Legislative History for Connecticut Act

HB 7206 PA 267 1989

House 5100, 8629-8690 (63)

Senate 3481-3485 (5)

Government Administration and Elections -
170-174, 186-188, 189-196, 210-212, 217-222,
(222-224), (225-226), 240-242, 246-260,
(274) (49)

CONNECTICUT STATE LIBRARY
LEGISLATIVE REFERENCE SECTION

Total - 117 p.

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

Connecticut State Library

Compiled 2014

H-527

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1989

VOL. 32
PART 15
4931-5266

Calendar 429, on page 6, HB7206. AN ACT CONCERNING PRIVATE FOUNDATIONS, ASSOCIATIONS AND CORPORATIONS ESTABLISHED FOR THE BENEFIT OF THE STATE AGENCIES AND INSTITUTIONS.

Favorable Report of the Committee on GOVERNMENT ADMINISTRATION AND ELECTIONS.

REP. FRANKEL: (121st)

Mr. Speaker?

SPEAKER BALDUCCI:

Representative Frankel.

REP. FRANKEL: (121st)

I move that this item be referred to the Committee on Education.

SPEAKER BALDUCCI:

The question is on referral. Is there objection? Seeing none, it is so ordered.

CLERK:

Calendar 430, Substitute HB7445. AN ACT CONCERNING GLOBAL WARMING.

Favorable Report of the Committee on GOVERNMENT ADMINISTRATION AND ELECTIONS.

REP. FRANKEL: (121st)

Mr. Speaker?

SPEAKER BALDUCCI:

Representative Frankel.

H-537

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1989

VOL. 32
PART 25
8537-8945

in the negative.

The Clerk please announce the tally.

CLERK:

SB1007 as amended by Senate "A" and House Amendments "A", "C" and "D"

Total number voting	146
Necessary for passage	74
Those voting yea	97
Those voting nay	49
Those absent and not voting	5

DEPUTY SPEAKER SMOKO:

The bill as amended is passed.

CLERK:

Page 16, Calendar 429, Substitute for HB7206, AN ACT CONCERNING PRIVATE FOUNDATIONS ESTABLISHED FOR THE BENEFIT OF STATE AGENCIES AND INSTITUTIONS. Favorable Report of the Committee on Education.

REP. KINER: (59th)

Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Kiner.

REP. KINER: (59th)

What a time to do this bill. Mr. Speaker, Madam Speaker, I'm sorry, I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

DEPUTY SPEAKER POLINSKY:

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

REP. KINER: (59th)

Yes, Madam Speaker, thank you. Madam Speaker and ladies and gentlemen. The purpose of this bill is, I believe, to strike a balance between a private, and I've got to emphasize the word private corporation's right to function without excessive governmental intrusion, and against this, we've got to balance the public's right to know, how State monies are being spent. I believe that the bill before us indeed strikes that balance.

A number of problems over the last few months have surfaced, concerning one or two of the foundations. One or two of the major problems concerned monies that were supposed to be given to the State agency, but rather ended up in the private foundation.

Madam Speaker, ladies and gentlemen, I believe as we look at the bill before us, Section 3 takes care of that. Section 3 defines those items that must be deposited and retained as a State account.

Another problem that has surfaced concerning foundations, concerned the use by some professors at one or two of the institutions of the foundation's,

much in the same way as one would utilize their own private checking accounts. Well, that has been rectified by Section 5 of the bill, which says that in order to withdraw funds from the foundation account, you need more than just a signature of that one person who wishes to withdraw the money. So you've certainly got accountability there.

And, speaking on accountability, Madam Speaker, the bill also says that the executive heads of either the constituent units or of the various institutions of the State of Connecticut, will now have to sign off on the particular audit reports. That is found on line 155 or thereabouts. There is no way that the executive authority can say, well, gee, I didn't know what was happening. That report must be given to the executive authority. That executive authority must sign off on that audit report, and then, Madam Speaker and ladies and gentlemen, transmit that audit report to the public auditors.

It would seem to me that this bill before us certainly resolves the problems that we have found over the past few months with one or two of the private foundations, and as I said in my remarks, Madam Speaker, I firmly believe that the bill before us, indeed, strikes a balance between a private

corporation's right to function as a private entity and the public's desire, the public's right to know how State monies are being spent.

And with that, Madam Speaker, I again move acceptance and passage of this bill.

DEPUTY SPEAKER POLINSKY:

Motion is on acceptance and passage. Representative Schiessl.

REP. SCHIESSL: (60th)

Thank you, Madam Speaker. I respectfully request leave, permission to leave the Chamber due to a potential conflict of interest on this bill.

DEPUTY SPEAKER POLINSKY:

Wise move, Sir. Motion is on passage. Will you remark further? Will you remark further on the bill? Representative Godfrey.

REP. GODFREY: (110th)

Thank you, Madam Speaker. I rise in support of this bill. We've heard about a lot of the difficulties that the foundations have had over the last few months and down my way, toward Danbury, there have been many questions raised about the way foundations expend, not so much as raise, their funds, and a lot of information has been attempted to be gleaned, but hasn't been able to be found as far as what those funds are being used

for.

And this bill is designed to try and take care of that particular problem. But I'd like to offer an amendment to clarify precisely that point, and Madam Speaker, I would request that the Clerk call LCO7402 and I be given leave to summarize.

DEPUTY SPEAKER POLINSKY:

Will the Clerk please call LCO7402 which shall be designated House Amendment "A".

CLERK:

LCO7402 designated House "A" offered by Representative Godfrey.

DEPUTY SPEAKER POLINSKY:

Representative Godfrey has asked, has requested permission to summarize. Is there objection? Hearing no objection, please proceed, Representative Godfrey.

REP. GODFREY: (110th)

Thank you, Madam Speaker, this amendment clarifies that all foundations, regardless of the amount of their annual income and expenditure, be required each year to publish a financial statement that will reduce the total receipts and earnings of the foundation and the amount and purpose of each receipt of funds by the State agency to be made public.

In other words, the list of where the money that

went to the agency is being used for, and I move adoption.

DEPUTY SPEAKER POLINSKY:

Motion is on adoption. Will you remark further? Representative Godfrey.

REP. GODFREY: (110th)

Thank you, Madam Speaker. This is actually a clarifying amendment. Language similar to this is already in lines 83 through 87 or so of the bill, but due to perhaps a drafting error, it seems to deal back with only the situation where a full audit isn't being done and this would be required. We would prefer to see this financial statement be required every year, regardless of whether or not $100,000 threshold is listed and I urge adoption.

DEPUTY SPEAKER POLINSKY:

The motion is on adoption. Will you remark further? Will you remark further? If not -- Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you, Madam Speaker. I thought you were addressing Representative Godfrey. Through you, Madam Speaker, a question to Representative Godfrey.

DEPUTY SPEAKER POLINSKY:

Representative Godfrey, prepare yourself. Please

proceed, Madam, Representative Schmidle.

REP. SCHMIDLE: (106th)

I guess my question to Representative Godfrey is, in your amendment when you say the total receipts and earnings of the foundation and the amount and purpose of each receipt of the funds by the State agency from the foundation, exactly what is included in those three lines?

DEPUTY SPEAKER POLINSKY:

Representative Godfrey.

REP. GODFREY: (110th)

Through you, Madam Speaker, through any audit of course you're going to see the total receipts and earnings of the audited body, regardless of wherever you're having a private audit, a public audit, a general audit will always show you the total receipts. That's going to be on one side. One side of the audit equation. That means that the aggregate amount is going to be shown. It does not mean that particular, that there would be an itemization of those receipts, necessarily, and certainly in light of other parts of this bill you will not see names of those donors who wish to be kept anonymous. That doesn't deal with this at all. In any audit you're going to see the total receipts and earnings.

Now, on the other side, each receipt of funds by the State agency of course, the other side of the equation of the foundation audit is going to show where the money went. Where that money is going to the agency, that is to say, not the money that's being expended by the foundation for its own costs, not any money that may be going to some body other than the State agency, but the money that does go to the State agency has to be reported and itemized.

If it's going to the school for a computer system, it has to show the amount of money that's going to a school for the computer system. If it's going to buy books, it has to show the amount of money that's going for books. That's the amount and purpose of each receipt of funds by the State agency.

In other words, we will know for sure precisely what the State agency is receiving and the amount of money from the foundation and for what purpose those amounts are being used. This is the part of the bill that will have that particular information become public, and I think certainly in the case of some of the questions that have been raised at Western Connecticut State College, this will go a long way to answer the questions of faculty and staff there.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

An additional question, through you, Madam Speaker. One of the issues that's going to be raised as this bill continues to be heard, is that exactly what kind of audits are we talking about, and not all audits cover all things and certainly we all know that audits can be done on separate or special issues that wouldn't necessarily show the total receipts and earnings of the foundation, or the amount or purpose.

You know, you can have an audit that just audits one element of all the foundation's receipts and not necessarily covers them all. But is it your assumption that every audit that's done would cover everything? Through you, Madam Speaker? For legislative intent.

REP. GODFREY: (110th)

Through you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Godfrey.

REP. GODFREY: (110th)

This particular section of the bill talks of two audits, for those foundations that receive more than $100,000 a year, there would be a requirement for a full independent order audit annually, using commonly accepted accounting principles. Those accounting

principles would of course include an amount showing the total receipts and earnings of the foundation but don't always necessarily include an itemized list of the amount and purpose of the funds that are going to the State agency, so that deals with that.

