

GUARANTEED EDUCATION TUITION COMMITTEE MEETING

Wednesday, February 11, 2009

State Investment Board

2100 Evergreen Park Drive SW, Suite 100

Olympia, WA 98502

MINUTES

HECB staff in attendance:

Betty Lochner, GET Director
Don Bennett, HECB Deputy Director
Larry Lee, GET Deputy Director
Heidi Auderer, GET Operations Manager
Susan Martensen, GET Marketing and Communications Manager
Betsy Hagen, Special Assistant to the GET Director
Vickey Mauerman, GET Accountant

Guests in attendance:

Terry Ryan, Office of the Attorney General
Diana Will, State Investment Board

WELCOME

GET Committee Chair Ann Daley called the meeting to order at 2:10 p.m. Members of the GET Committee in attendance were Ann Daley; Marc Webster on behalf of Victor Moore, Director of the Office of Financial Management (OFM); Beth Stecher Berendt, citizen member; Mooi Lien Wong, citizen member. James L. McIntire, State Treasurer was unable to attend.

APPROVAL OF NOVEMBER 2008 MEETING MINUTES

Committee members reviewed the minutes of the November 17, 2008 meeting. Berendt asked that two questions be added to the minutes, (page 4, first paragraph):

1. Does the GET Committee have authority to halt sales per an extraordinary emergency?
2. Can the GET Program discontinue selling GET units if necessary to ensure the viability of the program?

The motion to revise the November 17th minutes was approved. The minutes will be noted on the final copy as "Revised".

REPORT FROM THE CHAIR

Ann Daley presented a legislative update. Daley noted that the state's fiscal situation is front and center in the minds of most legislators. Legislators are very aware of the GET Program. Daley is participating in work sessions and testifying on bills related to higher education. Higher education institutions are very interested in their level of cuts and are not speculating about tuition increases at this time. Legislators are awaiting the February and March revenue updates. At this time, it is too early to make any predictions.

Daley added that she needs to leave at 3:00 p.m. If the business at hand is not complete, Don Bennett will facilitate the remainder of the meeting.

DIRECTOR'S REPORT

Betty Lochner presented current enrollment status of the Program, as of 2-11-09:

- Enrollment, just under 95,000 (94,995)
- 08-09 enrollment total is 4191 – (4% higher compared to last year)
- Call Center calls are up 20% over last year
- 85% of all new enrollments are completed via the web

- Federal legislation now allows rollovers twice a year instead of once a year to the Program; Rollovers from other 529 savings plans are up 60% compared to last year

Lochner introduced Susan Martensen, GET Marketing and Communications Manager. Martensen provided an overview of the 08-09 marketing strategy that includes media relations, publications, direct mail (including email), events – direct contact with families of young children, personal visits to all state education service districts, expanding the GET Web site with recent efforts to promote gifting, new grandparent publication, and media coverage. GET articles have appeared in the following:

- December/January - Wall Street Journal – article; NPR Market Place – radio interview; MSN Money –interview; Smart Money – interview; February- Seattle’s NPR Station KUOW – radio interview (topic:"How people are coping with the high cost of college tuition"); Seattle Times – article; KING 5 – interview and location visit

Spring marketing update:

- TV ads are now running through the end of enrollment
- Radio ads will run the last two weeks of March
- Media Tours (Eastern Washington – 1st week in March; Western Washington radio – 2nd week in March)
- Commercial video is now available on Access Washington and on Seattle’s Child web page

Martensen added that communication continues with regular account holders and payroll employers. There is tremendous interest in the program this year and we expect it to continue.

GET PRICING ADJUSTMENT TIMING REVIEW

Larry Lee summarized the staff report as follows:

Background

By statute, the GET Committee must set an annual unit price and may also adjust it annually, if necessary, for the actuarial soundness of the program. The Committee has chosen May 1st for annual price setting, with an option to readjust the price on September 1st if necessary for each enrollment year. The Committee has set the current enrollment year as September 15th to March 31st.

At the November 17, 2008 Committee Meeting, staff was directed to investigate the following questions:

Question 1: Are there options for more price setting flexibility to respond in a timelier manner when extreme circumstances, such as an economic downturn or unexpected tuition increases, present themselves?

Question 1 Summary:

There are currently three policy documents for the GET Program:

GET statute – Chapter 28B.95 Revised Code of Washington; GET Master Agreement (included with Program Details); and GET Annual Enrollment Kit.

