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ENGROSSED THIRD SUBSTITUTE HOUSE BILL 1055

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State of Washington

55th Legislature

1998 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 02/07/98. Referred to Committee on .

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

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

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

11 NEW SECTION. **Sec. 2.** The Washington undergraduate fellowship and  
12 scholarship trust fund program is established. The purposes of the  
13 program are to assist Washington's accredited public and independent  
14 institutions of higher education and private career schools and  
15 colleges to raise private funds and create endowments for needy or  
16 meritorious resident undergraduate students attending in-state  
17 institutions of higher 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 or scholarship, and includes but is not

1 limited to needy students with 3.00 or above grade point average or  
2 involvement in 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 and scholarship  
13 trust fund established under section 5 of this act.

14 NEW SECTION. **Sec. 4.** The undergraduate fellowship and scholarship  
15 trust fund program shall be administered by the board. In consultation  
16 with eligible institutions of higher education, the board shall  
17 establish guidelines for the program. In its administration of the  
18 program, the 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 and scholarship program shall be deposited  
21 in the undergraduate fellowship and scholarship trust fund. The trust  
22 fund shall be administered by the state treasurer. At the request of  
23 the board, the treasurer shall release the state matching funds to the  
24 designated institution of higher education's or foundation's local  
25 endowment fund. No appropriation is required for expenditures from the  
26 trust fund.

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

28 (1) All institutions of higher education as defined in RCW  
29 28B.10.016 are eligible for state matching funds from the trust fund.

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

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

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

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

10 (6) Upon an application by an institution of higher education or a  
11 foundation, the board may designate twenty-five thousand dollars from  
12 the trust fund for the local endowment fund of the institution of  
13 higher education or foundation.

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

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

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

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

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

32 (4) 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 program funds shall not be used for any student  
9 who is not eligible to receive a state grant under the religious  
10 provisions of RCW 28B.101.040; and
- 11 (5) Includes other conditions specified by the board.

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

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

25 (3) The institution of higher education or the foundation shall  
26 include a representative of the undergraduate student body when  
27 selecting undergraduate fellowship and scholarship recipients.

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

32 (5) Institutions, in the awarding of undergraduate fellowships or  
33 scholarships, shall require that recipients demonstrate satisfactory  
34 academic progress toward program completion. Further, institutions  
35 shall provide a probationary opportunity for recipients who do not  
36 demonstrate satisfactory academic progress.

1        NEW SECTION.    **Sec. 10.**    Any private or public money, including all  
2 investment income, deposited in the Washington undergraduate fellowship  
3 and scholarship trust fund or any local endowment for fellowship or  
4 scholarship programs shall not be subject to collective bargaining.

5        NEW SECTION.    **Sec. 11.**    Sections 1 through 10 of this act  
6 constitute a new chapter in Title 28B RCW.

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