
HOUSE BILL 2205

State of Washington

65th Legislature

2017 Regular Session

By Representatives Bergquist, Muri, and Stanford

1 AN ACT Relating to increasing the dependability and program
2 demand of the guaranteed education tuition and Washington college
3 savings programs; amending RCW 28B.95.030; providing an effective
4 date; and declaring an emergency.

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

6 **Sec. 1.** RCW 28B.95.030 and 2016 c 69 s 4 are each amended to
7 read as follows:

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

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

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

1 (c) The number of tuition units necessary to pay for a full
2 year's, full-time undergraduate tuition and fee charges at a state
3 institution of higher education shall be set by the governing body at
4 the time a purchaser enters into a tuition unit contract, except as
5 provided in subsection ~~((7))~~ (6) of this section.

6 (d) The governing body may limit the number of tuition units
7 purchased by any one purchaser or on behalf of any one beneficiary,
8 however, no limit may be imposed that is less than that necessary to
9 achieve four years of full-time, undergraduate tuition charges at a
10 state institution of higher education. In addition, for tuition units
11 purchased on behalf of any one beneficiary, the governing body may
12 not set the limit at less than eight hundred units. The governing
13 body also may, at its discretion, ~~((limit the number of~~
14 ~~participants))~~ establish an amortization fee, if needed, to ensure
15 the actuarial soundness and integrity of the program.

16 (e) While the Washington advanced college tuition payment program
17 is designed to help all citizens of the state of Washington, the
18 governing body may determine residency requirements for eligible
19 purchasers and eligible beneficiaries to ensure the actuarial
20 soundness and integrity of the program.

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

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

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

30 (d) A beneficiary may not redeem more than two hundred tuition
31 units per year.

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

37 (5) The governing body shall administer the Washington advanced
38 college tuition payment program in a manner reasonably designed to be
39 actuarially sound, such that the assets of the trust will be
40 sufficient to defray the obligations of the trust including the costs

1 of administration. The governing body may, at its discretion,
2 discount the minimum purchase price for certain kinds of purchases
3 such as those from families with young children, as long as the
4 actuarial soundness of the account is not jeopardized.

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

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

24 (b) For the 2017-18 academic year, the governing body shall set
25 the payout value for tuition units redeemed during that academic year
26 at one hundred twenty-five dollars per tuition unit.

27 (c) For the 2018-19 academic year, the governing body shall set
28 the payout value for tuition units redeemed during that academic year
29 at one hundred twenty-nine dollars per tuition unit.

30 (d) Beginning with the 2019-20 academic year, the payout value of
31 a tuition unit must either increase by three percent annually if the
32 funded status of the program is equal to or greater than one hundred
33 fifteen percent or increase by one percent annually if the funded
34 status of the program is below one hundred fifteen percent.

35 (e) If one percent of tuition and fees at the most expensive
36 state university exceeds the payout value of a tuition unit as
37 calculated in this subsection (6) in any given year, the payout value
38 of the tuition unit must increase to equal one percent of tuition and
39 fees at the most expensive state university, regardless of the funded
40 status of the program.

1 (7) Once the Washington college savings plan is established, the
2 governing body shall allow eligible purchasers who opened accounts
3 before July 1, 2015, to redeem tuition units for one hundred twenty-
4 nine dollars provided that all of the redeemed funds are deposited
5 immediately into an eligible Washington college savings plan
6 established by the governing body, until June 30, 2019. After June
7 30, 2019, tuition units may only be redeemed for the payout value
8 established in subsection (6) of this section.

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

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

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

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

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

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

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

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

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

37 ~~((h))~~ (g) Make, execute, and deliver contracts, conveyances,
38 and other instruments necessary to the exercise and discharge of its
39 powers and duties under this chapter;

1 (~~(i)~~) (h) Contract for the provision for all or part of the
2 services necessary for the management and operation of the program
3 with other state or nonstate entities authorized to do business in
4 the state;

5 (~~(j)~~) (i) Contract for other services or for goods needed by
6 the governing body in the conduct of its business under this chapter;

7 (~~(k)~~) (j) Contract with financial consultants, actuaries,
8 auditors, and other consultants as necessary to carry out its
9 responsibilities under this chapter;

10 (~~(l)~~) (k) Solicit and accept cash donations and grants from any
11 person, governmental agency, private business, or organization; and

12 (~~(m)~~) (l) Perform all acts necessary and proper to carry out
13 the duties and responsibilities of this program under this chapter.

14 NEW SECTION. **Sec. 2.** This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of
16 the state government and its existing public institutions, and takes
17 effect July 1, 2017.

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