



# Senate

General Assembly

**File No. 663**

January Session, 2005

Substitute Senate Bill No. 1050

*Senate, May 4, 2005*

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING ENDOWMENT MATCHING FUNDS, THE BOARD OF TRUSTEES FOR THE UNIVERSITY OF CONNECTICUT, CHEFA FUNDS FOR THE UCONN HEALTH CENTER AND FACULTY INCREASES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (2) of subsection (a) of section 10a-77a of the  
2 general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective from passage*):

4 (2) (A) For each of the fiscal years ending June 30, 2000, to June 30,  
5 [2014] 2004, inclusive, and from the period from July 1, 2004, to the  
6 effective date of this section, as part of the state contract with donors of  
7 endowment fund eligible gifts, the Department of Higher Education, in  
8 accordance with section 10a-8b, shall deposit in the Endowment Fund  
9 for the Community-Technical College System a grant in an amount  
10 equal to half of the total amount of endowment fund eligible gifts  
11 received by or for the benefit of the community-technical college  
12 system as a whole and each regional community-technical college for  
13 the calendar year ending the December thirty-first preceding the  
14 commencement of such fiscal year, as certified by the chairperson of

15 the board of trustees by February fifteenth to [(A)] (i) the Secretary of  
16 the Office of Policy and Management, [(B)] (ii) the joint standing  
17 committee of the General Assembly having cognizance of matters  
18 relating to appropriations and the budgets of state agencies, and [(C)]  
19 (iii) the Commissioner of Higher Education, provided such sums do  
20 not exceed the endowment fund state grant maximum commitment for  
21 the fiscal year in which the grant is made.

22 (B) On and after the effective date of this section to June 30, 2014,  
23 inclusive, as part of the state contract with donors of endowment fund  
24 eligible gifts, the Department of Higher Education, in accordance with  
25 section 10a-8b, shall deposit in the Endowment Fund for the  
26 Community-Technical College System a grant in an amount equal to  
27 one-quarter of the total amount of endowment fund eligible gifts  
28 received by or for the benefit of the community-technical college  
29 system as a whole and each regional community-technical college for  
30 the calendar year ending the December thirty-first preceding the  
31 commencement of such fiscal year for such eligible gifts that in their  
32 aggregate are equal to or less than the total amount received for the  
33 previous year and shall deposit in the Endowment Fund for the  
34 Community-Technical College System a grant in an amount equal to  
35 one-half of the total amount of endowment fund eligible gifts received  
36 by or for the benefit of the community-technical college system as a  
37 whole and each regional community-technical college for the calendar  
38 year ending the December thirty-first preceding the commencement of  
39 such fiscal year for such eligible gifts that are in excess of the total  
40 amount received for the previous year, if any, as certified by the  
41 chairperson of the board of trustees by February fifteenth to (i) the  
42 Secretary of the Office of Policy and Management, (ii) the joint  
43 standing committee of the General Assembly having cognizance of  
44 matters relating to appropriations and the budgets of state agencies,  
45 and (iii) the Commissioner of Higher Education, provided such sums  
46 do not exceed the endowment fund state grant maximum commitment  
47 for the fiscal year in which the grant is made. Commitments by donors  
48 to make endowment fund eligible gifts for two or more years that meet  
49 the criteria set forth in this subdivision and that are made for the

50 period prior to the effective date of this section, but ending before  
51 December 31, 2013, shall continue to be matched by the Department of  
52 Higher Education in an amount equal to one-half of the total amount  
53 of endowment fund eligible gifts received through the commitment.

54 (C) In any such fiscal year in which the total of the eligible gifts  
55 received by the community-technical colleges exceeds the endowment  
56 fund state grant maximum commitment for such fiscal year the  
57 amount in excess of such endowment fund state grant maximum  
58 commitment shall be carried forward and be eligible for a matching  
59 state grant in any succeeding fiscal year from the fiscal year ending  
60 June 30, 2000, to the fiscal year ending June 30, 2014, inclusive, subject  
61 to the endowment fund state grant maximum commitment. Any  
62 endowment fund eligible gifts that are not included in the total  
63 amount of endowment fund eligible gifts certified by the chairperson  
64 of the board of trustees pursuant to this subdivision may be carried  
65 forward and be eligible for a matching state grant in any succeeding  
66 fiscal year from the fiscal year ending June 30, 2000, to the fiscal year  
67 ending June 30, 2014, inclusive, subject to the endowment fund state  
68 matching grant commitment for such fiscal year.

69 (D) (i) Notwithstanding the provisions of this subdivision, the  
70 Department of Higher Education shall not deposit in the fiscal year  
71 ending June 30, 2005, a grant in the Endowment Fund for the  
72 Community-Technical College System for endowment fund eligible  
73 gifts received by or for the benefit of the community-technical college  
74 system as a whole and each regional community-technical college for  
75 the calendar year ending December 31, 2004, but shall deposit in said  
76 fund in each of the fiscal years ending June 30, 2006, and June 30, 2007,  
77 a grant in an amount equal to one-half of the amount of the grant that  
78 would have otherwise been deposited in the fiscal year ending June 30,  
79 2005.

80 (ii) Notwithstanding the provisions of this subdivision, the  
81 Department of Higher Education shall not deposit in the fiscal year  
82 ending June 30, 2006, a grant in the Endowment Fund for the

83 Community-Technical College System for endowment fund eligible  
84 gifts received by or for the benefit of the community-technical college  
85 system as a whole and each regional community-technical college for  
86 the calendar year ending December 31, 2005, but shall deposit in said  
87 fund in each of the fiscal years ending June 30, 2007, and June 30, 2008,  
88 a grant in an amount equal to one-half of the amount of the grant that  
89 would have otherwise been deposited in the fiscal year ending June 30,  
90 2006.