State law authorizes the GET Committee to adjust the unit price up to twice a year, and allows the Committee to choose those dates and to set the annual enrollment period. The Master Agreement reiterates the price change policy by stating that the price may be set annually and may also be adjusted annually to ensure the actuarial soundness of the Program. Neither the state statute nor the Master Agreement provide specific dates for setting the unit price or for adjusting it, or define the annual enrollment period. Specific dates for price changes appear only in the annual Enrollment Kit and may be changed at the direction of the Committee prior to printing (mid-August).

Although there is flexibility in modifying the pricing and enrollment dates announced in the annual Enrollment Kit, there is no flexibility in how many times the price can be changed (twice annually). The current program model provides predictability for customers and allows time for thorough analysis before adjusting the unit price or changing enrollment dates. Current dates are set to coincide with the close of the annual Legislative session, the annual setting of tuition rates by the research universities, and the academic school year. If a decision is made to change dates of the annual and adjusted price setting, Committee members must do so before the annual enrollment kit is published.

Question 2: Can the GET Program discontinue selling GET units if necessary to ensure the financial viability of the Program?

Question 2 Summary:

The RCW authorizes the Committee to limit the number of participants, if needed. A disclosure statement could include the Committee’s authority to “limit the number of participants, if needed, to ensure the actuarial soundness and integrity of the program.” The concern is confusing and/or alarming customers and eroding confidence in the Program.

Staff Recommendation

Staff recommends that no changes be made to the existing documents.

Active discussion ensued regarding price setting date changes, actuarial soundness, and viability of the program. Lee provided clarification that the Committee already has the ability to limit the number of participants.

Berendt stated that it’s extremely important to maintain confidence in the program and the Committee must provide assurance that the Program is financially sound. She distributed a copy of WAC 284-16-300 and 284-16-310, addressing insurance rules. This WAC allows the Insurance Commissioner to take action in an emergency.

Ryan reported that the viability of the program is long-term and defining what constitutes a current emergency in a long-term investment would be difficult. However, he advised that the Committee has some discretion regarding dates and limiting the number of participants.

Alan Perry, contracted actuary from Milliman, provided information regarding other states and their focus during these economic times. States that are offering a prepaid program may have a shorter enrollment period but are not suspending sales. Perry suggests review of our current tuition environment, investment assumptions, investment returns, liabilities, and confidence in future tuition increases in order to determine the future unit price.

Lee added that none of the prepaid programs nationwide were closing or stopping sales. The current economic situation is being viewed as an opportunity. Past history from 2002-03 found that prepaid programs that

continued to sell had better long-term cash flows. The states that stopped enrollment or closed the program struggled by essentially locking in losses.

Berendt reiterated that she is not trying to stop or halt selling GET units. She is concerned about the legal, contractual, and statutory ramifications of adjusting the program to maintain the actuarial soundness. Daley added that the Committee does have a fiduciary responsibility to make the Program as a whole, manage it well and to meet obligations to account holders.

Conversation continued about the actuarial soundness of the program and possible statutory changes.

Berendt proposed a legislative change to the last sentence of 28B.96.030 (1) (d) to make the language clearer that the number of participants or units purchased may be limited if needed to ensure the actuarial soundness of the Program.

Ryan stated there is no legal reason why a change can't be made. Daley responded that she will check with legislative staff and legislators to see if there is any interest in making any statutory language changes given everything else that is going on this session. Daley clarified that the legislative has not asked for specific information but a few committee staff have requested general information.

GET INVESTMENT UPDATE

Diana Will, investment officer from the State Investment Board, presented the GET investment update:

- The fund value as of December 31, 2008 - \$832 million
- The fund value as of close of business yesterday (2/10/09) - \$806.6 million

Will reiterated that financial markets have not been good and investments are down. At the present time, the portfolio is high on cash and the SIB does not expect a quick rebound back into equities.

Returns on the equities are down 22.6% for the quarter and down 26.7% year-to-date. Tips for one year are down 1.3%; but this year shows a positive return of 3.29% due to the allocation. Tips are on the high side; US equity, international equity is on the down side. Rebalancing on total returns is only down 3.69% versus its benchmark of 5.29% for the quarter due to the increase of the benchmark 1.6%. This is due to having an increase in cash which had a positive return for the quarter and the TIPS had a negative return for the quarter.

Will addressed portfolio rebalancing and asked for patience during this process. The SIB is being very cautious about rebalancing, focusing on this as a long-term program rather than a quick turnaround.

Conversation continued regarding future investment return assumptions. Will speculates that the assumption rate will be 6.55 for long term returns. Will plans to work on a capital market assumption project and will have figures prior to April's meeting.

Daley asked Will to provide Lee with the capital market assumption figure by April 10.