In the case of the foundations that have income less than $100,000 and a full audit is only needed every third year, and in the intervening two years a financial statement has to be filed, this same requirement will kick into place for both of those situations, either the full audit or the two years of the financial statement, and again, we will see the amount and purpose of each receipt of funds by the State agency.

The intent is to make sure that interested parties, especially faculty and students, for example, at a State college, do know the amount of money that's coming into their college from a foundation and for what purpose that money is being expended by the university.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you. Through you, Madam Speaker, once again, then, for legislative intent, it is the intention of

your amendment to always do a complete full scope, whatever you choose to call audit, on these foundations, a complete total, it would cover everything but not a specialized audit for a particular item or a particular area. Like, not just an audit of a checking account, or not just an audit of another specialized account.

REP. GODFREY: (110th)

Through you, Madam Speaker, my amendment does not talk, does not touch on the type of audit or the timing of the audit. It says that annually, the foundation will disclose whether it's through the audit that's done or through the financial statement that's provided every year, depending on what other part of this section is operative, in either of those two cases, each year there will be a disclosure of the amount and purpose for each grant that's given to the State agency.

REP. SCHMIDLE: (106th)

Through you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you. Once again, your amendment says the total receipts and earnings and the amount and purpose

of each receipt of funds, but doesn't necessarily deal with how they're dispensed, where it went.

REP. GODFREY: (110th)

Through you, Madam Speaker, the purpose, to where they're expended does make a difference because only the expenditures that flow to the State agency have to be disclosed in an itemized form. Those expenditures that do not go to the State agency and I would assume it would be things that deal especially with the operation of the foundation, do not have to be itemized by amount and purpose, only those expenditures made to the State agency would annually have to be itemized to the amount and purpose, regardless of whether you're doing a full audit or a financial statement every year, the total receipts and earnings of the foundation have to be disclosed, but that would be disclosed anyway.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Again, through you, Madam Speaker. Just for a little bit of my own clarity then. If a foundation had to expend $20,000 for a dinner in order to raise money for the foundation, that $20,000 that they expended for the dinner is not money that would go to the agencies, so therefore that would not show, in your amendment.

REP. GODFREY: (110th)

Through you, Madam Speaker, that is correct. It would not show as an itemized amount because it is not being received by the State agency. That's money just expended by the foundation. When the foundation's audit is done, of course there's going to be items that show expenditures but they don't necessarily have to be itemized. It depends on whether or not commonly accepted accounting procedures, auditing procedures kick in and we'll leave that to the professional auditors.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Through you, Madam Speaker. Once again, one more question. Your amendment deals with State agencies. What if a foundation gives money to someone who works for the State, or works for a university or some place, who is not considered a State agency in and of themselves. That would not show according to your amendment, either, would it, Sir? Through you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Godfrey.

REP. GODFREY: (110th)

There's a, if I just may have a moment, Madam Speaker. Other portions of the bill deal with that particular question, if I'm not mistaken, dealing with whether or not State employees are receiving funds and whether or not they do go through the agency or not.

This particular amendment doesn't deal with that situation at all, only those expenditures of the foundation that go directly to the State agency will have to be itemized.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Through you, Madam Speaker, so if a foundation were to be giving money to an individual, or an automobile to an individual, or something like that, that would not have to be itemized in a financial statement that your amendment would require.

DEPUTY SPEAKER POLINSKY:

Representative Godfrey.

REP. GODFREY: (110th)

Madam Speaker, my amendment doesn't go to that, but I believe that type of expenditure is prohibited elsewhere.

I don't believe someone could say give a car to a student or that type of thing under this bill.

REP. SCHMIDLE: (106th)

I guess I was essentially concerned with what was in this amendment and what would be in the financial statement that you were calling for and I guess I still have some reservations about it. Thank you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Thank you, Representative Schmidle. Will you remark further on House Amendment "A"? Will you remark further? Representative Gambardella.

REP. GAMBARDELLA: (87th)

Madam Speaker, just one comment on this amendment. I don't agree with the proponent of the amendment that it's going to do what it says it's going to do. I think the amendment is overly broad. It's talking about general funds of the foundations. I think what we're going to be doing here is deterring foundations from giving and I really don't think the amendment's going to accomplish what it's trying to accomplish and I just have to oppose it as it is.

DEPUTY SPEAKER POLINSKY:

Will you remark further on House "A"? If not, let's try your minds. All those in favor of House Amendment "A" please indicate by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER POLINSKY:

Those opposed, nay.

DEPUTY SPEAKER POLINSKY:

Obviously the ayes have it. The amendment is adopted and ruled technical.

******

House Amendment Schedule "A".

Strike out lines 84 to 87, inclusive, in their entirety and insert "agency." in lieu thereof

In line 103, after the period, insert the following:

"Each financial statement required under this subdivision shall include, for the fiscal year to which the statement applies, the total receipts and earnings of the foundation and the amount and purpose of each receipt of funds by the state agency from the foundation."

******

DEPUTY SPEAKER POLINSKY:

Will you remark further on this bill as amended? Representative Belden of the 113th.

REP. BELDEN: (113th)

Thank you, Madam Speaker. In an effort to make a good bill slightly better, I have a technical amendment. Will the Clerk please call LCO7922 please. Call and read, please.

DEPUTY SPEAKER POLINSKY:

Will the Clerk please call LCO7922 which shall be designated House Amendment "B".

CLERK:

LCO7922 designated House "B" offered by Representative Belden at all.

In line 61, after "paid" insert "solely"

In line 68, after "dollars" insert "per year"

REP. BELDEN: (113th)

Madam Speaker, I move adoption.

DEPUTY SPEAKER POLINSKY:

Motion is on adoption of House "B". Will you remark? Representative Belden.

REP. BELDEN: (113th)

Thank you, Madam Speaker, what the amendment purpose is, to make sure that salaries, benefits and expenses of officers and employees of the foundation are paid solely from funds of the foundation and not utilizing State monies.

The second part on line 68 makes it clear that the $100,000 amount shown there is per year. It's a technical amendment. I think it clears up a couple of possible ambiguities. Thank you.

DEPUTY SPEAKER POLINSKY:

Will you remark further on House "B"? Representative Kiner.

REP. KINER: (59th)

Madam Speaker, brevity is bliss. It's a good amendment and I hope we adopt it.

DEPUTY SPEAKER POLINSKY:

Thank you, Sir. Will you remark further on House Amendment "B"? If not, let's try your minds again. All those in favor of House Amendment Schedule "B" please indicate by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER POLINSKY:

Those opposed, nay.

The ayes clearly have it. House Amendment Schedule "B" is adopted and ruled technical.

Will you remark further on the bill as amended? Representative Cohen of the 15th.

REP. COHEN: (15th)

Thank you, Madam Speaker, the Clerk has an amendment, LCO7923. May I ask that the amendment be called and I be allowed to summarize, please.

DEPUTY SPEAKER POLINSKY:

Will the Clerk please call LCO7923 which shall be designated House Amendment Schedule "C".

CLERK:

LCO7923 designated House "C" offered by

Representative Cohen.

DEPUTY SPEAKER POLINSKY:

Representative Cohen asked leave of the Chamber to summarize. Is there objection? Hearing no objection, please proceed, Representative Cohen.

REP. COHEN: (15th)

Thank you, Madam Speaker. This amendment does several things. It provides for the student and faculty member referred to in the file copy who will serve on the board of the foundation to be elected, rather than appointed by the executive authority.

In line 30 and in line 132, it changes the word maintained to retained, in order to indicate that it is not the State agency that is actually taking care of books, but rather just housing them and it provides, beginning in line 37 that the board of trustees of constituent units and the board of the constituent unit for institutions of, public institutions of higher education, will have to approve of plans which insure proper procedures for the foundation. I move adoption.

DEPUTY SPEAKER POLINSKY:

The question is on adoption of House Amendment "C". Will you remark? Will you remark further? Will you remark? Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you. Madam Chairman, through you, some questions to Representative Cohen in relation to this amendment.

DEPUTY SPEAKER POLINSKY:

Representative Cohen, on your feet. That's it, go ahead, Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you. The very first part of your amendment, Representative Cohen, talks about in line 36, after shall, and then you insert language that says in accordance with the policy adopted by the board of trustees, etc. etc.

I guess we've all heard about that policy and when the auditors first discovered some of the problems with foundations, immediately the board of governors and the board of trustees of some of the universities adopted policies in order to avoid the legislation.

Would you please explain to us in your own words what these policies are and what they do.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Yes, thank you, Madam Speaker. Through you, these policies are embodied in numbers 1 through 8 of the file copy and talk about procedures that make sure that

foundations have governing boards which are going to oversee the proper relationship between State funds and State accounts versus the relationship between private funds and private accounts.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Just one moment, Madam Speaker, I had another question here. I guess my next question is on line 137, where once again, you're inserting a whole new group of language and it says, if the State agency is a constituent unit, or if the State agency is a public institution of higher learning, would you please explain to us what that means.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Through you, Madam Speaker, what that means is a strengthening, we believe, of that section of the bill. What the file copy says is that there are going to be procedures for the disposition of financial and other assets of the foundation if the foundation ceases to exist.

What this says is that the board of trustees of that institution, be it an institution, a constituent

unit or an institution, a public institution of higher education, a board of trustees has to approve that procedure, so that the board will have some responsibility for making sure it is a procedure with which it agrees.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you, Madam Speaker. It was my recollection that as some people were talking about this particular amendment and what it covers, there was also some discussion about truly making this amendment and this piece of legislation responsive to the public and to the public's right to know.

