

RCW 28B.95.030 Washington advanced college tuition payment

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

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

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

(c) The number of tuition units necessary to pay for a full year's, full-time undergraduate tuition and fee charges at a state institution of higher education shall be set by the governing body at the time a purchaser enters into a tuition unit contract, except as provided in subsections (9) and (10) of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

(10) The governing body shall allow account owners who purchased units before July 1, 2015, to redeem such units at the unit cash value price provided that all the redeemed funds are deposited immediately into an eligible Washington college savings program account established by the governing body. Within ninety days of April 15, 2018, the committee, in consultation with the state actuary and state investment board, shall:

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

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

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

(i) First, the governing body shall take the difference between the average unit purchase price in each individual's account and the

2016-17 unit payout value and increase the number of units in each individual's account by a number of units of equivalent total value at the 2017-18 unit purchase price, if the average unit purchase price is more than the 2016-17 unit payout value; and

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

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

(12) The governing body shall collect an amortization fee as a component of each future unit sold whenever the governing body determines amortization fees are necessary to increase the best-estimate funded status of the program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) Perform all acts necessary and proper to carry out the duties and responsibilities of this program under this chapter. [2021 c 248 s 1; 2018 c 188 s 2; 2016 c 69 s 4; 2015 3rd sp.s. c 36 s 7; 2015 c 202 s 6. Prior: 2011 1st sp.s. c 12 s 2; 2011 1st sp.s. c 11 s 170; 2005 c 272 s 2; 2000 c 14 s 3; 1997 c 289 s 3.]

Effective date—2018 c 188: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect April 15, 2018." [2018 c 188 s 4.]

Short title—2015 3rd sp.s. c 36: See note following RCW 28B.15.031.

Findings—Intent—2015 c 202: See note following RCW 28A.320.196.

Effective date—2011 1st sp.s. c 11 ss 101-103, 106-202, 204-244, and 301: See note following RCW 28B.76.020.

Intent—2011 1st sp.s. c 11: See note following RCW 28B.76.020.