GET PRICING ASSUMPTION REVIEW

Lee reviewed the pricing assumption report with the committee. The purpose of the review is to provide guidance to our actuary.

Background

Each April the Committee reviews recommendations from the Program's contracted actuary, Milliman, prior to determining the annual GET unit price. In order for Milliman to prepare the necessary models and exhibits for that meeting, a number of assumptions must be determined and provided to actuary in advance. These assumptions include expectations for future tuition increases, expected returns on investments, projected new accounts and unit sales, and the operating budget for the Program. Some of the assumptions are based on historical averages, some are provided by Program staff, and others are provided by the State Investment Board. Over the last several months, declines in the value of Program investments have eliminated the actuarial reserve, and left a long-term projected deficit. As a result, staff is asking for clarification on a number of the assumptions that will be provided to the actuary for their work in preparing pricing recommendations for the Committee's April price setting meeting.

Current Assumptions and Information

Current prices include a stabilization reserve of just 0.04 percent in each unit. The overall Program stabilization reserve now stands significantly below the lower guideline threshold of six (6) percent. Based upon Program Price-Setting Guidelines, the Committee should increase the reserve contribution in each new unit sold by two (2) percent every enrollment year until the overall program stabilization reserve is again within the 6-10 percent range. This guideline would direct the actuary to prepare their recommendations for the coming enrollment year with a reserve component of 2.04 percent in each unit being sold. The guidelines state that "the Committee should strive to make pricing adjustments gradually over multiple enrollment years wherever possible."

While current tuition policy limits tuition increases to seven (7) percent annually, major economic events are impacting the State's budgets and its ability to keep this tuition limit in place. Program staff has been asked by OFM and Legislative staff to provide information on how the Program would be impacted by several tuition increase scenarios.

Assumption Direction Needed from the Committee

Are the recommended enrollment goals for the next enrollment year acceptable?

- New accounts: 9,000
- Unit sales: 1.35 million
- Administrative budget \$4.4 million

1. Should Milliman prepare recommendations based on the GET Committee's price setting guidelines?

Note: The Committee's price-setting guidelines state that if the overall program stabilization reserve is below 6 percent, the Committee should increase the reserve contribution in each new unit sold by 2 percent every enrollment year until the overall program stabilization reserve is again within the range.

If not, what directives does the Committee want the actuary to follow in regard to the reserve component in new unit sales?

2. If the Committee wants to spread the stabilization recovery over a period of years, how many years?

Daley shared there is little likelihood that the legislature will increase tuition beyond the 7% that is in statute. Additional surcharges may be placed for a limited time. The legislative budget should be 95% complete by April's committee meeting and we should know where they stand on tuition setting.

Daley suggested planning on a 7% increase and looking further down the road for other options.

Lochner reminded the Committee that the unit price can also be increased at August's meeting.

Conversation ensued regarding policy guidelines, the reserve, assumptions amounts, and the actuarial reserve.

Note: Ann left the meeting at 3:10 and Don Bennett served as her designee for the remainder of the meeting.

Bennett provided a summary of the request to Milliman in preparation for the next Committee meeting:

- Use the enrollment goals presented.
- Use tuition scenarios of 7%, 10%, 12% and 14%.
- Provide scenarios for a reserve at 2%/4%/6%.
- Stabilization recovery period - within 5 years.
- Prepare scenarios showing premium contributions of 2.2%, 4% and 6% annual increases. The guidelines say once we get into our bands, we'll adjust accordingly.

GET PRELIMINARY OPERATION BUDGET FY10

Lee reviewed the preliminary GET administrative budget with the Committee and reminded them that the final budget will be presented at the next Committee meeting.

Bennett noted that the current (FY09) actual budget is less than projected which allows for additional money to be invested. Bennett praised the Program for following the state savings guidelines even though GET is not a general fund budget Program.

ADJOURNMENT

The meeting adjourned at 3:17 p.m.

Respectfully Submitted,

Betsy Hagen
Special Assistant to the GET Director

NEXT GET COMMITTEE MEETING:
MAY 11, 2009 - (date change from April 22)
INSURANCE BUILDING, CAPITOL CAMPUS,
4TH FLOOR CONFERENCE ROOM
1:00 P.M. – 3:00 P.M.

