

GUARANTEED EDUCATION TUITION COMMITTEE MEETING

Tuesday, April 19, 2005

State Investment Board

2100 Evergreen Park Drive SW, Suite 100

Olympia, WA 98502

MINUTES

HECB Staff in attendance:

Betty Lochner, GET Director
Larry Lee, GET Deputy Director
Denise Fry, GET Outreach Coordinator
Heidi Arneson, GET Finance & Benefits Manager
Heidi Jones, GET Policy Analyst & Rules Manager
Jackie Ferrado, GET Customer Service Manager
Whitney DalBalcon, HECB Director of Special Projects
Vickey Mauerman, GET Financial Accountant

Guests in attendance:

Diana Will, State Investment Board
Howard Fischer, Office of the Attorney General
Bill Reimert, Milliman USA
Cathy Stevens, The Marketing Partners
Darrel Jensen, Office of the State Treasurer

WELCOME

HECB Deputy Director, Joann Wiszmann called the meeting to order at 2:02 pm. Wiszmann was serving as designee for GET Committee chair, Jim Sulton, in his absence. Other committee members in attendance included Michael J. Murphy, State Treasurer, Marc Webster, serving as designee for Victor Moore, Director of OFM, Beth Stecher Berendt, citizen member, Mooi Lien Wong, citizen member.

APPROVAL OF MINUTES

The minutes from the February 22, 2005 GET Committee Meeting were reviewed. A motion was made by Berendt to adopt the minutes as presented and was seconded by Wong. The motion was approved and carried unanimously.

DIRECTOR'S REPORT

Betty Lochner, GET Director, reported that the program has just finished the second largest enrollment year ever. There were 10,985 new enrollments received, with final count expected to be just over 11,000. Enrollments are up 37 percent from last year. The average funds received the last week of enrollment were \$2.7 million per day. Enrollment in custom monthly plans was up from last year as well as online enrollments – over 70 percent enrolled online. We took 3,151 calls during the last week of enrollment; up over 59 percent over last year.

Wiszmann congratulated the program and staff on having a banner year.

Lochner also reported that the proposed GET legislation, Senate bill 5926, has been passed and is expected to be signed by the Governor. The bill went through with no amendments and was passed out of both house and senate unanimously.

Murphy asked if the Chair of the Committee would be sending a “do pass” letter to the Governor. The Committee agreed by consensus to have a letter sent from the Chair on their

behalf. Murphy also noted that he would be sending a separate “do pass” letter from the Office of the State Treasurer.

GET INVESTMENT UPDATE

Diana Will, investment officer, from the State Investment Board presented the GET investment update. Assets increased \$33 million since the December 31, 2004 report, mostly from new contributions. It was a dismal quarter for investments. The GET portfolio had a return of -0.94 percent which was four basis points better than the benchmark at -0.98 percent. The markets were off because of the high prices of oil. The CPI is not shown on the reports because the figures won't be available until later in the month. GET returns are trailing the passive benchmark for the year by six basis points, but are ahead by eight basis points since inception. Equity returns for the quarter were -1.37 percent, better than the benchmark of -1.46. TIPS returns for the quarter were -0.34 percent, slightly worse than the benchmark of -0.33 percent.

CHANGE OF RESIDENCY REQUIREMENT

Larry Lee, GET Deputy Director, updated the committee on the staff report regarding establishing residency requirements for the GET Program. As it stands now, the student must be a resident of Washington in order to enroll in the program. The recently passed legislation adds the purchaser to the residency requirement for enrolling in the program. This recommendation is conditional on the signing of the bill by the Governor. It would take effect at the beginning of the next enrollment cycle (Sept. 15, 2005).

MOTION

A motion was made to accept the GET staff recommendation that the GET Committee establish a residency policy whereby either the Purchaser or the Student Beneficiary of an account must be a resident of the state of Washington at the time of enrollment, pending the signing of the SB 5926 by the Governor. The motion was made by Murphy and seconded by Berendt. The motion was approved and carried unanimously.

APPROVAL OF FY06 ADMINISTRATIVE BUDGET

Lee presented the FY06 administrative budget to the committee. GET currently has 55,153 accounts. Staff is recommending an increase of 1 FTE to respond to program growth, but is decreasing the budget from last year by \$158,000. The reduction in dollars is a result of leftover funds that will be moved into next year's budget. Bringing operational functions in-house as well as creating some on-line and administrative efficiencies has contributed to the leftover funds, as well as the large SCT (database) contract being paid in full.

Berendt asked if staff expects another 5,000 contracts next year or if we really expect more than that. Lee indicated that we still anticipate at least 5,000 new contracts, which will provide funds to continue the administrative support needed. He noted that increasing the enrollment goal, even to an estimated 7,000 new contracts, would not significantly affect the unit price.

MOTION

A motion was made by Murphy to adopt the FY06 administrative budget as presented. Berendt seconded the motion. The motion was approved and carried unanimously.

Berendt asked if marketing changes would be implemented if GET does open the residency to purchasers. Cathy Stevens, with The Marketing Partners, indicated that they would be looking at adding some new marketing, although this would add some cost. Lochner indicated that the marketing plan would change a bit, though overall contracted dollars will remain the same. Lee indicated that the new brochure would highlight the changes as well as a planned email campaign.

ACTUARIAL ANALYSIS AND UNIT PRICE SETTING

Lochner reviewed the unit price setting process with the Committee. The Committee may set an annual price and adjust it annually, to ensure the actuarial soundness of the program. Historically the price has been set effective Sept. 1 and adjusted May 1. Last year the Committee set an interim unit price of \$61 for May 1-August 31, 2004. At the August Committee meeting, the Committee approved leaving the unit price unchanged at \$61 for the 2004-05 enrollment period (through April 30, 2005).

This year staff is recommending a two-tiered pricing approach for the 2005-06 enrollment year. Based on expected increases in tuition of 7 percent in future years, and Washington State Investment Board's expected investment returns of 6.55 percent, ***staff recommends adjusting the unit price to \$66 from May 1, 2005 through August 31, 2005 (Tier 1) and to \$68 from September 1, 2005 through April 30, 2006 (Tier 2)***. This will provide a 10 percent stabilization reserve for each new unit sold. (The 10 percent stabilization reserve was recommended by the Committee at the February 22 work session on unit price setting.)

Lochner introduced Bill Reimert, Principal and Consulting Actuary, from Milliman, to explain the two-tiered price setting recommendation. Reimert explained that the stabilization reserve is currently at \$42 million and gave some background on unit prices historically. The advantage of a two-tiered pricing structure allows GET to offer a discount to people purchasing from May to Aug. The pricing model also shows unit price recommendations based on building a stabilization reserve at 5 percent, 7.5 percent and 10 percent. He also reviewed a combined pricing approach if the Committee wishes to set one price from May 1, 2005 to April 30, 2006 (as was done last year).

The investment return assumption has been lowered from 7.00 percent down to 6.55 percent based on expected investment returns from the State Investment Board. This indicates a slight change from last year. The long-term tuition assumption is 7 percent.

Murphy expressed concerns about the premium that will be in place with the pricing recommendation (as high as 23 percent) which could affect unit sales. He prefers to keep the premium as low as possible to keep the program affordable.

Murphy moved to approve a \$63 unit price to take affect May 1 and a \$65 unit price to take affect September 1. The motion died for lack of a second and no action was taken on this motion. Murphy rescinded his motion. An active discussion followed.

MOTION

Berendt moved to accept the first-tier of the staff recommendation to adjust the unit price from May 1 to August 30, 2005 to \$66 per unit and to address the second-tier price increase at the August GET Committee Meeting. The motion was seconded by Wong. The motion passed 3-2, with a majority of affirmative votes from Wong, Berndt and Wiszmann. Murphy and Webster voted no.

NEXT MEETING

The next meeting of the GET Committee is scheduled for August 2, 2005 from 2:00 – 4:00 p.m., at the State Investment Board (2100 Evergreen Park Drive SW, Olympia, WA 98502).

ADJOURNMENT

The meeting adjourned at 3:20 p.m.

**Proposed Regular Meeting Schedule
2006 Calendar Year**

August 2, 2005

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 a proposed regular meeting schedule for the 2006 calendar year.

DATE	TIME	PLACE
February 8, 2006 Wednesday	2:00 – 4:00 p.m.	Olympia, State Investment Board (Board Room)
April 19, 2006 Wednesday	2:00 – 4:00 p.m.	Olympia, State Investment Board (Board Room)
August 9, 2006 Wednesday	2:00 – 4:00 p.m.	Olympia, State Investment Board (Board Room)

Recommendation

Staff recommends adopting the proposed regular GET Committee Meeting schedule for 2006.



