

GUARANTEED EDUCATION TUITION COMMITTEE MEETING

Thursday, September 4, 2014

Office of the Insurance Commissioner
5000 Capitol Boulevard
Tumwater, WA 98501
2:00 p.m. – 4:00 p.m.

AGENDA

Call to Order

- Welcome ACTION TAB 1
Approval of June 10, 2014 Minutes
- Report from the Chair INFORMATION
Washington Student Achievement Council Update
Review of Committee Retreat Draft Agenda
- Director's Report INFORMATION/
Overview of Program Statistics ACTION TAB 2
Master Agreement Updates
Personnel Updates
- GET Investment Update INFORMATION TAB 3
Allyson Tucker, State Investment Board
Asset Allocation Study Update
- Actuarial Analysis INFORMATION/
Matt Smith, State Actuary ACTION TAB 4
2014 Unit Price Setting
- Adjournment

UPCOMING MEETINGS:

GET Committee Retreat

Monday, October 20, 2014
Mercato Ristorante, Olympia
12:00 p.m. – 5:00 p.m.

GET Committee Meeting

Tuesday, November 18, 2014
Office of the Insurance Commissioner, Tumwater
2:00 p.m. to 4:00 p.m.

GUARANTEED EDUCATION TUITION COMMITTEE MEETING
Washington Student Achievement Council
Tuesday, June 10, 2014

Office of the Insurance Commissioner
5000 Capitol Boulevard
Tumwater, WA 98501

MINUTES

Washington Student Achievement Council staff in attendance:

Gene Sharratt, Executive Director, Washington Student Achievement Council
Don Bennett, Deputy Director, Washington Student Achievement Council
Betty Lochner, GET Director
Betsy Hagen, Associate Director for GET Operations
Ryan Betz, Associate Director of GET Marketing & Communications
Marc Webster, Senior Fiscal Policy Advisor, Washington Student Achievement Council
Jackie Ferrado, GET Community Relations Manager
Kim Porter, GET Records & Projects Manager
Luke Minor, GET Marketing & Communications Manager
Katie Gross, Special Assistant to the GET Director

Guests in attendance:

Scott Copeland, State Board of Community and Technical Colleges
Maria Hovde, Senate Ways and Means
Denise Nguyen, State Auditor's Office
Kendra Thomas, State Auditor's Office
Matt Smith, State Actuary
Christi Steele, Office of the State Actuary
Anne Shaw, Office of the Attorney General
Paula Moore, Office of Financial Management
Marcia Fromhold, Office of the State Treasurer
Rebecca Radke, Intern with the Office of the State Actuary

WELCOME

Gene Sharratt, Executive Director of the Washington Student Achievement Council and the Chair of the GET Committee, called the meeting to order at 2:03 p.m. GET Committee members in attendance were Gene Sharratt, Chair, Treasurer James McIntire, Beth Berendt, citizen member, and Mooi Lien Wong, citizen member. Sharratt reminded the Committee that the next meeting will be held on Thursday, September 4, and the Committee will be setting the GET unit price at this meeting.

APPROVAL OF THE NOVEMBER 13, 2013 MINUTES

Berendt motioned to approve the November 13, 2013 meeting minutes. Wong seconded the motion. The minutes were approved unanimously as presented.

REPORT FROM THE CHAIR

Sharratt reported that the Washington Student Achievement Council's 10-Year Roadmap (2013-2023) was approved by the legislature. The two main attainment goals included in this roadmap are:

- All Washingtonians ages 25 to 44 will obtain a high school diploma or equivalent.
- At least 70% of Washingtonians ages 25 to 44 will have some type of credential beyond high school (as a state, we are currently at 50%).

The Student Achievement Council is currently strategizing ways to assist in the implementation of these attainment goals.

There will be a GET Committee Retreat held on October 20, 2014. An agenda and more details will be coming out in the next couple of months.

DIRECTOR'S REPORT

Lochner presented the contract statistics thru May 31 and stated that the program has received 5,383 new enrollments as of May 31. New units purchased on new accounts currently total at 354,415.

