

Legislative History for Connecticut Act

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ANNALS
OF THE

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ACADEMY

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May 22, 1967

SENATOR BARBATO:

Mr. President, I move the adoption of the amendment. The amendment is self explanatory. It merely corrects a mis-printing of the bill.

THE CHAIR:

The question is on adoption of the amendment. All in favor, signify by saying Aye. AYE. Opposed? The amendment is adopted. The Chair will rule that it is a technical amendment. You may proceed with passage of the bill.

SENATOR BARBATO:

Mr. President, I move acceptance of the committee's favorable report and passage of the bill as amended. This bill allows the payment of a sum of money to Lifetime Homes which would be equitable to ~~them~~ for renting of the home that they were using for an information booth on the Connecticut state highway. We are picking up this piece of property because it will be of great advantage to the State of Connecticut. I think it's a good bill and should pass.

THE CHAIR:

The question is on passage of the bill as amended. All in favor, indicate by saying Aye. AYE. Opposed? The bill as amended is passed.

THE CLERK:

Calendar 557, file 638, modified SB 1134, An Act Revising the Educational Facilities Authority Act to Include State-Aided Hospitals. Favorable report of the Joint Committee on Education.

SENATOR SCHAFFER:

Mr. President, I move acceptance of the committee's favorable report and passage of the bill. This bill is an addition which involves hospital financing and it involves the Connecticut educational facilities authority.

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It's an outgrowth of a request of the Connecticut Hospital Association for additional means for financing construction programs necessary for its hospital expansion. The desirability of providing financing for both educational and hospital facilities was discussed by representatives of the authority and the hospital association. As a result of these discussions, this bill was presented. In a relatively small state like Connecticut, it appears that it would be completely appropriate to have both educational financing and hospital financing handled by single authority. It met with the unanimous approval of the committee, and I urge its passage.

SENATOR HULL:

Mr. President, this bill is much more important than it may first appear to the hospitals of this state. I submitted a bill requiring the state to pay one-sixth of the cost of hospital construction, but I did not press this after I learned of this bill and the backing that this bill had from the Connecticut Hospital Association. By this very simple mechanism of the state borrowing the money on the collateral of the institution which is eventually going to use the money, these institutions are able to benefit from lower interest rates than the state's tax free bonds, this bill will really save them millions of dollars over a period of years. It's a very good bill for the voluntary free hospitals in Connecticut and I urge its passage.

THE CHAIR:

The question is on passage of the bill. Will you remark further? If not, all in favor signify by saying Aye. AYE. Opposed? The bill is passed.

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at the Capitol on a part time basis. She was injured on state property, and because she was working on a part time basis she was not covered under Workmen's Compensation, and therefore we feel that the \$125 damages that was incurred by her on state property is properly payable.

THE SPEAKER:

All those in favor? Opposed? The bill is passed.

THE CLERK:

Calendar 792, Modified S.B. 1134, An Act Revising the Educational Facilities Authority Act to Include State Aided Hospitals. Favorable report of the Committee on Education.

MR. SWIFT (83rd):

I move acceptance of the committee's favorable report and passage of the bill.

THE SPEAKER:

The question is on acceptance and passage. Will you remark?

MR. SWIFT (83rd):

This bill would add the voluntary non-profit state aided hospitals of the state to the Educational Facilities Authority's jurisdiction, so that they as well as the private colleges can issue tax exempt bonds at substantially lower interest rate than if they had to do this independently. The Educational Facilities Authority was established by the Legislature in 1965 to assist private colleges in financing their tremendous expansion. It seems appropriate now to include the hospitals, whose expansion plans for the next few years calls for borrowing over \$125 million.

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The difference of 1 or 2% interest on such an amount, due to the Authorities' helping hand will make a tremendous difference to the cost of hospital operations over a period of years. Members of the Authority testified in favor of this bill at committee hearings. They advised us that they are able and more than willing to extend their authority to hospital financing. This bill was described at the hearing as the most important bill for the future of the hospitals to come before us in this session. I urge its passage.

MR. LAGROTTA (170th):

I support the bill. In 1965 we set up the Educational Facilities Authority to enable them to sell their bonds and the selling of their bonds to be more attractive to the purchasers. I think the addition of the state aided hospitals, at a time when hospitals certainly need this assist in cutting some of the costs of their financing, is most vital and most necessary. I think this may look like an insignificant bill, but it will have a very salutatory affect on the whole economic and financial accounting of the hospitals. I strongly urge the passage of this bill.