GET Prepaid College Tuition Program

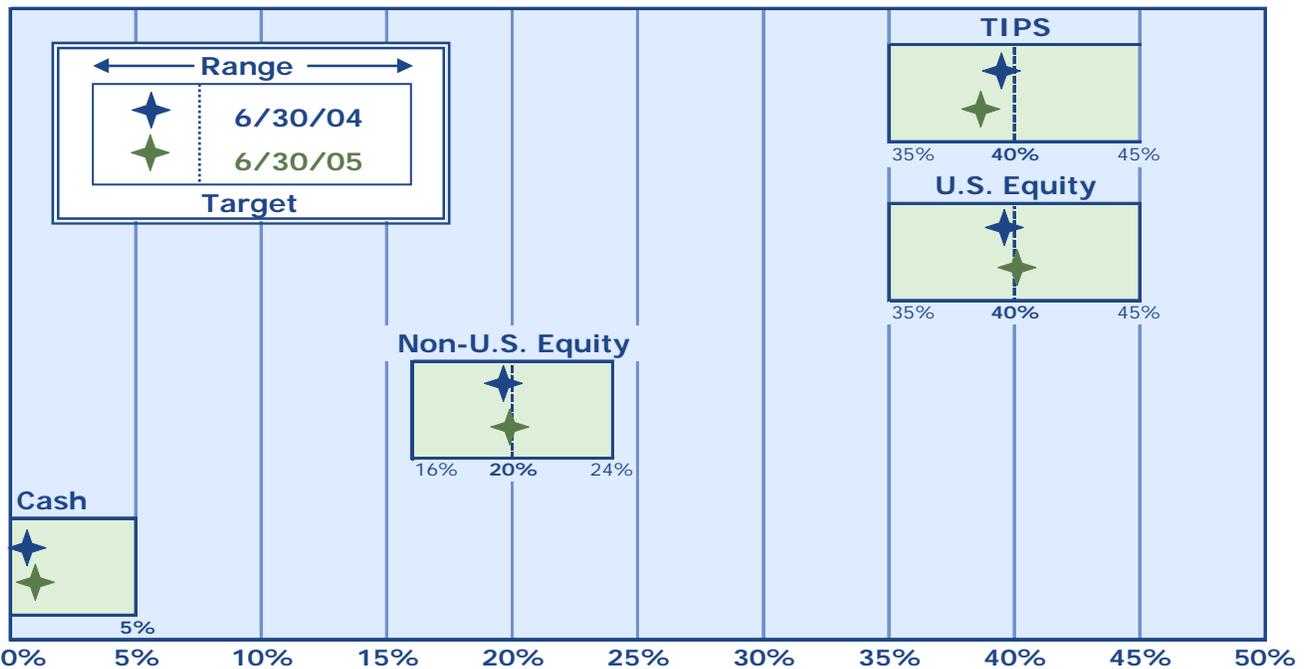
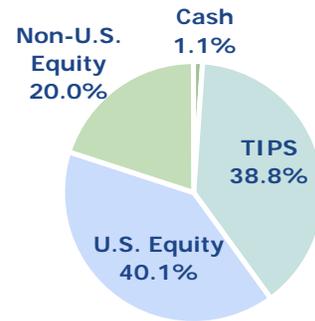
Quarterly Report – June 30, 2005

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

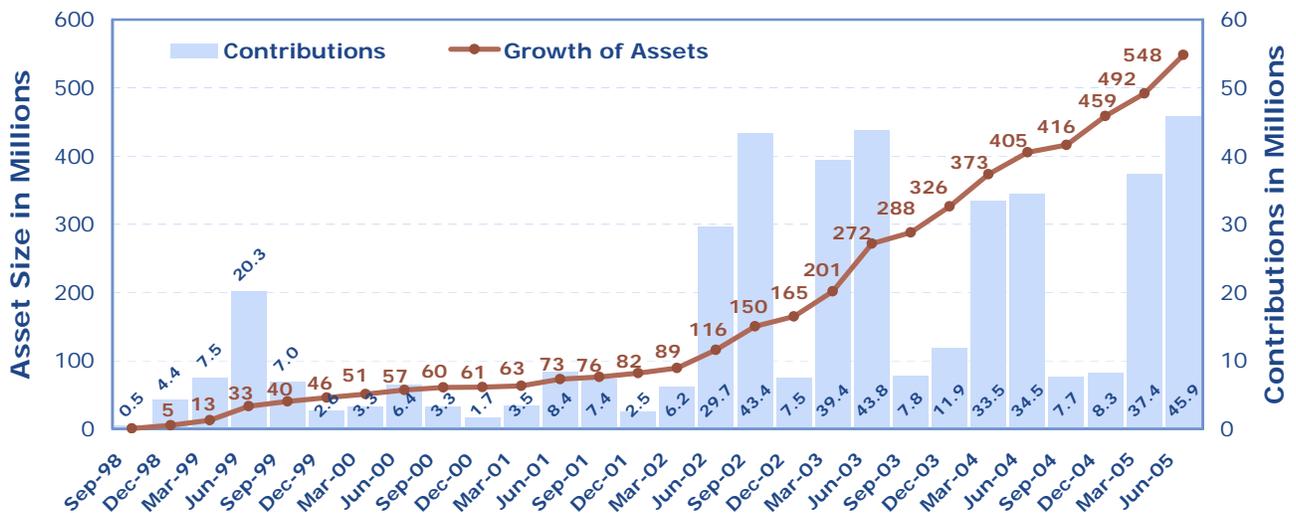
Dated: July 15, 2005

Portfolio Size **Actual Asset Allocation**

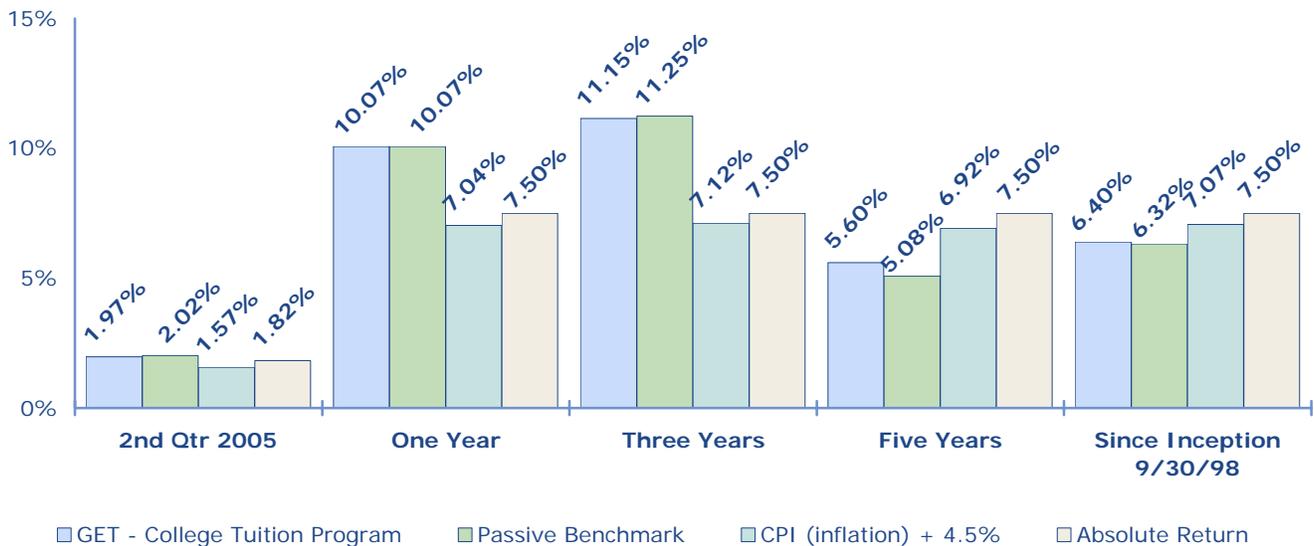
Total	\$548,236,811
Cash	6,090,428
Treasury Inflation Index Note (TIPS)	212,722,023
U.S. Equity	220,002,895
Non-U.S. Equity	109,421,467



Assets Under Management



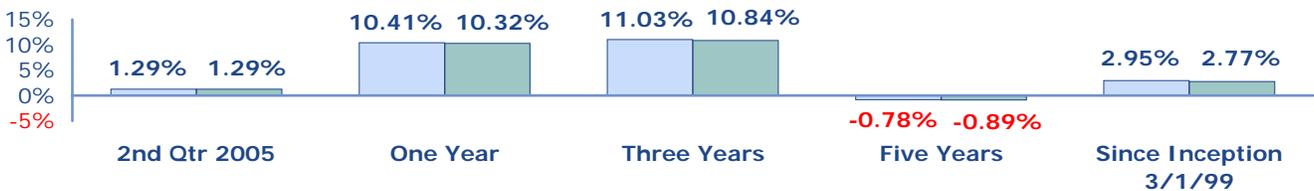
Total Return *



Return Breakdown

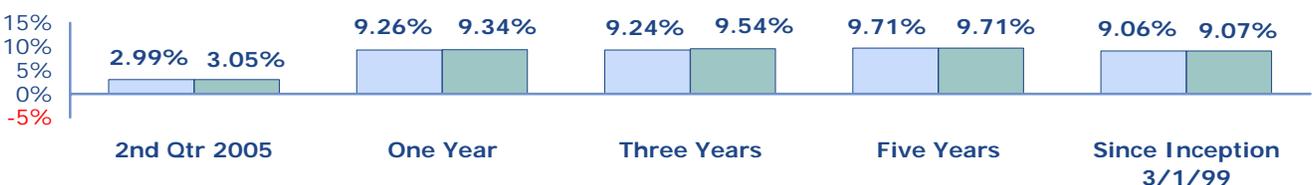
Equity Return *

- Equity
- Benchmark - DJ Wilshire 5000 and MSCI EAFE + Canada weighted to the policy's target (currently 66% and 33%)



