

GUARANTEED EDUCATION TUITION  
COMMITTEE MEETING

Thursday, January 5, 2012

Conference Call  
2:00 p.m. – 3:00 p.m.

AGENDA

Call to Order

- Approval of September 8, 2011 minutes                      ACTION                      Tab 1
- Approval of 2012 Meeting Calendar                      ACTION                      Tab 2
- Legislative Outlook                      INFORMATION                      Tab 3  
DISCUSSION
- Adjournment

**GUARANTEED EDUCATION TUITION COMMITTEE MEETING**  
**Thursday, September 8, 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  
Betsy Hagen, Administrative Services  
Kim Porter, Records and Projects  
Jackie Ferrado, Outreach  
Diana Hurley, Customer Service  
David Cannady, Finance  
Katie Gross, Administrative Assistant

Guests in attendance:

Matt Smith, State Actuary  
Nona Snell, State Treasurer's Office  
Scott Copeland, State Board for Community  
and Technical Colleges  
Cody Eccles, Senate Republican Caucus  
Maria Hovde, Senate Ways and Means  
Becca Kenna-Schenk, Senate Democrats  
Kim Cushing, Senate Higher Ed

**WELCOME**

GET Committee Chair Don Bennett called the meeting to order at 2:00 p.m. Members of the 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. Mooil Lien Wong was out of the country and unable to attend.

**APPROVAL OF THE AUGUST 16, 2011 MEETING MINUTES**

Committee members reviewed the minutes of the August 16, 2011 meeting. Brown moved to adopt the final minutes as presented. Berendt seconded the motion. The motion was approved unanimously. Minutes adopted.

**REPORT FROM THE CHAIR**

**LEGISLATIVE ADVISORY COMMITTEE UPDATE**

Bennett provided an overview from yesterday's Legislative Advisory Committee Meeting (committee formed as directed by SB 5749).

Legislative Advisory Committee members participated in a robust discussion about the GET Program, Actuarial Analysis Presentation, and future price setting. The committee members present recommended using the \$163 unit price that includes a component amortizing liability over 30 years.

The Legislative Advisory Committee members would like to see additional staff work on modification of the enrollment year, future payout value, custom monthly plan, and differential tuition.

Bennett noted that the legislative report is due to the Governor on October 1. The Advisory Committee will receive a copy of the report.

Berendt stated the rules the advisory committee adopted for the meeting needed five yes votes to make a formal recommendation to this GET Committee. When the vote was called, three members were absent, three voted yes, and two voted no. A formal recommendation was not achieved.

Berendt requested that we do not lose sight of philosophical program discussions and to address the advisory committee's questions.

Additional conversation ensued about the Legislative Advisory Committee meeting, member engagement and support of the program, and next steps.

McIntire requested work on different payout options – modeling and packaging options differently. The new formula may offer a better understanding of the process which will encourage discussion and feedback from the advisory committee members. McIntire also suggested the committee develop a recommendation to the legislature about how to develop differential tuition without creating additional liability. Berendt would also appreciate a legal analysis that includes definition language.

McIntire requested an enrollment period options report, suggesting a May to December design. Brown reminded the committee that the institutions set the tuition price, not the legislature.

Lochner summarized the suggestions stating staff will analyze these options and bring reports to future meetings.

Staff Reports requested:

- Enrollment period options
- Future payout value
- Custom Monthly plan
- Differential tuition
- Arbitrage concerns

Matt Smith, State Actuary, stated that additional analysis on arbitrage concerns can be completed.

## **UNIT PRICE SETTING CUSTOM MONTHLY OPTIONS**

Committee Members revisited the Unit Price Setting document and their previous decision for finalizing the 2011-2012 unit price.

Berendt moved to adopt the 2011-2012 unit price of \$163.00 which includes a 30-year amortization schedule. Brown seconded the motion. The motion was approved unanimously as presented. The motion was adopted.

Larry Lee, GET Deputy Director, presented the Custom Monthly Options Staff Report.

McIntire stated support for the 7.5 percent component of the custom monthly plan.

Berendt reminded members that the custom monthly plan is an important option for families with young children. The plan helps families set a budget for college savings. Additional conversation needs to happen with this plan that includes an appropriate pricing schedule.

McIntire stated no motion is needed as there will be no change in terms/conditions in the master agreement about custom monthly options.

McIntire and Brown stated the need for full disclosure of the new unit price and its components. Brown requested the breakdown of the unit price be placed in the program brochure. Discussion continued on being transparent and providing this information to customers.

**ADJOURNMENT**

The meeting adjourned at 2:45 p.m.