Ryan Betz, GET's Associate Director for Marketing and Communications, gave a brief overview of the program's marketing efforts this past enrollment year. The three main marketing objectives are awareness, education, and action. The program's new campaign revolved around the tagline 'Life is full of firsts,' and focused primarily on young families. Additional advertising tactics this enrollment period:

- 529 National College Savings Day - Betty Lochner, national chair
 - Radio remotes in Spokane, Olympia, Everett (GET partnered with children's museums and the YMCA)
- Promotions
 - Referral promotion – over 1,000 referrals made
 - Enrollment fee waivers (\$16,000 initial program investment; return was over 3 million)
- Community outreach efforts
- Partnerships
 - Children's museums
 - Parent Map
 - Seattle's Child
 - Major employers across the state
- Business development
 - Chambers of Commerce
- 7,300 TV advertisements
- 6,500 radio advertisements
- More than 30 digital/printed advertisements statewide
- Front page article in The Olympian
- Interview with TV Tacoma
- Direct mail pieces to schools, businesses, hospitals, etc.
- Email acquisition campaign (King County – 100,000 on distribution list)

- Sponsored advertisements were added to Facebook and Google and customers have become great online advocates for the program
- More than 60 interviews across the state from November through May
- New GET blog – over 2,500 visits to that site

Betz also noted that national peers voted, and GET was recognized as having one of the three most creative and effective marketing materials in the country.

Lastly, Betz noted the upcoming marketing strategies:

- Customer communications campaign with accounts that have a 2020 benefit use year or greater
- Partnership with The Bump (newborn focus)
- New website
- Expanded social media presence
 - videos
- Employer partnerships for payroll deduction
- College alumni relations
- New mascot

Berendt complimented Betz and the marketing team for their efforts. Berendt asked if the program used a countdown strategy like it has in the past, letting prospective customers know the deadline was approaching. Betz answered that yes, this countdown was on the website, printed in the Seattle Times, and ran on a number of TV and radio advertisements.

McIntire wanted confirmation that the current enrollment period is closed and new units can be purchased through June 30 at the current unit price. Lochner confirmed this and noted that the typical trend is that most new units are purchased during the last two weeks of June each year. Matt Smith, State Actuary, confirmed that the goal is 869,000 new units to keep up with future goals of sustainability.

Sharratt thanked Betz for his presentation and all of the marketing efforts put forth by GET staff.

Lochner noted that this past month was the national Treasury Management conference. Luke Minor presented tips for building social media campaigns at the conference and did a wonderful job. Ryan Betz, Betsy Hagen, Katie Gross, Matthew Freeby, Treasurer McIntire, and Gene Sharratt also attended the conference and Sharratt was one of the keynote speakers. The conference participants provided positive feedback and GET staff found great value in this opportunity. Sharratt thanked Lochner for her national leadership in her role as Chair of the College Savings Plans Network.

FY15 BUDGET OVERVIEW

Betsy Hagen presented the FY 15 budget summary:

- Revenue and proposed sales: \$5,702,051.00
 - This figure is based off of the actuary's recommendation of 877,243 units sold
- Slight increase in salaries and benefits expenditures
 - Two IT FTE

- Salary alignments
- Additional contracts:
 - Actuarial experience study (\$60,000)
 - IT upgrades
 - Additional auditor expenses (the program is now considered a major fund)
 - College Savings Systems

Hagen noted additional expenditures which brings the budget total to \$5,694,222. Hagen also noted that per RCW 43.33A.160, the State Investment Board shall be funded from the earnings of the funds managed by the State Investment Board. This total reduces the revenue monthly instead of having a separate line item expense.

McIntire inquired about the 8% budget increase and the necessity of it. The program's funded status is currently level and McIntire voiced concern about the possible impact of the new pricing environment. Hagen responded, noting that the budget may be redesigned and may include a variety of fees that are collected. Lochner added that process improvements and program changes are in the near future that include staff hires after a five-year hiring freeze. McIntire asked if the presented budget is more of a recovery plan rather than a strategic budget. Lochner confirmed this and emphasized to the Committee that the budget is an item that will be on the Committee Retreat agenda.

