

SENATE BILL REPORT

SHB 2492

As Reported By Senate Committee On:
Higher Education, February 28, 2002
Ways & Means, March 4, 2002

Title: An act relating to college payment programs.

Brief Description: Revising provisions for college payment programs.

Sponsors: House Committee on Higher Education (originally sponsored by 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: 2/21/02, 2/28/02 [DP-WM, DNP].
Ways & Means: 3/4/02 [DP].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Kohl-Welles, Chair; Shin, Vice Chair; Horn, Jacobsen and Sheahan.

Minority Report: Do not pass.
Signed by Senator McAuliffe.

Staff: Jean Six (786-7423)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.
Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Kohl-Welles, Long, Parlette, Rasmussen, Snyder, Spanel, Thibaudeau and Winsley.

Staff: Karen Barrett (786-7711)

Background: The 2002 Legislature authorized the Guaranteed Education Tuition (GET) Committee to establish and operate a college savings program in conjunction with the pre-paid tuition program. The GET Committee is made up of the Executive Director of the Higher Education Coordinating Board (HECB), the State Treasurer, the Director of the Office of Financial Management (OFM), and two citizen members, one of whom is an account holder.

When authorizing the college savings program, the Legislature provided for initial funding in the form of a loan, limited to \$200,000 from the administrative fees collected by

participants in the GET program. This loan is to be repaid with interest before the conclusion of the biennium in which the funds are drawn.

Summary of Bill: The \$200,000 limit is replaced by a \$500,000 limit that may be loaned from the GET fund for development and operation of a savings program. Funds borrowed must be repaid with interest as established by the committee and during a time period determined by the committee but not to exceed four years from the date of the loan.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For (Higher Education): The \$500,000 limit will provide more flexibility as the program is developed. However, the program will go forward if the limit remains \$200,000. The treasurer submitted a letter in support of the increase.

Testimony Against (Higher Education): None.

Testified (Higher Education): PRO: Representative Kenney, prime sponsor; Bart Potter, Treasurer's Office, Bruce Botka, HECB.

Testimony For (Ways & Means): To properly compete with other states' savings plans and to allow the kind of resources it will take to design and implement a successful program, it is appropriate and helpful to change the terms of the start-up loan. Such flexibility is supported by individual members of the Guaranteed Education Tuition (GET) Committee and would be appreciated.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): PRO: Mike Murphy, State Treasurer; Bruce Botka, on behalf of the GET Committee, HECB.