I don't seem to see any inclusion in that in your amendment, through you, Madam Speaker. I just wondered why Representative Cohen's amendment didn't include some of that right to know information.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Thank you, Madam Speaker. I was not, through you, privy to any conversation you might have had with people about what I was or was not going to put in the amendment, but this is the amendment I'm putting

forward, Ma'am.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Through you, Madam Speaker, so neither this amendment nor any part of the file copy of this bill make any provisions for any of this to be open to the public, any of this information, financial or otherwise, is that correct, through you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Through you, Madam Speaker, I believe we're on the amendment and not the file copy. But in response to the question, I do believe there is other language which deals with what will, in fact, be public information and when we get to the file copy we may cover that.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Will you remark further on House Amendment "C"? Will you remark further? If not, all those in favor of

House "C" please indicate by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER POLINSKY:

Those opposed, nay. The ayes have it. House "C" is adopted and ruled technical.

******

House Amendment Schedule "C".

In line 36, after "shall" insert", in accordance with a policy adopted by the board of trustees of the constituent unit for each state agency which is a constituent unit or which is a public institution of higher education under the jurisdiction of the constituent unit,"

In line 43, delete "and"

In line 45, after "unit" insert ", who shall be elected by the students enrolled at the institutions under the jurisdiction of the constituent unit,"

In line 46, delete "designated by" and insert in lieu thereof "elected by the faculty of the institutions under the jurisdiction of the constituent unit. Elections pursuant to this subdivision shall be conducted in accordance with procedures for such elections established by the board of trustees of the constituent unit;'"

Delete line 47 in its entirety

In line 52, delete "and"

In line 53, after "institution" insert ", who shall be elected by the students enrolled in the institution."

Delete line 55 in its entirety and insert the following in lieu thereof: "elected by the faculty of the institution. Elections pursuant to this subdivision shall be conducted in accordance with

procedures for such elections established by the board of trustees of the constituent unit which has jurisdiction over the institution;"

In line 90, after "and" insert "the audit report"

In line 96, after "audit" insert "report"

In line 101, after "audit" insert "report"

In line 130, delete "maintained" and insert in lieu thereof "retained"

In line 132, delete "maintained" and insert in lieu thereof "retained"

In line 137, after the period insert "If the state agency is a constituent unit, the board of trustees of the constituent unit shall approve such agreement. If the state agency is a public institution of higher education, the board of trustees of the constituent unit which has jurisdiction over the institution shall approve such agreement."

In line 161, after "audit" insert "report"

******

DEPUTY SPEAKER POLINSKY:

Will you remark on the bill as amended by House "A", "B" and "C"? Representative Gelsi.

REP. GELSI: (58th)

Yes, Madam Speaker, the Clerk has an amendment, LCO 7534. Would he please call and read.

DEPUTY SPEAKER POLINSKY:

Will the Clerk please call LCO7534 which shall be designated House "D". And will the Clerk please read.

CLERK:

LCO7534 designated House "D" offered by

Representative Gelsi, Representative Kiner.

After line 228 insert the following: The name of each person writing or contributing to an editorial in a newspaper published and circulated in the State shall be printed with the editorial.

REP. GELSI: (58th)

Madam Speaker, I move adoption.

DEPUTY SPEAKER POLINSKY:

Motion is on adoption of House "D". Will you remark further? Representative Gelsi.

REP. GELSI: (58th)

Yes, Ma'am. Madam Speaker, members of the Chamber, the reason this amendment is here and it hasn't been around for a few years. I believe the last time it was brought out by a former member of this Chamber, Representative Miskoski from Torrington, what he said was, the only people who truly have freedom of the press is the people who own them because they can make what decision is going to be printed.

The members of the TV media, the radio media, when they have an editorial, someone in management of those stations takes the responsibility for that editorial, and I think that's the proper way it should be.

The print media of this State, continually wants to get into everybody's pocketbook, they want to know if

you die, why you died, how you died and they want to be able to print it. They want to be able to get into our town halls and under Freedom of Information we've given them that opportunity to get into our town halls, to make sure that our governments are run properly, and that's the way it should be.

In my opinion, ladies and gentlemen, if they've got the guts to write an editorial to tear you up, then somebody should have the guts to sign it and up to this day in this State, they have not had those guts. Thank you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

So there. Representative Ward.

REP. WARD: (86th)

Thank you, Madam Speaker. As nice as it sounds, I think there are just two problems with it. First, is that it's probably unconstitutional, and more importantly, I think it is not germane to the file copy at the moment, so I would raise that as a Point of Order, under Mason's 402.

DEPUTY SPEAKER POLINSKY:

Pardon, Representative Ward, I didn't hear the last.

REP. WARD: (86th)

Under Mason's 402, I would move as a Point of Order

that it's not properly before us and not germane to the file copy.

DEPUTY SPEAKER POLINSKY:

A Point of Order has been requested on the germaneness of House "D". Having glanced through the amendments, I found this one early on and after very careful review, looking at the file copy and the various amendments we've already appended to it, and noting that the file copy concerns basically foundations, foundations basically for higher education, though the amendment has drawn some applause and general approval from a number in the Chamber, I'm afraid under Mason's 402 your point is well taken, Sir and this amendment is not properly before us. Nice try.

Will you remark further on the bill as amended? Will you remark further on the bill as amended?

REP. SCHMIDLE: (106th)

Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you, Madam Speaker. The Clerk has LCO7930. Would the Clerk please call and I be allowed to summarize.

DEPUTY SPEAKER POLINSKY:

Will the Clerk please call LCO7930 which shall be designated House Amendment "E".

CLERK:

LCO7930 designated House "E" offered by Representative Schmidle et al.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle has asked leave of the Chamber to summarize. Is there objection? Seeing no objection, please proceed,. Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you, Madam Speaker. Basically, what this amendment does is, it just clarifies some of the language in the existing bills so that we can clearly understand what things like fiscal year mean and we can be a little clearer in the things that are being audited and I move its passage, Madam Speaker. I move its adoption.

DEPUTY SPEAKER POLINSKY:

Motion is on adoption. Will you remark further? Representative Schmidle.

REP. SCHMIDLE: (106th)

Yes, I would, thank you, and I would like to yield to Representative Luppi.

DEPUTY SPEAKER POLINSKY:

Representative Luppi do you accept the yield?

REP. LUPPI: (88th)

Yes, Madam Speaker, I do. Actually, this amendment is just technical in nature. On lines 67, 73 and 85 after the word earnings, insert the words from investments. This was discussed with the auditors and they have agreed that earnings from investment is the proper method of revealing this.

On line 103, fiscal year means any 12 month period. Unfortunately, under the IRS regulation, a fiscal year is any 12 month period other than December 31st. But they have defined it in such a way I think it is acceptable. It's any 12 month period that's adopted by a foundation regardless of what period it covers.

And then on line 159 after the word sign, it states that the executive authority shall sign the audit report. This is not possible. Only the auditor can sign the audit report and the word to insert letter. A transmittal letter will be sent with the audit report to the auditors. So it's merely a clarification of that which has to be done, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Will you remark further on House Amendment "E"? Will you remark further? Representative Kiner.

REP. KINER: (59th)

Madam Speaker, truly both Representative Schmidle

and Luppi are correct. We're making some technical changes in this amendment. I don't see any particular problem with doing so and I would urge this Chamber to adopt the amendment.

DEPUTY SPEAKER POLINSKY:

That makes it easy. Further remarks on House Amendment Schedule "E"? If not, let us try your minds. All those in favor of House "E" please indicate by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER POLINSKY:

Opposed, nay.

REPRESENTATIVES:

No.

DEPUTY SPEAKER POLINSKY:

The ayes have it. House Amendment "E" is adopted and ruled technical.

******

House Amendment Schedule "E".

In lines 67, 73 and85, after the word "earnings" insert the words "from investments"

In line 103, after the period insert the following: "As used in this subdivision, "fiscal year" means any twelve-month period adopted by a foundation for its accounting year."

In line 159, after the word "sign", insert the following: '"a letter indicating that he has reviewed"

In line 160, after the words "of the", insert "letter and"

******

DEPUTY SPEAKER POLINSKY:

Will you remark further? Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you, Madam Speaker. The Clerk has LCO 7632. Would the Clerk please call and I be allowed to summarize.

DEPUTY SPEAKER POLINSKY:

Will the Clerk please call LCO7632 which shall be designated House "F".

CLERK:

LCO7632 designated House "F" offered by Representative Torpey et al.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle has asked leave of the Chamber to summarize. Is there objection? Seeing no objection, please proceed, Madam.

REP. SCHMIDLE: (106th)

Thank you, Madam Speaker. This is basically a simple amendment which enables the auditors to look at periodically, to audit the books of foundations, and I move its adoption, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Motion is on adoption. Will you remark further? Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you, I will. I know that this is a very sensitive area with a number of our foundations and a number of our institutions. However, this institution, the Legislature has auditors of public accounts and we have them specifically for the reasons to find out exactly what's going on in all areas of State government, and I think they have been doing an outstanding job in telling us what goes on in various areas of State government.

In fact, it is to the auditors whom we can first credit with, do I have a little bit of competition? I will not get on the latter. It is the auditors that we first credit with finding out that we were having a problem with our foundations, and it was the auditors who told us what the problems were, and the extent of the problems.

What this simple little amendment says, is it allows them on a permissive basis, to be able to look at what's going on in foundations. Now, foundations kind of have neither fish nor fowl position, stature, in our chart of organizations in the State. They're really not State entities say a lot of people. They're really

not quasi, say a lot of people, and certainly they're not private, because of their nature, say a lot of people.