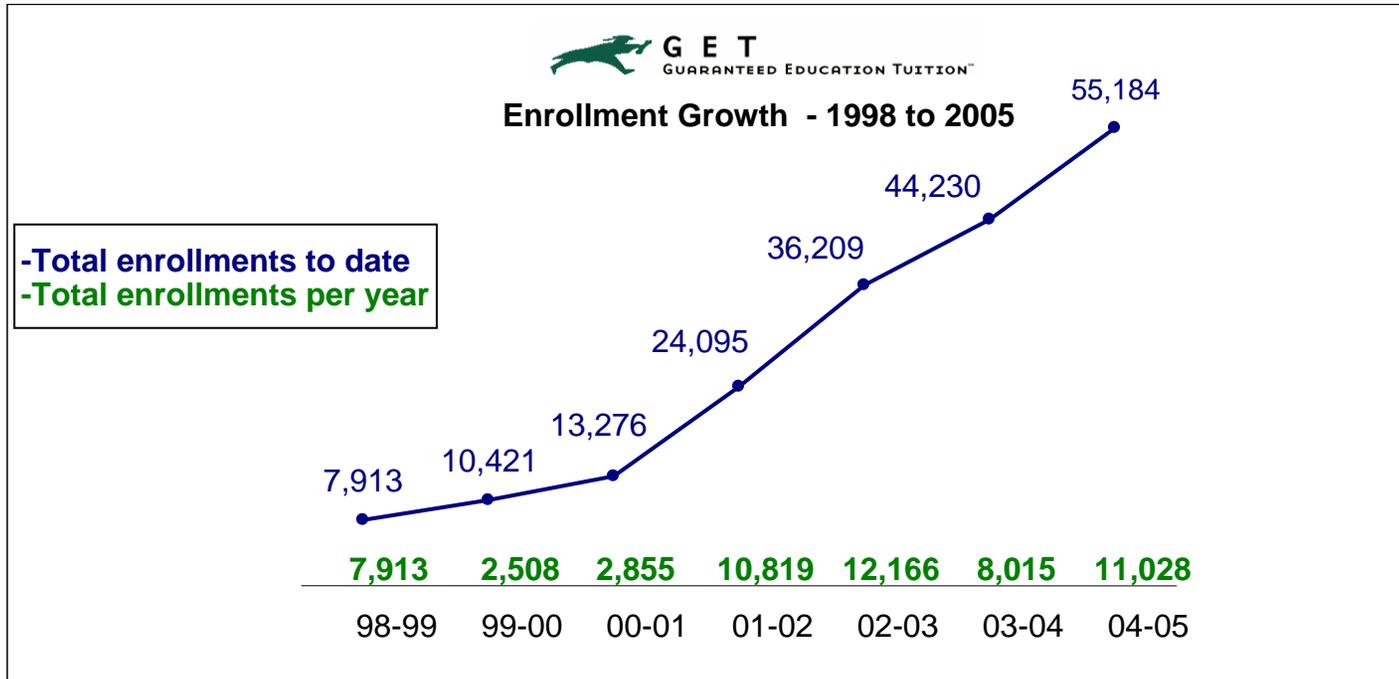
Treasury Inflation Index Note Return *

- 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 Program Since Inception	
Total Active GET accounts since inception:	55,184
Total payments received:	\$459.9 million
Total units purchased:	11.2 million
Total value of all contracts:	\$620.7 million
Total benefits paid out to students	\$19.3 million
Total number of students who have used benefits	3,135

GROWTH OF ACTIVE ACCOUNTS SINCE PROGRAM INCEPTION


GET Account Information
As of 06/30/05

Contract Statistics by Plan Year

	<u>2004</u>	<u>TOTAL</u>
# of Active Contracts		
Custom Monthly Contracts (CM)	3,969	14,629
Lump Sum Contracts (LS)	6,932	38,404
Subtotal # of Active Contracts	10,901	53,033
# of Inactive Contracts	127	1,622
# of Depleted Contracts	0	529
Total # of Contracts	11,028	55,184

Unit Statistics (active contracts only)

Total # of Contracted Units (CM)	728,800	3,062,591
Total # of Lump Sum Units Purchased (LS)	1,078,123	8,211,703
Total # of Units - Both Plans	1,806,923	11,274,294

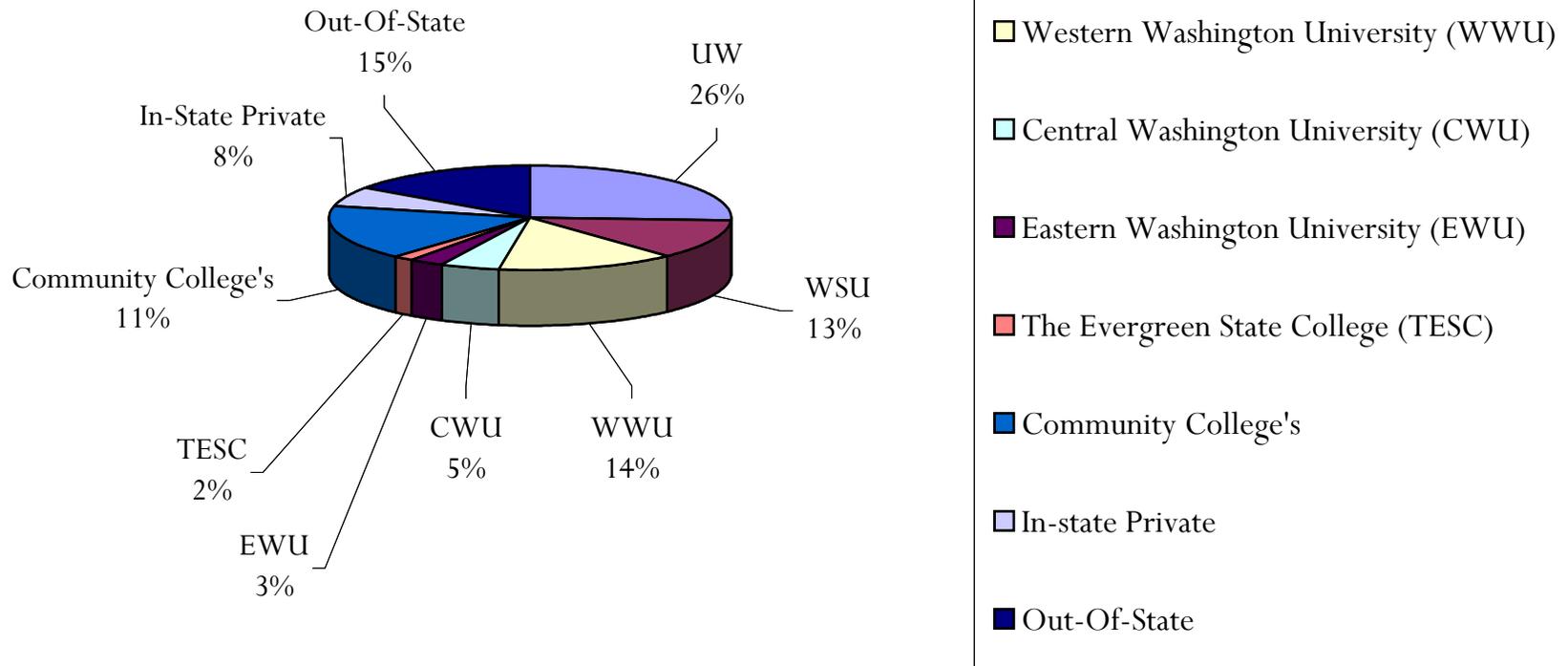
Account Value Statistics (active contracts only)

Total Payments Received (CM and LS)	\$ 66,368,175	\$ 459,984,921
Future Payments Due (CM)	\$ 63,840,793	\$ 160,674,461
Total Payments Received and Future Payments Due	\$ 130,208,968	\$ 620,659,382
Fees Paid	\$ 479,785	\$ 2,567,791
Grand Total		\$ 623,227,173

Benefit Statistics

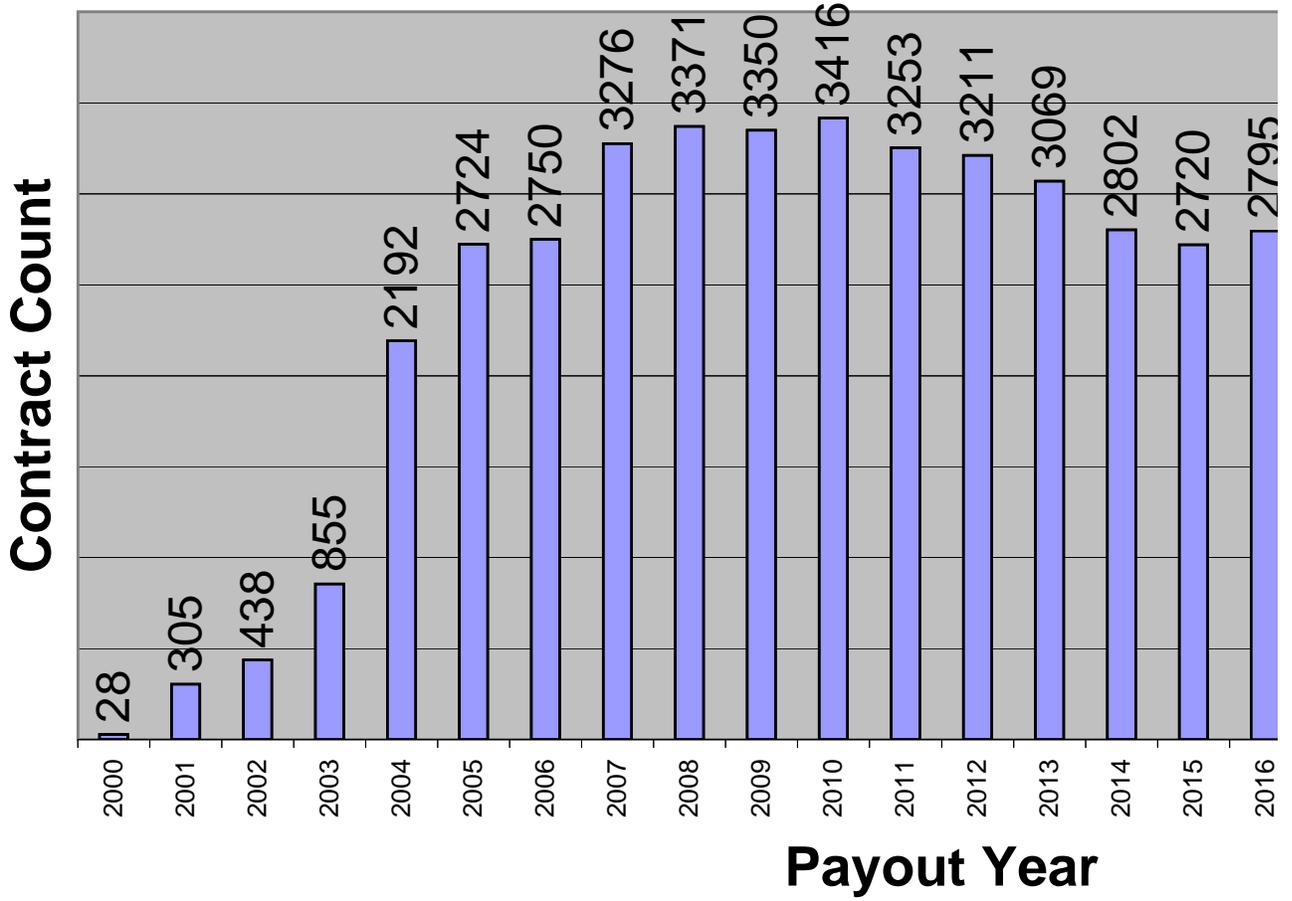
Total amount paid out on contracts	\$19,300,179
Total # of students who have used benefits	3135