Berendt motioned to approve the FY 15 budget as presented. McIntire seconded the motion. The budget was unanimously approved as presented.

GET INVESTMENT UPDATE

Lochner briefly went over the quarterly investment report conducted by the State Investment Board:

- In the first quarter of 2014, GET assets increased 38 million, bringing total assets to 2.51 billion. This increase was due to market performance.
- The first quarter of 2014 is the first time that the GET investment accounts have showed a net cash outflow in the first calendar quarter.
- State Investment Board and the Office of the State Actuary staff will be working together on an asset allocation study this year. Initial discussion with the Committee will take place at the next meeting in September.

Lochner can send detailed notes to those that want more information.

ACTUARIAL UPDATE

Matt Smith reported that work has started in the area of the price setting analysis. Staff are reviewing and updating the tuition growth model and have had conversations with university staff to obtain data regarding tuition growth. As expected, neither Washington State University nor University of Washington have adopted tuition increases impacting fall term. However, there may be a larger fee at University of Washington -Tacoma, which may impact the GET unit value. Individual briefings with Committee members will take place regarding the price setting analysis and the summary will be presented to the Committee in September.

ADJOURNMENT

Sharratt recognized Anne Shaw in her role with the Office of the Attorney General, as she is retiring. Sharratt thanked her for all of her work.

Sharratt reminded the Committee that the next meeting is scheduled for September 4, 2014.

Lochner reemphasized the importance of the next meeting, as the unit price will be set during that time. The draft agenda is being built for the GET Committee retreat in October. Lochner asked Committee members to forward agenda items to her.

Smith asked if the survey results were available. Betz responded that the survey has been completed but data needs to be compiled. Betz noted that approximately 8,000 customers responded to this survey.

The meeting adjourned at 2:41 p.m.