91 Sec. 2. Subdivision (2) of subsection (b) of section 10a-109i of the  
92 general statutes is repealed and the following is substituted in lieu  
93 thereof (*Effective from passage*):

94 (2) (A) For each of the fiscal years ending June 30, 1999, to June 30,  
95 [2014] 2004, inclusive, and from the period from July 1, 2004, to the  
96 effective date of this section, as part of the state contract with donors of  
97 endowment fund eligible gifts, the Department of Higher Education, in  
98 accordance with section 10a-8b shall deposit in the endowment fund  
99 for the university a grant in an amount equal to half of the total  
100 amount of endowment fund eligible gifts, except as provided in this  
101 subparagraph, received by the university or for the benefit of the  
102 university for the calendar year ending the December thirty-first  
103 preceding the commencement of such fiscal year, as certified by the  
104 chairperson of the board of trustees by February fifteenth to (i) the  
105 Secretary of the Office of Policy and Management, (ii) the joint  
106 standing committee of the General Assembly having cognizance of  
107 matters relating to appropriations and the budgets of state agencies,  
108 and (iii) the Commissioner of Higher Education, provided such sums  
109 do not exceed the endowment fund state grant maximum commitment  
110 for the fiscal year in which the grant is made. For the fiscal years  
111 ending June 30, 1999, and June 30, 2000, the Department of Higher  
112 Education shall deposit in the endowment fund for the university  
113 grants in total amounts which shall not exceed the endowment fund  
114 state grant, as defined in subdivision (7) of section 10a-109c of the  
115 general statutes, revision of 1958, revised to January 1, 1997, and which  
116 shall be equal to the amounts certified by the chairperson of the board

117 of trustees for each such fiscal year of endowment fund eligible gifts  
118 received by the university or for the benefit of the university and for  
119 which written commitments were made prior to July 1, 1997. For the  
120 fiscal year ending June 30, 1999, the funds required to be deposited in  
121 the endowment fund pursuant to this subparagraph shall be  
122 appropriated to the university for such purpose and not appropriated  
123 to the fund established pursuant to section 10a-8b.

124 (B) On and after the effective date of this section to June 30, 2014,  
125 inclusive, as part of the state contract with donors of endowment fund  
126 eligible gifts, the Department of Higher Education, in accordance with  
127 section 10a-8b shall deposit in the endowment fund for the university a  
128 grant in an amount equal to one-quarter of the total amount of  
129 endowment fund eligible gifts received by the university or for the  
130 benefit of the university for the calendar year ending the December  
131 thirty-first preceding the commencement of such fiscal year for such  
132 eligible gifts that in their aggregate are equal to or less than the total  
133 amount received for the previous year and shall deposit in the  
134 endowment fund for the university a grant in an amount equal to one-  
135 half of the total amount of endowment fund eligible gifts received by  
136 the university or for the benefit of the university for the calendar year  
137 ending the December thirty-first preceding the commencement of such  
138 fiscal year for such eligible gifts that are in excess of the total amount  
139 received for the previous year, if any, as certified by the chairperson of  
140 the board of trustees by February fifteenth to (i) the Secretary of the  
141 Office of Policy and Management, (ii) the joint standing committee of  
142 the General Assembly having cognizance of matters relating to  
143 appropriations and the budgets of state agencies, and (iii) the  
144 Commissioner of Higher Education, provided such sums do not  
145 exceed the endowment fund state grant maximum commitment for the  
146 fiscal year in which the grant is made. Commitments by donors to  
147 make endowment fund eligible gifts for two or more years that meet  
148 the criteria set forth in this subdivision and that are made for the  
149 period prior to the effective date of this section, but ending before  
150 December 31, 2013, shall continue to be matched by the Department of  
151 Higher Education in an amount equal to one-half of the total amount

152 of endowment fund eligible gifts received through the commitment.

153 (C) In any such fiscal year in which the eligible gifts received by the  
154 university exceed the endowment fund state grant maximum  
155 commitment for such fiscal year the amount in excess of such  
156 endowment fund state grant maximum commitment for such fiscal  
157 year, shall be carried forward and be eligible for a matching state grant  
158 in any succeeding fiscal year from the fiscal year ending June 30, 1999,  
159 to the fiscal year ending June 30, 2014, inclusive, subject to the  
160 endowment fund state grant maximum commitment for such fiscal  
161 year. Any endowment fund eligible gifts that are not included in the  
162 total amount of endowment fund eligible gifts certified by the  
163 chairperson of the board of trustees pursuant to this subparagraph  
164 may be carried forward and be eligible for a matching state grant in  
165 any succeeding fiscal year from the fiscal year ending June 30, 2000, to  
166 the fiscal year ending June 30, 2014, inclusive, subject to the  
167 endowment fund state matching grant maximum commitment for  
168 such fiscal year.

169 (D) (i) Notwithstanding the provisions of this subdivision, the  
170 Department of Higher Education shall not deposit in the fiscal year  
171 ending June 30, 2005, a grant in the endowment fund for the university  
172 for endowment fund eligible gifts received by or for the benefit of the  
173 university for the calendar year ending December 31, 2004, but shall  
174 deposit in said fund in each of the fiscal years ending June 30, 2006,  
175 and June 30, 2007, a grant in an amount equal to one-half of the  
176 amount of the grant that would have otherwise been deposited in the  
177 fiscal year ending June 30, 2005.