Breakdown of GET Benefits Used 2004-2005

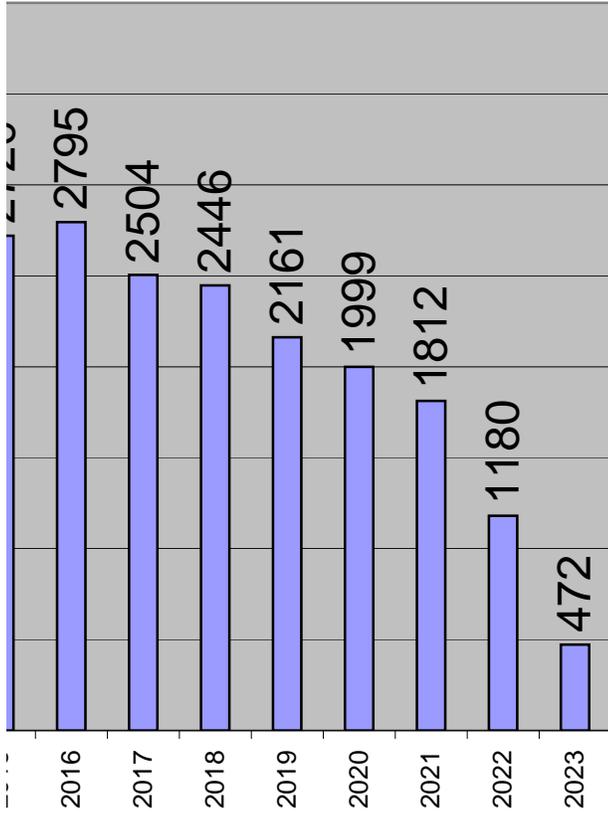


The above data represents the 2,501 students that used benefits during the 2004-2005 Academic Year

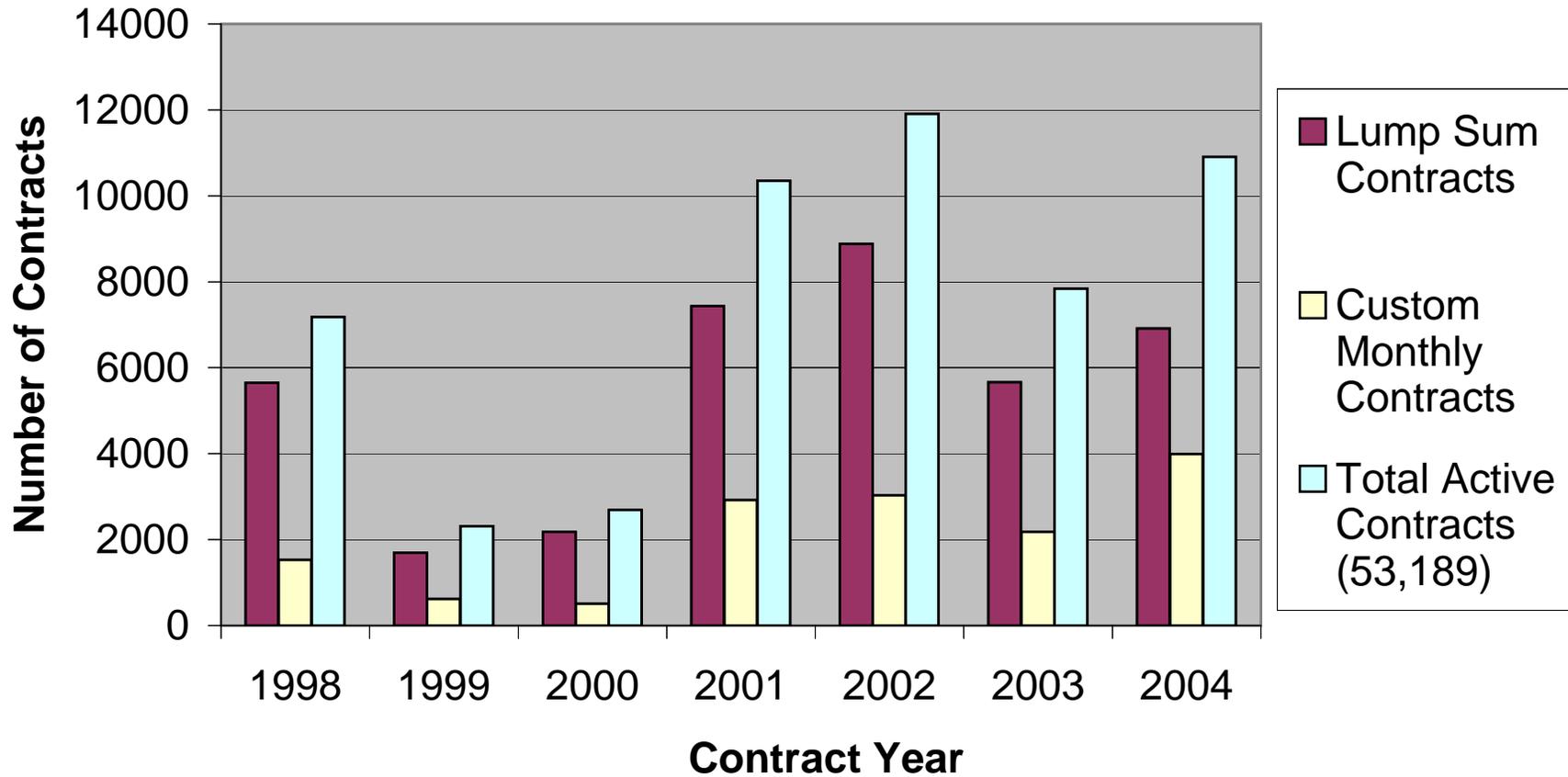
Expected Number of New Students Eligible to Use