While basically I believe that foundations should be private, I strongly believe they should be private, but the way our legislation, this particular legislation that we're talking about is written, it does not make them private. It does not make them public. It doesn't make them anything, they're neither fish nor fowl. They still are a part of State government and I do believe that our auditors should be able to look at these foundations when they feel the need arises.

The auditors have already said that they would be willing to do this. It's not a difficult thing for them to do and they, of course, would do it in line with their regular duties, Madam, and I would urge everybody to vote for this amendment.

I'd like to yield to Representative Torpey. Thank you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Torpey, do you accept the yield?

REP. TORPEY: (11th)

Yes, Madam Chairman, thank you. In the file, it shows that the committee action, the Government

Administration and Election Committee, a joint favorable substitute report, 12 for and one against. Now what it doesn't tell you in that report is that that did include our State auditors looking at the records.

When it went to the Education Committee it was removed. You know, it sort of amazes me from time to time what we do here and what we don't do here. We're waltzing around the very basic fact on this particular bill. The bill addresses everything except what the answer is to the problem.

The answer to the problem is this particular amendment that is being offered, and was offered to the GAE Committee and was accepted with almost a unanimous vote except for one.

You had State money going from the State to these foundations with no accountability to the State. Now the amendment is saying that our auditors would have the right to go in periodically and check. I don't see how any of you in your right mind could possibly object to that. In fact, I would feel that you have an obligation to see that our auditors do go in and check where our money is going.

Now, I read in the paper the other day, and I think what they were implying in the article, that the

problem is all resolved. The main characters involved sat down and had a little talk and straightened it out so we go back conducting business on the same basis as we did before.

Now that's idiotic. What was going on before was State money going into these foundations with no accounting to the State. You certainly, I hope you certainly don't support that type of operation. The State auditors have an obligation to follow State funds and you and I have an obligation to see that they do follow State funds.

This is a plan common sense amendment that is the answer to all this malarky and I repeat, all this malarky we're talking about, and I haven't the slightest notion since no one talked to me about it, I haven't the slightest notion of why you can't see this or why it was removed by the Education Committee. It almost seems that you're treading on the tail of sacred grounds or something, I don't know what the heck it is.

State money is State money, should be followed up by State auditors and reported back to us. And there are a list of errors, I'll call them, or mistake in judgment that was made, that was right at our Committee meeting, and if you heard those, you certainly would support this amendment.

This is a darned good amendment that resolves the problem and every one of us should vote for it, and I would suggest, Madam Chairman, Speaker, that when the vote is taken it be taken by roll.

DEPUTY SPEAKER POLINSKY:

The request is for a roll call vote. All those in favor please indicate by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER POLINSKY:

The requisite twenty per cent having been heard from, when the vote is taken, it shall be taken by roll call.

Will you remark further on the amendment? Representative Cohen.

REP. COHEN: (15th)

Thank you, Madam Speaker. Through you, some questions to the proponent of the amendment, please.

DEPUTY SPEAKER POLINSKY:

Please proceed, Representative Cohen.

REP. COHEN: (15th)

Thank you, Madam Speaker. Through you, Representative Schmidle, let me ask you what you asked Representative Godfrey when you explored the subject of would an audit cover one element and not necessarily

everything, and was it his assumption that every audit will cover everything.

In line 22 of your amendment what does the word audit mean?

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

In line 22 of my amendment, audit means exactly what the auditors of public accounts do when they look at any other governmental entity.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Through you, Madam Speaker, another question to Representative Schmidle. When I spoke to the auditors I was told that the expression is full audit and the bill reflects that expression. I'm interested in knowing why your amendment doesn't say full audit.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Through you, Madam Speaker, we use the term, the term full audit was used when we were talking about private auditors. There's only one kind of an audit that the auditors of public accounts do and this is

their audit.

Private auditors do many kinds of audits and that's why I was a little more specific in reference to private auditors.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Through you, Ma'am, let me inquire about this full audit, then, the only kind that the auditors do with respect to the maximum exposure that could be incurred under this amendment.

I understand the fiscal note says that the cost could be absorbed by the agency. I know that there are at least 25 foundations that we know about today and more that we are committed to looking into over the interim. I'm interested in knowing how much time you would project the auditors would spend, if under the main language, they chose to audit the 25 existing foundations.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Through you, Madam Speaker, that's one of my problems with this bill. I don't know that there are 25 existing audits. I'm not, er, foundations. I'm not

even sure how many foundations this bill covers. We could be talking about 300 foundations because we have never clarified it.

And to answer, specifically answer your question as to how much time our auditors will be spending on each foundation or each account or each audit, that's a question that only they can answer. Through you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Through you, Madam Speaker, let me pose a hypothetical by first informing Representative Schmidle that there are 23 known foundations and institutions of higher education, at least one in the Department of Corrections and at least one in the Department of Mental Retardation.

If in the least onerous scenario possible the auditors exercised the may provision and spent two days per audit, then would you say that the auditors would be able to absorb 50 working days or 7 or 8 weeks on these audits?

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Through you, Madam Speaker, I cannot speak for the auditors, but I would like to yield to Representative Luppi who is an accountant and an auditor and perhaps he can better answer the question for Representative Cohen.

DEPUTY SPEAKER POLINSKY:

Representative Luppi, do you accept the yield?

REP. LUPPI: (88th)

Yes, Madam.

DEPUTY SPEAKER POLINSKY:

Please proceed, Sir.

REP. LUPPI: (88th)

In our discussions with the auditors, it is not their choice to do all audits of the foundations. They would like the opportunity to pick and choose and they assured me that for the audits they would do they have the adequate personnel, they have the ability, they have the staffing and the cost to the State would be minimal.

You have to understand, if the foundation goes out and hires an auditing firm, they're going to be paying a fee, and this is one thing that we're trying to control in the State.

Here we have a group of auditors, I think the budget is, I've forgotten how many millions of dollars,

with proper staff and they can do the job. And to deny them that right, I don't see why.

What the auditors merely want to do is to make sure that there's full compliance with this bill, and as has been expressed by Representative Torpey before, there were certain things done in receipts and in disbursements, by the foundation in conjunction with the University of Connecticut, that has been brought to light, and they want to be able to make sure that there is full compliance.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Through you, Madam Speaker, to Representative Luppi. How many foundations did the auditors assure you they wanted to audit?

DEPUTY SPEAKER POLINSKY:

Representative Luppi.

REP. LUPPI: (88th)

I beg your pardon, Madam Speaker, through you. They just said that whatever was necessary, they would make that decision.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Through you, Madam Speaker, then let me again try my Representative Schmidle question on you, Representative Luppi. Knowing that there are at least 25 foundations, and if they spent two days on each foundation, albeit their very different sizes, is it the auditor's position as they expressed it to you that given the existing staff and given that this new budget proposal will include no more staff, that they have enough personnel to spend seven weeks auditing foundations?

DEPUTY SPEAKER POLINSKY:

Representative Luppi.

REP. LUPPI: (88th)

Sorry. Through you, Madam Speaker. I don't know quite where you get the idea they would spend seven weeks, two days, eight months, fourteen months. They merely want the opportunity when they feel the necessity of it, Representative Cohen, to go in and do the audit. And I think, as our State auditors, they're justified in making that request.

They deal, and they audit with the University, they audit the books of the University of Connecticut. There are transactions that go between the foundations and the University and I think there's justification to get a full scope audit that they have the right to

pursue those transactions.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Thank you. Then through you, Madam Speaker, is it your position, Representative Luppi, that any time that State money is involved with non-State agencies, the auditors should have the ability to audit, regardless of whether the money is used for State purposes or not?

REP. LUPPI: (88th)

Through you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Luppi.

REP. LUPPI: (88th)

I think you're defining it in quite reverse of what happened. I think what we have here, Representative Cohen is the fact that State personnel was being used and the monies that were received, instead of going to the State account, they were being deposited to the foundation account.

Here, we as taxpayers, have been paying the salaries, paying for the supplies, the overhead and all the other expenses and the State of Connecticut did not get the true benefit of it. Instead, the foundation did.

Now, all we're trying to do is get the monies back into the State of Connecticut, or the University of Connecticut or being reimbursed for the expenses that they have incurred.

DEPUTY SPEAKER POLINSKY:

Representative Cohen.

REP. COHEN: (15th)

Rather than pursue more questions, Madam Speaker, let me just stand in opposition to this amendment. It has been suggested that things were done and done incorrectly and that is absolutely true.

And that is the purpose of this bill. Representative Torpey asked in regard to the fact that mistakes were made. I believe very strongly that Sections 2, 3, 4 and 5 of this bill put new accountability into the bill. I think what we're deciding when we vote on this amendment is whether we trust independent accountants like Representative Luppi and Representative Markham and others, and whether we believe that the audit that they will conduct, and the audit that they will sign with their good faith and judgment, will in fact, point out when errors have been made.

And if errors have been made, the auditors will be able to get those independent audits and regardless of

whether the auditor agrees with the audits or not, the auditor will be able to see the working papers and make his or her own judgment as to whether the audit was in fact, complete and correct.

And it is for those reasons and also because I believe that the bill makes foundations private entities with exceptions laid out in Sections 2, 3, 4 and 5, that we should defeat this amendment.

DEPUTY SPEAKER POLINSKY:

Will you remark further on House "F"? Representative Kiner.

REP. KINER: 959th)

Thank you, Madam Speaker. Madam Speaker, I also rise in the hopes that this Chamber will reject this amendment.

Madam Speaker, a question, through you, to Representative Schmidle please.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle on your feet. Please proceed, Representative Kiner.