Guaranteed Education Tuition

As of April 30, 2009

CONTRACT STATISTICS: Number of Contracts

Contract Statistics by Plan Year	1998-2007	2008	TOTAL
# of Active Contracts			
Custom Monthly Contracts (CM)	22,138	4,540	26,678
Lump Sum Contracts (LS)	59,232	11,000	70,232
Total # of Active Contracts	81,370	15,540	96,910
# of Inactive Contracts	5,195	144	5,339
# of Depleted Contracts	4,149	16	4,165
Total # of Contracts	90,714	15,700	106,414

UNIT STATISTICS: Number of Contracted Units and Purchased LS Units

	1998-2007	2008	TOTAL
Contracted Units (Active Accounts)	4,267,889	762,300	5,030,189
Lump Sum Units (Active Accounts)	13,382,826	1,385,527	14,768,353
Total Active Accounts	17,650,715	2,147,827	19,798,541
Contracted Units (Inactive Accounts)			228,341
Lump Sum Units (Inactive Accounts)			880,374
Grand Total Contracted and LS Units Purchased			20,907,256

Other Unit Facts

Unpaid Contracted Units (Active Accounts)	2,846,885
Total Paid Out Units Since Inception (Active and Inactive Accounts)	2,251,222

CONTRACT PAYMENTS SINCE INCEPTION

	1998-2007	2008	TOTAL
Total Payments Received (All Accounts)	\$ 989,837,019	\$ 104,559,748	\$ 1,094,396,767
Total Fee Payments Received (All Accounts)	\$ 4,748,110	\$ 656,252	\$ 5,404,362
Total Contract-Related Payments Received	\$ 994,585,129	\$ 105,216,000	\$ 1,099,801,129
Future Custom Monthly Payments Due (Active Accounts)	\$ 208,724,093	\$ 84,884,905	\$ 293,608,998

ITEMS OF INTEREST

Number of Students Who Have Used Benefits	13,313
Benefits Paid	\$ 122,065,675
Refunds Paid	\$ 10,944,430
Total Paid Out In Benefits and Refunds	\$ 133,010,105



GET Prepaid College Tuition Program

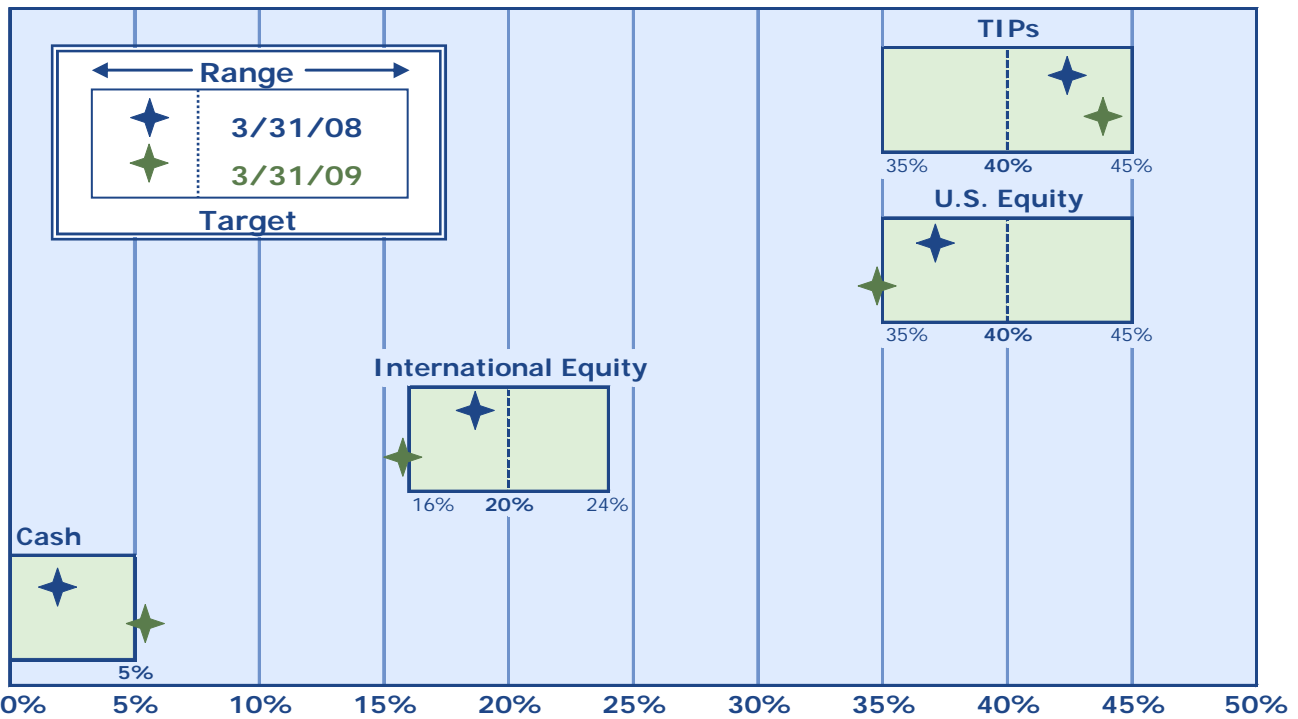
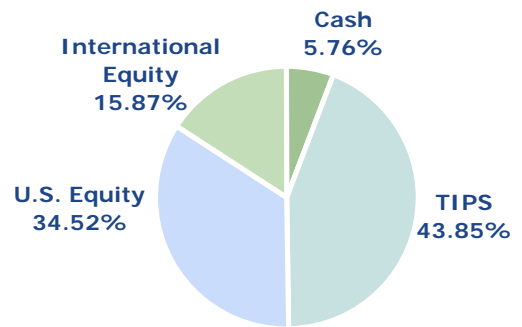
Quarterly Report – March 31, 2009

