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## OLR Bill Analysis

### sSB 824

#### ***AN ACT REQUIRING TRAINING FOR THE MEMBERS OF THE GOVERNING BOARDS OF INSTITUTIONS OF HIGHER EDUCATION AND CONCERNING THE CONNECTICUT STATE COLLEGES AND UNIVERSITIES' BUDGET AND AUTHORITY TO MERGE OR CLOSE INSTITUTIONS.***

#### **SUMMARY**

This bill requires public and private Connecticut higher education institutions to train their new governing board members within the first year they serve. The bill establishes the required instruction and training topics, which include financial, legal and ethical, and institutional operation training topics, among others. By January 1, 2022, each institution must post on its website the training policy and a summary of the instruction and training board members received.

Additionally, the bill does the following:

1. requires the Board of Regents for Higher Education (BOR) to make the Connecticut State Colleges and Universities (CSCU) central office a separate line item in the consolidated operating and capital expenditure budgets and
2. eliminates BOR's authority to merge or close institutions within the Connecticut State University and regional community-technical college systems and Charter Oak State College, replacing it with ways for the legislature to approve or reject merger or closure recommendations.

Lastly, the bill makes several conforming and technical changes.

EFFECTIVE DATE: July 1, 2021

#### **§ 1 — PRIVATE INSTITUTION GOVERNING BOARD TRAINING**

The bill requires each private college and university governing

board to establish a policy by January 1, 2022, that requires new, first-time board members to receive instruction and training within the first year of membership. The training topics must include (1) financial management of higher education institutions, (2) board members' legal and fiduciary responsibilities, and (3) applicable accreditation standards for higher education institutions and programs of higher learning.

## § 2 — PUBLIC INSTITUTION GOVERNING BOARD TRAINING

The bill requires BOR and the UConn Board of Trustees (BOT) to each adopt a policy by January 1, 2022, that requires new governing board members to receive instruction and training within the first year of appointment on the topics listed in Table 1.

**Table 1: Training Topics for BOR and UConn BOT Members**

<b><i>Board Operations and Member Duties</i></b>
A board member's duties to the state and the institution
Each board committee and its functions, including the executive committee
<b><i>Financial Matters</i></b>
Professional accounting and reporting standards
Business operations, administration, budgeting, financing, financial reporting, financial reserves, and endowment managing for higher education institutions
Institutional advancement, including philanthropic giving, and fundraising initiatives
<b><i>Legal and Ethical Matters</i></b>
Methods for meeting the board's statutory, regulatory, and fiduciary obligations
State Freedom of Information Act provisions
A board member's institutional and statutory ethical responsibilities
<b><i>Institutional Operations</i></b>
Development and implementation of institutional policies
Oversight of planning, construction, maintenance, expansion, and renovation projects that impact the institution's infrastructure, physical facilities, and natural environment

Workforce planning, strategy, and investment
Alumni programming, communications and media, government and public relations, and community affairs
<b><i>Student Issues</i></b>
Tuition, mandatory fees, and student debt trends
Student welfare issues, including academic studies, curriculum, residence life, student governance and activities, and general physical and mental well-being
<b><i>General Higher Education Issues</i></b>
Current and anticipated higher education issues
Other topics each governing board deems necessary

### **§§ 3-5 — BOR BUDGETING PROCESS**

The bill requires BOR to make the CSCU central office a separate line item in the consolidated operating and capital expenditure budgets that it submits to the Office of Policy and Management (OPM) (see BACKGROUND). Under current law, the budget is itemized by each state university, regional community technical college, and Charter Oak State College.

The bill also exempts central office appropriations from the same statutory limits on allotment reductions (i.e., rescissions) that apply to the public colleges and universities.

### **§ 6 — LEGISLATIVE APPROVAL TO MERGE OR CLOSE INSTITUTIONS**

The bill eliminates BOR's authority to merge or close institutions within the Connecticut State University and regional community-technical college systems and Charter Oak State College, replacing it with the authority to make merger or closing recommendations to the legislature. The bill also (1) creates new legislative notice requirements for BOR to follow when recommending an institutional merger or closure and (2) establishes mechanisms for the legislature to approve or reject the recommendations.

Under current law, BOR may merge or close the above institutions upon a two-thirds vote of its members and after notifying the General Assembly and the Education Committee about the recommended action. The bill instead requires (1) BOR to notify only the Higher Education and Employment Advancement Committee and (2) a majority vote of both the House and Senate to approve a BOR-recommended merger or closure.

Under the bill, if the legislature fails to act within one year after receiving notice or by adjournment of the next regular legislative session, whichever is later, the merger or closure is deemed approved. Conversely, the merger or closure may be rejected by a majority vote of at least one chamber.

## **BACKGROUND**

### ***BOR Budget Preparation***

By law, BOR must develop either a formula or a program-based budgeting system for each institution to use when preparing their requested operating budgets. Using the formula or system, BOR then prepares a single budget request to submit to the OPM secretary, itemized by university, regional community-technical college, and Charter Oak State College. The request has a proposed expenditure plan that includes the (1) total appropriation requested from the legislature, (2) amount to be appropriated from the General Fund, and (3) amount to be paid from tuition revenues (including any proposed tuition increases) (CGS § 10a-8(a)).

### ***Related Bills***

HB 5545 (File 145), favorably reported by the Higher Education and Employment Advancement Committee, contains the same provisions on BOR budgeting as §§ 3-5 of the bill.

HB 6403 (File 155), favorably reported by the Higher Education and Employment Advancement Committee, contains the same provisions on legislative approval of merging or closing CSCU institutions as § 6 of the bill.

**COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 22 Nay 0 (03/18/2021)