REP. KINER: (59th)

Thank you, Madam Speaker. Madam Speaker, through you, as I read the bill, specifically the title of the bill, it appears to me that we're dealing with a foundation that's called a private foundation.

Through you, Madam Speaker, does the lady know of any other private facilities, private corporations, any private entities in the State of Connecticut, that are audited by the auditors of public accounts.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Through you, Madam Speaker, to Representative Kiner, these foundations are indeed a very different kind of foundation than any other foundations than we have in the State of Connecticut. These foundations are not raising their money under the name of Ford Automobiles, or under the name of some relatory company. People give to these foundations because they know this money is going to be used for the University of Connecticut or the Medical School, or whatever the other foundation is. And by the way, all of our mental institutions have foundations as well and people give money for them.

So it's true the title says they are private foundations, but I'm not convinced of the way in which the language of the bill is written that in fact they are totally private foundations and that was one of my aims in our Committee, through you, Madam Chairman, was to make them totally private foundations.

We have not succeeded in doing that and therefore, I don't believe they are.

REP. KINER: (59th)

Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Kiner.

REP. KINER: (59th)

The old saying a rose is a rose is a rose. This is a private foundation. The word private is in there. I asked the lady to inform this Chamber if she knew of any private entities that were audited. She gave a wonderful answer. I agree with everything she said, except she didn't really answer the question.

Another question, through you, Madam Speaker, to Representative Schmidle. Can the lady define for me what a public entity is? I think if she defines what a public entity is, and we can determine that this is a public entity, then perhaps the amendment should fly. Through you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Through you, Madam Speaker, I would be very happy to identify or to even write some language for a public entity, which is not done in this particular

legislation.

I think everybody here understands if it was not for State institutions, it's the State institutions that created the foundations and so therefore they even have their genesis in State government.

It is true that they could be, and I believe they should be, totally private. But therefore, if they're private foundations, you don't need to go through all of this rigamarole to have regulations on how you're going to handle their money and who's going to use their money and all that sort of thing.

When the Ford Foundation gives money to the University of Connecticut, the University of Connecticut board of governors does not have to set, or the trustees do not have to pass resolutions or put in statutes exactly how they're going to deal with the Ford Foundation. They accept the money and say thank you very much and spend it. That's what a truly private foundation does.

If we want these foundations to be private, that's exactly what we should do. Through you, Madam Speaker.

REP. KINER: (59th)

Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Kiner.

REP. KINER: (59th)

Madam Speaker, I don't want to belabor the point, but I'll just inform the lady and inform this General Assembly that in 1980 in the Supreme Court Case concerning Woodstock v. FOI, the Court determined, or came up with a four part test as determinative of what a public entity is, and as I read this four part test, not to belabor the point any more, I really don't see that the private foundations fall under that category.

Madam Speaker, ladies and gentlemen, what we have before us really is a fundamental, philosophical question, should the State get involved in auditing a private foundation. I would say that the answer should be no.

Representative Torpey has indicated to us that public funds flow into the foundation. With all due respect to Representative Torpey, it's the other way around. Private funds flow from the foundation to the State. And so, as such, Madam Speaker and ladies and gentlemen, the private foundation, as far as I know, does not receive any public funds and therefore should not be audited by the auditor of public accounts. Thank you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Will you remark? Will you remark further on House

Amendment "F"?

REP. FARR: (19th)

Mr. Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Farr of the 19th.

REP. FARR: (19th)

Mr. Speaker, just to clarify for the record. The auditors testified before the Appropriations Committee as to what they were seeking, and what they were seeking was not what this amendment proposes.

The auditor's testimony before the Appropriations Committee was that their only concern is not how these foundations spend their money. The auditors said it's private funds. They don't care how the foundations spend their money. All they're concerned is to make sure that funds intended to the State, for the State institutions is not diverted to the private foundations.

So they weren't looking to get in there and audit these foundations. This goes far beyond anything the auditors asked for. They were specifically asked whether they wanted to do this in Appropriations Committee and they said no. They do not care whether the private foundations spend money on fundraising. That's not within the scope of what they're seeking.

The problem with this type of amendment is what it says is, the auditors can go out, audit the foundation and come out with a report and say, gee, the foundation spend $150 taking, wining and dining somebody at some fancy club and they spent $12 in flowers for the person. And it's going to be in the newspaper, and the next day the guy is going to say, hey, you know that million I gave for the new complex, forget it. I didn't do it to have my name in the newspaper. I don't want to go out to dinner again with the foundation. That's the problem. You're not going to be able to raise money if every time you go out to try to solicit money from some of these contributors you're going to have it publicized what you're doing in terms of the solicitation.

That's the nature of the problem. But that ought to be none of the State's business, because it's not the State's money. What the auditors wanted to make sure was that it would not be the State's money and all they sought to do was to be assured that money being given by other sources, through the institutions, was not going to be diverted.

They did not ask for the opportunity to audit all the funds. That's not what they're seeking for. I would urge rejection of this amendment.

DEPUTY SPEAKER POLINSKY:

Will you remark further? Representative Belden.

REP. BELDEN: (113th)

Thank you, Madam Speaker. I really find it hard to understand what the paranoia is about not letting the auditors look at the books of these foundations.

I sat here when we passed legislation, to set up these foundations, and I heard at that time, as I recall, late at night, similar to tonight, I guess it was, that we needed to have these foundations and there would be revenues coming in. It would be a great assistance, but they needed to be kept private.

And the auditors have told us, over a number of years, that they really feel that somebody should be taking a look at what was going on. And lo and behold, finally somebody did and there was some problems.

The auditors, all roughly 100 of them, are watchdogs. And just a year or two ago, as I recall, we expanded their authority so that they audited quasi-public agencies. The auditors are our whistle-blowing agent. Do you remember that whistle-blower statute. Somebody feels something is wrong out there. What do they do? They submit a little something to the auditors. But you know what? If the whistle-blowing, if the incident might involve

the foundations in some of the universities, guess what? Under current law, our auditors would not be able to look into the foundation's books.

That's a very good example of why this amendment is a good amendment. And these foundations, and I think it's great that we have them, I think we have to protect the contributors' confidentiality and as I recall reading the file, it is protected. But they are, in fact, established kind of like the quasi-public agencies tied into the State of Connecticut through its educational institutions or through its mental health facilities, so it kind of has like what our bonds, even though for the quasi-public agencies, they kind of have a full faith of the State of Connecticut is tied in there somehow.

The auditors do not want to put these foundations on their schedule for an audit every two years or whatever it is. But should the occasion arise where perhaps it's brought to their attention, or perhaps like you in your home, you have a lock on the door.

We tell you, any ten year old can get in that lock. But the lock means something. It keeps the honest people honest. That's what our auditors are there for. They may never go over there and look. They keep the honest people honest.

It's a good amendment and it ought to pass.

DEPUTY SPEAKER POLINSKY:

Will you remark further on House "F"?

Representative Mulready.

REP. MULREADY: (20th)

Madam Speaker, I'm a contributor to the University of Connecticut Health Center Foundation, and to other foundations, and I'd very much like my contributions in whatever amount, to remain private.

I therefore stand to oppose this amendment for that and other reasons. When I gave, and have given in the past, strictly to the UConn Health Center Foundation, I was fully aware that the money was going to a foundation which was not controlled by the State of Connecticut and which was not audited by the State of Connecticut.

I am aware that this bill and other provisions provide for an audit, by private auditors, which if finding irregularities will in fact be turned over to the State auditors and allow them to go in and do what they need to do in order to protect the interests of the State of Connecticut.

But in the meantime, I think in the interest of confidentiality, which in fact, if circumvented, will in fact lead to decreases in contributions for these

very worthy foundations which do a lot of good. In those interests and in the interest of protecting not only the confidentiality but the good work of the foundations, and in fact, to consider, and in fact, I'd like to make one other point.

I think a good deal of this particular controversy over some of these foundations has to do with something that hasn't been discussed tonight and I think that has to do with some of the turf wars between these foundations and the State auditors and the resentment that the State auditors have had for years about not being able to look into these foundations.

Madam Speaker, I think that the bill that we have before us, without this amendment, does some very good work, corrects some problems that have occurred in the past and that this amendment would not be a step forward, but in fact a step backward and I urge rejection of the amendment.

DEPUTY SPEAKER POLINSKY:

Thank you, Sir. Will you remark further on House "F"? Will you remark further? If not, ah, Representative Luppi.

REP. LUPPI: (88th)

Madam Speaker, I think Representative Mulready and also Farr are missing the very important point. They

are dealing with State funds. What has happened in the past is that the State of Connecticut has furnished people, in research programs, they've furnished equipment, computers, all the other ancillary things that go into developing a program.

And for that, the State of Connecticut and the University of Connecticut received absolutely nothing. Here the State of Connecticut spent all that money in paying the salaries of all of these people and the monies went into the private foundation. That is what is wrong. Not the disclosures of people who contribute. It's the fact of the flow of money and how it occurred. Thank you.

DEPUTY SPEAKER POLINSKY:

Thank you, Sir. Will you remark further on House Amendment "F"? Representative Ward of the 86th.

REP. WARD: (86th)

Madam Speaker, I rise to oppose the amendment. The things that Representative Luppi is concerned about I think are covered in the file copy. There have to be written agreements to cover what happens with State property. There have to be written agreements. It has to be audited by an independent accounting firm to insure compliance with this law.