Portfolio size, Allocation, and Assets Under Management.....	1
Performance	2

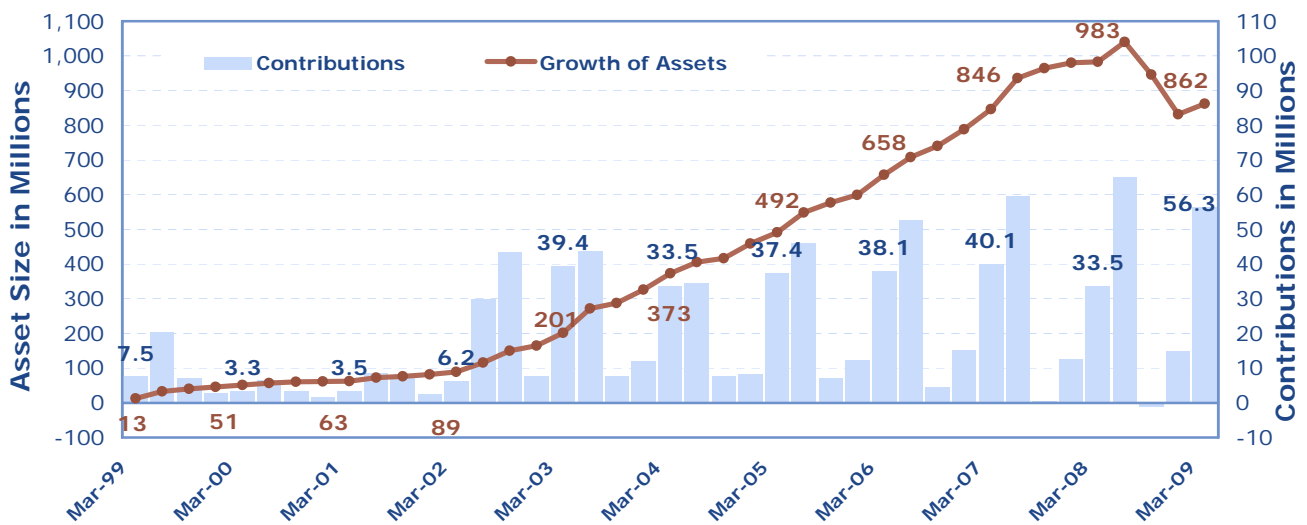
Dated: April 22, 2009

Portfolio Size **Actual Asset Allocation**

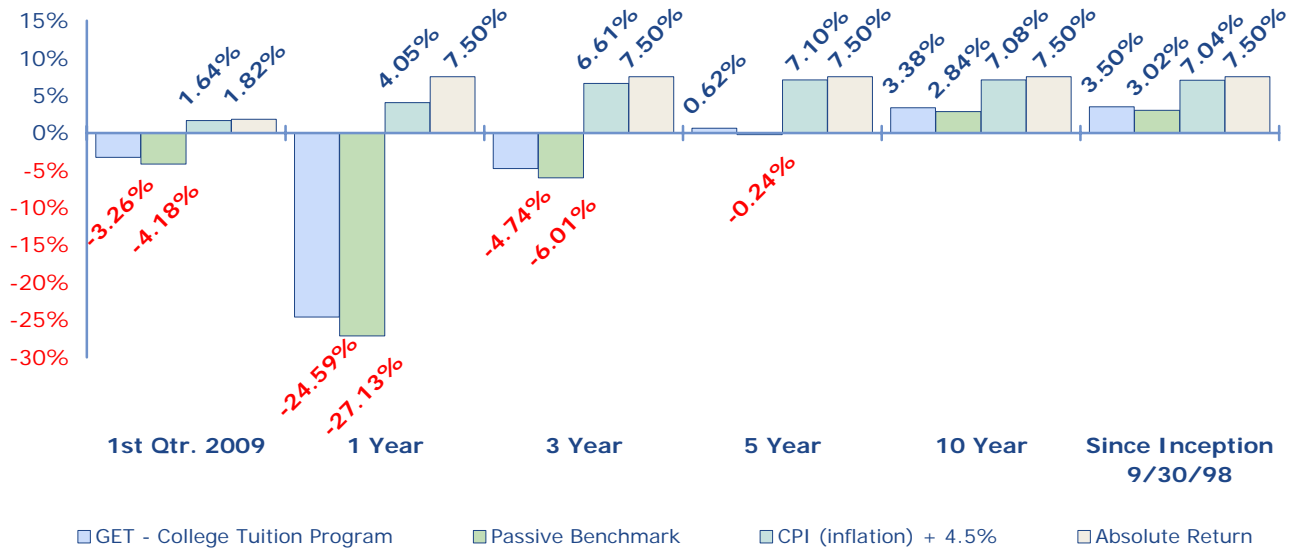
Total	\$862,174,103
Cash	49,673,023
Treasury Inflation Index Note (TIPS)	378,034,069
U.S. Equity	297,635,617
International Equity	136,831,394