178 (ii) Notwithstanding the provisions of this subdivision, the  
179 Department of Higher Education shall not deposit in the fiscal year  
180 ending June 30, 2006, a grant in the endowment fund for the university  
181 for endowment fund eligible gifts received by or for the benefit of  
182 university for the calendar year ending December 31, 2005, but shall  
183 deposit in said fund in each of the fiscal years ending June 30, 2007,  
184 and June 30, 2008, a grant in an amount equal to one-half of the

185 amount of the grant that would have otherwise been deposited in the  
186 fiscal year ending June 30, 2006.

187 Sec. 3. Subdivision (2) of subsection (a) of section 10a-143a of the  
188 general statutes is repealed and the following is substituted in lieu  
189 thereof (*Effective from passage*):

190 (2) (A) For each of the fiscal years ending June 30, 2000, to June 30,  
191 [2014] 2004, inclusive, and from the period from July 1, 2004, to the  
192 effective date of this section, as part of the state contract with donors of  
193 endowment fund eligible gifts, the Department of Higher Education, in  
194 accordance with section 10a-8b, shall deposit in the Endowment Fund  
195 for Charter Oak State College a grant in an amount equal to half of the  
196 total amount of endowment fund eligible gifts received by or for the  
197 benefit of Charter Oak State College for the calendar year ending the  
198 December thirty-first preceding the commencement of such fiscal year,  
199 as certified by the chairperson of the Board for State Academic Awards  
200 by February fifteenth to [(A)] (i) the Secretary of the Office of Policy  
201 and Management, [(B)] (ii) the joint standing committee of the General  
202 Assembly having cognizance of matters relating to appropriations and  
203 the budgets of state agencies, and [(C)] (iii) the Commissioner of  
204 Higher Education, provided such sums do not exceed the endowment  
205 fund state grant maximum commitment for the fiscal year in which the  
206 grant is made.

207 (B) On and after the effective date of this section to June 30, 2014,  
208 inclusive, as part of the state contract with donors of endowment fund  
209 eligible gifts, the Department of Higher Education, in accordance with  
210 section 10a-8b, shall deposit in the Endowment Fund for Charter Oak  
211 State College a grant in an amount equal to one-quarter of the total  
212 amount of endowment fund eligible gifts received by or for the benefit  
213 of Charter Oak State College for the calendar year ending the  
214 December thirty-first preceding the commencement of such fiscal year  
215 for such eligible gifts that in their aggregate are equal to or less than  
216 the total amount received for the previous year and shall deposit in the  
217 Endowment Fund for Charter Oak State College a grant in an amount

218 equal to one-half of the total amount of endowment fund eligible gifts  
219 received by or for the benefit of Charter Oak State College for the  
220 calendar year ending the December thirty-first preceding the  
221 commencement of such fiscal year for such eligible gifts that are in  
222 excess of the total amount received for the previous year, if any, as  
223 certified by the chairperson of the Board for State Academic Awards  
224 by February fifteenth to (i) the Secretary of the Office of Policy and  
225 Management, (ii) the joint standing committee of the General  
226 Assembly having cognizance of matters relating to appropriations and  
227 the budgets of state agencies, and (iii) the Commissioner of Higher  
228 Education, provided such sums do not exceed the endowment fund  
229 state grant maximum commitment for the fiscal year in which the  
230 grant is made. Commitments by donors to make endowment fund  
231 eligible gifts for two or more years that meet the criteria set forth in  
232 this subdivision and that are made for the period prior to the effective  
233 date of this section, but ending before December 31, 2013, shall  
234 continue to be matched by the Department of Higher Education in an  
235 amount equal to one-half of the total amount of endowment fund  
236 eligible gifts received through the commitment.

237 (C) In any such fiscal year in which the total of the eligible gifts  
238 received by Charter Oak State College exceeds the endowment fund  
239 state grant maximum commitment for such fiscal year the amount in  
240 excess of such endowment fund state grant maximum commitment  
241 shall be carried forward and be eligible for a matching state grant in  
242 any succeeding fiscal year from the fiscal year ending June 30, 2000, to  
243 the fiscal year ending June 30, 2014, inclusive, subject to the  
244 endowment fund state grant maximum commitment. Any endowment  
245 fund eligible gifts that are not included in the total amount of  
246 endowment fund eligible gifts certified by the chairperson of the Board  
247 for State Academic Awards pursuant to this subdivision may be  
248 carried forward and be eligible for a matching state grant in any  
249 succeeding fiscal year from the fiscal year ending June 30, 2000, to the  
250 fiscal year ending June 30, 2014, inclusive, subject to the endowment  
251 fund state matching grant maximum commitment for such fiscal year.

252 (D) (i) Notwithstanding the provisions of this subdivision, the  
253 Department of Higher Education shall not deposit in the fiscal year  
254 ending June 30, 2005, a grant in the Endowment Fund for Charter Oak  
255 State College for endowment fund eligible gifts received by or for the  
256 benefit of Charter Oak State College for the calendar year ending  
257 December 31, 2004, but shall deposit in said fund in each of the fiscal  
258 years ending June 30, 2006, and June 30, 2007, a grant in an amount  
259 equal to one-half of the amount of the grant that would have otherwise  
260 been deposited in the fiscal year ending June 30, 2005.

261 (ii) Notwithstanding the provisions of this subdivision, the  
262 Department of Higher Education shall not deposit in the fiscal year  
263 ending June 30, 2006, a grant in the Endowment Fund for Charter Oak  
264 State College for endowment fund eligible gifts received by or for the  
265 benefit of Charter Oak State College for the calendar year ending  
266 December 31, 2005, but shall deposit in said fund in each of the fiscal  
267 years ending June 30, 2007, and June 30, 2008, a grant in an amount  
268 equal to one-half of the amount of the grant that would have otherwise  
269 been deposited in the fiscal year ending June 30, 2006.