Use Benefits

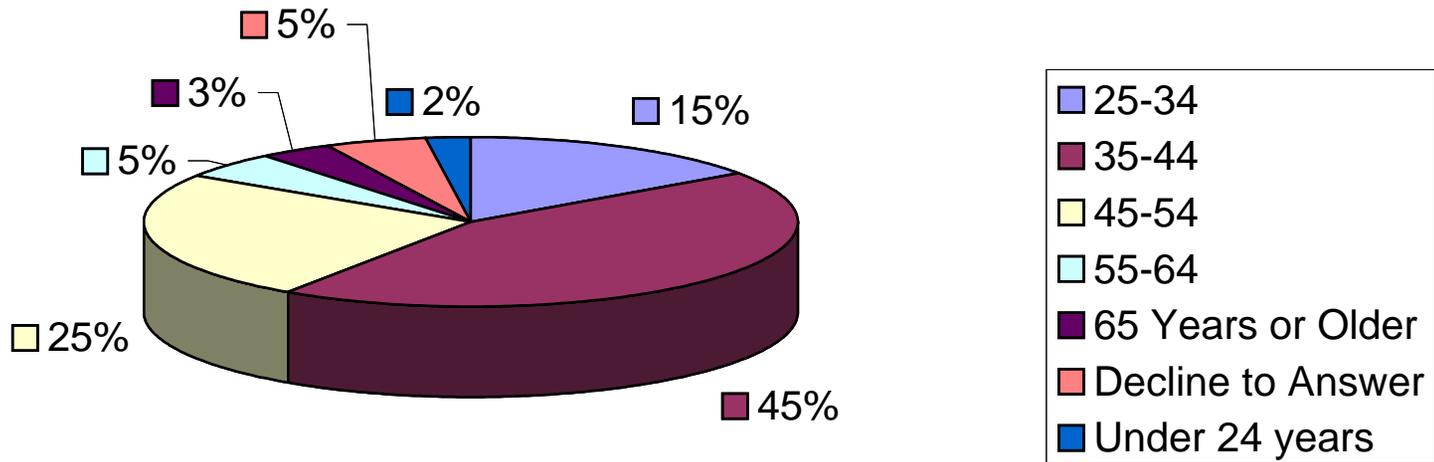


Active Contracts by Contract Year



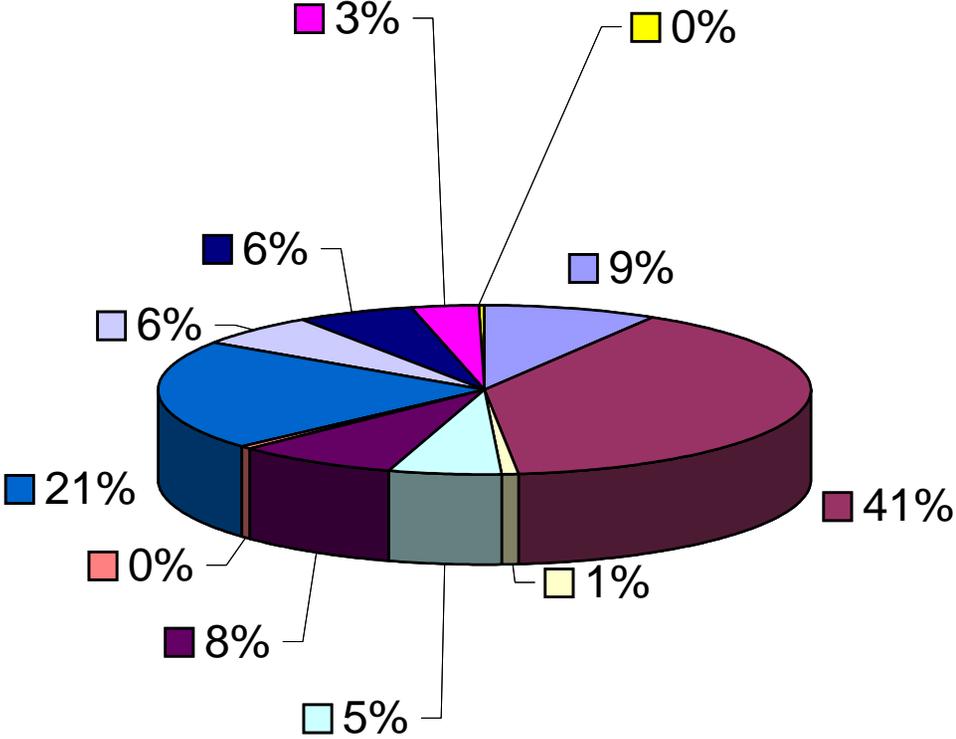
Age Range of Purchaser at the Time of Enrollment

Based on responses from 29,199 account holders



Education of Purchaser

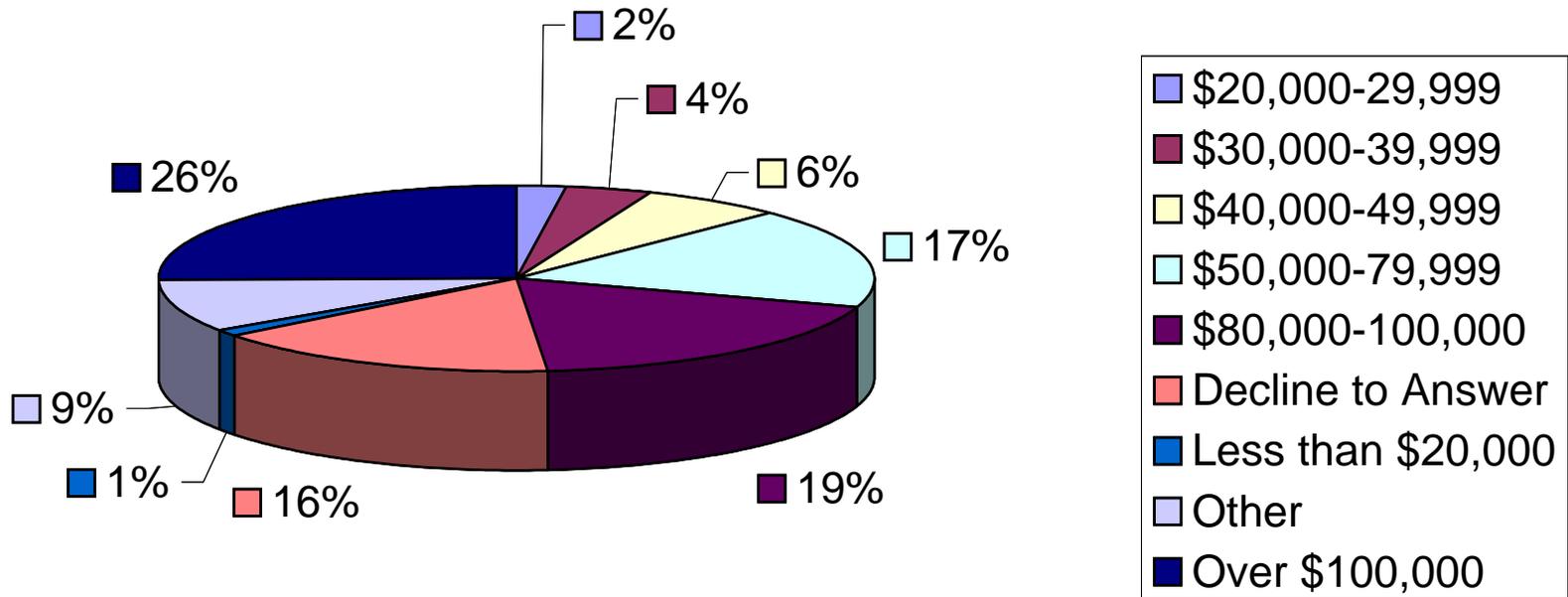
Based on responses from 35,969 account holders



- Associate's Degree
- Bachelor's Degree
- Certificate/Certification
- Decline to Answer
- High-School Grad/GED
- K-12/Some High School
- Master's Degree
- Other
- PhD/Doctorate
- Some College
- Unknown

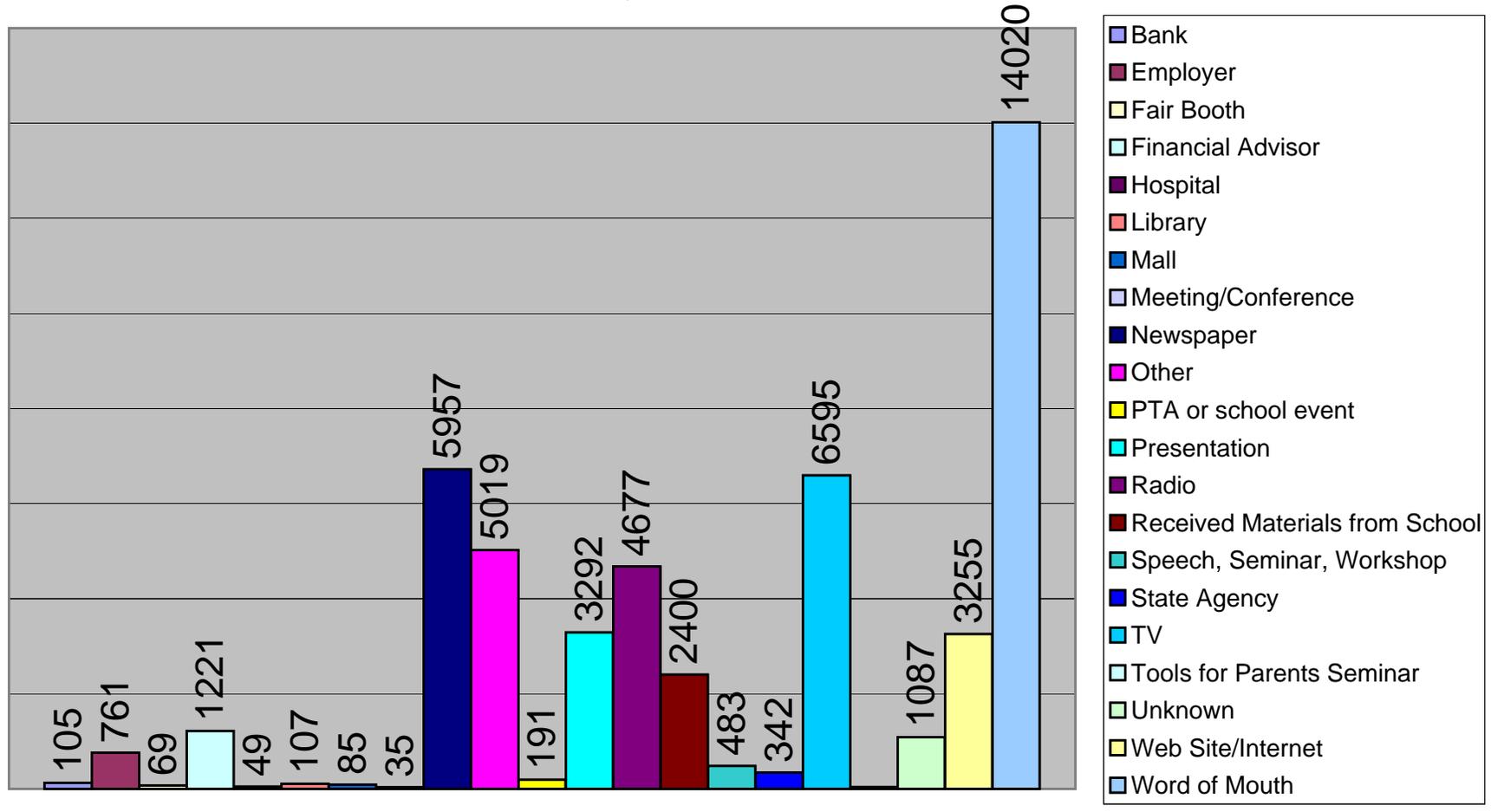
Income of Purchaser at time of Enrollment

