

HOUSE BILL REPORT

HB 2492

As Reported by House Committee On:
Higher Education

Title: An act relating to college payment programs.

Brief Description: Revising provisions for college payment programs.

Sponsors: Representatives Kenney, Gombosky, Fromhold, Lantz, Rockefeller, Hunt, Cox, Jarrett, Edwards, Chase, Wood, McDermott and Haigh; by request of State Treasurer.

Brief History:

Committee Activity:

Higher Education: 1/29/02, 1/30/02 [DPS].

Brief Summary of Substitute Bill

- The development loan limit between the Guaranteed Education Tuition (GET) Program and the College Savings Program is increased from \$200,000 to \$500,000.
- The loan repayment time is determined by the committee and is not to exceed four years.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Kenney, Chair; Fromhold, Vice Chair; Cox, Ranking Minority Member; Chase, Dunn, Jarrett and Lantz.

Staff: Antonio Sanchez (786-7383).

Background:

In 1997 the state of Washington established a college tuition payment program called the GET program. This investment program allows Washington residents an opportunity to purchase college tuition at the current price and later redeem it at no additional cost when their student attends college. Purchased tuition units pay for the mandatory tuition and student and activities fees. If additional funds are available after paying tuition and

service and activities fees, the funds may be used to pay for other fees, such as the technology fee.

In 2001 the Legislature authorized the Guaranteed Education Tuition Committee of the Higher Education Coordinating Board to establish and operate a tax-deferred savings program in conjunction with the GET pre-paid tuition program. The committee is required to adopt rules for implementation of this program and funds must be deposited into a non-treasury account in the custody of the State Treasurer. Currently, the program is allowed to borrow up to \$200,000 of administrative fees, taken from the GET Program, to fund the development of the college savings program. The loan must be repaid with interest before the end of the biennium in which the funds are drawn.

Summary of Substitute Bill:

The \$200,000 loan limit taken from the Guaranteed Education Program to fund the development of the College Savings Program is expanded to \$500,000. The committee, consisting of the State Treasurer, director of Office of Financial Management, director of Higher Education Coordinating Board, and two citizen members appointed by the Governor, is required to determine the amount of time in which the loan must be repaid, including interest; however, the repayment time is not to exceed four years from the date of the loan.

The committee is authorized to adopt rules regarding the conditions of the loan.

Substitute Bill Compared to Original Bill:

The indeterminate loan limit is capped at \$500,000 and the repayment time is reduced from an indeterminate time to no more than four years.

Appropriation: None.

Fiscal Note: Requested on January 23, 2002.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: This bill will provide the needed financial structure to allow this program to develop and thrive.

Testimony Against: None.

Testified: (In support) Representative Kenney, prime sponsor; Mike Murphy, State

Treasurer; and Bruce Botka, Higher Education Coordinating Board.