THE SPEAKER:

All those in favor? Opposed? The bill is passed.

MR. CROMBIE (44th):

May Calendar 793 be passed retaining?

THE SPEAKER:

Is there any objection? So ordered.

THE CLERK:

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Rep. Hill: (continued) Connecticut is going to be located, I think that this would be good asset for this step Avery Point School. I also like to speak in favor 1657 which concerns providing for a study of college drop-outs. I think that there are many reasons for college drop outs and I think this study if conducted would be a very good help to bring these boys back to college. Thank you very much.

Rep. Ciampi: Mr. Chairman, Frank Ciampi from Waterbury 89th District, I would like to speak in favor of H.B. 3392. I am in all favor of a 4 year liberal art school college in Waterbury, I think there is a great need for it as speakers before me pointed out, that we now have a 2 year community college, but we are lacking in a 4 year liberal arts school. I am all in favor of this bill. Thank you.

Chairman Blake: Are there any other legislators who wish to speak, if not we will start our public testimony starting our attention first with I believe to the Connecticut Education Facilities Authority and I have here a list of speaking starting with Mr. James English.

Mr. James English: Mr. Chairman I am James English Jr., Chairman of the Connecticut Education Facilities Authority, we have actually two bills this morning, S.B. 658 and S.B. 1134 and if it's agreeable with you I will direct my attention to both. First I like to say a word about who we are, the State of Connecticut Facilities Authority was established by the General Assembly in the last session under the stimulus of some of the private colleges who had got together and drafted up a bill and asked the legislature to pass it. It has been in existence since that time, the Authority exist of 7 members, one the Commissioner of Finance is exofficio, the other six, three from education and three from business. We are appointed by the Governor and the seven members elect a Chairman and Vice Chairman. The purpose of the Authority is to do this, we prepare for the market issues on bonds which we sell and then take the proceeds from the bonds and use them to buy land and build facilities for private colleges. These can be classrooms, dormitories, gymnasiums or any type of related facility. The advantage to the college is that since we are a state authority are bonds are taxed exempted and therefore the rates of interest are lower than they would be on regular bonds. In no way however is the State of Connecticut credited bonds, these bonds are simply secured by the lease of the buildings and the buildings themselves which we lease to the var-

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Mr. English: (continued) four colleges. We have completed since we started one piece of financing, a 4,000,000 dollar bond issue for the University of Hartford, with two dormitories and a small gymnasium and we will file with you copies of the official statements of that so you can see what it looks like. The first of our two bills, S.B. 658 we have prepared a statement which I will file Mr. Chairman, but I like to speak very briefly on what it is. This bill you might say is a housekeeping bill, it includes a lot of technical changes which we have found which would be useful to us in the first two years of operation. It clarifies our right to finance replacements and renovations, it eliminates any maximum term on our notes, it permits us to buy, temporarily investing in bonds secured by guaranteed by the government and not just a direct obligation to the government, it makes our bonds legal investments for banks and two or three other rather routine things. The only major thing that it does is this, it makes our bonds general obligations of our authority, not of the State of Connecticut but of our Authority. That means that our bonds are secured or would be secured not simply by the buildings and the leases from the private colleges but also by any extra money the authority might have. Our extra monies are not great nor are they likely to be great but for technical reasons our financial advisor informs us that this would be a desirable technical change. To go into that in a little bit more detail I would like to introduce Mr. William Friend, A New York Investing & Banking House which is financial advisor to the Authority. Mr. Friend will speak very briefly about this aspect of our success.

Mr. Friend: Mr. Chairman, I am Mr. Friend speaking in relation to S.B. 658, and particularly to the aspects of the limit to the authority act which will pledge the full faith and credit of the authority and make the bond general obligation for the authority. The basic reason for this amendment is to broaden the market for the securities of the authority. There are certain insurance companies, banks and other institutional investors who will arbitrarily will not purchase obligations unless there are so secured, this of course limits the market for the authority bonds and increases the rate of interest which has to be paid by the authority which of course is not the benefit of the institutions concerned. I might add that the counter part of the Connecticut Authority which has

