

SENATE BILL REPORT

HB 2048

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

Brief Description: Allowing donations subject to conditions to be deposited in the American Indian scholarship endowment fund.

SPONSORS: Representatives Jacobsen, Quall, Brumsickle, Finkbeiner and Miller

HOUSE COMMITTEE ON HIGHER EDUCATION

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 Legislature created the American Indian Endowed Scholarship Program. The scholarships are funded through the earnings on an endowment created when \$50,000 in private donations are matched with an equal amount of state funds.

The program is administered by the Higher Education Coordinating Board. The board is responsible for collecting the private donations. With the assistance of a screening committee comprised of persons interested in the higher education of American Indian students, the board also selects the scholarship recipients. Financially needy American Indians who are enrolled full-time in an accredited Washington college or university are eligible for a scholarship if they are state residents and if they promise to use their education to benefit other American Indians. Upper division and graduate students receive a priority under the program. The board may also give a priority to students majoring in an area in which expertise is needed by the state's American Indians.

Included for the state match in the 1990 supplemental budget was \$250,000. The state monies are placed in a trust fund until they are matched and can be transferred to the American Indian scholarship endowment fund. Any earnings on the endowment fund remain in the endowment fund.

The Northwest Indian College Foundation has offered to invest a conditional gift in the American Indian Endowed Scholarship Program. However, the current language of the statute does not provide for the acceptance of a conditional gift. Receipt

of a conditional gift also raises questions regarding interest, repayment on failure of conditions and release of matching funds.

SUMMARY:

Gifts subject to conditions may be received as private funds by the Higher Education Coordinating Board. A conditional gift is acceptable if it provides that only a portion of the earnings are reinvested in the endowment fund. If the conditions are not met, the private funds will be returned to the donor. Conditional gifts are counted toward the match for state funds.

Appropriation: none

Revenue: none

Fiscal Note: requested

TESTIMONY FOR:

The Roselie and Sam Long endowment fund has offered to donate a conditional gift to the American Indian scholarship endowment fund. This is a very generous offer, but the current statute does not permit conditional gifts. The conditions in the written agreement require the Higher Education Coordinating Board to: (1) set up an accounting and monitoring system to insure that one-half of the interest earned on the foundation funds are returned to the corpus of the fund; (2) inform recipients that scholarships are partially funded by the Long Foundation; and (3) permit a member of the Northwest Indian Foundation to serve on the advisory committee. The federal government match received by the Long Foundation requires that one-half of the interest on the donated funds be returned to the fund.

TESTIMONY AGAINST: None

TESTIFIED: Carla Shaefer, NW Indian College Foundation (pro); John Klacik, Higher Education Coordinating Board (pro)