
SUBSTITUTE SENATE BILL 6033

State of Washington

57th Legislature

2001 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles and Costa; by request of Committee on Advanced College Tuition Payment and State Treasurer)

READ FIRST TIME 03/08/01.

1 AN ACT Relating to college payment programs; amending RCW
2 28B.95.020 and 28B.95.110; providing an effective date; and declaring
3 an emergency.

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

5 **Sec. 1.** RCW 28B.95.020 and 2000 c 14 s 1 are each amended to read
6 as follows:

7 The definitions in this section apply throughout this chapter,
8 unless the context clearly requires otherwise.

9 (1) "Academic year" means the regular nine-month, three-quarter, or
10 two-semester period annually occurring between July 1st and June 30th.

11 (2) "Account" means the Washington advanced college tuition payment
12 program account established for the deposit of all money received by
13 the board from eligible purchasers and interest earnings on investments
14 of funds in the account, as well as for all expenditures on behalf of
15 eligible beneficiaries for the redemption of tuition units.

16 (3) "Board" means the higher education coordinating board as
17 defined in chapter 28B.80 RCW.

18 (4) "Committee on advanced tuition payment" or "committee" means a
19 committee of the following members: The state treasurer, the director

1 of the office of financial management, the executive director of the
2 higher education coordinating board, or their designees, and two
3 members to be appointed by the governor, one representing program
4 participants and one private business representative with marketing,
5 public relations, or financial expertise.

6 (5) "Governing body" means the committee empowered by the
7 legislature to administer the Washington advanced college tuition
8 payment program.

9 (6) "Contractual obligation" means a legally binding contract of
10 the state with the purchaser and the beneficiary establishing that
11 purchases of tuition units will be worth the same number of tuition
12 units at the time of redemption as they were worth at the time of the
13 purchase.

14 (7) "Eligible beneficiary" means the person for whom the tuition
15 unit will be redeemed for attendance at an institution of higher
16 education. The beneficiary is that person named by the purchaser at
17 the time that a tuition unit contract is accepted by the governing
18 body. With the exception of tuition unit contracts purchased by
19 qualified organizations as future scholarships, the beneficiary must
20 reside in the state of Washington or otherwise be a resident of the
21 state of Washington at the time the tuition unit contract is accepted
22 by the governing body.

23 (8) "Eligible purchaser" means an individual or organization that
24 has entered into a tuition unit contract with the governing body for
25 the purchase of tuition units for an eligible beneficiary.

26 (9) "Full-time tuition charges" means resident tuition charges at
27 a state institution of higher education for enrollments between ten
28 credits and eighteen credit hours per academic term.

29 (10) "Institution of higher education" means an institution that
30 offers education beyond the secondary level and is recognized by the
31 internal revenue service under chapter 529 of the internal revenue
32 code.

33 (11) "Investment board" means the state investment board as defined
34 in chapter 43.33A RCW.

35 (12) "State institution of higher education" means institutions of
36 higher education as defined in RCW 28B.10.016.

37 (13) "Tuition and fees" means undergraduate tuition and services
38 and activities fees as defined in RCW 28B.15.020 and 28B.15.041 rounded
39 to the nearest whole dollar. The maximum tuition and fees charges

1 recognized for beneficiaries enrolled in a state technical college
2 shall be equal to the tuition and fees for the community college
3 system.

4 (14) "Tuition unit contract" means a contract between an eligible
5 purchaser and the governing body, or a successor agency appointed for
6 administration of this chapter, for the purchase of tuition units for
7 a specified beneficiary that may be redeemed at a later date for an
8 equal number of tuition units.

9 (15) "Unit purchase price" means the minimum cost to purchase one
10 tuition unit for an eligible beneficiary. Generally, the minimum
11 purchase price is one percent of the undergraduate weighted average
12 tuition and fees for the current year, rounded to the nearest whole
13 dollar, adjusted for the costs of administration and adjusted to ensure
14 the actuarial soundness of the account. The analysis for price setting
15 shall also include, but not be limited to consideration of past and
16 projected patterns of tuition increases, program liability, past and
17 projected investment returns, and the need for a prudent stabilization
18 reserve.

19 (16) "Weighted average tuition" shall be calculated as the sum of
20 the undergraduate tuition and services and activities fees for each
21 four-year state institution of higher education, multiplied by the
22 respective full-time equivalent student enrollment at each institution
23 divided by the sum total of undergraduate full-time equivalent student
24 enrollments of all four-year state institutions of higher education,
25 rounded to the nearest whole dollar.

26 (17) "Weighted average tuition unit" is the value of the weighted
27 average tuition and fees divided by one hundred. The weighted average
28 is the basis upon which tuition benefits ((are)) may be calculated
29 (~~((for graduate program enrollments and for attendance at nonstate~~
30 ~~institutions of higher education and is))~~) as the basis for any refunds
31 provided from the program.

32 **Sec. 2.** RCW 28B.95.110 and 2000 c 14 s 8 are each amended to read
33 as follows:

34 (1) The intent of the Washington advanced college tuition payment
35 program is to redeem tuition units for attendance at an institution of
36 higher education. Refunds shall be issued under specific conditions
37 that may include the following:

1 (a) Certification that the beneficiary, who is eighteen years of
2 age or older, will not attend an institution of higher education, will
3 result in a refund not to exceed the current weighted average tuition
4 and fees in effect at the time of such certification minus a penalty at
5 the rate established by the internal revenue service under chapter 529
6 of the internal revenue code. No more than one hundred tuition units
7 may be refunded per year to any individual making this certification.
8 The refund shall be made no sooner than ninety days after such
9 certification, less any administrative processing fees assessed by the
10 governing body;

11 (b) If there is certification of the death or disability of the
12 beneficiary, the refund shall be equal to one hundred percent of any
13 remaining unused tuition units (~~((valued))~~) at the current (~~((weighted~~
14 ~~average tuition units))~~) value, as determined by the governing body, at
15 the time that such certification is submitted to the governing body,
16 less any administrative processing fees assessed by the governing body;

17 (c) If there is certification by the student of graduation or
18 program completion, the refund shall be as great as one hundred percent
19 of any remaining unused (~~((weighted average))~~) tuition units at the
20 current value, as determined by the governing body, at the time that
21 such certification is submitted to the governing body, less any
22 administrative processing fees assessed by the governing body. The
23 governing body may, at its discretion, impose a penalty if needed to
24 comply with federal tax rules;

25 (d) If there is certification of other tuition and fee
26 scholarships, which will cover the cost of tuition for the eligible
27 beneficiary. The refund shall be equal to one hundred percent of the
28 current (~~((weighted average))~~) value of tuition units, as determined by
29 the governing body, in effect at the time of the refund request,
30 (~~((plus))~~) less any administrative processing fees assessed by the
31 governing body. The refund under this subsection may not exceed the
32 value of the scholarship;

33 (e) Incorrect or misleading information provided by the purchaser
34 or beneficiaries may result in a refund of the purchaser's investment,
35 less any administrative processing fees assessed by the governing body.
36 The value of the refund will not exceed the actual dollar value of the
37 purchaser's contributions; and

1 (f) The governing body may determine other circumstances qualifying
2 for refunds of remaining unused tuition units and may determine the
3 value of that refund.

4 (2) With the exception of subsection (1)(b), (e), and (f) of this
5 section no refunds may be made before the units have been held for two
6 years.

7 NEW SECTION. **Sec. 3.** Section 2 of this act is necessary for the
8 immediate preservation of the public peace, health, or safety, or
9 support of the state government and its existing public institutions,
10 and takes effect July 1, 2001.

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