

2 E3SHB 1055 - S COMM AMD
3 By Committee on Higher Education

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5 Strike everything after the enacting clause and insert the
6 following:

7 NEW SECTION. **Sec. 1.** The legislature recognizes that quality in
8 the state's institutions of higher education would be strengthened by
9 additional partnerships between citizens and the institutions. The
10 legislature also finds that these types of partnerships are an
11 excellent way to help colleges and universities raise money for
12 scholarship and fellowship programs. The legislature intends to help
13 colleges and universities raise additional moneys for student
14 fellowships by creating an undergraduate fellowship program. The
15 fellowships would be funded by the earnings on local endowments
16 supported equally by state and private money.

17 NEW SECTION. **Sec. 2.** The Washington undergraduate fellowship
18 trust fund program is established. The purpose of the program is to
19 assist Washington's state-supported institutions of higher education to
20 raise private funds to support endowed fellowships for needy or
21 meritorious resident undergraduate students attending state-supported
22 institutions of higher education located in the state of Washington.

23 NEW SECTION. **Sec. 3.** Unless the context clearly requires
24 otherwise, the definitions in this section apply throughout this
25 chapter.

26 (1) "Board" means the higher education coordinating board.

27 (2) "Endowment fund" or "local endowment fund" means a fund
28 established by an institution of higher education or its foundation to
29 receive the private donations and state matching funds under this
30 chapter.

31 (3) "Foundation" means a private, nonprofit corporation that:

32 (a) Is registered under Title 24 RCW and qualifies as a tax-exempt
33 entity under section 501(c)(3) of the federal internal revenue code;

1 (b) Exists solely for the benefit of one or more institutions of
2 higher education located in the state of Washington; and

3 (c) Is registered with the attorney general's office under the
4 charitable trust act, chapter 11.110 RCW.

5 (4) "Institution of higher education" means an institution of
6 higher education as defined in RCW 28B.10.016 that is in compliance
7 with conditions adopted by the board for the fellowship trust fund
8 program and is accepted by the board for participation in the
9 fellowship trust fund program.

10 (5) "Meritorious student" means a student who:

11 (a) Meets the residency requirements of RCW 28B.15.012(2), as
12 demonstrated in RCW 28B.15.013;

13 (b) Is meritorious, as defined by the institution of higher
14 education that the student attends or by the foundation that is
15 administering the fellowship, and includes but is not limited to
16 students with 3.00 or above grade point average or involvement in
17 community or campus activities; and

18 (c) Is enrolled as an undergraduate student in an institution of
19 higher education.

20 (6) "Needy student" means a student who:

21 (a) Meets the residency requirements of RCW 28B.15.012(2), as
22 demonstrated in RCW 28B.15.013;

23 (b) Is needy, as defined in RCW 28B.10.802(3); and

24 (c) Is enrolled as an undergraduate student in an institution of
25 higher education.

26 (7) "Trust fund" means the undergraduate fellowship trust fund
27 established under section 5 of this act.

28 NEW SECTION. **Sec. 4.** The undergraduate fellowship trust fund
29 program shall be administered by the board. In consultation with
30 institutions of higher education, the board shall establish guidelines
31 for the program. The board's duties may include, but need not be
32 limited to:

33 (1) The adoption of rules, deadlines, and procedures;

34 (2) When the conditions of this chapter are met, the release of
35 state matching funds to institutions of higher education or their
36 foundations;

37 (3) The adoption of an annual allocation system based on factors
38 that may include, but need not be limited to: The amount of money

1 available in the trust fund; the characteristics of potential
2 participating institutions including the numbers of eligible students
3 enrolled in each such institution of higher education, adjusted by each
4 eligible student's rate of enrollment; the amount of private cash
5 donations that each potential participating institution of higher
6 education commits to raise annually for the program; and the amount of
7 money previously received by each participating institution of higher
8 education or institutional foundation. Any allocation system shall be
9 superseded by conditions in any legislative act appropriating funds for
10 the program;

11 (4) The adoption of contracts with participating institutions of
12 higher education and their foundations. The contracts may include any
13 conditions required of participants by the board. The contracts shall
14 include: (a) Provisions for the protection of state matching moneys
15 administered by foundations; (b) requirements to provide the board with
16 the results of an annual audit of participating foundations; and (c)
17 requirements to maintain records on the disposition of state and
18 private matching funds and to provide an accounting of the number and
19 characteristics of students assisted through the program;