Assets Under Management



Total Return *

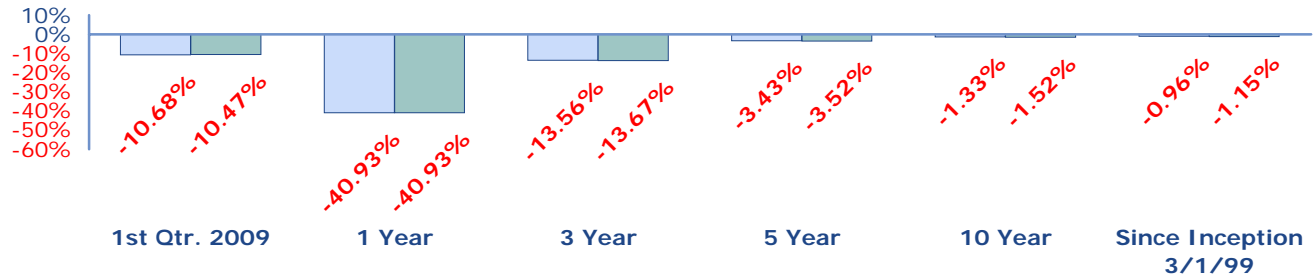


Return Breakdown

Equity Return *

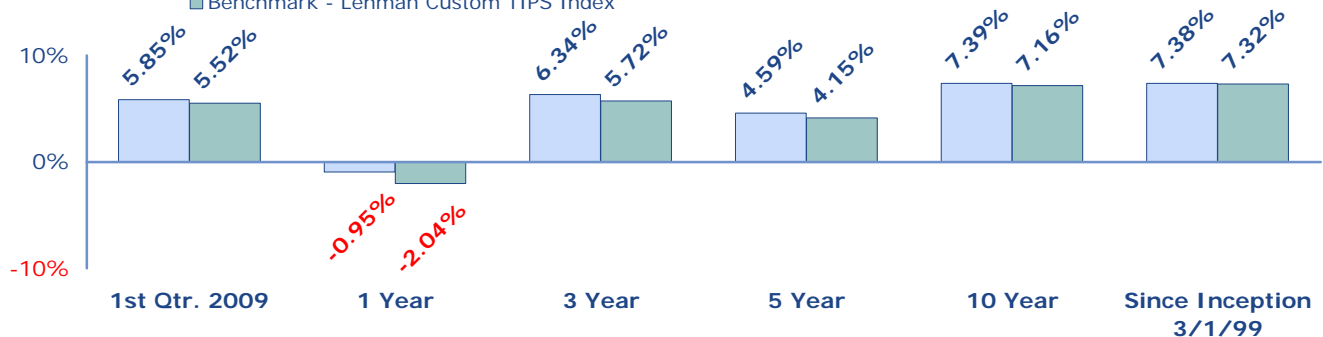
Equity

Benchmark - DJ Wilshire 5000 and a blended return of the MSCI EAFE + Canada and MSCI ACW ex U.S. IMI weighted to the policy's target (currently 66% and 33%)



Treasury Inflation Index Note Return *

Treasury Inflation Index Note
Benchmark - Lehman Custom TIPS Index



* 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. Inception date is when the WSIB first invested in the asset class.

GET 2009 Enrollment Period Date Review & Selection

May 11, 2009

Background

RCW 28B.95 established the Advanced College Tuition Payment program, better known as the Guaranteed Education Tuition (GET) program, but does not define an annual enrollment period. Instead it authorizes the GET Committee to perform all acts necessary and proper to carry out the duties and responsibilities of this program under this chapter.