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Mr. Friend: (continued) set up in New Jersey has the same provision, and the other counter part in New York State, The New York State Dormitory Authority have there bonds are forfilled a general obligation bonds. New York has very sucessfully sold over 5 hundred million of bonds in aid of private institutions in the State of New York, at very favorable interest rates. The last being last week at 3.99 per cent. I would further like to substaniate my recommendation for this amendment because of having talked with individual anaalst at Standard and Posis, with the respect of the rating authority issue, sold last August by the University of Hartford. They rated the bond triple B. All of the New York State bonds had been rated A, and one of the main reasons for this lowering rate for the issue of a similar party for security was the lack of the pledge in the full faith in credit of the Authority and the fact that the bonds could not be general obligations. I feel that this amendment will benefit education, higher education, in Connecitcut and also benefit hospitals. I should like to emphasize again that the authorities enabling act itself at the face of each bond each bond resolutions that all other legal papers relating to each bond issue contain a disclimate of any debt of liability of the State so in no way is the State obligated on these bonds. Thank you.

Mr. English: Mr. Chairman, this is Mr. English again, as I said the Authority will submit a detail statement on this at the close of the hearing and a copy of our University of Hartford Bond and if any member of the Authority have questions on the technical changed involved in this bill, Mr. Friend or I would be gald to answer them. If there are no questions, I would like to speak very briefly in behalf of the other bill S.B. 1134, would broaden the scope of this Authority to include financing for non-profit hospitals as wellas private colleges. Your Authority was approached some time ago by the Hospital Association who seeing the sucess with which we were able to float a bond issue for the Univerusity of Hartford, suggested that it might be appropriate to broaden our activities to include hospitals. The authority considered it and decided that it seems a good idea to us, it seems equally in the public interests and we told the Hospital Association that we would be entirely happily, in fact welcome the thought of having our powers enlarged and the membership of our authority enlarged for the

Mr. English: (continued) appropriate additions of members in the hospital field. We have a brief statement to this effect and will be submitted at the close of the hearing, and I would like to now turn the microphone over to Mr. Tullson, if I may, and he will have to give you more detail about the hospital setup.

Mr. Tullson: Mr. Chairman, I am John Tullson of the New Haven Council for the Connecticut Hospital Association, speaking in support of both of these bills, the first bill as Mr. English has indicated is a housekeeping bill essentially, the second bill would add the non-profit hospitals of Connecticut to the educational facilities authority. As Mr. English explained to you, this Authority is authorized to issue bonds which are not backed up by the full faith and credit of the State of Connecticut but are in effect obligations of the institution that is doing the borrowing, in other words in the one successful issue they have so far promoted was the University of Hartford that in the long run was responsible for the bonds. The advantage of course of this type of borrowing is that it can be done on the basis of tax exempt bonds, this has been recognized under Federal law and the purchaser of these bonds have been in effect tax exempt income, with of course results in a substantial lowering interest rate and it is this feature that is of particular interest of course to the institutions of higher learning and to the hospitals. This is one of the most important bills in this session as far as the hospitals are concerned. We have made a survey of the general hospitals to see what their construction plans are over the next few years and frankly they are astonishing, we have an estimate from all of our hospitals of a total of approximately 258 million dollars in construction over the next few years, and almost complete duplication of the existing facilities, in other words, over the next few years the hospitals intend to duplicate their existing facilities. Of all of the hospitals in the State, only three have indicated they do not have construction plans in the immediate future and these three have just finished the substantial additions, so that every the single hospital in the State is going to be affected by this bill. Of the 258 million dollars they expect to spend, they foresee the necessity of borrowing 127 million dollars, the difference of 1 or 2 percent in the interest on a 127 million dollars is of course

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Mr. Tullson: (continued) a very substantial item. Hospitals are acutely conscious of cost and here is a chance to drastically reduce the cost of hospital construction without costing the State of Connecticut a single cent. We therefore strongly urge that the hospitals be added to the jurisdiction of the education facility authority. I have with me a version of S.B. 1134 with a number of long hand changes in it, the purpose of this is simply to bring the language of 1134 into the exact same language in as exist in 658, when the bills were drawn they were put together separately and in a few instances the language is slightly different. I am offering to the Committee a revised version of 1134 that as I say will bring it into line with the other bill. In addition we have had some questions raised about just which hospitals should be covered under the educational facilities authority, the way 1134 is drawn, it would only apply to the 35 State-Aided hospitals, that there are some institutions, such as Newington, Gaylord Hospital, The Institute of Living, which would not cover or come under the definition of a State-Aided Hospital. The Hospital Association therefore is suggesting that the language be broaden slightly to permit this type of non-profit hospitals to be covered as well as the State Aided Hospitals and I have prepared another slip of paper which I will give to you which will make the necessary change in the definition in the type of hospital to be covered. As I say this is a matter of very considerable importance to us, it's one of the few things where a great deal of money could be saved, to the hospitals without costing the State anything and we strongly urge that you give your favorable support to the two bills. I would like to say in concluding that if you pass 1134 and you don't have to pass 658, 1134 includes everything that is now in 658, so if you pass 1134 you can disregard 658, if by any very bad chance you don't pass 1134 then of course 658 is of very importance and we think the changes in that are good too. Thank you very much.