20 (5) The adoption of policies that maximize the distribution of
21 trust fund and matching moneys to institutions of higher education or
22 their foundations;

23 (6) The adoption of a mechanism to reallocate unused funds to
24 institutions of higher education or foundations that have used their
25 annual allotment of state matching moneys and have raised additional
26 private donations for which the state matching funds were not
27 available; and

28 (7) The preparation and distribution of periodic reports on the
29 results of the program. The reports shall include an accounting of the
30 students who have benefitted through the program.

31 NEW SECTION. **Sec. 5.** Funds appropriated by the legislature for
32 the undergraduate fellowship program shall be deposited in the
33 undergraduate fellowship trust fund. The trust fund shall be
34 administered by the state treasurer. At the request of the board, the
35 treasurer shall release the state matching funds to the designated
36 institution of higher education's or foundation's local endowment fund.
37 No appropriation is required for expenditures from the trust fund.

1 NEW SECTION. **Sec. 6.** Subject to rules adopted by the board:

2 (1) All institutions of higher education are eligible for state
3 matching funds from the trust fund.

4 (2) All foundations of institutions of higher education are
5 eligible for matching funds if the foundations meet the requirements
6 adopted by the board.

7 (3) Eligible institutions of higher education and foundations may
8 apply to the board for twenty-five thousand dollars from the fund when
9 they can match the state funds with an equal amount of cash donations
10 from private sources. These donations shall be made specifically to
11 the undergraduate fellowship program, and shall be donated after July
12 1, 1998.

13 (4) Upon an application by an institution of higher education or
14 its foundation, the board may designate twenty-five thousand dollars
15 from the trust fund for the undergraduate fellowship endowment fund of
16 the institution of higher education or foundation.

17 (5) Once the private donation is received by an institution of
18 higher education or its foundation, the board shall ask the state
19 treasurer to release the state matching moneys to the local endowment
20 fund established for undergraduate fellowships.

21 NEW SECTION. **Sec. 7.** The foundation of an institution of higher
22 education is eligible to receive moneys from the trust fund only if the
23 foundation and the governing board of the institution of higher
24 education for whose benefit the foundation exists have entered into a
25 contract approved by the attorney general that:

26 (1) Specifies the services to be provided by the foundation;

27 (2) Provides for the protection of any state matching funds under
28 the foundation's control that were provided under the program;

29 (3) Provides for the institution of higher education's assumption
30 of the ownership, management, and control of program funds if the
31 foundation ceases to exist, fails to function properly, or fails to
32 provide the specified services in accordance with the contract;

33 (4) Includes other conditions specified by the board.

34 NEW SECTION. **Sec. 8.** (1) The undergraduate fellowship provided
35 under this chapter is the property of the institution of higher
36 education or its foundation and may be named in honor of a donor,

1 benefactor, or honoree of the institution of higher education or
2 foundation.

3 (2) The institution of higher education or its foundation is
4 responsible for soliciting private donations, investing and maintaining
5 all endowment funds, administering the fellowship, and reporting on the
6 program to the board upon request. The institution of higher education
7 or foundation may augment the endowment fund with additional private
8 donations. The principal of the invested endowment fund shall not be
9 invaded.

10 (3) The proceeds from the endowment fund may be used to provide
11 fellowship stipends to be used by the recipient for such things as
12 tuition and fees, books and supplies, subsistence, research expenses,
13 and other educationally related costs.

14 (4) Each institution of higher education or its foundation shall
15 include representatives of the undergraduate student body when
16 selecting undergraduate fellowship recipients.

17 NEW SECTION. **Sec. 9.** Any private or public money, including all
18 investment income, deposited in the Washington undergraduate fellowship
19 trust fund or any local endowment fund for fellowship programs is not
20 subject to collective bargaining.

21 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act constitute
22 a new chapter in Title 28B RCW."

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26 On page 1, line 2 of the title, after "students;" strike the
27 remainder of the title and insert "and adding a new chapter to Title
28 28B RCW."

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