

**SB 5430** - H COMM AMD

By Committee on College & Workforce Development

ADOPTED 04/09/2021

1 Strike everything after the enacting clause and insert the  
2 following:

3 **"Sec. 1.** RCW 28B.95.030 and 2018 c 188 s 2 are each amended to  
4 read as follows:

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

9 (2)(a) The Washington advanced college tuition payment program  
10 shall consist of the sale of tuition units, which may be redeemed by  
11 the beneficiary at a future date for an equal number of tuition units  
12 regardless of any increase in the price of tuition, that may have  
13 occurred in the interval, except as provided in subsections (~~((7))~~)  
14 (9) and (~~((8))~~) (10) of this section.

15 (b) Each purchase shall be worth a specific number of or fraction  
16 of tuition units at each state institution of higher education as  
17 determined by the governing body, except as provided in subsections  
18 (~~((7))~~) (9) and (~~((8))~~) (10) of this section.

19 (c) The number of tuition units necessary to pay for a full  
20 year's, full-time undergraduate tuition and fee charges at a state  
21 institution of higher education shall be set by the governing body at  
22 the time a purchaser enters into a tuition unit contract, except as  
23 provided in subsections (~~((7))~~) (9) and (~~((8))~~) (10) of this section.

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

31 (e) While the Washington advanced college tuition payment program  
32 is designed to help all citizens of the state of Washington, the

1 governing body may determine residency requirements for eligible  
2 purchasers and eligible beneficiaries to ensure the actuarial  
3 soundness and integrity of the program.

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

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

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

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

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

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

28 (7) The governing body shall adopt a unit price of no more than  
29 10 percent, including administrative fees, above the current unit  
30 payout value if:

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

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

39 (8) For units purchased at the 2020-21 unit price, the governing  
40 body shall grant additional units to each account holder equivalent

1 to the difference between the 2020-21 unit price and the 2020-21 unit  
2 payout value, after adjusting the unit payout value 10 percent above  
3 the current price, including administrative fees, as determined by  
4 the governing body.

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

22 ~~((+8))~~ (10) The governing body shall allow account owners who  
23 purchased units before July 1, 2015, to redeem such units at the unit  
24 cash value price provided that all the redeemed funds are deposited  
25 immediately into an eligible Washington college savings program  
26 account established by the governing body. Within ninety days of  
27 April 15, 2018, the committee, in consultation with the state actuary  
28 and state investment board, shall:

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

34 (b) Establish the unit cash value price. The committee, in  
35 consultation with the state actuary and the state investment board,  
36 may revalue the unit cash value price established in this subsection  
37 ~~((+8))~~ (10)(b) up to three times during the ninety-day period in  
38 which eligible purchasers may redeem units for the unit cash value  
39 price.

1        ~~((9))~~ (11)(a) After the governing body completes the  
2 requirements of subsection ~~((8))~~ (10) of this section, the  
3 governing body shall adjust, by March 1, 2019, all remaining  
4 unredeemed units purchased before July 1, 2015, as follows:

5        (i) First, the governing body shall take the difference between  
6 the average unit purchase price in each individual's account and the  
7 2016-17 unit payout value and increase the number of units in each  
8 individual's account by a number of units of equivalent total value  
9 at the 2017-18 unit purchase price, if the average unit purchase  
10 price is more than the 2016-17 unit payout value; and

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

21        (b) For the purpose of this subsection ~~((9))~~ (11), and for  
22 account holders with uncompleted custom monthly contracts, the  
23 governing body shall only include purchased and unredeemed units  
24 before July 1, 2015.

25        ~~((10))~~ (12) The governing body shall collect an amortization  
26 fee as a component of each future unit sold whenever the governing  
27 body determines amortization fees are necessary to increase the best-  
28 estimate funded status of the program.

29        ~~((11))~~ (13) The governing body shall promote, advertise, and  
30 publicize the Washington advanced college tuition payment program.  
31 Materials and online publications advertising the Washington advanced  
32 college tuition payment program shall include a disclaimer that the  
33 Washington advanced college tuition payment program's guarantee is  
34 that one hundred tuition units will equal one year of full-time,  
35 resident, undergraduate tuition at the most expensive state  
36 institution of higher education, and that if resident, undergraduate  
37 tuition is reduced, a tuition unit may lose monetary value.

38        ~~((12))~~ (14) In addition to any other powers conferred by this  
39 chapter, the governing body may:

- 1 (a) Impose reasonable limits on the number of tuition units or  
2 units that may be used in any one year;
- 3 (b) Determine and set any time limits, if necessary, for the use  
4 of benefits under this chapter;
- 5 (c) Impose and collect administrative fees and charges in  
6 connection with any transaction under this chapter;
- 7 (d) Appoint and use advisory committees and the state actuary as  
8 needed to provide program direction and guidance;
- 9 (e) Formulate and adopt all other policies and rules necessary  
10 for the efficient administration of the program;
- 11 (f) Consider the addition of an advanced payment program for room  
12 and board contracts and also consider a college savings program;
- 13 (g) Purchase insurance from insurers licensed to do business in  
14 the state, to provide for coverage against any loss in connection  
15 with the account's property, assets, or activities or to further  
16 insure the value of the tuition units;
- 17 (h) Make, execute, and deliver contracts, conveyances, and other  
18 instruments necessary to the exercise and discharge of its powers and  
19 duties under this chapter;
- 20 (i) Contract for the provision for all or part of the services  
21 necessary for the management and operation of the program with other  
22 state or nonstate entities authorized to do business in the state;
- 23 (j) Contract for other services or for goods needed by the  
24 governing body in the conduct of its business under this chapter;
- 25 (k) Contract with financial consultants, actuaries, auditors, and  
26 other consultants as necessary to carry out its responsibilities  
27 under this chapter;
- 28 (l) Solicit and accept cash donations and grants from any person,  
29 governmental agency, private business, or organization; and
- 30 (m) Perform all acts necessary and proper to carry out the duties  
31 and responsibilities of this program under this chapter."
- 32 Correct the title.

EFFECT: Includes administrative fees in the calculation of "10 percent above the current unit price" for determining the Guaranteed Education Tuition unit price cap and the 2020-21 unit price adjustment.

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