270 Sec. 4. Subdivision (2) of subsection (a) of section 10a-99a of the  
271 general statutes is repealed and the following is substituted in lieu  
272 thereof (*Effective from passage*):

273 (2) (A) For each of the fiscal years ending June 30, 2000, to June 30,  
274 [2014] 2004, inclusive, and from the period from July 1, 2004, to the  
275 effective date of this section, as part of the state contract with donors of  
276 endowment fund eligible gifts, the Department of Higher Education, in  
277 accordance with section 10a-8b, shall deposit in the Endowment Fund  
278 for the Connecticut State University System a grant in an amount equal  
279 to half of the total amount of endowment fund eligible gifts received  
280 by or for the benefit of the Connecticut State University system as a  
281 whole and each state university for the calendar year ending the  
282 December thirty-first preceding the commencement of such fiscal year,  
283 as certified by the chairperson of the board of trustees by February  
284 fifteenth to [(A)] (i) the Secretary of the Office of Policy and

285 Management, [(B)] (ii) the joint standing committee of the General  
286 Assembly having cognizance of matters relating to appropriations and  
287 the budgets of state agencies, and [(C)] (iii) the Commissioner of  
288 Higher Education, provided such sums do not exceed the endowment  
289 fund state grant maximum commitment for the fiscal year in which the  
290 grant is made.

291 (B) On and after the effective date of this section to June 30, 2014,  
292 inclusive, as part of the state contract with donors of endowment fund  
293 eligible gifts, the Department of Higher Education, in accordance with  
294 section 10a-8b, shall deposit in the Endowment Fund for the  
295 Connecticut State University system a grant in an amount equal to  
296 one-quarter of the total amount of endowment fund eligible gifts  
297 received by or for the benefit of the Connecticut State University  
298 system as a whole and each state university for the calendar year  
299 ending the December thirty-first preceding the commencement of such  
300 fiscal year for such eligible gifts that in their aggregate are equal to or  
301 less than the total amount received for the previous year and shall  
302 deposit in the Endowment Fund for Connecticut State University  
303 System a grant in an amount equal to one-half of the total amount of  
304 endowment fund eligible gifts received by or for the benefit of the  
305 Connecticut State University system for the calendar year ending the  
306 December thirty-first preceding the commencement of such fiscal year  
307 for such eligible gifts that are in excess of the total amount received for  
308 the previous year, if any, as certified by the chairperson of the board of  
309 trustees by February fifteenth to (i) the Secretary of the Office of Policy  
310 and Management, (ii) the joint standing committee of the General  
311 Assembly having cognizance of matters relating to appropriations and  
312 the budgets of state agencies, and (iii) the Commissioner of Higher  
313 Education, provided such sums do not exceed the endowment fund  
314 state grant maximum commitment for the fiscal year in which the  
315 grant is made. Commitments by donors to make endowment fund  
316 eligible gifts for two or more years that meet the criteria set forth in  
317 this subdivision and that are made for the period prior to the effective  
318 date of this section, but ending before December 31, 2013, shall  
319 continue to be matched by the Department of Higher Education in an

320 amount equal to one-half of the total amount of endowment fund  
321 eligible gifts received through the commitment.

322 (C) In any such fiscal year in which the total of the eligible gifts  
323 received by the Connecticut State University system as a whole and  
324 each state university exceed the endowment fund state grant  
325 maximum commitment for such fiscal year the amount in excess of  
326 such endowment fund state grant maximum commitment shall be  
327 carried forward and be eligible for a matching state grant in any  
328 succeeding fiscal year from the fiscal year ending June 30, 2000, to the  
329 fiscal year ending June 30, 2014, inclusive, subject to the endowment  
330 fund state grant maximum commitment. Any endowment fund  
331 eligible gifts that are not included in the total amount of endowment  
332 fund eligible gifts certified by the chairperson of the board of trustees  
333 pursuant to this subdivision may be carried forward and be eligible for  
334 a matching state grant in any succeeding fiscal year from the fiscal year  
335 ending June 30, 2000, to the fiscal year ending June 30, 2014, inclusive,  
336 subject to the endowment fund state matching grant maximum  
337 commitment for such fiscal year.

338 (D) (i) Notwithstanding the provisions of this subdivision, the  
339 Department of Higher Education shall not deposit in the fiscal year  
340 ending June 30, 2005, a grant in the Endowment Fund for the  
341 Connecticut State University System for endowment fund eligible gifts  
342 received by or for the benefit of the Connecticut State University  
343 system as a whole and each university for the calendar year ending  
344 December 31, 2004, but shall deposit in said fund in each of the fiscal  
345 years ending June 30, 2006, and June 30, 2007, a grant in an amount  
346 equal to one-half of the amount of the grant that would have otherwise  
347 been deposited in the fiscal year ending June 30, 2005.

348 (ii) Notwithstanding the provisions of this subdivision, the  
349 Department of Higher Education shall not deposit in the fiscal year  
350 ending June 30, 2006, a grant in the Endowment Fund for the  
351 Connecticut State University System for endowment fund eligible gifts  
352 received by or for the benefit of the Connecticut State University

353 system as a whole and each university for the calendar year ending  
354 December 31, 2005, but shall deposit in said fund in each of the fiscal  
355 years ending June 30, 2007, and June 30, 2008, a grant in an amount  
356 equal to one-half of the amount of the grant that would have otherwise  
357 been deposited in the fiscal year ending June 30, 2006.