Mr. Martin: Mr. Chairman and members of the Committee, My name is David B.G. Martin, I am Director of Government Mental Relations at Yale University and Vice-Chairman of the Educational Facility Authority. I appear here this morning on the behalf of Yale to commend strongly you're favorable consideration of both the bills which have just been explained by Mr. English,

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Mr. Martin: (continued) Friend and Tullson. The original legislation establishing the Connecticut Educational Facility Authority was developed largely with the initiative of Yale on the behalf of all institutions of higher education in Connecticut, we strongly support the housekeeping changes contained in the S.B. 658, deriving from its partnership with the Yale New Haven Hospital, the University is very much interested in seeing favorable action taken on S.B. 1134 which would broaden the authority of the Connecticut Educational Facility Authority to provide the same method of fund raising for hospitals in Connecticut.

Dr. See: I represent the Connecticut Council of Independent Colleges today, not myself personally and we want to go on record as a group unanimously endorsing this bill, we urge the support and passage.

Chairman Blake: Are there other persons that wish to speak to this particular bill the Connecticut Educational Facility Authority. Mr. Fellows.

Mr. Fellows: Douglas Fellows representing CCIC in the State of Connecticut, Connecticut Council of Independent Colleges, obviously I would not be against this bill because I was the one who introduced it in the last session. We believe in the collegent movement, that nothing could be finer than to help the hospitals in this particular need. Thank you.

Mr. Spaulding: I am Whitney Spaulding the Executive Director of the Hartford Hospital, and in the interest of, I would merely say that I think that this is a unique opportunity to stimulate the construction of needed hospitals facilities and a opportunity to slow down the exceleration of hospital help. Thank you.

Dr. Hill: Thank you very much Mr. Blake. I am Warren Hill Director of Higher Education, for the Commission of Higher Education, if I may intrude before I offer this testimony, I would like to say to the Committee I hope to speak more than once this morning and would like to explain how. The Commissions posture with respect to legislation is that several major bills have been selected for support, other have been selected not to be supported and for the remaining bills no Commission position will be stated. except at the request of the Committee or members of the Committee. If we are not test by on something and you think we should, please ask. Now with specific reference to S.B. 658 and 1134, the suggested changes will undoubtedly improve the statutes in the authority operating and seem to be in keeping with the Commissions desire for

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Dr. Hill: (continued) improving educational opportunity in the State. The inclusion of the State Aided Hospitals would be a worthy purpose and one that would be in no way detrimental to Higher Education and approval of S.B. 1134 particularly recommended to your Committee. Thank you very much.

Chairman Blake: We will move now to testimony affecting Summer Internship Program.
Mr. Grite.

Mr. Grite: My name is Lee Grite and I am President of the Associated Student Government at the University of Connecticut. I like to speak in favor of H.B. 2444 which would establish a Summer Intern Program within the State of Connecticut. I like to thank the members of the Legislature for giving students of this State an opportunity to learn more about working for their State government through the program which is in this bill. I think that this bill would bring more young people into State government and would fill a gap in which we definitely need some work done. This would interest more students in state government, I have become very concerned about the fact that there seems to be a interest on the part of the students and young people only in the Federal government and there seems to be more of centralization in Washington these days for young people and I feel very strongly that we should interest more people in working for the State of Connecticut and their State government. The way they are going to do this is by learning more about their State government. I can speak for the University of Connecticut and some of the students there and tell you that many of our there our students work in Washington but very few work for the State of Connecticut summers. A program of this nature, I think will attract those people who go into business because they don't know anything about working for their State government and secondly also it will attract people eventually but it will teach them more about the work of the government so that they will be able to work more with the State of Connecticut. I think a program of this nature can work, the State of Massachusetts established a program of this nature and it is working out quite well. The Federal Government had a program of this nature and bring 16 thousand college students to Washington each summer, I can speak personally about this, I say that this is an excellent program and when you leave Washington you are really inspired