

GUARANTEED EDUCATION TUITION COMMITTEE MEETING

Thursday, September 8, 2011

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

AGENDA

Call to Order

- Approval of August 16, 2011 minutes ACTION Tab 1
- Report from the Chair INFORMATION
Legislative Advisory Committee Update
- Unit Price Setting ACTION Tab 2
Custom Monthly Options
- Adjournment

Next meeting:

Monday, November 7, 2011
2:00 p.m. – 4:00 p.m.
Office of the Insurance Commissioner

GUARANTEED EDUCATION TUITION COMMITTEE MEETING

Tuesday, August 16, 2011

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

MINUTES

HECB staff in attendance:

Don Bennett, HECB Executive Director
Betty Lochner, GET Director
Larry Lee, Deputy Director
Susan Martensen, Marketing & Communication
Kim Porter, Records & Projects Manager
Jackie Ferrado, Outreach Manager
Diana Hurley, Customer Services Manager
Betsy Hagen, Administrative Services Manager
David Cannady, Finance Manager
Katie Gross, Administrative Assistant

Guests in attendance:

Troy Dempsey, State Actuary's Office
Keri Wallis, State Actuary's Office
Nona Snell, State Treasurer's Office
Diana Will, State Investment Board
Scott Copeland, State Board for Community
and Technical Colleges
Terry Ryan, Assistant Attorney General
Becca Kenna-Schenk, Senate Democratic Caucus
Marc Webster, Office of Financial Management
Trista Zugel, House Ways and Means
Maria Hovde, Senate Ways and Means
Chris McClain, State Treasurer's Office
Kim Cushing, Senate Higher Ed Staff
Cody Eccles, Senate Republican Caucus

WELCOME

GET Committee Chair Don Bennett called the meeting to order at 2:00 p.m. Members of GET Committee in attendance were Don Bennett, James L. McIntire, State Treasurer, Marty Brown, Director of Office of Financial Management, and Beth Stecher Berendt, citizen member. Mooi Lien Wong, citizen member, attended via teleconferencing.

APPROVAL OF JUNE 1, 2011 MEETING MINUTES

Committee members reviewed the minutes of the June 1, 2011 meeting. Brown moved to adopt the minutes as presented. Berendt seconded the motion. The motion was approved unanimously as presented. Minutes adopted.

REPORT FROM THE CHAIR

Betty Lochner, GET Director, provided an updated meeting calendar and contract statistics.

Scheduled meetings:

Thursday, September 8, 2011 – 2:00 p.m. – 4:00 p.m. at the Office of the Insurance Commissioner
Monday, November 7, 2011 – 2:00 p.m. – 4:00 p.m. at the Office of the Insurance Commissioner

Contract Statistics as of July 31, 2011:

- Total Number of Contracts since inception: 134,980
- Number of Contracted Unit purchases: 5,839,396
- Number of Lump Sum Unit purchases: 18,236,805
- Total Contract-Related Payments Received: \$1,675,726,134
- Future Custom Monthly Payments Due: \$378,426,715
- Number of Students Who Have Used Benefits: 20,829

Lochner introduced the newest GET staff member: David Cannady, GET Finance Manager.

REVIEW OF GET OPTIONS FOR CONSIDERATION

Lochner reviewed the GET Program Options Review document.

GET INVESTMENT UPDATE

Diana Will, Investment Office for the State Investment Board, gave an overview of the second quarter, ending June 30, 2011, report.

Current GET investment balances:

Cash:	\$ 15,722,438.
TIP's :	\$ 553,871,209.
Fixed Income:	\$ 200,561,421.
Global Equity:	\$1,131,409,026.
Fund Total:	\$1,901,564,093.

Will reported that since June 30, the fund total is down \$100,000,000 due to the equity market volatility, European markets, and tuition payments to colleges.

ACTUARIAL ANALYSIS

Troy Dempsey, Pension Actuary, State Actuary's Office, gave a presentation on the updated draft actuarial analysis. The contents of this analysis will be included in the Governor's report, due October 1, 2011.

GET OPTIONS FOR CONSIDERATION

Lochner presented a summary of two documents: GET Program Options Review and the GET Custom Monthly Options Review. The documents are in response to SB 5749 and the legislative direction within the bill.

1. Establish a unit payout value that increases predictability and affordability to consumers
2. Modify the tuition unit price
3. Modify the enrollment period
4. Modify Custom Monthly contract to align tuition price paid over time.

The GET Committee Members discussed each section of this document.

Committee Members did not want to make any final decisions until after the newly appointed Legislative Advisory Committee had met. Members reached a consensus to continue the program, repriced accordingly, and offer the 30-year amortization plan. This will be finalized at the September 8, 2011 meeting.

Larry Lee, GET Deputy Director, will provide additional Custom Monthly pricing schedules using interest rates of 7.5%, 8%, and 8.5% for the September meeting.

Bennett thanked the legislative staff for their work and interest in the program. He stated the committee is very close to having a model for the years ahead.

Mooi Lien is traveling out of the country and will not be available for the next meeting.

ADJOURNMENT

The meeting adjourned at 3:40 p.m.

Respectfully Submitted,
Betsy Hagen, GET Administrative Services Manager