358 Sec. 5. Section 10a-103 of the general statutes is repealed and the  
359 following is substituted in lieu thereof (*Effective July 1, 2005*):

360 There shall continue to be a Board of Trustees for The University of  
361 Connecticut to consist of [~~nineteen~~] twenty-one persons, twelve to be  
362 appointed by the Governor, who shall reflect the state's geographic,  
363 racial and ethnic diversity; two to be elected by the university alumni;  
364 two to be elected by the students enrolled at the institutions under the  
365 jurisdiction of said board; and [~~three~~] five members ex officio. On or  
366 before July 1, 1983, the Governor shall appoint members to the board  
367 as follows: Four members for a term of two years from said date; four  
368 members for a term of four years from said date; and four members for  
369 a term of six years from said date. Thereafter the Governor shall  
370 appoint trustees of said university to succeed those appointees whose  
371 terms expire, and each trustee so appointed shall hold office for a  
372 period of six years from the first day of July in the year of his or her  
373 appointment, provided two of the trustees appointed for terms  
374 commencing July 1, 1995, and their successors shall be alumni of the  
375 university, one of the trustees appointed for a term commencing July 1,  
376 1997, and his or her successors shall be such alumni and one of the  
377 members appointed for a term commencing July 1, 1999, and his or her  
378 successors shall be such alumni. The Commissioner of Agriculture,  
379 [~~and~~] the Commissioner of Education, the Commissioner of Economic  
380 and Community Development and the chairperson of The University  
381 of Connecticut Health Center Board of Directors shall be, ex officio,  
382 members of the board of trustees. The Governor shall be, ex officio,  
383 president of said board. The graduates of all of the schools and  
384 colleges of said university shall, prior to September first in the odd-  
385 numbered years, elect one trustee, who shall be a graduate of the  
386 institution and who shall hold office for four years from the first day of

387 September succeeding his or her election. Not less than two nor more  
388 than four nominations for each such election shall be made by the  
389 alumni association of said university, provided no person who has  
390 served as an alumni trustee for the two full consecutive terms  
391 immediately prior to the term for which such election is to be held  
392 shall be nominated for any such election. Such election shall be  
393 conducted by mail prior to September first under the supervision of a  
394 canvassing board consisting of three members, one appointed by the  
395 board of trustees, one by the board of directors of the alumni  
396 association of the university and one by the president of the university.  
397 No ballot in such election shall be opened until the date by which  
398 ballots must be returned to the canvassing board. In such election all  
399 graduates shall be entitled to vote by signed ballots which have been  
400 circulated to them by mail and which shall be returned by mail.  
401 Vacancies occurring by death or resignation of either of such alumni  
402 trustees shall be filled for the unexpired portion of the term by special  
403 election, if such unexpired term is for more than eighteen months.  
404 When the unexpired term is eighteen months or less, such vacancy  
405 shall be filled by appointment by the board of directors of said alumni  
406 association. On or before November 1, 1975, the students of The  
407 University of Connecticut shall, in such manner as the board of  
408 trustees of said university shall determine, elect two trustees, each of  
409 whom shall be enrolled as a full-time student of said university at the  
410 time of his or her election. One such member shall be elected for a term  
411 of one year from November 1, 1975, and one for a term of two years  
412 from said date. Prior to July first, annually, such students shall, in  
413 accordance with this section and in such manner as the board shall  
414 determine, elect one member of said board, who shall be so enrolled at  
415 said university at the time of his or her election and who shall serve for  
416 a term of two years from July first in the year of his or her election. The  
417 student member elected to fill the term expiring on June 30, 2003, and  
418 such elected member's successors shall be enrolled as full-time  
419 undergraduate students at a school or college of the university and  
420 shall be elected by the undergraduate students of the schools and  
421 colleges of the university. The student member elected to fill the term

422 expiring on June 30, 2004, and such elected member's successors shall  
423 be enrolled as a full-time student in the School of Law, the School of  
424 Medicine, the School of Dentistry, the School of Social Work, or as a  
425 graduate student of a school or college of the university, and shall be  
426 elected by the students of the School of Law, the School of Medicine,  
427 the School of Dentistry, the School of Social Work and the graduate  
428 students of the schools and colleges of the university. Any vacancies in  
429 the elected membership of said board shall, except as otherwise  
430 provided in this section, be filled by special election for the balance of  
431 the unexpired term.

432       Sec. 6. (NEW) (*Effective July 1, 2005*) (a) The University of  
433 Connecticut may, when authorized by the board of trustees, borrow  
434 money from the Connecticut Health and Educational Facilities  
435 Authority for any project for The University of Connecticut Health  
436 Center for which the authority would be authorized to make loans to a  
437 participating health care institution pursuant to chapter 187 of the  
438 general statutes and to refinance any such borrowing, and in  
439 connection with such borrowing, The University of Connecticut is  
440 authorized to enter into any loan or other agreement and to make such  
441 covenants, representations and indemnities as the board of trustees  
442 deems necessary or desirable to obtain such loans from the authority  
443 or to facilitate the issue of bonds by the authority to finance such loans,  
444 including agreements with providers of letters of credit, insurance or  
445 other credit facilities for such financings. Any such agreement,  
446 covenant, representation and indemnification shall be a full faith and  
447 credit obligation of The University of Connecticut. The University of  
448 Connecticut may secure such obligations by a pledge of the revenues  
449 to be derived from the operation or use of a clinical services project or  
450 projects, from rates, amounts, rents, fees, charges and other income  
451 and receipts from clinical services or from other general revenues of  
452 The University of Connecticut Health Center, provided any such  
453 pledge shall not violate any covenant of the state under section 10a-  
454 109u of the general statutes. Bonds of the authority issued pursuant to  
455 this section to finance a clinical services project for The University of  
456 Connecticut Health Center shall be deemed to have been issued to

457 finance a project at a participating health care institution for purposes  
458 of chapter 187 of the general statutes and shall be eligible for the  
459 benefit of a special capital reserve fund created and established  
460 pursuant to subsection (a) of section 10a-186a of the general statutes.

