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**SENATE BILL 5430**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senator Mullet

Read first time 02/05/21. Referred to Committee on Higher Education & Workforce Development.

1 AN ACT Relating to tuition unit pricing in the advanced college  
2 tuition payment program; and amending RCW 28B.95.030.

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

4 **Sec. 1.** RCW 28B.95.030 and 2018 c 188 s 2 are each amended to  
5 read as follows:

6 (1) The Washington advanced college tuition payment program shall  
7 be administered by the committee on advanced tuition payment which  
8 shall be chaired by the director of the office. The committee shall  
9 be supported by staff of the office.

10 (2)(a) The Washington advanced college tuition payment program  
11 shall consist of the sale of tuition units, which may be redeemed by  
12 the beneficiary at a future date for an equal number of tuition units  
13 regardless of any increase in the price of tuition, that may have  
14 occurred in the interval, except as provided in subsections (~~((7))~~)  
15 (9) and (~~((8))~~) (10) of this section.

16 (b) Each purchase shall be worth a specific number of or fraction  
17 of tuition units at each state institution of higher education as  
18 determined by the governing body, except as provided in subsections  
19 (~~((7))~~) (9) and (~~((8))~~) (10) of this section.

20 (c) The number of tuition units necessary to pay for a full  
21 year's, full-time undergraduate tuition and fee charges at a state

1 institution of higher education shall be set by the governing body at  
2 the time a purchaser enters into a tuition unit contract, except as  
3 provided in subsections (~~((7))~~) (9) and (~~((8))~~) (10) of this section.

4 (d) The governing body may limit the number of tuition units  
5 purchased by any one purchaser or on behalf of any one beneficiary,  
6 however, no limit may be imposed that is less than that necessary to  
7 achieve four years of full-time, undergraduate tuition charges at a  
8 state institution of higher education. The governing body also may,  
9 at its discretion, limit the number of participants, if needed, to  
10 ensure the actuarial soundness and integrity of the program.

11 (e) While the Washington advanced college tuition payment program  
12 is designed to help all citizens of the state of Washington, the  
13 governing body may determine residency requirements for eligible  
14 purchasers and eligible beneficiaries to ensure the actuarial  
15 soundness and integrity of the program.

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

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

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

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

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

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

1       (7) The governing body shall adopt a unit price of no more than  
2 10 percent, plus administrative fees, above the current unit payout  
3 value if:

4       (a) The best estimate funded status of the program provided by  
5 the state actuary is in excess of at least 120 percent as of July 1st  
6 of each year; and

7       (b) Tuition and fee increases for the academic year immediately  
8 following the July 1st best estimate funded status will be no more  
9 than the average annual percentage growth rate in the median hourly  
10 wage for Washington for the previous 14 years as the wage is  
11 determined by the federal bureau of labor statistics.

12       (8) For units purchased at the 2020-21 unit price, the governing  
13 body shall grant additional units to each account holder equivalent  
14 to the difference between the 2020-21 unit price and the 2020-21 unit  
15 payout value, after adjusting the unit payout value 10 percent above  
16 the current price plus administrative fees as determined by the  
17 governing body.

18       (9) For the 2015-16 and 2016-17 academic years only, the  
19 governing body shall set the payout value for units redeemed during  
20 that academic year only at one hundred seventeen dollars and eighty-  
21 two cents per unit. For academic years after the 2016-17 academic  
22 year, the governing body shall make program adjustments it deems  
23 necessary and appropriate to ensure that the total payout value of  
24 each account on October 9, 2015, is not decreased or diluted as a  
25 result of the initial application of any changes in tuition under  
26 section 3, chapter 36, Laws of 2015 3rd sp. sess. In the event the  
27 committee or governing body provides additional units under chapter  
28 36, Laws of 2015 3rd sp. sess., the committee and governing body  
29 shall also increase the maximum number of units that can be redeemed  
30 in any year to mitigate the reduction in available account value  
31 during any year as a result of chapter 36, Laws of 2015 3rd sp. sess.  
32 The governing body must notify holders of tuition units after the  
33 adjustment in this subsection is made and must include a statement  
34 concerning the adjustment.

