

# HOUSE BILL REPORT

## SSB 5001

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### As Passed House:

April 14, 2009

**Title:** An act relating to the American Indian endowed scholarship program.

**Brief Description:** Eliminating the matching fund requirement for the American Indian endowed scholarship program.

**Sponsors:** Senate Committee on Higher Education & Workforce Development (originally sponsored by Senators Jacobsen and Kauffman).

### Brief History:

#### Committee Activity:

Higher Education: 3/13/09, 3/20/09 [DP].

#### Floor Activity

Passed House: 4/14/09, 65-32.

### Brief Summary of Substitute Bill

- Removes state matching fund requirements for funding the American Indian endowment fund.
- Eliminates the American Indian Endowed Scholarship trust fund in the Office of the State Treasurer.

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## HOUSE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass. Signed by 6 members: Representatives Wallace, Chair; Sells, Vice Chair; Carlyle, Driscoll, Grant-Herriot and White.

**Minority Report:** Without recommendation. Signed by 4 members: Representatives Anderson, Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Angel and Haler.

**Staff:** Andi Smith (786-7304)

### Background:

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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 American Indian Endowed Scholarship program helps financially needy students, with close ties to a Native American community within Washington, pursue undergraduate and graduate studies. Scholarship recipients must be Washington residents and full-time students who promise to use their education to benefit other American Indians.

Students can use the scholarships at public colleges and universities and accredited independent colleges and universities in Washington. The program annually awards about 15 scholarships. Scholarship amounts generally range from \$500 to \$2,000 for one academic year. Students are eligible to receive scholarships for up to five years.

Scholarship money comes from interest generated through an endowment, funded by private contributions, tribes, and the state. The program is currently administered through two funds: the endowment fund and the trust fund. The endowment fund contains money from the state and private donations and is used to fund scholarships. The trust fund contains monies appropriated by the Legislature for the Endowed Scholarship program. Trust fund monies may only be released into the endowment fund by request of the Higher Education Coordinating Board in \$50,000 increments, provided that there has been an equal contribution of private cash donations. Private cash donation means monies from non-state sources.

The endowment fund currently has approximately \$623,943. However, since the principal of the endowment fund cannot be invaded, roughly \$27,000 of the total endowment can be used to grant scholarships.

**Summary of Bill:**

The state matching fund requirement and the scholarship trust fund are eliminated. Funds appropriated by the Legislature for the American Indian Endowed Scholarship program may be deposited directly into the scholarship endowment fund without limitation.

**Appropriation:** None.

**Fiscal Note:** Available

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

**Staff Summary of Public Testimony:**

(In support) This program was created in the early 1990's after I heard about the state of Wyoming dedicating \$500,000 in state funds to an endowed scholarship program provided that private donors would match it equally. The next year I did something similar in Washington and created this matching program. In good and bad times it keeps on kicking out money to students. However it is a lot to ask of a public agency to raise money, so that requirement should be eliminated.

The great thing about this program is that it is an endowment, it generates interest, and it essentially goes on forever. Funds continue to be raised by the community and roughly half

of those funds come from private individuals. The Higher Education Coordinating Board continues to receive a couple thousand dollars a year through the Combined Fund Drive, though all state monies have been expended. Allowing us to appropriate directly to the endowment fund is a good change.

(Opposed) None.

**Persons Testifying:** Senator Jacobsen, prime sponsor; and John Klacik, Higher Education Coordinating Board.

**Persons Signed In To Testify But Not Testifying:** None.