

FINAL BILL REPORT

SB 5430

C 248 L 21
Synopsis as Enacted

Brief Description: Concerning the advanced college tuition payment program.

Sponsors: Senator Mullet.

Senate Committee on Higher Education & Workforce Development
House Committee on College & Workforce Development

Background: Guaranteed Education Tuition. The Guaranteed Education Tuition Program (GET) is Washington's 529 prepaid college tuition plan which was established in 1998. As a prepaid tuition program, GET has a participant payout structure tied to in-state tuition rather than market-based investment returns. Historically, 100 GET units have equaled one year of resident undergraduate tuition and state-mandated fees at the state's highest-priced public university. GET accounts can be used at nearly any public or private college in the country. Families can buy between 1 and 500 units per child, and the account benefits from tax-free growth and withdrawals.

GET is administered by the GET committee. The GET committee is comprised of the state treasurer, the director of the Office of Financial Management, the executive director of the Student Achievement Council, and two citizen members. The GET committee is responsible for setting the GET unit price annually. Each year, the state actuary provides an actuarial analysis to assist the committee in adopting the annual GET unit price. For 2020-21, the committee adopted a unit price of \$131.

The payout value of a GET unit represents 1/100th of the actual resident, undergraduate tuition and state-mandated fees at Washington's most expensive public university. GET credits currently payout based on a \$11,076 tuition cost.

As of June 30, 2020, the present value of future obligations to the GET program was \$1.2 billion and the present value of the fund was \$1.6 billion. The program was 132 percent funded as of June 30, 2020.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Tuition Policy. In 2015, the Legislature adopted the College Affordability Act, which reduced resident undergraduate tuition in both the 2015-16 and 2016-17 academic years. For future years, tuition increases are limited to the tuition growth factor—the 14-year rolling average of Washington's median hourly wage. For the 2020-21 academic year, the tuition growth factor is 2.5 percent.

Summary: The GET committee must adopt a GET unit price of no more than 10 percent, including administrative fees, above the current unit payout value if:

- the best estimate funded status of the program, as provided by the state actuary, exceeds 120 percent; and
- tuition and fee increases for the academic year immediately following the best estimate funded status do not exceed the 14-year rolling average of Washington's median hourly wage.

The GET committee must retroactively adjust GET accounts for units purchased at the 2020-21 unit price by providing additional units equivalent to the difference between the 2021 unit price and 2021 unit payout value, after the unit payout value is adjusted 10 percent above the current price, plus administrative fees.

Votes on Final Passage:

Senate	48	1	
House	97	0	(House amended)
Senate	47	1	(Senate concurred)

Effective: July 25, 2021