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**Higher Education Committee**

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**HB 1033**

**Brief Description:** Promoting the growth of research in the science and technology fields.

**Sponsors:** Representatives Morris, Hudgins, Anderson, Morrell, Haler, Wallace, Linville, B. Sullivan and Kenney.

**Brief Summary of Bill**

- Creates the Graduate Fellowship Trust Fund (GFTF) program for the sciences.
- Creates the GFTF for the sciences in the custody of the State Treasurer.
- The GFTF program created will provide state matching funds of \$25,000 to public colleges and universities or their non-profit foundations.
- The funds shall be used by the colleges and universities for fellowship stipends for graduate students in the sciences.

**Hearing Date:** 2/26/07

**Staff:** Andrew Colvin (786-7304).

**Background:**

Graduate Degrees Conferred in Math, Science and Engineering

According to the Higher Education Coordinating Board (HECB), between 2000 and 2004, Washington's public and private higher education institutions awarded 4,083 bachelor's degrees, 831 master's degrees, and 299 doctorate degrees in math, science, or engineering.

Currently Existing State-funded Graduate Scholarship Programs

The Legislature has created a number of programs that award scholarships to graduate students attending Washington's colleges and universities. These programs match state funds with private donations. These programs include:

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

*The Warren G. Magnuson Institute for Biomedical Research and Health Professions Training (Institute)*

The Institute's primary purposes are to provide financial assistance to individuals engaged in specific medical research and the University of Washington graduate and post-graduate students training in health professions. 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.

*The Distinguished Professorship and Graduate Fellowship Programs*

These programs were established in 1986 to help Washington's public four-year universities and colleges recruit and retain outstanding professors and graduate students.

Both programs provide state funds to match private donations raised by the institutions. The Distinguished Professorship Program provides state matching funds of \$250,000 to schools that raise the same amount through private donations. The Graduate Fellowship Program provides state matching funds of \$25,000. The state matching is dependent on the availability of funds for such purposes.

*American Indian Endowed Scholarship and Foster Care Endowed Scholarship*

These scholarships are available to undergraduate and graduate students who meet the criteria for the particular program. The American Indian Endowed Scholarship annually awards 15 scholarships ranging from \$500 to \$800 each. The Foster Care Endowed Scholarship provides scholarships based on student need in an amount up to the amount received by a student attending a state research university.

Endowed Funds

The programs listed above use endowed funds. An endowment fund is a fund that provides a future income for an institution or person. Only the income, and not the principal, of the fund may be used.

**Summary of Bill:**

The Graduate Fellowship Trust Fund (GFTF) program for the sciences is established. Through the program, the Legislature intends to help public institutions of higher education fund fellowships for graduate students in the science fields. The fellowships will be funded from earnings on an endowment created by matching state money with an equal amount from private donors.

The HECB will administer the program. The HECB's program responsibilities are described and include the adoption of:

- rules;
- an annual allocation system for monies in the trust fund;
- contracts with participating institutions and foundations;
- policies that maximize the distribution of state matching monies;
- a mechanism to reallocate unused funds; and
- periodic reports on the program.

The HECB will also request the release of state matching monies from the GFTF to qualifying institutions of higher education or foundations.

Public institutions of higher education or their foundations are eligible to participate in the program. Private schools, colleges, and their foundations are not eligible to receive the state matching funds.

Participating foundations of public institutions must meet a number of conditions. These include: tax exempt status under section 501(c)(3) of the federal tax code; existence solely for the benefit of one or more institutions of higher education in Washington; and registration with the Attorney General under the Charitable Trust Act. In addition, foundations must enter a contract with the HECB.

The GFTF for the sciences is created and will be administered by the State Treasurer. State appropriations for the program will be deposited in the trust fund. At the request of the HECB, money in the trust fund will be released to the local endowment funds created by participating institutions or foundations. The HECB may request the release of state money when participating entities receive \$25,000 in cash from private donors.

Once an institution of higher education or foundation receives the private donation and state matching monies, it will deposit both in an endowment fund. The income from the fund may be used for graduate fellowships for graduate students in the sciences. The principal of the fund cannot be spent. The fellowship stipends may be used for tuition, fees, books, supplies, subsistence, research and other educationally related costs.

The school or foundation is responsible for:

- defining who is eligible to receive the stipends and selecting the recipients;
- soliciting private donations;
- investing and maintaining the money in the endowment fund;
- administering the fellowship; and
- reporting on the program to the HECB.

**Appropriation:** None.

**Fiscal Note:** Requested on February 26, 2007.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.