The amendment, however, really although described

by Representative Schmidle is just a little amendment. It's little in terms of number of words. It is hardly a little amendment. In fact, undoes virtually everything in the file copy and says that a private foundation is just like a State agency, just like it's nothing but State money, the auditors can get in and audit it for whatever they want, for whatever purpose they want.

It says it is not a private foundation. It is a private foundation. They do a great deal of work for our State and for our public institutions of higher education. Frankly, the University of Connecticut in my opinion is on the verge of being one of the great research institutions in this nation.

I believe this amendment will discourage contributions, will make research more difficult to do and will stop the University from reaching its potential. That there have been documentation of some abuses by some individuals involved with the institutions, I think seems to be the case. I think the file copy will address those, that they can have been addressed even without the file copy, but that I'm willing to go along with the file copy, although I think it goes even a bit too far. But clearly this amendment goes way too far, jeopardizes the existence of those foundations, jeopardizes the ability of our

public institutions of higher education to reach their potential.

If this State could afford to fully fund all the research and I sat with Madam Speaker on a task force that studied research in the higher education and what should be done to appropriate sufficient funds for that, we can't afford to do that. Unfortunately, we do need to ask our private, our public higher education institutions to reach out for private funds.

Let's not ask them to do that because we can't afford as a State to do everything for them and at the same time do what we can to make it difficult for them to raise those private dollars.

Please reject this amendment.

REP. SCHMIDLE: (106th)

Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Schmidle.

REP. SCHMIDLE: (106th)

Thank you, Madam Speaker. Just a quick response to Representative Mulready and his concern about the names of donors being public.

In Section a of Section 1 of the file copy, it says that records shall not be deemed public records and shall not be subject to disclosure pursuant to the

provisions of Section 1-19. So by this document, the names of the donors will not be disclosed. Thank you, Madam Speaker.

DEPUTY SPEAKER POLINSKY:

Will you remark further on House Amendment "F"? If not, members please take your seats. Staff and guests to the well of the House. The machine will be opened.

CLERK:

The House of Representatives is voting by roll call. Members report to the Chamber. The House is voting by roll call. Members to the Chamber, please.

SPEAKER BALDUCCI:

Have all the members voted and has their vote been properly recorded? If so, the machine will be locked. The Clerk take a tally.

The Clerk please announce the tally.

CLERK:

House Amendment "F" to HB7206

Total number voting	141
Necessary for adoption	71
Those voting yea	31
Those voting nay	110
Those absent and not voting	10

SPEAKER BALDUCCI:

The amendment fails.

******

House Amendment Schedule "F".

After line 181, insert the following:

"(c) In addition to the authority provided under subsection (b) of this section, the auditors of public accounts may periodically audit the books and accounts of foundations."

******

SPEAKER BALDUCCI:

Will you remark further on the bill? Will you remark? If not, staff and guests to the well. Members please be seated. The machine will be opened.

CLERK:

The House of Representatives is voting by roll. Members report to the Chamber. The House is voting by roll. Members to the Chamber, please.

SPEAKER BALDUCCI:

Have all the members voted and is their vote properly recorded? If so, the machine will be locked. The Clerk take the tally.

REP. OSLER: (150th)

Mr. Speaker.

DEPUTY SPEAKER POLINSKY:

Representative Osler.

REP. OSLER: (150th)

In the affirmative, Mr. Speaker.

SPEAKER BALDUCCI:

Representative Osler in the affirmative.

The Clerk please announce the tally.

CLERK:

HB7206 as amended by House Amendments "A", "B", "C" and "E".

Total number voting	141
Necessary for passage	71
Those voting yea	140
Those voting nay	1
Those absent and not voting	10

SPEAKER BALDUCCI:

The bill as amended is passed.

REP. FRANKEL: (121st)

Mr. Speaker.

SPEAKER BALDUCCI:

Representative Frankel.

REP. FRANKEL: (121st)

Mr. Speaker, at this time I would move that all double starred items not acted upon, be passed retaining their place on the Calendar.

SPEAKER BALDUCCI:

Is there objection? Seeing none, it is so ordered.

REP. FRANKEL: (121st)

Mr. Speaker, for purposes of an announcement.

S-297

CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1989

VOL. 32
PART 10
3262-3622

16 Yea

20 Nay

The bill is defeated.

Senator O'Leary.

SENATOR O'LEARY:

Thank you, Mr. President. Would the Clerk please call on Page 12, Calendar 556.

THE CLERK:

Calendar Page 12, Calendar 556, File 517, 787 and 839, Substitute HB7206, AN ACT CONCERNING PRIVATE FOUNDATIONS ESTABLISHED FOR THE BENEFIT OF STATE AGENCIES AND INSTITUTIONS. As amended by House Amendment Schedules "A", "B", "C" and "E". Favorable Report of the Committee on EDUCATION.

THE CHAIR:

The Senate will stand at ease until people leave the Chamber. Can we have order please. Senator Kevin Sullivan.

SENATOR SULLIVAN:

Thank you, Mr. President. I move for acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the House.

THE CHAIR:

Any amendments?

THE CLERK:

No amendments, Mr. President.

THE CHAIR:

Will you remark?

SENATOR SULLIVAN:

Thank you, Mr. President. With this legislation the State of Connecticut will for the first time establish the process of oversight for the private foundations which have a fund raising relationship with our public institutions, including those particularly in higher education.

The bill attempts to strike a reasonable balance in two respects. First, recognizing the work of the foundations has become a vitally important resource to our higher education and other institutions, one which is more and more important at a time of tight budgets. But also to recognize that this has been an area for too long wholly undefined by any standards, any procedures, any requirements whatsoever.

What we have tried to do then is strike the critical balance that this bill represents. And does so because we can't do as some higher education have simply advocated and that is to leave them alone. We are far beyond that point. We have a right, I think, to expect there to be an orderly handling of the money of the foundations and the money of the public.

What the bill will do is require that all state funds and virtually all research funds will be fully accounted and handled through public accounts of the State of Connecticut, not private foundation accounts.

That the cost of foundations will be borne by the foundations and not by the taxpayers of the State of Connecticut. And that there will be a requirement of full, independent audits of the foundation books and records, an affirmative duty in those audits to disclose any violation of law or any diversion of public funds, and the opportunity when those audits are reported to the head of the agency and the auditors of public accounts. For any disclosed offense, violation of law, violation of procedure or comingling of public funds to immediately trigger the full, fair review of the Auditors of Public Accounts.

I think what this offers us is some clear accountability, some clear controls and some clear direction in an area where direction has been needed for a while. In urging the enactment of this bill which has been worked on by several committees. We wish also to send a message out to our friends in higher education that we are going to watch carefully, that they need be forewarned that we will not tolerate deviations from this legislation, that what is

important here is to preserve this resource, but also through this legislation, to preserve the public interest.

THE CHAIR:

Will you remark further? Senator Kevin Sullivan.

SENATOR SULLIVAN:

If there is no objection, I would move this to the Consent Calendar. If we are not going to run another Consent Calendar...

THE CHAIR:

No. Clerk please make an announcement for immediate roll call.

THE CLERK:

Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber. Immediate roll call has been ordered in the Senate. Will all Senators please return to the Chamber.

THE CHAIR:

Question before the Chamber is a motion to adopt Calendar 556, Substitute HB7206, File 517, 787 and 839. The machine is open. Please record your vote. Has everyone voted? The machine is closed. Clerk please tally the vote.

The result of the vote:

32 Yea

1 Nay

The bill is adopted.

Senator Avallone.

SENATOR AVALLONE:

Yes, Mr. President, I was out of the Chamber on Calendar 499, SB313, File 756, I believe. I would like to be recorded in the Affirmative.

THE CHAIR:

The record will so note. Senator O'Leary.

SENATOR O'LEARY:

Thank you, Mr. President. Once again it's time to turn the ship into the wind. We are going to meet again tomorrow at 11:00 and maybe we will hopefully wrap it up a little earlier on Friday, if we can. No promises. Senate Caucus at 10:00 a.m., Session at 11:00.

THE CHAIR:

Further announcements? Senator Smith.

SENATOR SMITH:

Thank you, Mr. President. There will be a Republican Caucus at 10:00 a.m. That's 10:00 in the morning, tomorrow.

THE CHAIR:

We have Senate Agenda #2.

THE CLERK:

JOINT
STANDING
COMMITTEE
HEARINGS

GOVERNMENT
ADMINISTRATION
AND ELECTIONS
PART 1
1-357

1989
INDEX

REP. KINER: Thank you, Representative Mordasky. Senator Maloney and Representative Taborsak.

: Representative Taborsak will be here in one moment.

REP. KINER: Followed by Jim Lewis.

SEN. MALONEY: Thank you, Mr. Chairman. Chairman Kiner, Senator Atkin, members of the committee. Senator Jim Maloney from 24th District which is Danbury, Bethel, and New Fairfield. And I am here this morning to testify in regard to SB620 and HB7206, concerning university foundations.

As we know, university foundations have recently been developed for many of our state institutions. They are good organizations. They are worthy organizations. They provide a valuable service. They make sure that our state facilities and educational agencies have additional resources and they provide those resources without the "red tape" and burdensome procedures that are associated with public money.

But since they are related to public universities, they must be accompanied - in my opinion - by public oversight. The legislation that you have before you would do that and I would like to draw your attention to several specifics. I would like to see legislation that would require the annual audit of all private foundations associated with public institutions. And those audits should conducted in accordance with the generally accepted accounting principles. The state auditors should have the right to come in and review problem areas if any problem areas develop. I would suggest that the audits, however, should probably in the first instance be conducted by the - a private accounting firm, because it will save the state money in the first instance and in the second instance will provide the information that we require.

