



General Assembly

February Session, 2008

**Raised Bill No. 5049**

LCO No. 215

\*00215\_\_\_\_\_HED\*

Referred to Committee on Higher Education and Employment  
Advancement

Introduced by:  
(HED)

***AN ACT ESTABLISHING A CONNECTICUT HIGHER EDUCATION  
PERPETUAL TRUST FUND.***

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

1 Section 1. Subsection (c) of section 4-30a of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2008*):

4 (c) The Treasurer is authorized to invest all or any part of said fund  
5 in accordance with the provisions of section 3-31a. The interest derived  
6 from the investment of said fund shall be credited to the [General  
7 Fund] Higher Education Perpetual Trust Fund established under  
8 section 4 of this act.

9 Sec. 2. Section 3-27a of the general statutes is repealed and the  
10 following is substituted in lieu thereof (*Effective July 1, 2008*):

11 There is hereby created a Short Term Investment Fund to be  
12 administered by the State Treasurer. The State Treasurer may sell  
13 participation certificates of the Short Term Investment Fund for

14 investment to the General Fund, bond funds, the Special  
15 Transportation Fund, the Local Bridge Revolving Fund, the  
16 Educational Excellence Trust Fund, the Residential Property Tax  
17 Revaluation Relief Fund, the Higher Education Perpetual Trust Fund  
18 established under section 4 of this act, the Municipal Abandoned  
19 Vehicle Trust Fund, the Special Abandoned Property Fund, trust funds  
20 administered by the Treasurer and all such other funds the moneys of  
21 which by law the Treasurer is responsible for investing. Said  
22 participation certificates shall bear and pay such interest and be issued  
23 subject to such terms and conditions as shall be determined and  
24 established by the State Treasurer. The interest derived from the  
25 investment or reinvestment of funds of The University of Connecticut  
26 Operating Fund and The University of Connecticut Health Center  
27 Operating Fund, The University of Connecticut Research Foundation,  
28 The University of Connecticut Health Center Research Foundation, the  
29 Connecticut State University System Operating Fund, the Connecticut  
30 State University System Research Foundation, and the Regional  
31 Community-Technical Colleges Operating Fund, as authorized by  
32 sections 10a-105, 10a-110a, 10a-130, 10a-99 and 10a-77, respectively,  
33 and the Board for State Academic Awards educational services  
34 account, as authorized by section 10a-143, shall be paid to each board  
35 or board of trustees respectively.

36 Sec. 3. Section 3-27d of the general statutes is repealed and the  
37 following is substituted in lieu thereof (*Effective July 1, 2008*):

38 The Treasurer is [also] authorized to invest and reinvest [such] the  
39 funds of the Short Term Investment Fund in accordance with the  
40 provisions of the general statutes relating to the investment of savings  
41 banks, or in the United States government obligations, United States  
42 agency obligations, United States postal service obligations, certificates  
43 of deposit, commercial paper, corporate bonds, saving accounts and  
44 bank acceptances, including in such investment or reinvestment the  
45 sale or acquisition of securities or obligations, which the Treasurer is  
46 authorized to sell or acquire for purposes of said Short Term

47 Investment Fund, subject to repurchase agreements in the manner in  
 48 which such agreements are negotiated in sales of such securities or  
 49 obligations in the marketplace. In making such investments, the  
 50 Treasurer shall consider investments yielding the highest earnings that  
 51 are consistent with the Treasurer's investment strategy.

52 Sec. 4. (NEW) (*Effective July 1, 2008*) (a) There is established a fund to  
 53 be known as the "Higher Education Perpetual Trust Fund". Moneys  
 54 deposited in the fund shall be held by the Treasurer separate and apart  
 55 from all other moneys, funds and accounts. Investment earnings  
 56 credited to the fund shall become part of the fund. Amounts in the  
 57 fund shall be expended only pursuant to appropriations by the  
 58 General Assembly and shall be in accordance with the provisions of  
 59 subsection (b) of this section.

60 (b) For the fiscal year ending June 30, 2010, and each fiscal year  
 61 thereafter, the General Assembly shall appropriate sixty-two and one-  
 62 half per cent of the annual investment earnings credited to the Higher  
 63 Education Perpetual Trust Fund to the Connecticut aid to public  
 64 college students grant program pursuant to subsections (a) and (c) of  
 65 section 10a-164a of the general statutes. For any fiscal year in which  
 66 there are no investment earnings credited to the fund or the amount of  
 67 such investment earnings is not sufficient to cover the amount of the  
 68 requested appropriation under subsections (a) and (c) of said section  
 69 10a-164a, the General Assembly may appropriate investment earnings  
 70 that were credited to the fund in any previous fiscal year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	4-30a(c)
Sec. 2	<i>July 1, 2008</i>	3-27a
Sec. 3	<i>July 1, 2008</i>	3-27d
Sec. 4	<i>July 1, 2008</i>	New section

**Statement of Purpose:**

To establish a perpetual trust fund to fund the Connecticut aid to public college students grant program and to clarify that the Treasurer should seek investments yielding the highest earnings, if consistent with the Treasurer's investment strategy, for the Short Term Investment Fund.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*