

HOUSE BILL REPORT

HB 2841

As Reported By House Committee On:
Higher Education
Appropriations

Title: An act relating to exceptional faculty award funds.

Brief Description: Authorizing colleges to transfer exceptional faculty award funds to local endowment funds.

Sponsors: Representatives Peery, Brumsickle, Jacobsen, Flemming, Shin, Talcott, Lemmon, Springer, Johanson and Basich.

Brief History:

Reported by House Committee on:
Higher Education, February 1, 1994, DP;
Appropriations, February 5, 1994, DP.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 17 members: Representatives Jacobsen, Chair; Quall, Vice Chair; Brumsickle, Ranking Minority Member; Sheahan, Assistant Ranking Minority Member; Basich; Bray; Carlson; Casada; Finkbeiner; Flemming; Kessler; Mastin; Mielke; Ogden; Rayburn; Shin and Wood.

Staff: Susan Hosch (786-7120).

Background: In 1990 the Washington Community College Exceptional Faculty Awards Program was created. Through the program, \$25,000 in state funds may be matched with an equal amount of private donations. The state funds and private donations are placed in a local endowment fund created for each faculty award. The principal of the endowment fund cannot be invaded. Earnings on the money in the fund may be used for faculty development, to supplement the salary of the holder of the award, or to pay expenses associated with the holder's program area. Each college may apply for a maximum of \$100,000 of state matching funds in any biennium.

Until 1993, by statute, each participating community or technical college was required to receive the state matching money and to manage all money in the endowment fund. In 1993 legislation was enacted that permitted community and technical college foundations to participate in the program.

Within specified limits, each college foundation was permitted to receive state matching money and manage the money in the endowment fund established for each award. The legislation did not include a provision permitting college foundations to manage endowment funds that were already established by its college.

Summary of Bill: Under certain conditions, a community college or technical college may transfer money for exceptional faculty awards from its local endowment fund to its foundation's local endowment fund. The conditions: the money transferred must have been accumulated between July 1, 1991 and July 25, 1993, and the transfer must be approved by the college's governing board.

Fiscal Note: Requested January 26, 1994.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The Legislature made a decision a year ago to permit foundations formed for the benefit of each community and technical college to manage donations and state matching funds for the Exceptional Faculty Awards Program. The Attorney General ruled that only those state funds that were received after July 25, 1993 could be managed by the colleges' foundation. Unless the change in this bill is made, some program funds must be managed by the college, other funds may be managed by the college's foundation. The program at each college will benefit if all program funds at a college can be consolidated under the management of the college's foundation. One reason: Money invested by a community college foundation often yields higher earnings than money invested by the college itself. For example, interest earnings for South Puget Sound Community College Foundation's endowment fund are running at 15 percent. These earnings far outstrip earnings by state enterprises.

Testimony Against: None.

Witnesses: Ken Minnaert, South Puget Sound Community College; Vallie Jo Fry, Community & Technical Colleges; and Dr. Hank Kirk, Centralia College (all pro).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 25 members: Representatives Sommers, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dorn;

Dunshee; G. Fisher; Foreman; Jacobsen; Lemmon; Linville;
H. Myers; Peery; Rust; Sehlin; Sheahan; Stevens; Talcott;
Wang; Wineberry and Wolfe.

Staff: Sherie Story (786-7142).

**Summary of Recommendation of Committee on Appropriations
Compared to Recommendation of Committee on Higher Education:**
No new changes were recommended.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in
which bill is passed.

Testimony For: The State Board for Community and Technical
Colleges supports this bill. It follows up on 1993
legislation permitting college foundations to manage
donations and state matching funds for the Exceptional
Faculty Awards Program. Often the investments managed by
the foundations yield higher earnings than those managed by
the college.

Testimony Against: None.

Witnesses: Vallie Jo Fry, State Board for Community and
Technical Colleges (in favor).