



Office of the State Actuary

“Supporting financial security for generations.”

August 18, 2023

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SUBJECT: 2023 GET ACTUARIAL FINANCIAL REPORTING

We prepared the actuarial measurements you requested for the Guaranteed Education Tuition (GET) Program for inclusion in the 2023 [Annual Comprehensive Financial Report](#) (ACFR). We understand that these disclosures intend to satisfy the reporting requirements for the Office of Financial Management’s ACFR. In accordance with the [Revised Code of Washington \(RCW\) 28B.95.030](#), the measurements disclosed in this letter will also be used to assess the program’s funded status when setting the unit price for the 2023-24 GET enrollment period. Readers should not use this information for other purposes. Please replace this information with more recent information when available.

The **Appendix** contains information on the data, assumptions, and methods we used to prepare this analysis.

Analysis Summary

We prepared the 2023 GET results for the ACFR by rolling the actuarial measurements forward from the June 30, 2022, [GET Actuarial Valuation Report](#) (GAVR), to June 30, 2023, according to the procedure described in the **Appendix**. The roll-forward contains the following steps:

1. **2023 Data Update** – A roll-forward of the June 30, 2022, GAVR assets and liability measurements to June 30, 2023, based on current assumptions and reflecting actual program disbursements and new unit sales during the 2022-23 enrollment period. Otherwise, all measurements in this step match expectations from the June 30, 2022, measurement.
2. **Key Assumptions Update** – Updating the roll-forward for the estimated impact of increasing the tuition growth and investment return assumptions. This step also includes resetting the assumption that current law tuition policy will remain in place for the next four years. This reset is done every two years consistent with the enacted biennial state budget as described in the [2021 GET Experience Study](#).



- 2023 Market Value of Assets (MVA)** – Updating the roll-forward for actual investment returns for the Fiscal Year (FY) ending June 30, 2023, of 7.84 percent.

Please note that these roll-forward values may differ slightly from the values disclosed in the 2023 GAVR, which will instead be based on individual account data as of June 30, 2023. The following table outlines the impact from each of the roll-forward steps described above and the final 2023 GET results for the ACFR.

Funded Status Summary				
(Dollars in Millions)	2022 GAVR	Financial Reporting Roll-Forward*		
		2023 Data Update	Key Assumption Updates	2023 MVA (Final Roll-Forward)
Present Value of Future Obligations	\$1,152	\$1,161	\$1,142	\$1,142
(A) MVA at June 30	\$1,524	\$1,571	\$1,571	\$1,617
(B) Present Value of Receivables	\$96	\$76	\$76	\$76
Present Value of Fund (A) + (B)	\$1,620	\$1,647	\$1,647	\$1,693
Funded Status	141%	142%	144%	148%
Reserve/(Deficit)	\$468	\$487	\$504	\$550

**Estimated using roll-forward procedure starting with the 2022 GAVR. MVA figures include additional funds held in a separate account with the Treasury, available to pay program obligations such as upcoming tuition disbursements.*

The expected short-term offsetting unit use value for the 2024 FY is \$103 million. Put another way, this figure represents the expected dollar outflow due to unit distribution over the following fiscal year. This value is based upon the 2022 GAVR without adjustment for updated contract data or assumption changes. The value presented in this letter will most likely differ from the amount disclosed in the 2023 GAVR.

The roll-forward results show that the program’s funded status exceeds the 120 percent threshold defined in [RCW 28B.95.030](#). Additionally, current law tuition policy was unchanged for the upcoming academic school year. Therefore, consistent with the requirements of RCW 28B.95.030, the adopted unit price for the 2023-24 GET enrollment period cannot exceed 110 percent of the payout value¹ for the 2023-24 school year, or \$132 (rounded down to the nearest dollar).

Actuarial Certification

I have relied on your understanding of the accounting disclosures required to satisfy the reporting requirements of the ACFR.

The Actuarial Standards Board has not defined Actuarial Standards of Practice (ASOPs) specific to the measurement or evaluation of prepaid tuition programs. We used the ASOPs for pensions where possible to guide our analysis of GET.

¹The unit payout value for the 2023-24 school year is \$120.16.



I believe that the data, assumptions, methods, and calculations used in this analysis are reasonable and appropriate for the primary purpose as stated above and are in conformity with generally accepted actuarial principles and standards of practice as of the date of this letter. Please see the actuarial certification in the 2022 GAVR for additional background and considerations on the preparation and use of the underlying actuarial analysis in this letter.

No members of the Committee on Advanced Tuition Payment and College Savings (WA529) or their respective staff attempted to bias this work product. I am not aware of any bias that impacted the independence and objectivity of this work.

Consistent with the Code of Professional Conduct that applies to actuaries, we must disclose any potential conflict of interest as required under Precept 7. The undersigned has purchased and has unredeemed units in GET; however, this does not impair my ability to act fairly. I strive to perform all analysis without bias or influence.

