

CERTIFICATION OF ENROLLMENT

SENATE BILL 5430

67th Legislature
2021 Regular Session

Passed by the Senate April 15, 2021
Yea 47 Nays 1

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5430** as passed by the Senate and the House of Representatives on the dates hereon set forth.

President of the Senate

Passed by the House April 9, 2021
Yea 97 Nays 0

Secretary

**Speaker of the House of
Representatives**

Approved

FILED

Governor of the State of Washington

**Secretary of State
State of Washington**

SENATE BILL 5430

AS AMENDED BY THE HOUSE

Passed Legislature - 2021 Regular Session

State of Washington

67th Legislature

2021 Regular Session

By Senator Mullet

Read first time 02/05/21. Referred to Committee on Higher Education & Workforce Development.

1 AN ACT Relating to tuition unit pricing in the advanced college
2 tuition payment program; and amending RCW 28B.95.030.

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

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

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

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

16 (b) Each purchase shall be worth a specific number of or fraction
17 of tuition units at each state institution of higher education as
18 determined by the governing body, except as provided in subsections
19 ((+7)) (9) and ((+8)) (10) of this section.

20 (c) The number of tuition units necessary to pay for a full
21 year's, full-time undergraduate tuition and fee charges at a state

1 institution of higher education shall be set by the governing body at
2 the time a purchaser enters into a tuition unit contract, except as
3 provided in subsections ((7)) (9) and ((8)) (10) of this section.

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

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

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

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

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

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

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

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

1 (7) The governing body shall adopt a unit price of no more than
2 10 percent, including administrative fees, above the current unit
3 payout value if:

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

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

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

18 (9) For the 2015-16 and 2016-17 academic years only, the
19 governing body shall set the payout value for units redeemed during
20 that academic year only at one hundred seventeen dollars and eighty-
21 two cents per unit. For academic years after the 2016-17 academic
22 year, the governing body shall make program adjustments it deems
23 necessary and appropriate to ensure that the total payout value of
24 each account on October 9, 2015, is not decreased or diluted as a
25 result of the initial application of any changes in tuition under
26 section 3, chapter 36, Laws of 2015 3rd sp. sess. In the event the
27 committee or governing body provides additional units under chapter
28 36, Laws of 2015 3rd sp. sess., the committee and governing body
29 shall also increase the maximum number of units that can be redeemed
30 in any year to mitigate the reduction in available account value
31 during any year as a result of chapter 36, Laws of 2015 3rd sp. sess.
32 The governing body must notify holders of tuition units after the
33 adjustment in this subsection is made and must include a statement
34 concerning the adjustment.

35 ((+8))) (10) The governing body shall allow account owners who
36 purchased units before July 1, 2015, to redeem such units at the unit
37 cash value price provided that all the redeemed funds are deposited
38 immediately into an eligible Washington college savings program
39 account established by the governing body. Within ninety days of

1 April 15, 2018, the committee, in consultation with the state actuary
2 and state investment board, shall:

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

8 (b) Establish the unit cash value price. The committee, in
9 consultation with the state actuary and the state investment board,
10 may revalue the unit cash value price established in this subsection
11 ~~((+8))~~ (10)(b) up to three times during the ninety-day period in
12 which eligible purchasers may redeem units for the unit cash value
13 price.

14 ~~((+9))~~ (11)(a) After the governing body completes the
15 requirements of subsection ~~((+8))~~ (10) of this section, the
16 governing body shall adjust, by March 1, 2019, all remaining
17 unredeemed units purchased before July 1, 2015, as follows:

18 (i) First, the governing body shall take the difference between
19 the average unit purchase price in each individual's account and the
20 2016-17 unit payout value and increase the number of units in each
21 individual's account by a number of units of equivalent total value
22 at the 2017-18 unit purchase price, if the average unit purchase
23 price is more than the 2016-17 unit payout value; and

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

34 (b) For the purpose of this subsection ~~((+9))~~ (11), and for
35 account holders with uncompleted custom monthly contracts, the
36 governing body shall only include purchased and unredeemed units
37 before July 1, 2015.

38 ~~((+10))~~ (12) The governing body shall collect an amortization
39 fee as a component of each future unit sold whenever the governing

1 body determines amortization fees are necessary to increase the best-
2 estimate funded status of the program.

3 ((11)) (13) The governing body shall promote, advertise, and
4 publicize the Washington advanced college tuition payment program.
5 Materials and online publications advertising the Washington advanced
6 college tuition payment program shall include a disclaimer that the
7 Washington advanced college tuition payment program's guarantee is
8 that one hundred tuition units will equal one year of full-time,
9 resident, undergraduate tuition at the most expensive state
10 institution of higher education, and that if resident, undergraduate
11 tuition is reduced, a tuition unit may lose monetary value.

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

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

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

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

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

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

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

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

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

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

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

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

1 (1) Solicit and accept cash donations and grants from any person,
2 governmental agency, private business, or organization; and
3 (m) Perform all acts necessary and proper to carry out the duties
4 and responsibilities of this program under this chapter.

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