Respectfully Submitted

Betsy Hagen  
GET Administrative Services Manager

**2012 GET Committee Meeting Schedule**

January 5, 2012

**Background**

As outlined in RCW 28b.95.030, WAC 14-104-010, the GET Committee shall hold regular meetings as needed. Additional special meetings may be scheduled if needed. The following is the updated regular meeting schedule for the 2011-2012 calendar year.

<b>DATE</b>	<b>TIME</b>	<b>PLACE</b>
Thursday, January 5, 2012	2:00 – 4:00 p.m.	Conference Call Physical Location: GET Office 919 Lakeridge Way SW Olympia, WA 98502
Monday, February 6, 2012	2:00 – 4:00 p.m.	Office of the Insurance Commissioner 5000 Capitol Blvd SE Tumwater, WA 98501-4426 (360) 725-7000
Monday, April 16, 2012	2:00 – 4:00 p.m.	Office of the Insurance Commissioner 5000 Capitol Blvd SE Tumwater, WA 98501-4426 (360) 725-7000
Monday, June 11, 2012	2:00 – 4:00 p.m.	Office of the Insurance Commissioner 5000 Capitol Blvd SE Tumwater, WA 98501-4426 (360) 725-7000
Monday, August 6, 2012	2:00 – 4:00 p.m.	Office of the Insurance Commissioner 5000 Capitol Blvd SE Tumwater, WA 98501-4426 (360) 725-7000
Monday, November 5, 2012	2:00 – 4:00 p.m.	Office of the Insurance Commissioner 5000 Capitol Blvd SE Tumwater, WA 98501-4426 (360) 725-7000

Maria Hovde 786-7710  
Senate Committee on Ways & Means  
November 28, 2011 (5:01 PM)

1 AN ACT Relating to program fees in public higher education  
2 institutions; amending RCW 28B.15.030 and 28B.15.067; and providing an  
3 effective date.

4

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

6

7 **Sec. 1.** RCW 28B.15.031 and 2011 1st sp.s. c 10 s 2 are each  
8 amended to read as follows:

9 (1) The term "operating fees" as used in this chapter shall  
10 include the fees, other than building fees, charged all students  
11 registering at the state's colleges and universities but shall not  
12 include fees for short courses, self-supporting degree credit programs  
13 and courses, marine station work, experimental station work,  
14 correspondence or extension courses, and individual instruction and  
15 student deposits or rentals, disciplinary and library fines, which  
16 colleges and universities shall have the right to impose, laboratory,  
17 gymnasium, health, technology and student activity fees, fees unique  
18 to specific programs of study, or fees, charges, rentals, and other  
19 income derived from any or all revenue producing lands, buildings and

1 facilities of the colleges or universities heretofore or hereafter  
2 acquired, constructed or installed, including but not limited to  
3 income from rooms, dormitories, dining rooms, hospitals, infirmaries,  
4 housing or student activity buildings, vehicular parking facilities,  
5 land, or the appurtenances thereon, or such other special fees as may  
6 be established by any college or university board of trustees or  
7 regents from time to time. All moneys received as operating fees at  
8 any institution of higher education shall be deposited in a local  
9 account containing only operating fees revenue and related interest:  
10 PROVIDED, That a minimum of five percent of operating fees shall be  
11 retained by the four-year institutions of higher education that  
12 increase tuition for resident undergraduate students above assumed  
13 tuition increases in the omnibus appropriations act, a minimum of four  
14 percent of operating fees shall be retained by four-year institutions  
15 of higher education that do not increase tuition for resident  
16 undergraduates above assumed increases in the omnibus appropriations  
17 act, and a minimum of three and one-half percent of operating fees  
18 shall be retained by the community and technical colleges for the  
19 purposes of RCW 28B.15.820. At least thirty percent of operating fees  
20 required to be retained by the four-year institutions for purposes of  
21 RCW 28B.15.820 shall be used only for the purposes of RCW  
22 28B.15.820(10).

23 (2) In addition to the three and one-half percent of operating  
24 fees retained by the institutions under subsection (1) of this  
25 section, up to three percent of operating fees charged to students at  
26 community and technical colleges shall be transferred to the community  
27 and technical college innovation account for the implementation of the  
28 college board's strategic technology plan in RCW 28B.50.515. The  
29 percentage to be transferred to the community and technical college  
30 innovation account shall be determined by the college board each year  
31 but shall not exceed three percent of the operating fees collected  
32 each year.

33

34

1 (3) Local operating fee accounts shall not be subject to  
2 appropriation by the legislature or allotment procedures under chapter  
3 43.88 RCW.