GET first began selling tuition units on August 1, 1998. That first enrollment period went through June 30, 1999, with the unit price changing in August 1999 (effective September 1, 1999). No lump sum purchases were allowed in July and August 1999, though those making payments on a Custom Monthly Plan were allowed to make their regular monthly payments.

Enrollment dates were adjusted annually over the next few years.

The fifth enrollment period brought two changes. While the enrollment period opened on September 15, 2002, the close of enrollment shifted to March 31, 2003. The GET Committee also chose to move its annual price setting to May 1, 2003 while retaining the ability to adjust the unit price on September 1, 2003 if necessary to remain actuarially sound.

For the last six enrollment periods (September 2002 – 2009), the GET Committee has maintained the same enrollment period and price setting dates. Enrollments opened on September 15th, and closed on March 31st of the following year. The unit price changed on May 1, and could be adjusted on September 1st again, if needed.

Rationale for Current Date Selection

The opening of enrollment in September was selected to coincide with the start of the school year. The end of enrollment was selected to roughly coincide with the end of the Legislative session. The original intent of the Committee was to have an enrollment period open close to year round allowing for Washington residents to enroll at almost any time. Moving to a March 31 deadline provided for a six and a half month enrollment period, less than the original 10 month desired, but that mitigating against concerns about enrollment rushes resulting from higher than projected Legislative approved tuition increases.

One concern with shortening the enrollment period to January or February is that it may result in a decline in sales as potential account owners struggles with paying for their Christmas purchases at the same time that money would be needed to open a GET account. Selecting March 31 was far enough away from this concern, while being close to the arrival of expected federal income tax refunds.

Enrollment Periods Used by Other Prepaid Tuition Programs

Of the 15 prepaid tuition programs currently open to new account owners, six (6) have year round enrollment periods and three (3) have enrollments of 6-7 months.

Additional considerations

Program television and radio commercials are created with an anticipated two year usage. Changes in the enrollment period will necessitate additional edits to the commercials and will result in a small increase in marketing costs for this enrollment year. Changes to the long standing enrollment period may create confusion with current and prospective account owners and the media.

The 09-10 GET enrollment dates are scheduled to remain the same as the 08-09 year beginning September 15, 2009 and ending March 31, 2010. This would allow the enrollment period to end before the end of the legislative session.

Staff Recommendation

Staff recommends that no changes be made to the existing enrollment period dates for the 09-10 enrollment year.

Expanding the GET Enrollment Period for Newborns

May 11, 2009

Background

RCW 28B.95.030 authorizes the GET Committee to perform all acts necessary and proper to carry out the duties and responsibilities of the GET program. One of those duties is to set the annual enrollment period, which currently runs from Sept. 15 – March 31.

Over the last several years, the GET program has been working to lower the average age of student beneficiaries enrolling in new GET accounts. One method that a number of other prepaid states have found effective is to allow for year-round enrollment for newborns. Currently all states with 529 savings plans have year-round enrollment for all accounts. Six states with prepaid tuition plans allow either year-round enrollment or extended enrollment periods for newborns.

Current Information

Between March 31, when the enrollment period ends, and Sept. 15, when the next period begins, GET limits the number of outreach events that it participates in. Staff has determined that participating in outreach events when prospective customers cannot enroll creates frustration in families that want to open accounts but are not allowed to until the beginning of the enrollment period.

There are a number of significant outreach opportunities available to the program during this time span. Some of these events are targeted to new parents with young children. Staff continues to target this group of parents during the winter months, but feel their efforts would be more productive during the summer months if such families could open accounts for their children. This would potentially reduce the average age of children being enrolled in the program, shift some of the enrollment processing to slower times of the year, and increase the number of families enrolling in the program. It would also provide additional outreach opportunities for marketing staff, and enable GET to keep its name before the public year-round.

Recommendation

Staff recommends that newborns, and up to 12 months old, be allowed to enroll year-round. They would still be impacted by changing unit prices that same way that all other accounts are affected. They would be allowed to open new accounts between April 1 and Sept. 15, as well as during the regular enrollment period.