35       ~~((8))~~ (10) The governing body shall allow account owners who  
36 purchased units before July 1, 2015, to redeem such units at the unit  
37 cash value price provided that all the redeemed funds are deposited  
38 immediately into an eligible Washington college savings program  
39 account established by the governing body. Within ninety days of

1 April 15, 2018, the committee, in consultation with the state actuary  
2 and state investment board, shall:

3 (a) Establish a period that is not less than ninety days during  
4 which eligible purchasers may redeem units at the unit cash value  
5 price for the purposes of this subsection and provide at least thirty  
6 days' notice prior to the ninety-day window to all eligible account  
7 holders about the redemption option; and

8 (b) Establish the unit cash value price. The committee, in  
9 consultation with the state actuary and the state investment board,  
10 may revalue the unit cash value price established in this subsection  
11 (~~((8))~~) (10)(b) up to three times during the ninety-day period in  
12 which eligible purchasers may redeem units for the unit cash value  
13 price.

14 (~~((9))~~) (11)(a) After the governing body completes the  
15 requirements of subsection (~~((8))~~) (10) of this section, the  
16 governing body shall adjust, by March 1, 2019, all remaining  
17 unredeemed units purchased before July 1, 2015, as follows:

18 (i) First, the governing body shall take the difference between  
19 the average unit purchase price in each individual's account and the  
20 2016-17 unit payout value and increase the number of units in each  
21 individual's account by a number of units of equivalent total value  
22 at the 2017-18 unit purchase price, if the average unit purchase  
23 price is more than the 2016-17 unit payout value; and

24 (ii) Second, after (a)(i) of this subsection is completed, the  
25 governing body, with assistance from the state actuary, shall grant  
26 an additional number of units to each account holder with unredeemed  
27 and purchased units before July 1, 2015, in order to lower the best-  
28 estimate funded status of the program to one hundred twenty-five  
29 percent, subject to a limit of an increase of fifteen percent of  
30 unredeemed and purchased units per account holder. The state actuary  
31 shall select the measurement date, assumptions, and methods necessary  
32 to perform an actuarial measurement consistent with the purpose of  
33 this subsection.

34 (b) For the purpose of this subsection (~~((9))~~) (11), and for  
35 account holders with uncompleted custom monthly contracts, the  
36 governing body shall only include purchased and unredeemed units  
37 before July 1, 2015.

38 (~~((10))~~) (12) The governing body shall collect an amortization  
39 fee as a component of each future unit sold whenever the governing

1 body determines amortization fees are necessary to increase the best-  
2 estimate funded status of the program.

3 ~~((11))~~ (13) The governing body shall promote, advertise, and  
4 publicize the Washington advanced college tuition payment program.  
5 Materials and online publications advertising the Washington advanced  
6 college tuition payment program shall include a disclaimer that the  
7 Washington advanced college tuition payment program's guarantee is  
8 that one hundred tuition units will equal one year of full-time,  
9 resident, undergraduate tuition at the most expensive state  
10 institution of higher education, and that if resident, undergraduate  
11 tuition is reduced, a tuition unit may lose monetary value.

12 ~~((12))~~ (14) In addition to any other powers conferred by this  
13 chapter, the governing body may:

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

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

18 (c) Impose and collect administrative fees and charges in  
19 connection with any transaction under this chapter;

20 (d) Appoint and use advisory committees and the state actuary as  
21 needed to provide program direction and guidance;

22 (e) Formulate and adopt all other policies and rules necessary  
23 for the efficient administration of the program;

24 (f) Consider the addition of an advanced payment program for room  
25 and board contracts and also consider a college savings program;

26 (g) Purchase insurance from insurers licensed to do business in  
27 the state, to provide for coverage against any loss in connection  
28 with the account's property, assets, or activities or to further  
29 insure the value of the tuition units;

30 (h) Make, execute, and deliver contracts, conveyances, and other  
31 instruments necessary to the exercise and discharge of its powers and  
32 duties under this chapter;

33 (i) Contract for the provision for all or part of the services  
34 necessary for the management and operation of the program with other  
35 state or nonstate entities authorized to do business in the state;

36 (j) Contract for other services or for goods needed by the  
37 governing body in the conduct of its business under this chapter;

38 (k) Contract with financial consultants, actuaries, auditors, and  
39 other consultants as necessary to carry out its responsibilities  
40 under this chapter;

1           (1) Solicit and accept cash donations and grants from any person,  
2 governmental agency, private business, or organization; and  
3           (m) Perform all acts necessary and proper to carry out the duties  
4 and responsibilities of this program under this chapter.

--- **END** ---