461 (b) Any pledge made by The University of Connecticut pursuant to  
462 this section is and shall be deemed a statutory lien. The lien of any  
463 such pledge shall be valid and binding as against all parties having  
464 claims of any kind in tort, contract or otherwise against The University  
465 of Connecticut, irrespective of whether the parties have notice of the  
466 claims. Notwithstanding any provision of the Uniform Commercial  
467 Code, no instrument by which such a pledge is created need be  
468 recorded or filed. Any revenues or other receipts, funds, moneys or  
469 income so pledged and thereafter received by The University of  
470 Connecticut Health Center shall be subject immediately to the lien of  
471 the pledge without any physical delivery thereof or further act and  
472 such lien shall have priority over all other liens, including without  
473 limitation the lien of any person who, in the ordinary course of  
474 business, furnishes services or materials to The University of  
475 Connecticut.

476 (c) Notwithstanding the provisions of any general statute or public  
477 or special act which may require any revenue from the operation of  
478 facilities of The University of Connecticut Health Center or any other  
479 revenue of The University of Connecticut Health Center be paid to the  
480 State Treasurer for the payment of debt service on any bonds issued by  
481 the state for The University of Connecticut Health Center, any  
482 revenues pledged by the board of trustees pursuant to this section  
483 shall be applied first to the extent necessary to fulfill the obligations for  
484 which such revenues are pledged, and only thereafter to the State  
485 Treasurer.

486 (d) The Connecticut Health and Educational Facilities Authority  
487 shall not borrow any money or issue any bonds or notes which are  
488 secured by a pledge of any revenues of The University of Connecticut  
489 Health Center, unless such borrowing or issuance has been approved

490 by the State Treasurer and the Secretary of the Office of Policy and  
491 Management or their deputies. In granting such approval the State  
492 Treasurer and the secretary shall consider the adequacy of revenues  
493 available to The University of Connecticut Health Center to pay (1)  
494 debt service on all the borrowings, bonds or notes issued by the  
495 Connecticut Health and Educational Facilities Authority for which  
496 revenues of The University of Connecticut Health Center are pledged,  
497 (2) debt service on all the bonds issued by the state for which revenues  
498 of The University of Connecticut Health Center are to be paid to the  
499 State Treasurer, and (3) debt service on any other borrowings for  
500 which the revenues of The University of Connecticut Health Center  
501 have been pledged.

502 (e) The state covenants with the authority and with the purchasers  
503 and all other subsequent owners and transferees of obligations issued  
504 by the authority for the benefit of The University of Connecticut  
505 Health Center pursuant to this section, in consideration of the  
506 financing by the authority and the acceptance of and payment for the  
507 securities of the authority, until all obligations of The University of  
508 Connecticut and all costs and expenses in connection with any action  
509 or proceeding in connection therewith, are fully met and discharged,  
510 unless expressly permitted or otherwise authorized by the terms of  
511 each contract and agreement made or entered into by or on behalf of  
512 The University of Connecticut with the authority or for the benefit of  
513 such other parties, that the state will not (1) create or cause to be  
514 created any lien or charge on the assets or revenues pledged to secure  
515 such obligations of The University of Connecticut, prior to or on parity  
516 with a lien or pledge created thereon pursuant to this section; (2) in  
517 any way impair the rights, exemptions or remedies of the authority or  
518 the owners of such bonds of the authority; and (3) limit, modify,  
519 rescind, repeal or otherwise alter the rights or obligations of The  
520 University of Connecticut to take such action as may be necessary to  
521 fulfill the terms of its obligations in connection with its borrowing  
522 from the authority; provided nothing in this section precludes the state  
523 from exercising its power, through a change in law, to limit, modify,  
524 rescind, repeal or otherwise alter this section if and when adequate

525 provision is made by law for the protection of the authority and the  
526 holders of any outstanding securities of the authority, pursuant to the  
527 agreement of The University of Connecticut with the authority and  
528 pursuant to the indenture or other instrument under which the bonds  
529 of the authority are issued pursuant to this section. The University of  
530 Connecticut is authorized to include this covenant of the state, as a  
531 contract of the state, in any such agreement with the authority and in  
532 any credit facility or reimbursement agreement with respect to the  
533 obligations of The University of Connecticut or the obligations of the  
534 authority issued for the benefit of The University of Connecticut  
535 Health Center.

536 (f) The Superior Court shall have jurisdiction to enter judgment  
537 against The University of Connecticut found upon any express  
538 contract, including any indemnification provisions thereof, between  
539 The University of Connecticut and the authority, any trustee or  
540 underwriter for the authority's bonds issued pursuant to this section,  
541 or any bond insurer or other credit facility provider. Any action  
542 brought under this section shall be brought in the superior court for  
543 the judicial district of Hartford. The jurisdiction conferred upon the  
544 Superior Court by this subsection includes any set-off, claim or  
545 demand whatever on the part of The University of Connecticut against  
546 any plaintiff commencing or joining an action under this subsection.  
547 Such action shall be tried to the court without a jury. All legal defenses  
548 except governmental immunity shall be reserved to The University of  
549 Connecticut. Any action brought under this section shall be privileged  
550 in respect to assignment for trial upon motion of either party.

