

SENATE BILL REPORT

E3SHB 1055

As Reported By Senate Committee On:
Higher Education, February 26, 1998

Title: An act relating to undergraduate fellowships for needy and meritorious students.

Brief Description: Creating undergraduate fellowships for needy and meritorious students.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Radcliff, Dunn, Carlson, Dickerson, Hatfield, Conway, Quall, Mason, Costa, Ogden, Anderson and O'Brien; by request of Higher Education Coordinating Board).

Brief History:

Committee Activity: Higher Education: 2/24/98, 2/26/98 [DPA].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: Do pass as amended.

Signed by Senators Wood, Chair; Winsley, Vice Chair; Bauer, Hale, Kohl, Patterson, Prince, B. Sheldon and West.

Staff: Jean Six (786-7423)

Background: Since 1985, the Legislature has created four programs designed both to match state funds with private donations and to attract and retain exemplary faculty and graduate students in Washington's public colleges and universities. Through the Warren G. Magnuson Institute for Biomedical Research and Health Professions Training, individuals engaged in research of diabetes, Parkinson's disease, osteoporosis, and other medical disorders receive funding and support. Funding for the institute is provided through a combination of methods, including the earnings on an endowment created when state funds were doubly matched by private donations or federal funds.

In the Community College Exceptional Faculty Awards Program, state funds and private donations are equally matched either to reward outstanding service by individual faculty members or to fund faculty development activities. Community college and technical college foundations are permitted to participate in this program.

Through the Distinguished Professorship and Graduate Student Fellowship programs, state funds are matched with private donations to create endowed positions at the public baccalaureate institutions. The 1996 Student Financial Aid Policy Advisory Committee to the Higher Education Coordinating Board recommended the creation of an endowed fellowship program for needy and meritorious undergraduate students attending public or independent colleges and universities. The committee suggested that the board develop and seek funding for a program modeled on the Distinguished Professorship and Graduate Student Fellowship programs.

Summary of Amended Bill: The Washington Undergraduate Fellowship Trust Fund Program is created. Through the program, the Legislature intends to help Washington's state-supported institutions of higher education fund fellowships for needy or meritorious undergraduate students. At each participating institution the fellowships will be funded from earnings from an endowment created by matching state money with an equal amount from private donors.

The program will be administered by the Higher Education Coordinating Board. The board will adopt program guidelines and request the release of state matching moneys to qualifying institutions of higher education. The guidelines may include a system for allocating state matching funds.

The Undergraduate Fellowship Trust Fund is created. It will be administered by the State Treasurer. State appropriations for the program will be deposited in the trust fund. At the request of the Higher Education Coordinating Board, money in the trust fund will be released to the local endowment funds created by participating institutions. The Higher Education Coordinating Board may request the release of state money when participating institutions receive \$25,000 from private donors.

The institution is responsible for soliciting private donations, investing money in the endowment fund, administering the fellowship, and, upon request, reporting on the program to the board. The proceeds from the endowment may be used to pay the costs associated with the recipient's education. The principle of the endowment cannot be spent. Moneys associated with this program are not subject to collective bargaining.

Institutions of higher education and foundations are required to include student representatives in the selection process.

Substitute Bill Compared to Original Bill: The term scholarship– is eliminated from the name of the Washington Undergraduate Fellowship Trust Fund. The striking amendment eliminates the private universities and colleges, the private colleges, the private career schools, and their foundations from participation in the endowment program. A student is included in the selection process.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: WA Friends supports giving state money to the foundations of the private schools and colleges. Meritorious students ought to be encouraged to remain in the state.

Testimony Against: The prime sponsor did not know of the language change in Appropriations until it was a done deal and prefers the language in SHB 2334 as it passed out of the policy committee this year. Students will be on the reviewing committee and the anti-discrimination language has been appropriately removed. Individuals often have very specific reasons for giving to a fellowship or scholarship fund and there should be sufficient flexibility to meet their goals.

There are constitutional problems especially with the sectarian universities. The ACLU also supports the language of SHB 2334. Who would want to give to a fund that may face litigation? Be very careful about the EOG case in Thurston County Superior Court.

Students attending private schools and colleges already receive the State Need Grant and appropriately do so. WSL favors expansion of the SNG and they also question the meritorious provision. WSL has taken no position in the public versus private debate.

I am in support of providing matching endowment funds for undergraduate fellowships in public institutions, but against including private colleges and proprietary schools. Private schools add diversity to the system of higher education and that diversity enriches all of us and provides important options to students. Washington State provides financial aid to the needy and deserving students regardless of whether they attend private or public schools and I support that practice. But I fear that transferring blocks of public money into the permanent endowments of private institutions must inevitably lead to a degree of public scrutiny, accountability, and restriction that will seriously compromise the very independence that makes these colleges special. No one will benefit if the independent schools lose their independence. If the state were to transfer public money into the permanent endowments of private institutions without that public scrutiny, accountability, and restrictions, than as a taxpayer in this state, I would object strenuously. I urge you to pass the bill that passed the policy committee.

Testified: PRO: Tom Parker, Washington Friends of Higher Education; CON: Rep. Rene Radcliff, prime sponsor; President Jane Jervis, TESC; Kevin Evanto, Leg. Liaison, UW; Judy McNickle, Leg. Liaison, WWU; Martha Lindley, Leg. Liaison, CWU; Kyle Alm, CWU, WSL; Garrett Ferencz, UW, WSL; Jerry Sheehan, ACLU.