Based on responses from 35,085 account holders



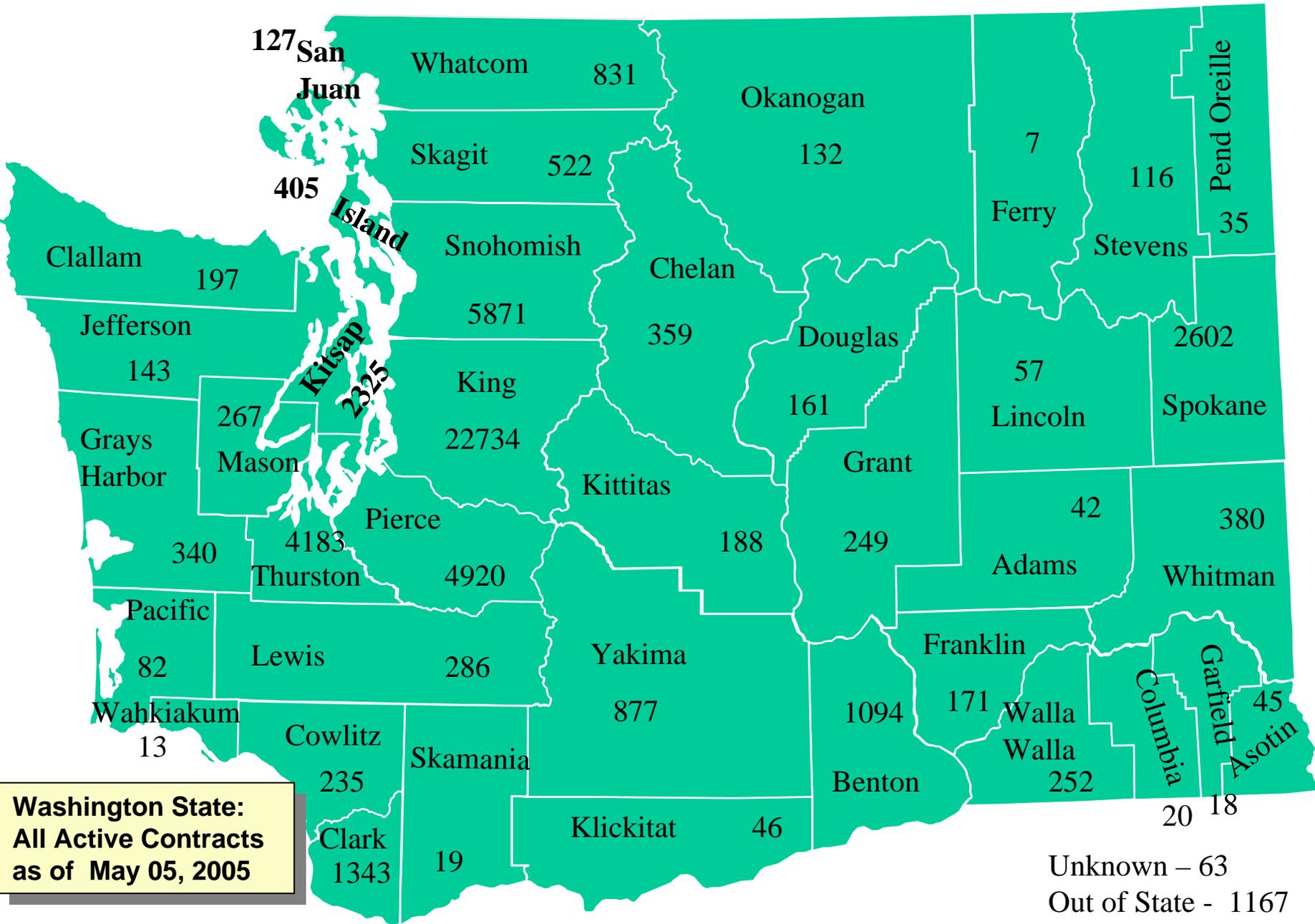
Referred By

Based on responses from 50,576 account holders



Contracts by County

Enrollment Years 1998-2004



GET OUTREACH ACTIVITY REPORT
June 2004 – June 2005

August 2, 2005

Outreach Activities

Between June 25, 2004 and June 30, 2005 GET outreach was involved in 66 outreach activities statewide. The breakdown of these activities is:

Activity	Locations	Total Number of Days
County & regional fairs	W WA Fair, SW WA Fair, Island County Fair, Skagit County Fair	14
Conferences	Assn of WA Cities and Assn of WA School Principals	06
Employee Benefit Fairs	30 locations statewide in the following counties: Mason, Pierce, King, Grays Harbor, Spokane, Clark, Thurston, Skagit, Snohomish, Franklin, Chelan, Whatcom, Kittitas, Whitman and more.	32
Other interest groups including investment groups, rotary and other service clubs, etc.	9 statewide	11
PTA meetings	18 statewide	18

Payroll Deduction

Seventy-two (72) local governments and private businesses now offer GET as a payroll deduction benefit along with all Washington public technical schools, and all 2- and 4-year public universities and colleges, (except the University of Washington).

We are continuing to focus on increasing the number of employers offering GET as a payroll deduction along with increasing employee participation. A GET Payroll Deduction packet was created for employers to give them all the information they need to begin payroll deduction for their employees.

GET tri-fold brochures were sent to over 240 medical clinics and over 80 hospitals in Washington for placement in waiting rooms.

GET outreach staff will continue to pursue and respond to requests for presentations and exhibiting beginning August 2005. We will be exhibiting at the following fairs in August/September: Clark County Fair, NW Washington Fair, The Evergreen State Fair, Walla Walla Fair and Frontier Days, and the Western Washington Fair. There are also 25 presentation/exhibiting requests pending.

Proposed Changes to Title 14 Washington Administrative Code (WAC)

August 2, 2005

Background

In 1998, the Committee developed and approved the rules for the Program. The rules were published and assigned Title 14 of the Washington Administrative Code (WAC). Portions of the WAC need further clarification or are no longer accurate.

Current Information

The following changes will provide clearer and more accurate information:

- Remove the requirement for regular meetings to be “semi-annual”.
- Change the meeting location from the Capitol Campus to the State Investment Board.
- Add that the Committee on Advanced Tuition Payment is also known as the Guaranteed Education Tuition Committee and that the Program is also known as Guaranteed Education Tuition Program.
- Update the GET Program office to 919 Lakeridge Way SW, Olympia WA 98502.
- Remove the reference “until such time as the final structure and location of the program is decided by the Legislature.”
- Clarify that “purchaser” is defined in RCW 28B.95.020(8).
- Correct other minor grammatical errors.

Recommendation

Staff recommends approval of the updates provided and authorization to proceed with the expedited rule process.

Anticipated Timeline

- August 2, 2005 – GET Committee votes to approve proposed rule. If approved, the rule is sent to Order Typing Service (OTS) of the Code Reviser’s office.
- September 7, 2005 – File CR 105 with Code Reviser’s office.
- September 21, 2005 – Publish rule in state register.
- November 8, 2005 – Finalize proposed rules if no objections are received. (Any objections will lengthen the anticipated timeline.)
- November 23rd, 2005 – File proposed rule with the Code Reviser’s office. (The rule is effective 31 days after November 23rd.)

NOTE: Draft WAC is attached

DRAFT
TITLE 14 WAC
COMMITTEE ON ADVANCED TUITION PAYMENT

- 14-104 Committee on Advanced Tuition Payment.
- 14-108 Practice and procedure.
- 14-122 Withholding services for outstanding debts.
- 14-133 Organization.
- 14-134 Designation of rules coordinator.
- 14-276 Access to public records.
- 14-325 State environmental policy act rules.

Chapter 14-104
COMMITTEE ON ADVANCED TUITION PAYMENT

- 14-104-010 Time and place of committee meetings.
- 14-104-020 Request for items to be placed on committee agenda.
- 14-104-030 Delegation to director.

WAC 14-104-010 Time and place of committee meetings.

The committee shall hold regular meetings at such time as it may fix. The annual meeting schedule shall be published in the Washington State Register. Special meetings may be requested by the chair of the committee or by a majority of the members of the committee and announced in accordance with law.

All regular and special meetings of the committee shall be held at ((t))he ((State Investment Board)), Olympia, Washington, unless scheduled elsewhere, and are open to the general public, except for lawful executive sessions.

No official business may be conducted by the committee except during a regular or special meeting.

WAC 14-104-020 Request for items to be placed on committee agenda.

Anyone, other than a committee member wishing an item placed on the agenda of a committee meeting, must have a written request in the office of the secretary of the committee no later than twelve o'clock noon five (5) business days before the next scheduled meeting of the committee. The secretary will relay the request to the chair of the committee as soon as feasible. The chair will determine whether the item is to be placed on the agenda.

The chair or designee will notify the individual initiating the request as to whether or not the item will be placed on the agenda.

WAC 14-104-030 Delegation to director.

The committee delegates to the director its authority and responsibility to administer the Advanced College Tuition Payment Program, ((also known as the Guaranteed Education Tuition (GET) Program)) in accordance with laws, policies, and rules approved by the committee to the fullest extent permitted by law. At the operational level, the director has final administrative authority over all matters affecting the program. Employees of the program shall be employees of the Higher Education Coordinating Board and the Board shall carry out administrative responsibilities otherwise not assigned to the Committee.

Chapter 14-108 PRACTICE AND PROCEDURE

- 14-108-010 Adoption of model rules of procedure.
- 14-108-020 Appointment of presiding officers.
- 14-108-030 Method of recording.
- 14-108-040 Application for adjudicative proceeding.
- 14-108-050 Brief adjudicative procedures.
- 14-108-060 Discovery.
- 14-108-070 Procedure for closing parts of the hearings.
- 14-108-080 Recording devices.

WAC 14-108-010 Adoption of model rules of procedure.

The model rules of procedure adopted by the chief administrative law judge pursuant to RCW 34.05.250 are adopted for use for this program. Those rules may be found in chapter 10-08 WAC. Other procedural rules adopted in this title are supplementary to the model rules of procedure.

WAC 14-108-020 Appointment of presiding officers.

The chair or designee shall designate a presiding officer for an adjudicative proceeding. The presiding officer shall be an administrative law judge, a member in good standing of the Washington State Bar Association, a panel of individuals, the chair or designee, or any combination of the above. Where more than one individual is designated to be the presiding officer, the chair or designee shall designate one person to make decisions

concerning discovery, closure, means of recording adjudicative proceedings, and similar matters.

WAC 14-108-030 Method of recording.