551 (g) For purposes of this section, "clinical services" means clinical and  
552 patient services and programs, both in-patient and ambulatory, and  
553 including, but not limited to, university physicians' clinical operations,  
554 offered by The University of Connecticut Health Center, including, but  
555 not limited to, services at the John Dempsey Hospital, the Faculty  
556 Physician Practice or at clinics or other facilities operated by The  
557 University of Connecticut Health Center elsewhere in the state,  
558 exclusive of educational and research functions; and "clinical services

559 project" means a project to be used principally to provide or support  
560 clinical services.

561 (h) The powers granted pursuant to this section to The University of  
562 Connecticut shall be in addition to the powers granted by The  
563 University of Connecticut 2000 Act pursuant to sections 10a-109a to  
564 10a-109y, inclusive, of the general statutes.

565 Sec. 7. (NEW) (*Effective from passage*) Not later than December 31,  
566 2005, and biennially thereafter, the Board of Trustees of the  
567 Community-Technical Colleges, the Board of Trustees of The  
568 University of Connecticut and the Board of Trustees of the Connecticut  
569 State University System shall each develop a plan to increase the  
570 number of full-time faculty teaching at the colleges and universities  
571 under the boards' jurisdiction. Not later than December 31, 2005, and  
572 biennially thereafter, each board of trustees shall report the plans in  
573 accordance with the provisions of section 11-4a of the general statutes  
574 to the committee of the General Assembly having cognizance of  
575 matters relating to higher education and employment advancement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	10a-77a(a)(2)
Sec. 2	<i>from passage</i>	10a-109i(b)(2)
Sec. 3	<i>from passage</i>	10a-143a(a)(2)
Sec. 4	<i>from passage</i>	10a-99a(a)(2)
Sec. 5	<i>July 1, 2005</i>	10a-103
Sec. 6	<i>July 1, 2005</i>	New section
Sec. 7	<i>from passage</i>	New section

**Statement of Legislative Commissioners:**

Changed reference in section 6(c) to clarify that the notwithstanding provision includes public acts.

**HED**      *Joint Favorable Subst. C/R*

APP

**APP**      *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Higher Ed., Dept.	GF - Implements the Budget	See Below	See Below
UConn; Higher Education Constituent Units	GF - Cost	Minimal	Minimal
UConn Health Ctr.	GF - Savings	Potential Minimal	Potential Minimal

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

Sections 1-4 of the bill implement the budget. The bill changes the formula for the Higher Education State Matching Grant which is contained within the budget of the Department of Higher Education. The bill reduces the current state match from one-half to one-quarter. However, the bill retains the one-half state match for funds received in excess of the previous year’s total.

The bill also allows the state to pay out its annual match obligation over a two-year period beginning with FY 04 committed funds, which will be paid in FY 06 and 07. FY 05 committed funds will be paid in FY 07 and 08. Multi-year donations will be matched at a rate equal to one-half. All funds committed in FY 05, before the effective date of the bill, will be matched at one-half. All of the Higher Education Constituent Units will be affected by the change in the matching grant. sHB 6671, the Appropriations Act for the FY 05-07 biennium as passed by the Appropriations Committee, contains funding of \$4.0 million in FY 06 and \$7.0 million in FY 07 to reflect the funding requirements.

Section 5 of the bill increases the size of the Board of Trustees for the University of Connecticut from 19 to 21. The Commissioner of

Economic and Community Development, and the chairperson of The University of Connecticut Health Center Board of Directors, will serve as ex officio members. This section results in a minimal cost to the University of Connecticut by increasing the membership of its board of trustees from nineteen to twenty-one persons. Such costs would be related to meals and other minor expense items provided for or to board members in the course of their duties. These costs can be accommodated within existing university resources.

**Section 6** of the bill allows the UCONN Health Center (UHC) to borrow funds from the Connecticut Health and Education Facilities Authority (CHEFA). As it is assumed that UHC would only borrow funds from CHEFA in circumstances in which the terms of the CHEFA loan are better than other available market loans, this bill may result in future savings to the Health Center.

**Section 7** of the bill results in a minimal cost to the constituent units of higher education by requiring them to come up with a plan to increase the number of full-time faculty and submit the plan to the General Assembly. Since the section only requires developing and submitting a plan and not actually putting the plan in place the constituent units can accommodate the minimal costs within existing resources.

**OLR Bill Analysis**

sSB 1050

***AN ACT CONCERNING ENDOWMENT MATCHING FUNDS, THE BOARD OF TRUSTEES FOR THE UNIVERSITY OF CONNECTICUT, CHEFA FUNDS FOR THE UCONN HEALTH CENTER AND FACULTY INCREASES*****SUMMARY:**

This bill revises the formula for state matching grants to the UConn, Connecticut State University (CSU), community-technical college (CTC), and Charter Oak College endowment funds. It reduces the match from one state dollar to every two dollars in private donations to one-to-four for annual donations up to the previous year's total; the match remains one-to-two for donations above the previous year's total and multiyear gift commitments made before the bill passes. The bill postpones paying the state match for donations made in 2004 and 2005 (which would otherwise be paid in FY 05 and FY 06, respectively) until FYs 06, 07, and 08.

The bill authorizes UConn to borrow money from the Connecticut Health and Education Facilities Authority (CHEFA) for projects at the UConn Health Center and pledge revenue from Health Center clinical services projects to repay this borrowing.

It requires the UConn, CSU, and CTC boards of trustees to develop plans every two years to increase the number of full-time faculty at their institutions and biennially report these plans to the Higher Education Committee beginning December 31, 2005. And it makes the economic and community development commissioner and the chairman of the UConn Health Center board of trustees ex-officio members of UConn's board of trustees.

