



**Higher Education and Employment Advancement Committee**

**February 25, 2014**

**Public Hearing**

**Testimony**

**By**

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Co-Chairs, Ranking Members, and Members of the Higher Education and Employment Advancement Committee, thank you for allowing me to testify today on three bills currently under consideration by the Committee.

First and foremost, I would like to thank the Committee for its long-term support of the University of Connecticut and for raising the following three bills.

**Raised Bill 182, An Act Conforming Public Higher Education Purchasing Statutes with Department of Administrative Services Purchasing Statutes and Practice**

Raised Bill 182, *An Act Conforming Public Higher Education Purchasing Statutes with Department of Administrative Services Purchasing Statutes and Practice*, conforms public higher education's purchasing statutes with the current Department of Administrative Services' (DAS) practice and statutory framework regarding accessing better prices for goods and commodities through purchasing consortia. Participation in purchasing consortia (also known as Group Purchasing Organizations or GPOs) is a long standing practice that is regularly utilized by institutions of higher education, including academic medical centers, to get the best value in purchasing. In 2008, the Department of Administrative Services changed their statutes, now codified as 4a-53, to allow DAS to utilize purchasing consortia to access more competitive pricing. The University currently utilizes consortia and this statutory change would conform the statutes to our current practice. The bill also makes it clear that the constituent units can utilize consortia formed by subdivisions in other states when the best interest of Connecticut would be served by doing so.

In addition to utilizing public consortia, especially at the UConn Health Center, a variety of clinical supplies and pharmaceuticals are procured through clinical GPOs. The pharmaceutical pricing we are able to access through a national GPO is also made available to other state agencies. In some cases these GPO's may include private entities.

We would like to request that language be inserted in the bill as drafted that would make it clear that the constituent units can utilize private consortia as well as public consortia when the best interest of Connecticut would be served by doing so.

Proposed language change to Raised Bill 182 (in bold and highlighted in yellow).

***AN ACT CONFORMING PUBLIC HIGHER EDUCATION PURCHASING STATUTES WITH DEPARTMENT OF ADMINISTRATIVE SERVICES PURCHASING STATUTES AND PRACTICE.***

Line 138(m) The chief executive officer of a constituent unit may join with a federal agency, another state government, political subdivision of this state, **private** or nonprofit organization in a cooperative purchasing plan when the best interests of the state would be served by such plan.

Line 142(n) The state, through the chief executive officer of a constituent unit, may purchase equipment, supplies, materials and services from a person who has a contract to sell such property or services to another state government, political subdivision of this state, nonprofit organization, **private** or public purchasing consortium, in accordance with the terms and conditions of such contract.

Raised Bill 183, An Act Concerning Financing Transactions for Revisions to Revenue Bond Projects Under UCONN 2000

This legislation is requested to distinguish UCONN 2000 projects financed by the state through the state's debt service commitment from any portions of projects financed by University revenues. Current law (10a-109g) caps the maximum amount of bonds issued annually by the state in order to limit the state's annual debt service commitment. Sec. 10a-109f of the Connecticut General Statutes currently includes University financed project costs within the annual bond caps, even though University financed projects would not add to the state's debt service commitment. Specifically, it is critical that it be clarified that the amount of bonds issued by the University and secured by University fee revenue for projects like residence halls, parking garages, and dining halls would not be included in the annual bond caps because the University, not the state, would be responsible for payment of the debt. The "authorized funding amount" remains applicable to the UCONN 2000 project costs secured by the State's debt service commitment. The "authorized funding amount" is not relevant to project costs secured by University revenues and debt service commitment paid by the University.

This change is necessary so that key projects can move forward. It is important to note that these project costs are financed by the University itself and secured by University revenue. It is important to note that legislation we are requesting does NOT increase the state's debt service commitment for project costs authorized under UCONN 2000/Next Generation CT funding. The bill clarifies that borrowing secured by the state's debt service commitment remains subject to the statutory bond caps, but not borrowing secured by University revenues.

We would like to request a small language change to the legislation, however. In order for it to accomplish our goal, we would like the phrase “and subject to the limitations in the authorized funding amount” be bracketed and deleted as indicated in yellow in my testimony.

Proposed language change to Raised Bill 183:

**AN ACT CONCERNING FINANCING TRANSACTIONS FOR REVENUE BOND PROJECTS UNDER UCONN 2000.**

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

Section 1. Subsection (a) of section 10a-109f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The university may, when directed by vote of its board of trustees **[and subject to the limitations in the authorized funding amount,]** borrow money and enter into financing transactions proceedings in anticipation of assured revenues, **[or]** project revenue **or other funding sources** in the name of the university, on behalf of the state, and issue securities in connection with such proceedings, as follows: (1) To finance the cost of UConn 2000 or any one project thereof, or more than one, or any combination of projects thereof; (2) to refund securities issued pursuant to sections 10a-109a to 10a-109y, inclusive; and (3) to refund any such refunding borrowings. All securities issued in connection with assured revenues, **[or]** project revenues **or other funding sources that will be** financing transaction proceedings entered into pursuant to this section shall be authorized by a resolution approved by not less than a majority vote of its board of trustees. Nothing in this subsection shall increase the annual or aggregate cap on the amount of securities, the special debt service requirements of which are secured by the state debt service commitment pursuant to section 10a-109g.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	10a-109f(a)

Raised Bill 181, An Act Concerning UConn Leases with State Agencies and Quasi Public Agencies

Raised Bill 181, *An Act Concerning UConn Leases with State Agencies and Quasi Public Agencies* clarifies that UConn can enter into leases for space with another state agency or quasi-agency in excess of \$50,000. This change merely deletes obsolete language which prohibited these leases and is being requested by UCONN 2000 bond counsel.

In conclusion, I would like to again thank you for your continued support of the University of Connecticut. I would be happy to answer any questions.