

SENATE BILL REPORT

HB 1943

AS REPORTED BY COMMITTEE ON HIGHER EDUCATION, MARCH 29, 1993

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

HOUSE COMMITTEE ON HIGHER EDUCATION

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass.

Signed by Senators Bauer, Chairman; Drew, Vice Chairman; Jesernig, Prince, Quigley, Sheldon, von Reichbauer, and West.

Staff: Jean Six (786-7423)

Hearing Dates: March 23, 1993; March 29, 1993

BACKGROUND:

In 1990, the Washington Community College Exceptional Faculty Awards Program was created. In 1991, the technical colleges became a part of the program. Through the program, \$25,000 in state funds may be matched with an equal amount of private donations. The state funds and private donations for each faculty award created are placed in a local endowment fund established by the participating community college.

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:

Within specified limits, foundations established by community and technical colleges may participate in the Washington Community and Technical 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.

Appropriation: none

Revenue: none

Fiscal Note: requested

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

TESTIFIED: Representative Bill Brumsickle, prime sponsor; Henry Kirk, President, Centralia Community College; Ken Minnaert, President, SPSCC; Ron Crossland, SBCTC