Proceedings shall be recorded by a method determined by the presiding officer, among those available under the model rules of procedure.

WAC 14-108-040 Application for adjudicative proceeding.

An application for adjudicative proceeding shall be in writing. Application forms are available at the following address: ((919 Lakeridge Way SW)), Olympia, Washington ((98502)).

Written application for an adjudicative proceeding should be submitted to the above address within twenty calendar days of the agency action giving rise to the application, unless provided for otherwise by statute or rule.

WAC 14-108-050 Brief adjudicative procedures.

This rule is adopted in accordance with RCW 34.05.482 through 34.05.494, the provisions of which are adopted by reference. Brief adjudicative procedures shall be used in all matters related to:

- (1) Withholding services of outstanding debts.

WAC 14-108-060 Discovery.

Discovery in adjudicative proceedings may be permitted at the discretion of the presiding officer. In permitting discovery, the presiding officer shall refer to the civil rules of procedure. The presiding officer may control the frequency and nature of discovery permitted, and order discovery conferences to discuss discovery issues.

WAC 14-108-070 Procedure for closing parts of the hearings.

Any party may apply for a protective order to close part of a hearing. The party making the request shall state the reasons for making the application to the presiding officer. If the other party opposes the request, a written response to the request shall be made within ten working days of the request to the presiding officer. The presiding officer shall

determine which, if any, parts of the proceeding shall be closed, and state the reasons in writing within twenty working days of receiving the request.

WAC 14-108-080 Recording devices.

No cameras or recording devices are allowed in those parts of proceedings that the presiding officer has determined shall be closed under WAC 14-108-070, except for the method of official recording selected by the committee.

Chapter 14-122
WITHHOLDING SERVICES FOR OUTSTANDING DEBTS

14-122-010 Policy.

14-122-020 Notification.

14-122-030 Procedure for brief adjudicative proceeding.

WAC 14-122-010 Policy.

If any purchaser of an account ((as defined in RCW 28B.95.020(8))), or any other person, is indebted to the program for an outstanding overdue debt, the committee need not provide any further services of any kind to such individual, including but not limited to transmitting files, records, vouchers, or other services which have been requested by such person.

WAC 14-122-020 Notification.

(1) Upon receiving a request for services where there is an outstanding debt due to the program from the requesting person, the program shall notify the person by first-class mail that the services will not be provided since there is an outstanding debt due. The person shall be told that until the debt is satisfied, requested services will not be provided.

(2) The letter of notification shall also state that the person has a right to a brief adjudicative proceeding before a person designated by the chair of the committee or designee. The proceeding must be requested within twenty days of the date of mailing notification of refusal to provide services.

WAC 14-122-030 Procedure for brief adjudicative proceeding.

Upon receipt of a timely request for a hearing, the person designated by the chair shall have the records and files of the program available for review and shall hold an

informal hearing concerning whether the individual in fact owes any outstanding debts to the program. The hearing must be conducted within ten (10) working days of the request for a hearing. After the informal hearing, a decision shall be rendered by the chair's designee indicating whether in fact the program is correct in withholding services for the outstanding debt. If the outstanding debt is owed by the individual involved, no further services shall be provided. Notification of this decision shall be sent to the individual within five (5) working days after the hearing. This hearing shall constitute a brief adjudicative proceeding established by the Administrative Procedure Act at RCW 34.05.482 through 34.05.494.

Chapter 14-133 ORGANIZATION

WAC 14-133-020 Organization-Operation-Information.

(1) Organization. The advanced college tuition payment program is established in Title 28B.95 RCW. The program is governed by the committee on advanced tuition payment((, also known as the guaranteed education tuition (GET) committee,)) composed of the executive director of the higher education coordinating board, the director the office of financial management, the state treasurer, or their designees((, and two citizen members)). The committee employs a director, who administers the program.

(2) Operation. The administrative office is located at the following address:
((919 Lakeridge Way SW))
Olympia, Washington 9850((2))

The office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays.

(3) Information. Information concerning the advanced college tuition payment program and contracts for the purchase of tuition units may be obtained at the following address:

((919 Lakeridge Way SW))
Olympia, Washington ((98502))

(4) The staff of the Higher Education Coordinating Board shall support the Committee.

Chapter 14-134
DESIGNATION OF RULES COORDINATOR

14-134-010 Rules coordinator.

WAC 14-134-010 Rules coordinator.

The rules coordinator for the advanced college tuition payment program as designated by the committee is the director of the program.

Chapter 14-276
ACCESS TO PUBLIC RECORDS

14-276-010 Purpose.

14-276-020 Definitions.

14-276-030 Description of central and field organization of the committee on advanced college tuition payment

14-276-040 Operations and procedures.

14-276-050 Public records available.

14-276-060 Public records officer.

14-276-070 Office hours.

14-276-080 Requests for public records.

14-276-090 Copying.

14-276-100 Determination regarding exempt records.

14-276-110 Review of denials of public records requests.

14-276-120 Protection of public records.

14-276-130 Records index.

14-276-140 Adoption of form.

WAC 14-276-010 Purpose.

The purpose of this chapter is to ensure that the advanced college tuition payment program complies with the provisions of chapter 42.17 RCW and in particular with those sections of that chapter dealing with public records.

WAC 14-276-020 Definitions.

(1) "Public record" includes any writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics.

(2) "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording any form of communication or representation, including letters, words, pictures, sounds or symbols, combination thereof and all papers, maps, magnetic or paper tapes, photographic films and prints, magnetic or punched cards, disks, drums and other documents.

(3) The "committee on advanced college tuition payment" is an agency organized by statute pursuant to chapter 28B.95 RCW. The committee on advanced college tuition payment((, also known as the guaranteed education tuition (GET) committee,))shall hereafter be referred to as the "committee". Where appropriate, the term "committee" also refers to the staff and employees of the committee.

WAC 14-276-030 Description of central and field organization of the committee on advanced college tuition payment.

(1) The committee on advanced college tuition payment is a state agency established and organized under the authority of chapter 28B.95 RCW for the purpose of implementing the advanced college tuition payment program ("program") established by the legislature. The administrative office of the program is located at ((919 Lakeridge Way SW)), Olympia, Washington 98502.

(2) The program is operated under the supervision and control of the committee. The committee consists of the executive director of the higher education coordinating board, the director ((of)) the office of financial management, the state treasurer, or their designees((and two citizen members)). The committee meets, as provided in WAC 14-104-010. The committee employs a director and an administrative staff. The committee takes such actions and promulgates such rules and policies as are necessary to the administration and operation of the program.

(3) The director is responsible to the committee for the operation and administration of the program.

(4) The staff of the Higher Education Coordinating Board shall support the Committee and the Board shall carry out administrative responsibilities otherwise not assigned to the Committee.

WAC 14-276-040 Operations and procedures.

Formal decision-making procedures are established by the committee through rules promulgated in accordance with the requirements of chapter 34.05 RCW, the Administrative Procedure Act.

WAC 14-276-050 Public records available.

All public records of the program, as defined in this chapter, are deemed to be available for public inspection and copying pursuant to these rules, except as otherwise provided by  W 42.17.310 or other statutes.

WAC 14-276-060 Public records officer.

The committee's public records shall be in the charge of the public records officer designated by the committee. The person so designated shall be located in the administrative office. The public records officer shall be responsible for the following: Implementation of the committee's rules regarding release of public records, coordinating employees in this regard, and generally ensuring compliance by committee employees with the public records disclosure requirements in chapter 42.17 RCW.

WAC 14-276-070 Office hours.

Public records shall be available for inspection and copying during the customary office hours of the committee. For purposes of this chapter, the customary office hours shall be from 8:00 a.m. to noon, and from 1:00 p.m. to 5:00 p.m., Monday through Friday, excluding legal holidays.

WAC 14-276-080 Requests for public records.

In accordance with the requirements of RCW  17.290 that agencies prevent unreasonable invasions of privacy, protect public records from damage or disorganization, and prevent excessive interference with essential functions of the agency, public records are only obtainable by members of the public when those members of the public comply with the following procedures:

(1) A request shall be made in writing upon a form prescribed by the committee which shall be available at the committee's administrative office. The form shall be presented to the public records officer or, if the public records officer is not available, to any member of the committee's staff at the committee administrative office during customary office hours. The request shall include the following information:

- (a) The name of the person requesting the record;
- (b) The time of day and calendar date on which the request was made;
- (c) The nature of the request;
- (d) If the matter requested is referenced within the current index maintained by the public records officer, a reference to the requested record as it is described in such current index;
- (e) If the requested matter is not identifiable by reference to the current index, an appropriate description of the record requested.

(2) In all cases in which a member of the public is making a request, it shall be the obligation of the public records officer, or person to whom the request is made, to assist the member of the public in succinctly identifying the public record requested.

WAC 14-276-090 Copying.

No fee shall be charged for the inspection of public records. The committee may impose a reasonable charge for providing copies of public records and for the use by any person of agency equipment to copy public records and such charges shall not exceed the amount necessary to reimburse the committee for its actual costs incident to such copying. No person shall be released a record so copied until and unless the person requesting the copied public record has tendered payment for such copying to the appropriate committee official. All charges must be paid by money order, cashier's check, or cash in advance.

WAC 14-276-100 Determination regarding exempt records.

(1) The committee reserves the right to determine that a public record requested in accordance with the procedures outlined in WAC 14-276-080 is exempt pursuant to the provisions set forth in RCW 42.17.310 or other statute. Such determination may be made in consultation with the public records officer, or an assistant attorney general assigned to the committee.

(2) Pursuant to  W 42.17.260, the committee reserves the right to delete identifying details when it makes available or publishes any public record when there is reason to believe that disclosure of such details would be an unreasonable invasion of personal privacy or impair a vital governmental interest: Provided, however, In each case, the justification for the deletion shall be explained fully in writing.