Secondly, I would suggest to you that these foundations should be subjected to the rules of the Freedom of Information Commission. The records of the foundation should be open to public inspection and public review. There are some limitations on

that. I would suggest, for example, that the names of donors to foundations, if they wish their names to be kept confidential, should be kept confidential. We don't want to discourage people to contribute to these foundations. We do, however, want the information concerning the foundations made public to the extent possible.

Also, I think the implementation of this legislation should be prospective rather than retroactive. We're not on a "witch hunt" - what we are on is an effort to make sure that our foundations associated with our public institutions are properly conducted and the public has a right to know that they are properly conducted. If we act in this fashion, if we provide public accountability through an accounting system, and if we provide public access through inclusion within the Freedom of Information statute, we will accomplish those goals and we will retain a very valuable resource - our private foundations.

Thank you, ladies and gentlemen.

REP. KINER: Senator, do you have any thoughts about whether or not state employees should be working in these foundations? Whether or not those employees work during state time or not?

SEN. MALONEY: If they are strictly private foundations, then I think the answer, the question sort of answers itself. Which is to the extent they are private, they should be maintained with private funds, they should be maintained with private staff.

There will, inherently, I guess be some mingling of the two. For example, any non-profit organization can quality for public funds. If the organization qualifies for public funds, then those funds obviously need to be regulated by the grant agreements or the contract with the state - whatever is involved. So I don't think that we have to treat private foundations as if they were part of state government, entirely. But we do have to bring them under the accounting procedures and under the Freedom of Information procedures.

REP. KINER: Thank you, Senator Maloney. Representative Schmidle.

REP. SCHMIDLE: Thank you. Representative Schmidle from the 106th District. When you said that you would like to see the foundations come under the Freedom - you know the provisions of the Freedom of Information - are you then saying that they have to do all of the things that any other governmental agency has to do? Like post their meetings and do the annual meeting schedule? Be subject to all of that?

SEN. MALONEY: I don't see any problem with that. The major exclusion that I would like to see is an exclusion for the donors.

People who give money, particularly some people who give large amounts of money, won't give if their name is going to be public. Because they don't wish to be hounded by people who go around and collect names off of donors lists.

But in terms of the administrative procedures, frankly, they aren't very burdensome. All of our towns around the state have readily complied with FOI. It is not burdensome to post an agenda. It's only good business practice to keep minutes of meetings. I really don't think that presents a problem.

REP. SCHMIDLE: Now, in this case, do the foundations then become public agencies?

SEN. MALONEY: The answer is no, except to the extent that they are subject to FOI. They do not become public agencies, per se, but if they become subject to the FOI rules they are subject for that purpose.

REP. SCHMIDLE: Okay. Well, what - where are they not public agencies, then, in this?

SEN. MALONEY: Well, for example, I don't propose that we subject the foundations for the use of their private money to all of the competitive bidding and other procurement regulations of state or local government. One of the virtues of a private

foundation is that it can act with speed and flexibility. It's private money. They can do with it as they judge best. So I would not like to see them "hamstrung" under public procurement regulations, for example.

REP. SCHMIDLE: Okay. What if a group decided they were being "hamstrung"? They decided they did not want to be considered a public agency for all intents and purposes, that's how they viewed this legislation. Is there anything, then, to stop this group or organization from going out and becoming a private foundation so that they did not have to be subject to all of this?

SEN. MALONEY: I think the answer lies in - for example, the Ford Foundation. If the Ford Foundation wishes to give a grant to the University of Connecticut - fine! It's up to the University of Connecticut to decide whether or not the Ford Foundation grant is going to be accepted. What we're talking about in terms of the foundations that are at issue here are foundations that have been established with a very close relationship with the educational institution. There are members of the educational institution who serve on the board of directors, for example. We can draft the legislation so that it includes the private foundations we're talking about - the university associated foundations - and exclude what you might call the occasional foundation - the Ford Foundation, the Rockefeller Foundation, - that gives a specific grant for a specific purpose. The legislation should make that distinction.

REP. SCHMIDLE: Okay. The legislation - or the change that you're talking about - would not exclude any members of say - if it's a University of Connecticut foundation - any staff members or officers of the University of Connecticut from serving on this as well.

SEN. MALONEY: No. I don't think that's a problem. I think, in fact, it makes sense to have people from the university serve voluntarily - not necessarily with compensation - on the board of a private foundation. Because there is - the whole purpose of the foundation is to support the efforts of the university.

I don't have a problem with that. I think good judgement on the part of the foundation would indicate that they also should have outside directors as well. But, I think most of the issues will be addressed by the public disclosure requirements of FOI. When things are done in public, that cures 99% of any potential problem, in my opinion.

REP. SCHMIDLE: I understand that some of these foundations can be, and in some cases they are, located in the facilities that they are foundations to or for. How do you view this?

SEN. MALONEY: That has not, in my opinion, been a major problem. I think that it probably would be best if they are separately housed. They are not a state institution. However, quite frankly, that doesn't cause me any particular concern.

REP. SCHMIDLE: Thank you.

SEN. MALONEY: Thank you, Mr. Chairman, members of the committee.

REP. KINER: Thank you, Senator Maloney. Representative Taborsak, you were on board along with Senator Maloney.

REP. TABORSAK: Thank you, Representative Kiner, Senator Atkin. My name is Lynn Taborsak and I represent the 109th District in Danbury. And I am here this morning to testify in support of SB620, which you just heard from Jim Maloney would subject private foundations that are associated with our public universities and colleges to full disclosure under FOI and public audits of their accounts. And the lights are dimming.

: I don't know what that statement was.

REP. TABORSAK: On Freedom of Information . . .

REP. KINER: Representative Taborsak, you can just wait one moment until we get the lights. (Laughter) Thank you.

There's also, as I pointed out earlier, vast amounts of information which state agencies contain under their jurisdiction which is sought after by many outside interests. There should be a number of policies which govern how that information is accessed, when it is accessed, the type of security and anonymity applied that information. So it's not only with DAS, it's all the other service suppliers around the state, such as the University of Connecticut, Department of Transportation, the State Controller, the Department of Labor. And it's also those agencies who are the owners of the information, as I pointed out, like the secretary of the state which has vast amounts, vast libraries of information, a lot of which is not fully automated yet.

REP. SCHMIDLE: How long do you anticipate this might take?

DEP. COMM. CHARLES MILLER: The task force, I'm sure could move within a very short period of time - six to 12 months at most. The industry is in the process of trying to regulate itself now - that is the information technology industry. Unlike the telephone or the highway system which has vast amounts of standards which govern it.

We feel that through self-regulation, it will probably take another five to 10 years for the various manufacturers and vendors to regulate themselves through their own cooperative and governing bodies. However, I think this task force is designed to perhaps accelerate standards and guidelines for the state of Connecticut through development of its own policy, which has not yet taken place in the state.

REP. SCHMIDLE: Thank you.

DEP. COMM. CHARLES MILLER: Yes, ma'am.

REP. KINER: Deputy Commissioner Merle Harris, followed by Vice President Tony Brown and Tom Popplewell.

DEP. COMM. MERLE HARRIS: Senator Atkin, Representative Kiner, members of the committee, I am Merle Harris, Deputy Commissioner, Department of Higher

Education and I am pleased to have this opportunity to speak to the issues addressed in SB620 and HB7206, bills concerning private foundations.

You have a copy of my full testimony and I will abbreviate my remarks now. The board of governors for higher education shares the goal stated in HB7206, to insure the proper use of state funds. The board, in response to a request by Governor O'Neill, recently adopted a policy for private foundations associated with our public colleges and universities.

The key features of this policy are: funds that belong in state accounts and funds in foundation accounts are defined; rules governing foundation administration are set forth requiring that foundations be self-supporting; sound fiscal and auditing requirements are stated, including full scope independent audits of both finances and management, with full disclosure of audit results to the appropriate boards of trustees, the board of governors, and the auditors of public accounts. And finally, a clear process is required for transfers to the institution.

Foundations associated with our public colleges and universities transferred about 8.5 million dollars to our institutions in 1987. These funds supplemented state resources and helped our colleges move towards excellence.

The board of governors believes that its policy, which is now a model for other states, will assure the accountability called for in HB7206, while preserving the continued operation of foundations compatible with state and institutional purposes.

I would now like to turn directly to HB7206 and the language in Section 2, which is of concern. The requirement that no state employee be employed by a foundation established for the benefit of a state institution or agency is consistent with the boards policy which I just outlined. However, I would caution you regarding the provision in Line 99 that no state employee conduct any activity for such a private foundation while receiving compensation from the state.

Institutional advancement is a central part of the job of every college president. Further, college presidents do not have nine-to-five jobs. The language in Section 2, therefore, would prohibit a college president from meeting with any individual or group which might contribute to a foundation associated with his or her institution. This has the potential of seriously diminishing private support for our public institutions.

As you debate the issues addressed in the two bills before you, the Department of Higher Education would be pleased to answer any questions you may have, provide you with additional information regarding the policy the board adopted, or work with you to develop language which will assure that private support for our public colleges and universities will flourish.

And you have a full copy of the policy attached to the testimony.

REP. KINER: Merle, I would like to ask you one question concerning HB7206. HB7206 states that the auditors, the state auditors may indeed audit the books of the foundations when and if there is a need to do so. Your policy, I believe, only states that your auditors audit if a problem surfaces. Do you have any comment on (inaudible)?

