

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5039**

Chapter 73, Laws of 2007

60th Legislature  
2007 Regular Session

SCHOLARSHIP ENDOWMENT FUNDS

EFFECTIVE DATE: 07/22/07

Passed by the Senate March 8, 2007  
YEAS 47 NAYS 0

BRAD OWEN

\_\_\_\_\_  
**President of the Senate**

Passed by the House April 4, 2007  
YEAS 95 NAYS 0

FRANK CHOPP

\_\_\_\_\_  
**Speaker of the House of Representatives**

Approved April 18, 2007, 9:27 a.m.

CHRISTINE GREGOIRE  
\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5039** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

\_\_\_\_\_  
**Secretary**

FILED

April 18, 2007

**Secretary of State  
State of Washington**

---

**SUBSTITUTE SENATE BILL 5039**

---

Passed Legislature - 2007 Regular Session

**State of Washington                      60th Legislature                      2007 Regular Session**

**By** Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Eide, Murray, Marr, Shin, Rockefeller, Weinstein, Rasmussen, Kauffman, Keiser, Jacobsen, Haugen and Kohl-Welles)

READ FIRST TIME 02/02/07.

1            AN ACT Relating to the investment of scholarship endowment funds;  
2 amending RCW 28B.108.060 and 28B.116.060; and adding a new section to  
3 chapter 28B.76 RCW.

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

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 28B.76 RCW  
6 to read as follows:

7            (1) The investment of funds from all scholarship endowment programs  
8 administered by the higher education coordinating board shall be  
9 managed by the state investment board.

10           (2) The state investment board has the full power to invest,  
11 reinvest, manage, contract, sell, or exchange investment money in  
12 scholarship endowment funds. All investment and operating costs  
13 associated with the investment of a scholarship endowment fund shall be  
14 paid pursuant to RCW 43.33A.160 and 43.84.160. With the exception of  
15 these expenses, the earnings from the investments of the fund belong to  
16 the fund.

17           (3) Funds from all scholarship endowment programs administered by  
18 the board shall be in the custody of the state treasurer.

1 (4) All investments made by the state investment board shall be  
2 made with the exercise of that degree of judgment and care pursuant to  
3 RCW 43.33A.140 and the investment policies established by the state  
4 investment board.

5 (5) As deemed appropriate by the state investment board, money in  
6 a scholarship endowment fund may be commingled for investment with  
7 other funds subject to investment by the state investment board.

8 (6) The authority to establish all policies relating to scholarship  
9 endowment funds, other than the investment policies in subsections (2)  
10 through (5) of this section, resides with the higher education  
11 coordinating board.

12 (7) The higher education coordinating board may request and accept  
13 moneys from the state investment board. With the exception of expenses  
14 of the state investment board in subsection (2) of this section,  
15 disbursements from the fund shall be made only on the authorization of  
16 the higher education coordinating board, and money in the fund may be  
17 spent only for the purposes of the endowment programs as specified in  
18 the authorizing chapter of each program.

19 (8) The state investment board shall routinely consult and  
20 communicate with the higher education coordinating board on the  
21 investment policy, earnings of the scholarship endowment funds, and  
22 related needs of the programs.

23 **Sec. 2.** RCW 28B.108.060 and 1993 c 372 s 1 are each amended to  
24 read as follows:

25 The American Indian scholarship endowment fund is (~~established~~)  
26 created in the custody of the state treasurer. The investment of the  
27 endowment fund shall be (~~administered~~) managed by the state  
28 (~~treasurer~~) investment board.

29 (1) Moneys received from the higher education coordinating board,  
30 private donations, state matching moneys, and funds received from any  
31 other source may be deposited into the endowment fund. Private moneys  
32 received as a gift subject to conditions may be deposited into the  
33 fund.

34 (2) At the request of the higher education coordinating board, the  
35 (~~treasurer~~) state investment board shall release earnings from the  
36 endowment fund to the state treasurer. The state treasurer shall then

1 release those funds at the request of the higher education coordinating  
2 board for scholarships. No appropriation is required for expenditures  
3 from the endowment fund.

4 (3) When notified by the higher education coordinating board (~~or~~  
5 ~~by court order~~) that a condition attached to a gift of private moneys  
6 in the fund has failed, the (~~treasurer~~) state investment board shall  
7 release those moneys to the higher education coordinating board. The  
8 higher education coordinating board shall then release the moneys to  
9 the donors according to the terms of the conditional gift.

10 (4) The principal of the endowment fund shall not be invaded. The  
11 release of moneys under subsection (3) of this section shall not  
12 constitute an invasion of corpus.

13 (5) The earnings on the fund shall be used solely for the purposes  
14 set forth in RCW 28B.108.040, except when the terms of a conditional  
15 gift of private moneys in the fund require that a portion of earnings  
16 on such moneys be reinvested in the fund.

17 **Sec. 3.** RCW 28B.116.060 and 2005 c 215 s 7 are each amended to  
18 read as follows:

19 The foster care scholarship endowment fund is created in the  
20 custody of the state treasurer. The investment of the endowment fund  
21 shall be managed by the state investment board.

22 (1) Moneys received from the higher education coordinating board,  
23 private donations, state matching moneys, and funds received from any  
24 other source may be deposited into the foster care scholarship  
25 endowment fund. Private moneys received as a gift subject to  
26 conditions may be deposited into the endowment fund if the conditions  
27 do not violate state or federal law.

28 (2) At the request of the higher education coordinating board, the  
29 state investment board shall release earnings from the endowment fund  
30 to the state treasurer. The state treasurer shall then release those  
31 funds at the request of the higher education coordinating board for  
32 scholarships. No appropriation is required for expenditures from the  
33 endowment fund.

34 (3) The higher education coordinating board may disburse grants to  
35 eligible students from the foster care scholarship endowment fund. No  
36 appropriation is required for expenditures from the endowment fund.

1       (~~(3)~~) (4) When notified by court order that a condition attached  
2 to a gift of private moneys from the foster care scholarship endowment  
3 fund has failed, the higher education coordinating board shall release  
4 those moneys to the donors according to the terms of the conditional  
5 gift.

6       (~~(4)~~) (5) The principal of the foster care scholarship endowment  
7 fund shall not be invaded. For the purposes of this section, only the  
8 first twenty-five thousand dollars deposited into the foster care  
9 scholarship endowment fund shall be considered the principal. The  
10 release of moneys under subsection (~~(3)~~) (4) of this section shall  
11 not constitute an invasion of the corpus.

12       (~~(5)~~) (6) The foster care scholarship endowment fund shall be  
13 used solely for the purposes in this chapter, except when the  
14 conditional gift of private moneys in the endowment fund require a  
15 portion of the earnings on such moneys be reinvested in the endowment  
16 fund.

Passed by the Senate March 8, 2007.

Passed by the House April 4, 2007.

Approved by the Governor April 18, 2007.

Filed in Office of Secretary of State April 18, 2007.