4  
5  
6 **Sec. 2.** RCW 28B.15.067 and 2011 1st sp.s. c 10 s 3 are each  
7 amended to read as follows:

8 (1) Tuition fees shall be established under the provisions of this  
9 chapter.

10 (2) Beginning in the 2011-12 academic year, reductions or  
11 increases in full-time tuition fees shall be as provided in the  
12 omnibus appropriations act for resident undergraduate students at  
13 community and technical colleges. The governing boards of the state  
14 universities, regional universities, and The Evergreen State College;  
15 and the state board for community and technical colleges may reduce or  
16 increase full-time tuition fees for all students other than resident  
17 undergraduates, including nonresident students, summer school  
18 students, and students in other self-supporting degree programs.  
19 Percentage increases in full-time tuition may exceed the fiscal growth  
20 factor. The state board for community and technical colleges may  
21 pilot or institute differential tuition models. The board may define  
22 scale, scope, and rationale for the models.

23 (3)(a) Beginning with the 2011-12 academic year and through the  
24 end of the 2014-15 academic year, the governing boards of the state  
25 universities, the regional universities, and The Evergreen State  
26 College may reduce or increase full-time tuition fees for all  
27 students, including summer school students and students in other self-  
28 supporting degree programs. Percentage increases in full-time tuition  
29 fees may exceed the fiscal growth factor. For students other than  
30 resident undergraduates, ((R))reductions or increases may be made for  
31 ((all or))portions of an institution's programs, campuses, courses,  
32 or students.

33 (b) Prior to reducing or increasing tuition for each academic  
34 year, the governing boards of the state universities, the regional

1 universities, and The Evergreen State College shall consult with  
2 existing student associations or organizations with student  
3 undergraduate and graduate representatives regarding the impacts of  
4 potential tuition increases. Governing boards shall be required to  
5 provide data regarding the percentage of students receiving financial  
6 aid, the sources of aid, and the percentage of total costs of  
7 attendance paid for by aid.

8 (c) Prior to reducing or increasing tuition for each academic  
9 year, the state board for community and technical college system shall  
10 consult with existing student associations or organizations with  
11 undergraduate student representation regarding the impacts of  
12 potential tuition increases. The state board for community and  
13 technical colleges shall provide data regarding the percentage of  
14 students receiving financial aid, the sources of aid, and the  
15 percentage of total costs of attendance paid for by aid.

16 (4) Beginning with the 2015-16 academic year through the 2018-19  
17 academic year, the governing boards of the state universities,  
18 regional universities, and The Evergreen State College may set tuition  
19 for resident undergraduates as follows:

20 (a) If state funding for a college or university falls below the  
21 state funding provided in the operating budget for fiscal year 2011,  
22 the governing board may increase tuition up to the limits set in (d)  
23 of this subsection, reduce enrollments, or both;

24 (b) If state funding for a college or university is at least at  
25 the level of state funding provided in the operating budget for fiscal  
26 year 2011, the governing board may increase tuition up to the limits  
27 set in (d) of this subsection and shall continue to at least maintain  
28 the actual enrollment levels for fiscal year 2011 or increase  
29 enrollments as required in the omnibus appropriations act; and

30 (c) If state funding is increased so that combined with resident  
31 undergraduate tuition the sixtieth percentile of the total per-student  
32 funding at similar public institutions of higher education in the  
33 global challenge states under RCW 28B.15.068 is exceeded, the  
34 governing board shall decrease tuition by the amount needed for the

1 total per-student funding to be at the sixtieth percentile under RCW  
2 28B.15.068;

3 (d) The amount of tuition set by the governing board for an  
4 institution under this subsection (4) may not exceed the sixtieth  
5 percentile of the resident undergraduate tuition of similar public  
6 institutions of higher education in the global challenge states.

7 (5) The tuition fees established under this chapter shall not  
8 apply to high school students enrolling in participating institutions  
9 of higher education under RCW 28A.600.300 through 28A.600.400.

10 (6) The tuition fees established under this chapter shall not  
11 apply to eligible students enrolling in a dropout reengagement program  
12 through an interlocal agreement between a school district and a  
13 community or technical college under RCW 28A.175.100 through  
14 28A.175.110.

15 (7) The tuition fees established under this chapter shall not  
16 apply to eligible students enrolling in a community or technical  
17 college participating in the pilot program under RCW 28B.50.534 for  
18 the purpose of obtaining a high school diploma.

19 (8) Beginning in the 2019-20 academic year, reductions or  
20 increases in full-time tuition fees for resident undergraduates at  
21 four-year institutions of higher education shall be as provided in the  
22 omnibus appropriations act.

23

24 NEW SECTION. **Sec. 3.** This act takes effect ....

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