

HOUSE BILL REPORT

HB 1869

*As Reported By House Committee on:
Higher Education*

Title: An act relating to exceptional faculty awards.

Brief Description: Changing ownership of funds and awards of the exceptional faculty awards program.

Sponsor(s): Representatives Bowman, Jacobsen, Brough, Holland, Ballard, May, Betrozoff, Neher, Ferguson, P. Johnson, Casada, Chandler, Brumsickle, Mitchell and Silver.

Brief History:

Reported by House Committee on:
Higher Education, February 27, 1991, DPS.

**HOUSE COMMITTEE ON
HIGHER EDUCATION**

Majority Report: *That Substitute House Bill No. 1869 be substituted therefor, and the substitute bill do pass.* Signed by 11 members: Representatives Jacobsen, Chair; Ogden, Vice Chair; Wood, Ranking Minority Member; May, Assistant Ranking Minority Member; Basich; Dellwo; Fraser; Ludwig; Miller; Prince; and Sheldon.

Minority Report: *Without recommendation.* Signed by 1 member: Representative Spanel.

Staff: Susan Hosch (786-7120).

Background: In 1990, the Washington Community College Exceptional Faculty Awards Program was created. Through the program, \$25,000 in state funds may be matched with an equal amount of private donations. The state funds and private donations are placed in a local endowment fund established by the participating community college for each faculty award created.

Each college is responsible for managing its program, collecting donations, managing and investing endowment funds, and reporting on the program upon request. The principal of the endowment fund cannot be invaded. The earnings on the fund will be used to fund the awards.

The awards may be used either for faculty development, to supplement the salary of the holder of the award, or to pay expenses associated with the holder's program area. The process for determining local awards is subject to collective bargaining, but the decisions regarding award amounts and recipients is not bargainable.

Summary of Substitute Bill: Within specified limits, foundations established by community colleges may participate in the Washington Community College Exceptional Faculty Awards Program. College foundations may receive state matching money. The foundation will combine state matching money with private donations in a local endowment fund established for each faculty award. The foundation cannot invade the principal of the fund. The earnings on the endowment fund will be used to fund the faculty awards. All faculty awards will remain the property of the foundation's community college.

Foundations are defined for the purposes of this legislation. Foundations are private nonprofit corporations that meet the requirements of federal law and exist solely for the benefit of one or more community colleges. Foundations must be registered with the Attorney General's Office under the Charitable Trust Act.

Participating foundations must enter a contract with the governing board of their community college. The contract must be approved by the attorney general. The contract will specify the services to be provided by the foundation. The contract will ensure that, under certain circumstances, the community college can assume ownership, management, and control of any community college exceptional awards endowment funds under a foundation's control. The assumption of the endowment funds will occur if a foundation ceases to exist or function properly, or if it fails to provide the services specified in the contract.

Any funds recovered by a college will be deposited in the college's local endowment fund. Endowment funds include private donations, state matching funds, and accrued interest on any of the money.

Substitute Bill Compared to Original Bill: The faculty awards will be the property of participating community colleges, but college foundations may receive and invest the state matching grants. Participation is limited to foundations as defined in the bill. Participation is also limited to foundations that enter into contracts with their colleges. The requirements of the contracts are described. The principal of the endowment funds cannot be invaded.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Many community colleges depend on their foundations to raise and manage private donations for various college priorities. They are the fundraising arm of many community colleges. This legislation would motivate college foundations to raise money for this program. It provides additional program flexibility and may well result in increased usage of the program.

Testimony Against: None.

Witnesses: Representative Bowman; Dr. Henry Kirk, President, Centralia Community College; Scott Hamilton, Centralia College Foundation; and Dr. Ron Crossland, State Board for Community College Education (all pro).