

STATE OF WASHINGTON
Washington Student Achievement Council
REQUEST FOR PROPOSALS (RFP)
RFP NO. 17-RFP147

- 1. Would the Washington College Savings Plan be interested in a partial bid on strictly the Account Administration portion of the RFP Questionnaire (i.e., no investment management bid)?**

ANSWER:

The Agency has indicated in the RFP in Section 2.6 that it will receive alternate proposals in response to the RFP but that an alternate proposal must be submitted in addition to a proposal which fully addresses the specific requirements of the RFP.

- 2. Section 3.C. requires the Bidder to have a total of \$5 billion or more of assets under management for 529 Plan and/or institutional clients (can be satisfied by an investment manager with which the Bidder proposes to subcontract under this RFP). Would the Washington College Savings Plan be willing to overlook this requirement in the case of a partial bid?**

ANSWER:

Subject to the requirements of the RFP in Section 2.6, particularly with respect to the fact that alternate proposals will be accepted only if submitted in addition to a proposal which fully addresses the specific requirements of the RFP, for purposes of an alternate proposal, the Agency would consider waiving this requirement if the alternate proposal was limited to only recordkeeping, customer service and/or marketing Services.

- 3. Has the agency any funding available to compensate vendors until the plan reaches scale and becomes self-funding? Please provide details.**

ANSWER:

The Agency does not currently have funding to compensate vendors until the plan reaches scale and becomes self-funding. The Agency expects that the successful Bidder would cover its costs until such time as the plan reaches scale.

- 4. Is there a minimum marketing budget the state of Washington is expecting?**

ANSWER:

If the Agency provides the marketing Services to the savings plan, it projects the following marketing budget for the first five (5) years of the savings plan.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Contract with marketing firm	\$100,000	\$150,000	\$200,000	\$250,000	\$250,000
Design/creative and web ads	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Promotion merchandise, partnerships	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
TOTAL	\$162,500	\$212,500	\$262,500	\$312,500	\$312,500

In addition to the marketing dollars presented above, GET expects to utilize one (1) full time equivalent marketing employee and one-quarter (1/4) full time equivalent community outreach employee to support savings plan marketing. The Agency expects to fund marketing costs through the Administrative Fee discussed in the RFP.

If the Bidder proposes to provide marketing Services to the savings plan, the Agency would expect Bidders to present the best marketing strategy and budget they believe will successfully support the savings plan.

- 5. Are there existing marketing resources such as personnel involved in grassroots efforts on sales, marketing and/or existing advertising agencies or otherwise from the prepaid plan who would also be available for the college savings? How much of these existing personnel/resources would be considered to be shared?**

ANSWER:

Yes. The Agency expects that GET personnel will participate in the marketing of the savings plan. If the successful Bidder does not propose to provide marketing Services to the savings plan, GET personnel will provide the marketing services outlined in the answer to question 4 above. *Note: There are currently three FTE in GET marketing and outreach (a director, community relations manager, and a marketing specialist).*

If the successful Bidder does propose to provide marketing Services, because the Agency proposes to market the savings plan and GET together as two plans within one program, it is expected that GET personnel will support both GET and the savings plan. For example, GET marketing personnel will participate in the development of the marketing plan and attend marketing events and promote the program on behalf of both GET and the savings plan.

- 6. Is the new program manager expected to create the new website for college savings or will there be an approach combining college savings to the existing prepaid site? Or was is [sic] the initial plan?**

ANSWER:

If the new program manager proposes to include marketing Services in its proposal, it would be responsible for the savings plan portion of website development and maintenance. It is expected that, at a minimum, users would have access to a program landing page from which they can select information, enrollment and account maintenance for GET or the savings plan. It is expected that the public facing pages of GET and the savings plan would be complimentary branded.

- 7. When is the projected official launch date for the new college savings plan to be live? How much of a gap between the agreement being awarded and launch date are you budgeting for?**

ANSWER:

As set forth in the RFP, the projected launch date of the savings plan is June 30, 2017. The Agency anticipates that contract negotiations will be completed by March 22, 2017. Contract negotiations will include a final agreed upon launch date. The Agency has only budgeted for Agency work through June 30, 2017, and has made no provisions to compensate the successful Bidder for their work during this period.

