1 covering areas exclusively within the boundaries of the state, and
2 including all items must be used.

3 (7) For the 2015-16 and 2016-17 academic years only, the
4 governing body shall set the payout value for units redeemed during
5 that academic year only at one hundred seventeen dollars and eighty-
6 two cents per unit. For academic years after the 2016-17 academic
7 year, the governing body shall make program adjustments it deems
8 necessary and appropriate to ensure that the total payout value of
9 each account on October 9, 2015, is not decreased or diluted as a
10 result of the initial application of any changes in tuition under
11 section 3, chapter 36, Laws of 2015 3rd sp. sess. In the event the
12 committee or governing body provides additional units under chapter
13 36, Laws of 2015 3rd sp. sess., the committee and governing body
14 shall also increase the maximum number of units that can be redeemed
15 in any year to mitigate the reduction in available account value
16 during any year as a result of chapter 36, Laws of 2015 3rd sp. sess.
17 The governing body must notify holders of tuition units after the
18 adjustment in this subsection is made and must include a statement
19 concerning the adjustment.

20 (8) The governing body shall promote, advertise, and publicize
21 the Washington advanced college tuition payment program.

22 (9) In addition to any other powers conferred by this chapter,
23 the governing body may:

24 ~~((a))~~ ~~((Impose reasonable limits on the number of tuition units or~~
25 ~~units that may be used in any one year;~~

26 ~~((b))~~) Determine and set any time limits, if necessary, for the
27 use of benefits under this chapter;

28 ~~((c))~~) (b) Impose and collect administrative fees and charges in
29 connection with any transaction under this chapter;

30 ~~((d))~~) (c) Appoint and use advisory committees and the state
31 actuary as needed to provide program direction and guidance;

32 ~~((e))~~) (d) Formulate and adopt all other policies and rules
33 necessary for the efficient administration of the program;

34 ~~((f))~~) (e) Consider the addition of an advanced payment program
35 for room and board contracts and also consider a college savings
36 program;

37 ~~((g))~~) (f) Purchase insurance from insurers licensed to do
38 business in the state, to provide for coverage against any loss in
39 connection with the account's property, assets, or activities or to
40 further insure the value of the tuition units;

1 ~~((h))~~ (g) Make, execute, and deliver contracts, conveyances,
2 and other instruments necessary to the exercise and discharge of its
3 powers and duties under this chapter;
4 ~~((i))~~ (h) Contract for the provision for all or part of the
5 services necessary for the management and operation of the program
6 with other state or nonstate entities authorized to do business in
7 the state;
8 ~~((j))~~ (i) Contract for other services or for goods needed by
9 the governing body in the conduct of its business under this chapter;
10 ~~((k))~~ (j) Contract with financial consultants, actuaries,
11 auditors, and other consultants as necessary to carry out its
12 responsibilities under this chapter;
13 ~~((l))~~ (k) Solicit and accept cash donations and grants from any
14 person, governmental agency, private business, or organization; and
15 ~~((m))~~ (l) Perform all acts necessary and proper to carry out
16 the duties and responsibilities of this program under this chapter.

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