

SENATE BILL REPORT

SB 6242

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

Title: An act relating to the Washington state endowment for higher education.

Brief Description: Creating the Washington state endowment for higher education.

Sponsors: Senators Wood, West, Bauer, Winsley, Kohl, Prince, Hale, Haugen, B. Sheldon, Patterson, Goings, Wojahn, Anderson, McAuliffe and Schow.

Brief History:

Committee Activity: Higher Education: 1/19/98, 1/26/98 [DPS].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 6242 be substituted therefor, and the substitute bill do pass.

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

Staff: Jean Six (786-7423)

Background: Recently, the public colleges and universities have turned to private fundraising to supplement state budgets. According to the Education Commission of the States, at least a dozen states have adopted laws that call for them to match certain donations to college endowments with public funds. Washington has a number of such programs in statute that are more specific than the current request for a higher education endowment intended for quality enhancements.

Summary of Substitute Bill: The Washington State endowment for higher education is established to provide permanent quality improvements in Washington's public higher education system. The endowments are to be used solely for those purposes for which state funds may be unavailable or limited. The trust fund is to be administered by the State Treasurer, is not subject to appropriation, and is not to be used to supplant state appropriations. An unspecified amount is requested as an appropriation to the trust fund.

Each higher education institution or its foundation is responsible for soliciting the matching private donations, investing and maintaining all endowment funds, administering the uses of the funds, and reporting to the Governor and the Legislature. Only the earnings from the endowment may be expended.

The appropriation to the trust fund is allocated in the following manner: (1) 32 percent for the State Board for Community and Technical Colleges (SBCTC); (2) 32 percent for the University of Washington; (3) 22 percent for Washington State University; and (4) 14 percent for the comprehensive institutions and The Evergreen State College (TESC). The

SBCTC determines the allocation for the two-year colleges, while the 14 percent allocated for the comprehensive institutions and TESC is distributed based on a written agreement filed with the State Treasurer.

All of the state's public higher education institutions are eligible for disbursement from the trust fund when private matching funds have been raised and certified by the Higher Education Coordinating Board (HECB). Disbursements from the fund are possible when the private matching funds meet one of two qualifying conditions: (1) the funds were received by the institution or its foundation after April 1, 1998; or (2) the funds were received or pledged for the distinguished professorship or graduate fellowship matching grant programs and certified for state matching dollars by the HECB and for which public matching dollars have not been received.

A method for the distribution of any unmatched funds is established, making them available on a first-come basis to other institutions within the same sector on a percentage basis within five years or to any institution after six years.

Substitute Bill Compared to Original Bill: The section calling for an appropriation is eliminated.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The creation of the Higher Education Endowment Fund allows the institutions to build a permanent legacy through a philosophy of philanthropy that will help us to foster community relationships, develop public private partnerships, and leverage dollars through nontraditional funding. This fund is an example of a one-time investment that will grow and at the same time generate private resources and lay the foundation for on-going private support. Private funding has become an increasingly important source for public higher education in Washington. We need to become more entrepreneurial and to acknowledge that a state match will be invaluable in augmenting local fund raising efforts. Creation of this fund strikes a blow for quality and access outside the state's revenue expectations. The availability of matching funds is a very powerful private fund-raising tool.

This proposal comes to the Legislature through a very collaborative effort on the part of all of Washington's public colleges and universities. Where else can state government double its investment with no on-going programmatic operating costs? The endowment will be a source of venture capital allowing us to explore new approaches to teaching and learning, to attract top faculty, to provide access to the latest in equipment and technology to both faculty and students, and to provide financial assistance through fellowships, scholarships, and distinguished professorships.

We need this enabling legislation and some dollars to begin funding the program.

Testimony Against: None.

Testified: PRO: President Sam Smith, Washington State University; President Gary Oertli, Shoreline Community College; President Lee Thornton, Columbia Basin College; President Jane Jervis, The Evergreen State College; Steve Swor, student, South Puget Sound Community College; Elisabeth Zeller, undergraduate student, University of Washington; James Kysela, undergraduate student, University of Washington; Angela Childress, undergraduate student, University of Washington; Rick Munro, undergraduate student, Eastern Washington University, and Kyle Alm, undergraduate student, Central Washington University, Washington Student Lobby; Dr. Al Froderberg, Vice President, External Affairs, Western Washington University; Elson Trahan, Executive Director, Clark College foundation; Dr. Thomas Dietrich, Vice Chair, Clark College Foundation; Bob Edie, Vice President, University Relations, University of Washington; Carolyn Clark, Council of Faculty Representatives; JoAnn Taricani, faculty, University of Washington.