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SECOND SUBSTITUTE HOUSE BILL 1055

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State of Washington

55th Legislature

1997 Regular Session

By 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)

Read first time 03/10/97.

1 AN ACT Relating to undergraduate fellowships for needy and  
2 meritorious students; adding a new chapter to Title 28B RCW; and  
3 creating a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature recognizes that quality in  
6 the state's institutions of higher education would be strengthened by  
7 additional partnerships between citizens and the institutions. The  
8 legislature intends to foster these partnerships by creating a matching  
9 grant program to assist institutions of higher education and their  
10 foundations in creating endowments for funding fellowships for needy or  
11 meritorious undergraduate students.

12 NEW SECTION. **Sec. 2.** The Washington undergraduate fellowship  
13 trust fund program is established. The purposes of the program are to  
14 assist Washington's accredited public and independent institutions of  
15 higher education and private career schools and colleges to raise  
16 private funds and create endowments for needy or meritorious resident  
17 undergraduate students attending in-state institutions of higher  
18 education.

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

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

5        (2) "Endowment fund" or "local endowment fund" means a fund  
6 established to receive the private donations and state matching funds  
7 under this chapter by a public institution of higher education or the  
8 institution of higher education's foundation or by the foundation of an  
9 independent institution of higher education or a private career school  
10 or college.

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

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

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

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

18        (4) "Institution of higher education" means an entity that is:

19        (a)(i) An institution of higher education as defined in RCW  
20 28B.10.016;

21        (ii) An independent institution of higher education that meets the  
22 definition of higher education institution in RCW 28B.07.020(4); and

23        (iii) A private career school or college authorized to operate in  
24 the state under chapter 28C.10 RCW;

25        (b) Located in the state of Washington;

26        (c) Accredited by an accrediting association recognized by the  
27 board for the purposes of this chapter;

28        (d) In compliance with conditions adopted by the board for the  
29 program; and

30        (e) Accepted by the board for participation in the program in this  
31 chapter.

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

33        (a) Would meet the residency requirements of RCW 28B.15.012(2), as  
34 demonstrated in RCW 28B.15.013, if the student were enrolled in a state  
35 institution of higher education;

36        (b) Is meritorious, as defined by the institution of higher  
37 education that the student attends or by the foundation that is  
38 administering the fellowship, and includes but is not limited to needy

1 students with 3.00 or above grade point average or involvement in  
2 community or campus activities; and

3 (c) Is enrolled as an undergraduate student in an institution of  
4 higher education.

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

6 (a) Would meet the residency requirements of RCW 28B.15.012(2), as  
7 demonstrated in RCW 28B.15.013, if the student were enrolled in a state  
8 institution of higher education;

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

10 (c) Is enrolled as an undergraduate student in an institution of  
11 higher education.

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

14 NEW SECTION. **Sec. 4.** The undergraduate fellowship trust fund  
15 program shall be administered by the board. In consultation with  
16 eligible institutions of higher education, the board shall establish  
17 guidelines for the program. In its administration of the program, the  
18 board's duties may include, but need not be limited to:

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

20 (2) When the conditions of section 6(4) of this act are met, the  
21 release of state matching funds to (a) eligible institutions of higher  
22 education as defined in RCW 28B.10.016 or their foundations and to (b)  
23 the foundations of eligible independent institutions of higher  
24 education and eligible private career schools and colleges;

25 (3) The adoption of an annual allocation system based on factors  
26 that may include, but need not be limited to: The amount of money  
27 available in the trust fund; the characteristics of potential  
28 participating institutions including the numbers of eligible students  
29 enrolled in each such institution of higher education, adjusted by each  
30 eligible student's rate of enrollment; the amount of private cash  
31 donations that each potential participating institution of higher  
32 education commits to raise annually for the program; and the amount of  
33 money previously received by each participating institution of higher  
34 education or institutional foundation. Any allocation system shall be  
35 superseded by conditions in any legislative act appropriating funds for  
36 the program;

37 (4) The adoption of contracts with participating institutions of  
38 higher education and foundations. The contracts may include any

1 conditions required of participants by the board, including but not  
2 limited to: (a) Provisions for the protection of state matching moneys  
3 administered by foundations; (b) requirements to provide the board with  
4 the results of an annual audit of participating foundations; and (c)  
5 requirements to maintain records on the disposition of state and  
6 private matching funds and to provide an accounting of the number and  
7 characteristics of students assisted through the program;

8 (5) The adoption of policies that maximize the distribution of  
9 trust fund and matching moneys to eligible institutions of higher  
10 education or foundations;

11 (6) The adoption of a mechanism to reallocate unused funds to  
12 institutions of higher education or foundations if the institutions of  
13 higher education or foundations have used their annual allotment of  
14 state matching moneys and have raised additional private donations for  
15 which the state matching funds were not available; and

16 (7) The preparation and distribution of an annual report on the  
17 results of the program. The report shall include an accounting of the  
18 students who have benefited through the program.