**EFFECTIVE DATE:** Upon passage for the endowment matching grant and faculty planning provisions; July 1, 2005 for the Health Center borrowing and board of trustees' additions.

**ENDOWMENT MATCHING GRANT**

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**Matching Grant Formula**

The state matches eligible private donations to endowment funds created on behalf of UConn, the CSU and CTC systems and individual institutions, and Charter Oak College. To be eligible, a donation must be dedicated for endowed professorships, scholarships, or program enhancements.

Under current law, the state matches one dollar for every two private dollars donated during a calendar year, up to annual and aggregate maximums that vary for each constituent unit. In years when total donations exceed the annual maximum, unmatched donations can be carried forward until June 30, 2014, and donations that are not included in one year's total can be included in any succeeding year's total up to that date.

The bill reduces the match on all donations made after it takes effect to one state dollar for every four private dollars. This ratio applies until donations reach the amount donated in the preceding year; donations above that level generate a one-to-two match. Multiyear donation commitments made before the bill takes effect are matched at one-to-two through December 31, 2013.

**Matching Grant Payments for 2004 and 2005 Donations**

By law, the chairman of the constituent unit board of trustees that the endowment fund benefits must certify to various parties the annual total eligible donations by February 15 following the year's end. The matching grants are appropriated to and paid by the Department of Higher Education in the following fiscal year.

The bill postpones paying the full match on donations made in 2004 and 2005. For 2004 donations, which under current law must be paid by June 30, 2006, the bill requires paying half of the match by that date and the other half by June 30, 2007. For 2005 donations, which under current law must be paid by June 30, 2007, the bill requires paying half of the match by that date and the other half by June 30, 2008.

**UCONN BORROWING FOR HEALTH CENTER PROJECTS****Purposes**

The bill permits UConn, with its board of trustees' authorization, to

borrow money from CHEFA (and refinance this debt) for any purpose for which CHEFA is authorized to lend money to health care institutions. These include (1) buildings for hospitals; clinics; laboratories; laundries; employee and student housing; administration; research; and maintenance, storage, and utility facilities, including parking and (2) equipment and machinery needed for any of these purposes. The law currently limits CHEFA's lending to nonprofit colleges and universities and health facilities, but it allows CHEFA to lend to the CSUs for higher education purposes (e.g., academic buildings, dorms, laboratories).

### ***Pledging Revenues to Back Bonds***

The bill permits UConn's board to make any agreements, covenants, and representations necessary for CHEFA to issue bonds and for the university to borrow the proceeds from CHEFA. These can include (1) pledging revenue from "clinical services projects," any other clinical services income, or other general Health Center revenue to repay the bonds and (2) agreements with providers of letters of credit, insurance, or other credit facilities. All such agreements, covenants, and representations are full faith and credit obligations of the university, as long as they do not violate any state covenant arising from UConn 2000 borrowings.

Under the bill, a "clinical services project" is one used principally to provide or support inpatient or outpatient clinical and patient services and programs offered at the Health Center. These can include services at John Dempsey Hospital, the faculty physician practice, or other clinics the Health Center operates anywhere in the state. They do not include education or research functions.

The university's pledge of revenue to repay CHEFA-issued bonds takes priority over any existing law or special act dedicating Health Center revenue to pay debt service on state bonds issued for Health Center projects. Any revenue remaining after paying CHEFA can be used for other debt service.

### ***Required Approvals***

The state treasurer and Office of Policy and Management secretary, or their deputies, must give approval before CHEFA can issue bonds or borrow money for the Health Center. In determining whether to

approve, the bill requires them to consider whether the Health Center will have sufficient revenue to pay debt service on (1) all of its borrowing from CHEFA, (2) all state bonds issued for the Health Center, and (3) any other debt for which Health Center revenue is pledged.

### ***Special Capital Reserve Fund***

Any bonds CHEFA issues to finance a clinical services project can be backed by a special capital reserve fund (SCRF), if CHEFA determines the project's revenue is sufficient to pay the debt service, establish reserves, maintain the project, and pay any other needed costs. A SCRF is a debt service reserve fund that typically equals one year's principal and interest on the bond. If the borrower is unable to make all or part of the scheduled debt service payments, the SCRF is used to meet them. SCRF-backed bonds are contingent liabilities of the state; if a SCRF is exhausted, the state General Fund automatically replenishes it, regardless of the state spending cap.

### ***Statutory Lien***

Any pledge UConn makes concerning its borrowing and these bonds is a statutory lien. It is binding on all parties with any claim against the university and has priority over all other liens, including those of people who do business with the university. Regardless of Uniform Commercial Code requirements, the lien need not be recorded or filed. Any revenue UConn receives that is subject to its pledge is immediately subject to the lien without physical delivery of the money.

### ***State Covenants***

The bill creates a covenant that the state will not, without protecting CHEFA and its bondholders, (1) create any lien against the Health Center assets or revenue pledged to back the bonds higher than the lien the bill creates on them; (2) in any way impair the rights of the bondholders; or (3) limit, repeal, or alter UConn's right to take action to fulfill its obligations. But the bill does not prevent the state from changing this restriction as long as it protects CHEFA and bondholders.

### ***Court Jurisdiction***

Any legal action concerning these bonds must be brought to the

Hartford Superior Court. The court's jurisdiction includes any set-off, claim, or demand UConn makes against a plaintiff. Actions must be tried without a jury. UConn can use any legal defense except sovereign immunity.

**UConn Powers**

The bill specifies that the powers it grants UConn are in addition to those it has under UConn 2000 laws.

**COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Change of Reference

Yea 20      Nay 0

Appropriations Committee

Joint Favorable Report

Yea 41      Nay 8