- 8. Is the state of Washington expecting physical presence in their state regarding marketing and/or sales people from the program manager?**

ANSWER:

There is no specific requirement for a physical presence in the State regarding marketing and/or sales people from the successful Bidder. The Agency is expecting each Bidder to present the best marketing plan they think reasonable for the savings plan. The Agency, therefore, is open to all marketing models if a Bidder chooses to include marketing Services in its proposal.

- 9. What are the projections as it relates to a budget for sales years 1, 2 and 3-5 in the way of projected assets?**

ANSWER:

The Agency has identified the following goal for assets under management by year for the first five (5) years of the savings plan.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
PROJECTED AUM (in millions)	\$200	\$300	\$400	\$500	\$600

The numbers above do not take into consideration the assets expected to be rolled over from GET into the savings plan in the early years of operation of the savings plan. Rollovers from GET are estimated to be up to \$400 million by the end of Year 2 based on current GET data and account

owner activity. Additional information regarding a marketing budget for the savings plan is included in response to question 4.

10. How many years will the term of the initial program manager agreement be?

ANSWER:

As stated in the RFP, the initial term of an agreement resulting from the RFP is for a term of ten (10) years with the option of two additional one-year terms at the discretion of the Agency. The Agency selected a ten-year contract to allow additional time for the program manager to recoup start-up costs.

QUESTIONS ASKED AT THE PRE-PROPOSAL CONFERENCE

1. Would the Agency be willing to entertain a partial bid? We understand the RFP to say that alternative proposals would be reviewed but only if a full proposal is submitted. Please confirm that one fully comprehensive proposal should be submitted but that the proposal could include a combination of different firms.

ANSWER:

This understanding is correct. The Agency has given Bidders the option to submit a partial proposal in addition to a fully comprehensive proposal. Bidders can work together to submit a proposal if they so choose.

2. Could you provide additional information regarding what the Agency hopes to accomplish with this RFP? Could you provide background on changes within GET moving forward?

ANSWER:

The GET program has been open for 18 years and has been very successful. GET is a guaranteed program that is tied to tuition. The State has entertained adding a savings plan since the initial launch of the GET program. The GET Committee is always considering ways to increase opportunities for families to save for college. With the changes in tuition over the last few years, along with the reopening of GET, the GET Committee believes that the establishment of a savings plan at this time is a great opportunity. Additionally, GET was designed to cover tuition and state-mandated fees, though there are other college expenses that families need to save for, such as room and board, books and supplies. With additional options, families can diversify their college savings. Effective July 1, 2015, the

GET program closed temporarily to new enrollees due to the passage of the College Affordability Program Act (Senate Bill 5954, 2015 Legislative Session), which necessitated the repricing of tuition units and an offer of refunds to affected account owners. For more information, see the Agency's website at www.wsac.wa.gov.

GET is scheduled to reopen by July 1, 2017. The goal of the Agency is to launch the 529 savings plan at the same time the GET program reopens and brand and promote them together. When GET reopens, it is anticipated that many account owners could roll their GET funds into the new savings plan. Some GET account owners have already rolled over their accounts to other 529 savings plans, and others have expressed interest in waiting to roll GET assets into Washington's new savings plan once it opens.

3. Can you elaborate on anticipated asset growth and total accounts?

ANSWER:

The Agency estimates that approximately 10,000 accounts could be opened or rolled over from GET in Year 1 of savings plan operations. GET currently has more than 100,000 active accounts. Since September 2, 2015 approximately 17,500 GET accounts have taken a refund totaling approximately \$345 million (or 14% of total GET assets). This amount does not include distributions for qualified higher education expenses.

4. Is the 50 bp cap per investment option or is this cap for the overall program?

ANSWER:

The Agency has interpreted the statute to require the 50 bp cap to apply to each investment option. The legislative intent identified by the bill sponsors was to provide the cap to make the savings plan competitive with more established 529 savings plans.

5. Is there a specific way proposals should be submitted because of size limitations (for example, are there restrictions/security concerns with using certain file sharing programs)?

ANSWER:

Bidders may submit proposals as they see fit, as long as the RFP Coordinator can open and review the proposals.

6. Is GET still receiving support for Banner 2000?

ANSWER:

GET has a perpetual license for Banner 2000 and the Agency is taking over support of Banner 2000 from the College Savings System Consortium by December 1, 2016.