(3) Response to requests for a public record must be made promptly. For the purposes of this section, a prompt response occurs if the person requesting the public record is notified within two business days as to whether his request for a public record will be honored.

(4) All denials of request for public records must be accompanied by a written statement, signed by the public records officer or designee, specifying the reason for the

denial, a statement of the specific exemption authorizing the withholding of the record and a brief explanation of how the exemption applies to the public record withheld.

WAC 14-276-110 Review of denials of public records requests.

(1) Any person who objects to the denial of a request for a public record may petition for prompt review of such decision by tendering a written request for review. The written request shall specifically refer to the written statement which constituted or accompanied the denial.

(2) The written request by a person demanding prompt review of a decision denying a public record shall be submitted to the chair of the committee or designee.

(3) Within five (5) business days after receiving the written request by a person petitioning for a prompt review of a decision denying a public record, the chair of the committee or designee, shall complete such review.

(4) During the course of the review the chair or designee shall consider the obligations of the committee to comply with the intent of chapter 42.17 RCW insofar as it requires providing full public access to official records, but shall also consider the exemptions provided in  W 42.17.310 or other pertinent statutes, and the provisions of the statute which require the committee to protect public records from damage or disorganization, prevent excessive interference with essential functions of the agency, and prevent any unreasonable invasion of personal privacy by deleting identifying details.

WAC 14-276-120 Protection of public records.

Requests for public records shall be made at the administrative office of the committee at ((919 Lakeridge Way SW)), Olympia, Washington ((98502)). Public records and a facility for their inspection will be provided by the public records officer. Such records shall not be removed from the place designated. Copies of such records may be arranged according to the provisions of WAC 14-276-090.

WAC 14-276-130 Records index.

(1) The committee has available for the use of all persons a current index which provides identifying information as to the following records issued, adopted, or promulgated by the committee after September 1, 1998:

(a) Final opinions, including concurring and dissenting opinions, as well as orders, made in the adjudication of cases;

.....

(d) Identification Reference on Current Index (Please describe)

.....

.....

.....

(e) Description of Record, or Matter, Requested if not Identifiable by Reference to the Committee on Advanced Tuition Payment Index

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.....

.....

Request: APPROVED DENIED Date

By
Name Title

Reasons for Denial:

.....

.....

Referred to Date

By
Name Title

STATE ENVIRONMENTAL POLICY ACT RULES

14-325-010 Implementation of State Environmental Policy Act.

WAC 14-325-010 Implementation of State Environmental Policy Act.

(1) It shall be the policy of the committee on advanced tuition payment that all actions taken by the committee shall comply with the provisions of chapter 43.21C RCW (the State Environmental Policy Act), chapters 197-11 and 132-24 WAC.

(2) The chair of the committee or designee shall be responsible for administering and implementing this policy.

**GET VENDOR SELECTION PROCESS
ACTUARY SERVICES**

August 2, 2005

Background

The GET Program is required by statute to use a “nationally recognized actuarial firm” to provide an annual actuarial analysis and to provide recommendations for setting the GET unit price up to twice annually (effective September 1 and May 1).

History of contracts with Milliman

- June 1998 – Milliman was initially selected through a competitive RFP process to provide actuarial services for the GET Program.
- December 31, 2001 -- The original contract with Milliman ended; a sole source contract was approved for January 1, 2002 through December 31, 2003.
- August 2003 -- After a full RFP process, Milliman was again awarded the contract.

The current contract with Milliman runs from January 1, 2004 to December 31, 2005 and allows for two, 2-year extensions.

Staff Recommendation

Staff recommends that the Committee approve a 2-year extension to the current Milliman contract as allowed. Milliman is familiar with the GET program, and continues to provide requested services in a responsive, timely and accurate manner.

The extension would begin January 1, 2006 and end December 31, 2007, with the possibility of one additional 2-year extension at the discretion of the Committee.

GET Actuarial Analysis and Price Setting for Enrollment Year 2005-06

August 2, 2005

Background

By statute, the Committee must set an annual unit price and may also adjust it annually, if necessary, for the actuarial soundness of the program.

At the April 19, 2005 GET Committee Meeting, staff recommended a two-tiered unit price increase based on the actuary's recommendation. The recommendation was to increase the unit price from \$61 to \$66 for sales between May 1, 2005 and August 31, 2005, and then to increase the unit price from \$66 to \$68 for the enrollment period beginning September 15, 2005 and ending March 31, 2006.

The Committee approved an increase from \$61 to \$66 for unit sales between May 1, 2005 and August 31, 2005, but chose to delay a decision on an additional increase until it's August 2, 2005 meeting.

The actuarial recommendation to increase the unit price from \$61 to \$66 for sales between May 1, 2005 and August 31, 2005 reflected a 10 percent stabilization reserve on those sales and was based on the assumption that the unit price would increase for sales occurring after August 31, 2005. An increase to \$68 would be required to maintain the same 10 percent stabilization reserve for sales occurring between September 1, 2005 and April 30, 2006.

A proposed pricing exhibit, prepared by Bill Reimert, Principal and Consulting Actuary with Milliman, is attached. Leaving the unit price unchanged would provide a 7.5 percent reserve on new units being sold but would not be sufficient to work toward a 10 percent stabilization reserve for the GET Program over a ten year period. Increasing the unit price to \$68 would increase the reserves in the unit price on new unit sales to 10 percent but would increase the premium from 19.9 percent to 23.5 percent.

Based on the estimated valuation report from the actuary, program reserves are currently \$48 million, or 7.9 percent of obligations. Based on the pricing models provided by the program's actuaries, allowing the unit price to remain unchanged for an additional eight months, while still providing a small contribution toward the Program's surplus, would not provide the 10 percent reserve recommended by Milliman for each new unit sold.

Actuary Recommendation

Based on it's analysis, the program actuary recommends the adoption of a unit price of \$68 per unit.

Staff Recommendation

Staff recommends that the unit price increase by two dollars from \$66 to \$68.

Washington Guaranteed Education Tuition Program

Alternative Unit Prices for September 2005 through April 2006

Stabilization Reserve	Age Distribution 1998-2005*	Age Distribution 2003-2004*	Age Distribution 2004-2005*	Staff Recommendation
5.0%	\$64.59	\$64.67	\$64.76	\$65.00
7.5%	\$66.13	\$66.21	\$66.30	\$66.00
10.0%	\$67.67	\$67.75	\$67.84	\$68.00

The Unit Price from May through August 2005 of \$66 reflected a 10% Stabilization Reserve. The corresponding Unit Price for September 2005 through April 2006 would be \$68.

Assumptions:

Tuition Increases	7.00%	GET 2005-2006	
Investment Return	6.55%	Budget	\$2,875,000
Inflation	2.50%	New Contracts	5,000
Highest Tuition: 2005-2006	\$5,506	Total Units	1,000,000
Annual Contract Expense	\$16.72	Avg Date of Unit Purchase	
Payout Expense	\$11.15		March 15
Purchase Expense	\$1.35	Avg Date of Tuition Payment	
Enrollment Fee	\$50.00		December 15

*See attached exhibit.

In performing this analysis, we relied on data and other information provided by the Washington Guaranteed Education Tuition Program. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Washington Guaranteed Education Tuition Program
Estimate of Stabilization Reserve as of March 31, 2005 and June 30, 2004
(amounts in millions)

	Final 6/30/2004 <u>Valuation</u>	Estimated Total at <u>3/31/2005</u>	Estimated Total at <u>6/30/2005</u>
Estimated Present Value of the Obligation	\$467	\$562	\$610
Total Assets (Unaudited)	\$488	\$604	\$658
Estimated Stabilization Reserve	\$21	\$42	\$48
Estimated Reserve as a % of Obligations	4.5%	7.4%	7.9%
Assumptions:			
Tuition Increases			
Fall 2005	7.00%	7.00%	n/a
Fall 2006 and later	7.00%	7.00%	7.00%
Investment Return	6.60%	6.55%	6.55%
Inflation	2.50%	2.50%	2.50%
Highest Tuition: 2004-2005	\$5,154	\$5,154	
Highest Tuition: 2005-2006			\$5,506 *
Annual Contract Expense	\$16.31	\$16.72	\$16.72
Payout Expense	\$10.88	\$11.15	\$11.15
Purchase Expense	\$1.32	\$1.35	\$1.35
Avg Date of Tuition Payment	December 15	December 15	December 15
Approximate Units Sold in March 2005		835,945	
Approximate Asset Return in March 2005		(1.00)%	

* Highest Tuition Increased 6.83% from 2004-2005.

In performing this analysis, we relied on data and other information provided by the Washington Guaranteed Education Tuition Program. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Washington Guaranteed Education Tuition Program

Distributions of Units Sold by Years Until Matriculation

<u>Years to Matriculation</u>	<u>Units Sold from Inception through June 2005</u>	<u>Units Sold from July 2003 through June 2004</u>	<u>Units Sold from July 2004 through June 2005</u>
2	0.74%	0.21%	0.16%
3	7.13%	6.83%	5.24%
4	5.23%	4.77%	4.64%
5	6.24%	6.73%	5.38%
6	6.77%	6.13%	6.53%
7	7.10%	7.24%	6.64%
8	6.88%	7.13%	7.57%
9	6.84%	7.02%	6.75%
10	6.49%	6.37%	6.64%
11	6.77%	6.42%	6.63%
12	5.83%	5.60%	6.75%
13	5.31%	5.76%	5.78%
14	5.85%	6.01%	7.15%
15	4.65%	5.03%	4.70%
16	4.73%	4.92%	5.49%
17	4.69%	5.26%	5.80%
18	8.70%	8.56%	8.15%
Average Years to Matriculation	10.24	10.40	10.68