TACOMA HOUSING AUTHORITY

RESOLUTION 2020-05-27 (2)

Date: May 27, 2020

To: THA Board of Commissioners

From: Michael Mirra
Executive Director

Re: Approval of Establishing a Guaranteed Education Tuition Program Master Scholarship Account for the Purposes of the Children's Savings Account Program

This Resolution will allow Tacoma Housing Authority (THA) to establish a Master Scholarship Account with the state's 529 Guaranteed Education Tuition (GET) program.

Background

In 2015 the Tacoma Housing Authority (THA) launched the Children's Savings Account (CSA) program in the New Salishan community. After five years since its implementation and with over 200 students enrolled in the program, THA seeks to scale the program so that it can increase its offerings to more THA families. Beginning in 2019, THA contracted a third-party evaluator, BERK Consulting to evaluate the CSA program. The scope of the evaluation included components to help inform THA on how best to restructure the program so that it is sustainable and administratively efficient with further scaling. The interim report with findings and recommendations was provided to THA's Board of Commissioners in October 2019.

As part of its initial stage of expanding the CSA, the Policy, Innovation and Evaluation (PIE) and Client Support and Empowerment (CSE) departments propose THA to partner with the Washington Student Achievement Council (WSAC) to administer the CSA program. WSAC is the administrator of the 529 Guaranteed Education Tuition (GET) program. Once implemented, the general outline of the updated CSA program will work in the following way:

1. **GET Program**
   Participants will purchase GET credits toward the cost of attendance at a post high school institution or training program. The State guarantees that these credits will "keep pace with tuition increases at the state's highest-priced public university" at the time they are disbursed. The State guarantees that the purchase of GET units will be worth the same number of tuition units at the time of redemption as they were worth at the time of original purchase. The payout value will be worth the same regardless of whether funds are used for tuition or other educational expenses allowable by the IRS, including housing, food, fees, supplies and more. The GET units will be disbursed to the student beneficiaries or on their behalf once they have completed their K-12 journey and are enrolled in an eligible educational institution as allowed by the IRS.

2. **Two Types of GET Accounts**
WSAC will offer THA two types of GET accounts:

- **Master Scholarship GET Account**
These Master Scholarship Accounts will receive funds from THA. THA will purchase GET credits even without knowing to which THA student THA will assign the credits. Even before assignment, GET credits will accrue in value. THA will assign these credits to students who enroll in THA's CSA program and fulfill its various requirements, including incentive based requirements. THA will be the custodian of the credits. THA will control its disbursement. All disbursements must be for the cost of attendance including tuition, fees, books, housing, food, and transportation. THA can arrange payment directly to a school or a landlord or other provider of services, or directly to the student.

- **Personal GET Accounts**
A student participating in THA's CSA program will open a personal GET account to receive contributions from the student or his or her family. The student will control its disbursement for the cost of attendance.

3. **WSAC Management**
WSAC will administer both types of GET accounts. It will develop and manage the processes to identify and verify THA CSA participants. WSAC will develop a digital dashboard and the mechanisms for THA and individual household account holders to monitor and observe their account growth and activity over time. WSAC will distribute the funds from the THA CSA Master Scholarship Account upon the request of the beneficiary with approval from THA.

PIE concludes that WSAC's GET product provides key features and benefits that are not available with the existing CSA program in its current form:

- better investment return on the funds;

- on-line dashboards for students, families and THA to manage accounts, make deposits, and check on balances and investment earnings;

- aggregate data to THA on THA participants;
- WSAC's management and technological expertise.

THA will not need to pay the cost of the expanding its CSA program into the WSAC platform.

THA and BERK consulted with participating CSA families, CSA funders, and community partners. All expressed an interest in the WSAC proposal. Further discussions will be necessary. In particular:

- whether or how to transition current CSA participants to GET model;
- will funders allow the use of their committed funds to purchase GET credits.

Recommendation

Approve Resolution No. 2020-05-27 (2) to allow THA to set up a Guaranteed Education Tuition (GET) Master Scholarship Account through the Washington Student Achievement Council for the Children's Savings Account Program. An account will be set up by May 31, 2020. THA will make an initial investment to lock-in the GET unit prices for 2020. This resolution will authorize THA to invest portions of current and all future funds raised for the CSA into this Master Scholarship Account as funders permit.

TACOMA HOUSING AUTHORITY

RESOLUTION 2020-05-27 (2)
(Approval to Establish a Guaranteed Education Tuition Master Scholarship Account and Transfer Funds Children's Savings Account Program's Funds)

A **RESOLUTION** of the Board of Commissioners of the Housing Authority of the City of Tacoma

WHEREAS, Tacoma Housing Authority's Children's Savings Account (CSA) Program is currently undergoing redesign for expansion; and

WHEREAS, third-party evaluation and research from BERK Consulting has found that close to half of nationwide CSAs operate through a 529 program and its interviews with THA families, stakeholders and community partners suggest general interest in such a pre-paid tuition program and an easily accessible program for families to earn and save for their children's post-secondary education; and

WHEREAS, the Washington Student Achievement Council (WSAC) administers the state's 529 Guaranteed Education Tuition (GET) program and the guarantees that GET units will "keep pace with tuition increases at the state's highest-priced public university," thereby allowing dollars invested today to be worth equivalent to the future tuition cost of the state's most expensive public university, funds will help cover post-secondary educational expenses (including books, fees, supplies, technology, housing and food); and

WHEREAS, THA will be the custodian of the GET Master Account Scholarship and will set the rules for seed, match or incentive earnings as well as fund disbursement for CSA beneficiaries and families who enroll in the CSA will also establish their personal GET account; and

WHEREAS, WSAC will administer and manage the operations of both the THA Master Scholarship Account and family personal GET account; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington, that:

The Executive Director is authorized to set up a Guaranteed Education Tuition (GET) Master Scholarship Account through the Washington Student Achievement Council for the purpose of administering the CSA program. As funders permit, THA is authorized to invest current and future funds raised for the CSA into this Master Scholarship Account. THA will open a Master Scholarship Account by May 31, 2020, and initiate its initial GET unit purchase by June 25, 2020.

Approved May 27, 2020

Derek Young, Chair