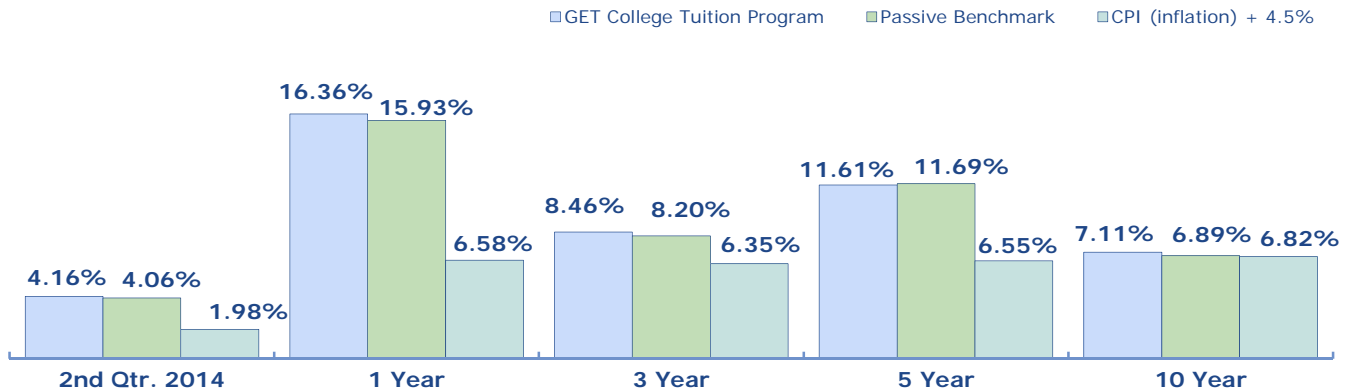


GET Prepaid College Tuition Program

Quarterly Report – June 30, 2014

Portfolio Size, Allocation, and Assets Under Management	1
Performance	2

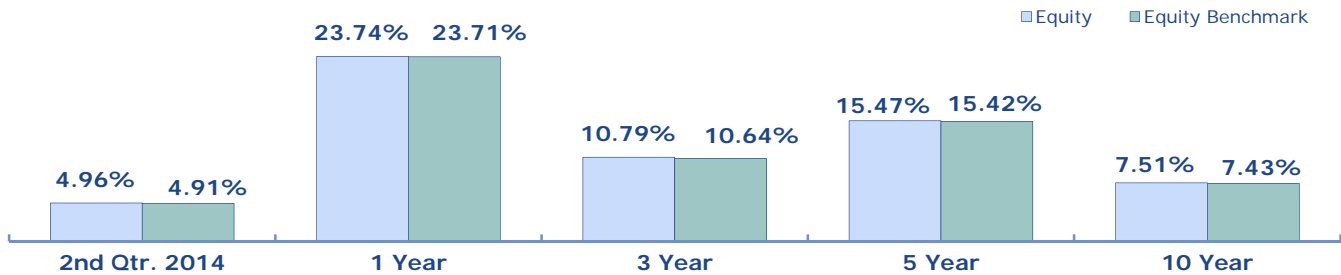
Total Return *



Return Breakdown

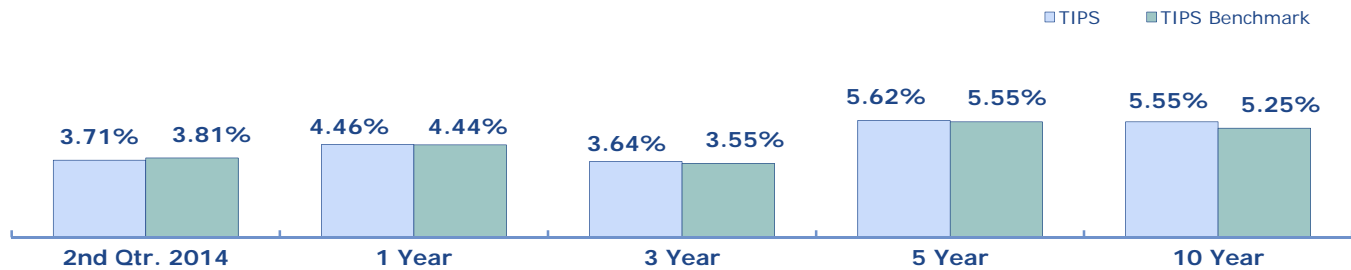
Equity Return *

Benchmark: MSCI ACWI IMI w/U.S. Gross and a historical blended return



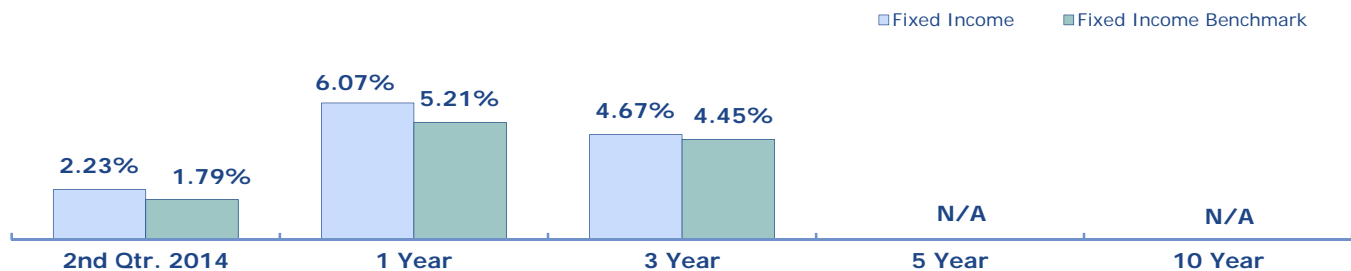
Treasury Inflation Protected Securities Return *

Benchmark: Barclays Capital TIPS Index and a historical blended return



Fixed Income Return *

Benchmark: Barclays Capital Intermediate Credit



* The return numbers above are net of manager fees and other expenses that can be directly debited from the account for portfolio management but do not include the WSIB management fee.