The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. While this letter is intended to be complete, I am available to provide extra guidance and explanations as needed.

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Senior Actuary

Appendix

cc: Graham Dyer
Senior Actuarial Analyst
Luke Minor
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APPENDIX

Data, Assumptions, Methods, and Roll-Forward Procedure

Data We Used

We relied on (1) participant and asset data provided by Washington Student Achievement Council (WSAC) staff, and (2) asset data provided by the Washington State Investment Board (WSIB) to perform our roll-forward analysis. The participant data reflects summary-level contract information through June 30, 2023. The asset data reflects actual investment returns through June 30, 2023. We used this participant and asset data to perform the roll-forward from June 30, 2022, to June 30, 2023. For more information, please see the following tables.

Participant Data Summary	
As of June 30, 2023	
Active Contracts	67,647
Number of Outstanding Units	10,082,367
Number of New Units Purchased	408,958

Source: WSAC staff.

Change in the Market Value of Assets	
<i>(Dollars in Millions)</i>	
2022 Market Value of Assets	\$1,524
2022 Funds Held in State Treasury Account*	(\$2)
2022 WSIB Reported Assets	\$1,521
Revenue	
Lump Sum Unit Purchases	\$48
Custom Monthly Unit Purchases	\$16
Investment Return	\$118
Other Revenue	\$0
Total Revenue	\$182
Disbursements	
Refunds	(\$10)
Redemptions	(\$71)
Contribution Guarantee	(\$1)
Other Disbursements	(\$8)
Total Disbursements	(\$89)
Net Cash Flow	\$93
2023 WSIB Reported Assets	\$1,615
2023 Funds Held in State Treasury Account*	\$2
2023 Market Value of Assets	\$1,617

Note: Totals may not agree due to rounding.

*Additional funds available to pay program obligations such as upcoming tuition disbursements.



Assumptions and Methods

The estimated Present Value of Obligations (PVO) and the Present Value of Receivables (PVR) on June 30, 2023, rely on the following key assumptions. Unless noted otherwise in this letter, all other assumptions and methods remain unchanged from those disclosed in the 2022 GAVR or the [2021 GET Experience Study](#).

Please note, we increased both the tuition growth and investment return assumptions from the 2022 GAVR. The change to the short-term tuition growth assumption is based primarily on recent high inflation, and its impact to tuition growth calculations under RCW 28B 95 030 (7)(b). The change to our long-term tuition growth assumption is primarily informed by reviewing external, long-term inflation projections that have generally increased since the last time we reviewed this assumption. The new investment return assumption relies on information provided by WSIB, including their 2023 Capital Market Assumptions, as well as our professional judgment. For both assumptions, we relied on the same assumption-setting approach described in the 2022 GAVR and the [2021 GET Experience Study](#).

Key Assumptions			
	2024-25	2025-27	2027+
Tuition Growth	3.00%	3.25%	4.15%
Investment Return	5.00%	5.00%	5.00%

For more information on these assumptions, please contact the Office of the State Actuary or see the 2023 GAVR, expected to be published November 2023.

Roll-Forward Procedure

We employ the following procedure each year to roll the prior FY end results forward to determine the current FY end results for GET.

This roll-forward procedure will not produce results that match the results of a full actuarial valuation but will reasonably estimate those results within the time available to produce the results for state financial reporting.

Present Value of Obligations

The current FY end PVO will equal the prior year FY end PVO plus the following adjustments:

1. Interest on prior year's Present Value (PV) of tuition equal to prior year's PV of tuition multiplied by the annual assumed rate of investment return for that measurement. Additionally, an interest adjustment is applied to the items listed below.
2. Increase for any new units sold since the last measurement. The increase will equal (a) the expected cost of tuition in the unit price from last year multiplied by (b) the number of new units sold.



3. Decrease for the total number of actual units redeemed since the last measurement, multiplied by the estimated per unit PV liability of those units.
4. Adjustment for other known data changes since the prior actuarial valuation not already reflected above, e.g., refunded units.
5. Assumption, method, and/or program changes since the last measurement.

Fund Value

The current FY end MVA will equal the amount reported by WSIB plus the amount held by the Treasury that's reported by GET. In other words, this does not represent a roll-forward.

Present Value of Monthly Contract Receivables

The current FY end PVR will equal the prior FY end PVR plus the following adjustments:

1. Interest on prior year's PVR equal to prior year's PVR multiplied by the annual assumed rate of investment return for that measurement. Additionally, an interest adjustment is applied to the items listed below.
2. Increase the PVR for new units purchased under a custom monthly contract since the last measurement.
3. Decrease the PVR by the total amount of actual custom monthly payments received during the last year.
4. Adjustment for other known data changes since the prior actuarial valuation not already reflected above, e.g., defaulted contracts.
5. Assumption, method, and/or program changes since the last measurement.