19 NEW SECTION. **Sec. 5.** Funds appropriated by the legislature for  
20 the undergraduate fellowship program shall be deposited in the  
21 undergraduate fellowship trust fund. The trust fund shall be  
22 administered by the state treasurer. At the request of the board, the  
23 treasurer shall release the state matching funds to the designated  
24 institution of higher education's or foundation's local endowment fund.  
25 No appropriation is required for expenditures from the trust fund.

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

27 (1) All institutions of higher education as defined in RCW  
28 28B.10.016 are eligible for state matching funds from the trust fund.

29 (2) All foundations of institutions of higher education as defined  
30 in RCW 28B.10.016 shall be eligible for matching funds if the  
31 foundations meet the requirements adopted by the board.

32 (3) The foundations of independent higher education institutions  
33 and private career schools and colleges shall be eligible for matching  
34 funds if the foundations meet the requirements adopted by the board.

35 (4) Independent higher education institutions and private career  
36 schools and colleges are not eligible to receive state matching funds  
37 under the program.

1 (5) Eligible institutions of higher education and foundations may  
2 apply to the board for twenty-five thousand dollars from the fund when  
3 they can match the state funds with an equal amount of cash donations  
4 from private sources. These donations shall be made specifically to  
5 the undergraduate fellowship program, and shall be donated after July  
6 1, 1997.

7 (6) Upon an application by an institution of higher education or a  
8 foundation, the board may designate twenty-five thousand dollars from  
9 the trust fund for the undergraduate fellowship endowment fund of the  
10 institution of higher education or foundation.

11 (7) Once the private donation is received by the institution of  
12 higher education, the board shall ask the state treasurer to release  
13 the state matching funds to a local endowment fund established by the  
14 institution of higher education or the foundation for the undergraduate  
15 fellowships.

16 NEW SECTION. **Sec. 7.** The foundation of an institution of higher  
17 education as defined in RCW 28B.10.016 is eligible to receive moneys  
18 from the trust fund only if the foundation and the governing board of  
19 the institution of higher education for whose benefit the foundation  
20 exists have entered into a contract, approved by the attorney general  
21 that:

- 22 (1) Specifies the services to be provided by the foundation;
- 23 (2) Provides for the protection of any state matching funds under  
24 the foundation's control that were provided under the program;
- 25 (3) Provides for the institution of higher education's assumption  
26 of the ownership, management, and control of program funds if the  
27 foundation ceases to exist, fails to function properly, or fails to  
28 provide the specified services in accordance with the contract;
- 29 (4) Guarantees that the applicant foundation does not use race,  
30 sex, color, ethnicity, national origin, religion, or disability, as a  
31 criteria, qualification, or condition for use of foundation funds; and  
32 (5) Includes other conditions specified by the board.

33 NEW SECTION. **Sec. 8.** The foundation of one or more independent  
34 colleges or universities or private career schools or colleges is  
35 eligible to receive moneys from the trust fund only if the foundation  
36 and the board have entered into a contract, approved by the attorney  
37 general that:

- 1 (1) Specifies the services to be provided by the foundation;
- 2 (2) Provides for the protection of any state matching funds under  
3 the foundation's control that were provided under the program;
- 4 (3) Provides for the board's assumption of the ownership,  
5 management, and control of program funds if the foundation ceases to  
6 exist, fails to function properly, or fails to provide the specified  
7 services in accordance with the contract;
- 8 (4) Guarantees that the applicant foundation does not use race,  
9 sex, color, ethnicity, national origin, religion, or disability, as a  
10 criteria, qualification, or condition for use of foundation funds;
- 11 (5) Guarantees that program funds shall not be used for any student  
12 who is not eligible to receive a state grant under the religious  
13 provisions of RCW 28B.101.040; and
- 14 (6) Includes other conditions specified by the board.

15 NEW SECTION. **Sec. 9.** (1) The undergraduate fellowship provided  
16 under this chapter is the property of the institution of higher  
17 education or foundation and may be named in honor of a donor,  
18 benefactor, or honoree of the institution of higher education or  
19 foundation, at the option of the institution of higher education or the  
20 foundation.

21 (2) The institution of higher education or the foundation is  
22 responsible for soliciting private donations, investing and maintaining  
23 all endowment funds, administering the fellowship, and reporting on the  
24 program to the board upon request. The institution of higher education  
25 or foundation may augment the endowment fund with additional private  
26 donations. The principal of the invested endowment fund shall not be  
27 invaded.

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

32 NEW SECTION. **Sec. 10.** Any private or public money, including all  
33 investment income, deposited in the Washington undergraduate fellowship  
34 trust fund or any local endowment for fellowship programs shall not be  
35 subject to collective bargaining.

1        NEW SECTION.    **Sec. 11.**    If specific funding for purposes of this  
2 act, referencing this act by bill or chapter number, is not provided by  
3 June 30, 1997, in the omnibus appropriations act, this act is null and  
4 void.

5        NEW SECTION.    **Sec. 12.**    Sections 1 through 10 of this act  
6 constitute a new chapter in Title 28B RCW.

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