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**SUBSTITUTE HOUSE BILL 2334**

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**State of Washington**

**55th Legislature**

**1998 Regular Session**

**By** House Committee on Higher Education (originally sponsored by Representatives Radcliff, Gardner, Keiser, Butler, Carlson, Costa, Anderson, Kenney, Constantine, Conway and Hankins)

Read first time 01/23/98. Referred to Committee on .

1 AN ACT Relating to fellowships for undergraduate students attending  
2 state-supported colleges and universities located in the state of  
3 Washington; and adding a new chapter to Title 28B RCW.

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 also finds that these types of partnerships are an  
9 excellent way to help colleges and universities raise money for  
10 scholarship and fellowship programs. The legislature intends to help  
11 colleges and universities raise additional moneys for student  
12 fellowships by creating an undergraduate fellowship program. The  
13 fellowships would be funded by the earnings on local endowments  
14 supported equally by state and private money.

15 NEW SECTION. **Sec. 2.** The Washington undergraduate fellowship  
16 trust fund program is established. The purpose of the program is to  
17 assist Washington's state-supported institutions of higher education to  
18 raise private funds to support endowed fellowships for needy or

1 meritorious resident undergraduate students attending state-supported  
2 institutions of higher education located in the state of Washington.

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

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

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

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 institution of  
19 higher education as defined in RCW 28B.10.016 that is in compliance  
20 with conditions adopted by the board for the fellowship trust fund  
21 program and is accepted by the board for participation in the  
22 fellowship trust fund program.

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

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

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

31 (c) Is enrolled as an undergraduate student in an institution of  
32 higher education.

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

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

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

37 (c) Is enrolled as an undergraduate student in an institution of  
38 higher education.

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

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

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

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

12 (3) The adoption of an annual allocation system based on factors  
13 that may include, but need not be limited to: The amount of money  
14 available in the trust fund; the characteristics of potential  
15 participating institutions including the numbers of eligible students  
16 enrolled in each such institution of higher education, adjusted by each  
17 eligible student's rate of enrollment; the amount of private cash  
18 donations that each potential participating institution of higher  
19 education commits to raise annually for the program; and the amount of  
20 money previously received by each participating institution of higher  
21 education or institutional foundation. Any allocation system shall be  
22 superseded by conditions in any legislative act appropriating funds for  
23 the program;

24 (4) The adoption of contracts with participating institutions of  
25 higher education and their foundations. The contracts may include any  
26 conditions required of participants by the board. The contracts shall  
27 include: (a) Provisions for the protection of state matching moneys  
28 administered by foundations; (b) requirements to provide the board with  
29 the results of an annual audit of participating foundations; and (c)  
30 requirements to maintain records on the disposition of state and  
31 private matching funds and to provide an accounting of the number and  
32 characteristics of students assisted through the program;

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

36 (6) The adoption of a mechanism to reallocate unused funds to  
37 institutions of higher education or foundations that have used their  
38 annual allotment of state matching moneys and have raised additional

1 private donations for which the state matching funds were not  
2 available; and

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

6 NEW SECTION. **Sec. 5.** Funds appropriated by the legislature for  
7 the undergraduate fellowship program shall be deposited in the  
8 undergraduate fellowship trust fund. The trust fund shall be  
9 administered by the state treasurer. At the request of the board, the  
10 treasurer shall release the state matching funds to the designated  
11 institution of higher education's or foundation's local endowment fund.  
12 No appropriation is required for expenditures from the trust fund.

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

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

16 (2) All foundations of institutions of higher education are  
17 eligible for matching funds if the foundations meet the requirements  
18 adopted by the board.

19 (3) Eligible institutions of higher education and foundations may  
20 apply to the board for twenty-five thousand dollars from the fund when  
21 they can match the state funds with an equal amount of cash donations  
22 from private sources. These donations shall be made specifically to  
23 the undergraduate fellowship program, and shall be donated after July  
24 1, 1998.

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

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

33 NEW SECTION. **Sec. 7.** The foundation of an institution of higher  
34 education is eligible to receive moneys from the trust fund only if the  
35 foundation and the governing board of the institution of higher

1 education for whose benefit the foundation exists have entered into a  
2 contract approved by the attorney general that:

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

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

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

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

11 NEW SECTION. **Sec. 8.** (1) The undergraduate fellowship provided  
12 under this chapter is the property of the institution of higher  
13 education or its foundation and may be named in honor of a donor,  
14 benefactor, or honoree of the institution of higher education or  
15 foundation.

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

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

27 (4) Each institution of higher education or its foundation shall  
28 include representatives of the undergraduate student body when  
29 selecting undergraduate fellowship recipients.

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

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

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