

HOUSE BILL REPORT

HB 1943

As Reported By House Committee On:
Higher Education
Appropriations

Title: An act relating to higher education.

Brief Description: Allowing community and technical college foundations to manage funds for their exceptional faculty awards.

Sponsors: Representatives Brumsickle, Jacobsen, Dorn, Quall, Shin, L. Johnson, King and Long.

Brief History:

Reported by House Committee on:
Higher Education, February 26, 1993, DP;
Appropriations, March 5, 1993, DP.

HOUSE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass. Signed by 18 members:
Representatives Jacobsen, Chair; Quall, Vice Chair;
Brumsickle, Ranking Minority Member; Sheahan, Assistant
Ranking Minority Member; Basich; Bray; Carlson; Casada;
Finkbeiner; Flemming; Kessler; J. Kohl; Mielke; Ogden; Orr;
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 established by the participating community college for each faculty award created.

Each college is responsible for managing its program, collecting donations, managing and investing endowment funds, and reporting on the program upon request. The principal of the endowment fund cannot be invaded. The earnings on the fund will be used to fund the awards.

The awards may be used either for faculty development, to supplement the salary of the holder of the award, or to pay expenses associated with the holder's program area. The

process for determining local awards is subject to collective bargaining, but the decisions regarding award amounts and recipients is not bargainable.

Summary of Bill: Within specified limits, foundations established by community colleges may participate in the Washington Community College Exceptional Faculty Awards Program. College foundations may receive state matching money. The foundation will combine state matching money with private donations in a local endowment fund established for each faculty award. The foundation cannot invade the principal of the fund. The earnings on the endowment fund will be used to fund the faculty awards. All faculty awards will remain the property of the foundation's community college.

Foundations are defined for the purposes of this legislation. Foundations are private nonprofit corporations that meet the requirements of federal law and exist solely for the benefit of one or more community colleges. Foundations must be registered with the Attorney General's Office under the Charitable Trust Act.

Participating foundations must enter a contract with the governing board of their community college. The contract must be approved by the attorney general. The contract will specify the services to be provided by the foundation. The contract will ensure that, under certain circumstances, the community college can assume ownership, management, and control of any community college exceptional awards endowment funds under a foundation's control. The assumption of the endowment funds will occur if a foundation ceases to exist or function properly, or if it fails to provide the services specified in the contract.

Any funds recovered by a college will be deposited in the college's local endowment fund. Endowment funds include private donations, state matching funds, and accrued interest on any of the money.

Fiscal Note: Not requested.

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

Testimony For: None.

Testimony Against: None.

Witnesses: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 26 members: Representatives Locke, Chair; Valle, Vice Chair; Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Appelwick; Ballasiotes; Basich; Cooke; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Leonard; Linville; Morton; 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: Not requested.

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

Testimony For: The Exceptional Faculty Program has been very popular, as it is a wonderful way to reward deserving faculty. At most of the community and technical colleges, foundations have been involved in raising money for the program. This bill allows the total of the matching dollars and the contributions to be deposited in the foundation account so that it can be managed in a more prosperous way. At Centralia College, where the community has raised \$1.4 million to support the college, it was the psychology of raising funds that then had to be turned over to the state that prompted the community to request the bill. The State Board for Community and Technical Colleges supports this bill. The award money now earns around 4 percent. The foundations, with more investment latitude, can earn higher returns.

Testimony Against: None.

Witnesses: Representative Brumsickle (pro); Dr. Henry Kirk, Centralia College (pro); and Dr. Ron Crossland, State Board for Community and Technical Colleges (pro).