**Guaranteed Education Tuition Program
FY 2010 Proposed Budget
July 1, 2009 - June 30, 2010**

	FY09 Approved	Projected Actual FY09 Expenditures	FY10 Proposed
Budgeted/Projected Contract Sales	9,000		9,500
Actual Contract Sales		15,641	
Estimated/Actual Total Contracts	99,866	106,364	115,864
Enrollment & Other Fees	450,000	782,050	475,000
Administrative Fees in Unit Price	3,996,000	5,165,156	4,218,000
Projected Available Funds	\$4,446,000	\$5,947,206	\$4,693,000
Expenditures:			
Salary & Benefits - 26.8 FTE	\$1,721,000	\$1,620,000	\$1,887,000 ⁽²⁾
HECB Indirect Cost Allocation	\$765,837	\$842,673	\$962,673
Goods & Services	462,327	411,825	456,800 ⁽³⁾
Building Lease & Utilities	120,000	112,000	125,000
Travel	40,000	31,000	40,000
Actuarial Contract	63,000	63,000	63,000
Marketing	772,000	729,782	750,000
Records Admin Costs	297,000	155,482 ⁽¹⁾	212,893 ⁽⁴⁾
Total Expenditures	\$4,241,164	\$3,965,762	\$4,497,366

Notes:

- 1) Delayed purchase of \$100,000 scanner system and the purchase of additional hours for Banner software upgrades
- 2) Includes overtime and add'l benefits costs (medical insurance up 38%)
- 3) Additional printing, postage for new accounts, replacement computer equipment
- 4) Eliminates \$100,000 scanning system, adds hours for Banner software upgrades

Actuarial Analysis and Price Adjustment for the 2009-10 Enrollment Year

May 11, 2009

Background

By statute, the GET Committee may set an annual unit price and may adjust it annually, if necessary, to ensure the actuarial soundness of the program. The Program has contracted with Milliman for actuarial services.

At the April 23, 2008 meeting, the Committee approved setting the unit price at \$76 for May 1, 2008 through April 30, 2009 unless there was an unexpected change in any of the assumptions used in the pricing model. There were no changes in assumptions between May and July 2008. Therefore, August 2008 Committee meeting was cancelled.

The current unit price of \$76 for the 2008-09 enrollment period was based on the following assumptions:

- *Tuition would increase no more than an average of 7.00 percent annually in future years.*
- *Expected long-term investment returns would be 6.55 percent annually.*

The price-setting guidelines (attached), adopted at the October 31, 2007 meeting, set a target of 8 percent for the program stabilization reserve. The policy states that if the overall program stabilization reserve is below 6 percent, as it is now, the Committee should increase the reserve contribution in each new unit sold during the next enrollment period to 2.04 percent. The reserve contribution would increase by an additional 2.00 percent over the prior year in each subsequent enrollment period until the overall program stabilization reserve is again within the target range.

Current Information

A pricing model, prepared by Milliman and based on information available through March 31, 2008, will be provided at the meeting to assist the Committee in setting a price for units to be sold from May 1 through August 31, 2009.

The pricing models will show unit price recommendations based on proposed 14 percent tuition increases approved by the Legislature in each of the next two years, then returning to 7 percent in subsequent years. Prices will be shown that will return the program to a reserve in 5 and 10 years. The SIB's proposed long-term investment return has increased from 6.55 percent to 6.89 percent.

Increasing the unit price by 14 percent just to keep pace with tuition would result in a unit price of \$87. An additional premium will be necessary to assist in eliminating the deficit in the allotted time frame. Based on this additional premium, the model will show projected unit prices of between \$90 and \$138.

Recommendation

The staff recommends that a higher reserve component be used than the one allowed by the current pricing guidelines.

The new unit price will be effective May 1, 2009 and remain in effect through April 30, 2010 unless there is an unexpected change in any of the assumptions used in the pricing model. Should the assumptions change, the Committee will determine whether an adjustment to the price will be needed for the 2009-10 enrollment year at its next meeting scheduled for August 12, 2009.

Price-Setting Guidelines

October 31, 2007

The GET Committee adopted the following price-setting guidelines at the October 31 meeting. These guidelines are designed to provide guidance to Committee members in setting future prices of a GET unit.

- The target for the overall program stabilization reserve is 8 percent.
- The range for the overall program stabilization reserve is plus or minus 2 percent of the target (i.e. 6 to 10 percent).
- If the overall program stabilization reserve is outside of this range (6 to 10 percent), the Committee may increase or decrease the reserve contribution in each new unit sold in order to keep the overall program stabilization reserve within the range.
 - **If the overall program stabilization reserve is above 10 percent**, the Committee should reduce the reserve contribution in each new unit sold to 0.5 percent (minimum level) until the overall program stabilization reserve is again within the range.
 - **If the overall program stabilization reserve is below 6 percent**, the Committee should increase the reserve contribution in each new unit sold by 2 percent every enrollment year until the overall program stabilization reserve is again within the range.
- The Committee should make pricing adjustments gradually over multiple enrollment years.