
SUBSTITUTE HOUSE BILL 1055

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Higher Education (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 02/18/97.

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

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.** The sum of ten million dollars, or as much
2 thereof as may be necessary, is appropriated for the biennium ending
3 June 30, 1999, from the general fund to the higher education
4 coordinating board for the undergraduate trust fund created in section
5 5 of this act.

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

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