DEP. COMM. MERLE HARRIS: The board of governors policy does state that the auditors would audit when and if there is a need to do so. And that need would be determined by the independent audit which would be sent to the auditors of public accounts as well as to other agencies and, obviously, it would be made public. The board has not taken a specific position on private - a public audit by the auditors of public accounts. But I think the board does believe that its policy will solve the problems that have surfaced for our colleges and universities.

REP. KINER: Senator Atkin.

SEN. ATKIN: Merle, you did not address SB620 dealing with public disclosure. Did the board take a position on SB620?

DEP. COMM. MERLE HARRIS: We have not taken a specific position on public disclosure. I think it's an area where the board would agree that public disclosure is a good move. But we should be very careful how we would structure that to insure that private donations that - do not become public when donors do not want that to happen. And that is a little trickier than just saying that those records should not be opened, because those things are discussed in meetings which then would be public, et cetera. So we'd have to be very, very careful about the language if we moved in that direction.

REP. KINER: Thank you. One other question - you stated that the foundations took in this past year HB 7206 8.5 million dollars?

DEP. COMM. MERLE HARRIS: In 1987. They transferred 8.5 million dollars. They've taken in - they actually have fund balances that are larger. That's money they actually transferred to state institutions.

REP. KINER: Just in a general way, Merle, can you tell us where this money goes? Does it go to - for buildings? Does it go to augment people's ability to travel?

DEP. COMM. MERLE HARRIS: It goes for a full range of activities. A great deal of the money is restricted. So it goes where the donor has designated it and I think you'll find the majority of funds fall into that category.

REP. KINER: But if it is a restricted gift, that won't go to the foundation though, would it?

DEP. COMM. MERLE HARRIS: Yes. A restricted gift would go to the foundation if it's restricted, for example, for scholarships it could go to the foundations. Most certainly. If it's even restricted for the purposes of a particular department, it could go to the foundation then it would be transferred over if it was used for funding someone's salary, or another purpose within that. Restricted gifts can be very broadly restricted, as well as very limited. Most gifts are restricted.

REP. KINER: How do you go about soliciting funds for the foundation? Is it done through mailings?

DEP. COMM. MERLE HARRIS: I think the foundation people can probably answer that better than I. However, I think you're aware that it is done through mailings. It is done, very often, with meetings with appropriate donors, and that is why the presidents are very much involved in that type of meeting. It is done through telephone soliciting at times. There are a whole range of ways that funds are actually solicited.

REP. KINER: Now, getting back to the restricted funds again. I would assume their restricted funds can also go into the general fund as well.

DEP. COMM. MERLE HARRIS: Absolutely. If - a donor would have that choice. A donor could give a gift directly to, for example, the University of Connecticut. And that money would go directly to a state account to be held for that purpose by the University of Connecticut.

A donor, on the other hand, perhaps because the donor wants to remain anonymous or for other reasons that that donor has, could give that restricted gift to the University of Connecticut foundation.

REP. KINER: Thank you. Were there any other questions from the committee? Vice President Tony Brown and Tom - I'm having difficulty reading the name - Popplewell, I believe it is. Followed by Andy McKirdy.

TONY BROWN: Good morning, Senator Atkin, Representative Kiner, ladies and gentlemen. My name is Tony Brown and I am the new Vice President for Development and University Relations at the University of Connecticut. With me is Tom Popplewell. Until recently, Tom was university fiduciary - and very involved in foundation activities - and as I have only been in my job a short period of time, if there are detailed questions to answer today or at some other time, Tom would be in the position to answer them.

I have a few very brief remarks concerning our position. The first is, as you know, the board of governors for the Department of Higher Education voted guidelines concerning foundations in response to a request from the governor of the state of Connecticut. These are relatively new. We fully support these guidelines and intend to comply with them.

Because these are new, we do not favor new legislation at this time. We think it is appropriate to defer consideration of new legislation for a year and see how the guidelines work and put them in practice for a year.

If, however, it is deemed necessary to pass new legislation, we think it highly desirable that language be included in this legislation which will protect the private nature of foundations.

The basic comment here is that foundations have to continue to be private organizations. They have to continue to be able to govern themselves, to manage their assets, and to disburse their assets.

And the fourth, and most important key point to not forget in all of this is that private foundations - private foundations - are good for higher education in the state of Connecticut.

So - that is our position and I would welcome any questions.

REP. KINER: Senator Atkin.

SEN. ATKIN: Thank you. Your words were "protect the private nature" - you mean specifically in terms of releasing the names of the donors?

TONY BROWN: I think that it's more broadly defined, Senator. I think the - for foundations to enhance private - higher education in the state of Connecticut, they have to be private organizations and they have their own boards of directors, they have their own management, they have their own personnel. They manage their assets, they invest their assets and they disburse their assets.

REP. KINER: You've also indicated that private foundations are good for education. Can you elaborate on that a little bit more? As to how the money is used? I guess that goes back to my question to Mrs. Harris - how is the money utilized? And we'll assume from your answer you will also indicate how indeed it improves education?

TONY BROWN: Well, I think it improves education in that I believe - and I'm relatively new to my position - but I believe that there is an incremental effect on the amount of private funding raised if private foundations exist. So it raises more money.

And very often this money can supplement state money and provide a margin of excellence for public universities.

REP. KINER: And, again, let me address the same question to you that I did to the previous speaker. Can you give us an idea of - you might have just answered the question - where does the money go? You know we heard horror stories of how those people who received x number of dollars for free transportation to here, there, and everywhere. I think we'd like to set the record straight and this committee certainly would like to know where larger chunks of that money is allotted.

TONY BROWN: Well, there are three types and then I would turn to Tom to answer more specifically.

But, there are endowment funds - endowments that are established where the principal is invested and that income is passed on to the public institution. There are restricted gifts and there are unrestricted gifts. There are three types of gifts and by far the vast majority of money coming through the foundations - at least the University of Connecticut foundation - are restricted gifts that are endowment gifts. So, where the donor intent is very important.

Tom, would you have anything to add to that?

TOM POPPLEWELL: I think to answer your question on where the restricted gifts go to, there's two things that - there's two types of practices that we use.

One of them is that many times the actual money is transferred from the foundation to the university and then spent through the state's procurement system.

Other times the money could be spent directly through the foundation to support whether it be equipment purchases, travel, or whatever type of expenditure that would be consistent with the donor's intention to augment the school's mission.

REP. KINER: Representative Godfrey.

REP. GODFREY: Let me focus in on your insistence that they be private organizations. Are you also saying that they should be secret organizations? Could you specifically outline your position on subjecting the private foundations to the Freedom of Information Act?

TONY BROWN: I cannot at this time, Representative. There will be foundation executives and directors testifying today and I suspect that it might be appropriate to ask them that question.

REP. KINER: Representative Schmidle.

REP. SCHMIDLE: Thank you. Representative Schmidle from the 106th District. Across the nation we have heard that foundations are able to do things that perhaps universities would not, could not do, or whatever the organization is that their foundation is for, and that they might engage in unethical activity. How do you - how do we in Connecticut prohibit our foundations from being involved in any unethical activities.

TONY BROWN: Well, from my experience - in my prior life I was a business executive for 20 years - and the best way to do that and the only way to in the end do it is to have honest people involved. But, within that qualification I think the board of higher education guidelines require a contract

between the foundation and the university. I think it's critically important that there be an "arm's length" relationship between the foundation and the university and that the guidelines regarding how money is deposited into the foundation as compared with to the university are very clearly followed.

So I think the guidelines are very - the board of higher education guidelines are a very good step in this direction.

REP. SCHMIDLE: One of the things that we've heard about is foundations paying, for example, football players. Giving them a kind of, you know, extra compensation - I don't know whether it's cars or whatever. Could this happen in Connecticut? Under our current system?

TONY BROWN: I'll ask the fiduciary - the expert who is here.

TOM POPPLEWELL: The - under the NCAA guidelines, the university is required to perform an audit of all resources available to the athletic department, including foundation resources. So that each year an independent public accountant prepares a report that shows all sources of funds and all expenditures made on behalf of the athletic department. So at that point in time would be the check and balance to make sure that private organizations, such as a private foundation or another group that would be supporting specifically athletics, would not get into any illegal practices that relate to varsity players.

REP. SCHMIDLE: Thank you.

SEN. ATKIN: Thank you, gentlemen. I've got bad news for legislators and agency heads and good news for the publick - Andy McKirdy will be the last speaker under legislators and agency heads. We have two full sheets of public - so I suspect that it will be at least an hour-and-a-half to two hours for anybody in the legislator-agency head who has not yet signed up to speak - and Andy, you have three minutes so we can get into our public portion.

ANDREW MCKIRDY: I'll try and be as brief as I can, Mr. Chairman. Senator Atkin and members of the committee, I'm Andy McKirdy the Executive Director of the Community Colleges.

On behalf of the community colleges, I wish to urge that the committee take no action on HB7206, AN ACT CONCERNING PRIVATE FOUNDATIONS, ASSOCIATIONS, AND CORPORATIONS ESTABLISHED FOR THE BENEFIT OF STATE AGENCIES AND INSTITUTIONS.

Deputy Commissioner of Higher Education, Merle Harris, has explained to you the policy - our outlined for you the policy recently adopted by the board of governors for higher education and I won't review all of those details here at this time. I have a written statement which I'll provide to the clerk.

But in light of the recent action by the board of governors, we feel that the public interest is now protected sufficiently and that legislation is not required to address this problem.

We are also particularly concerned about language in the bill which would prohibit a state employee from conducting any activity for a private foundation.

Practices in this state and others have proven that presidents and chief development officers and public information directors, for example, have primary roles in encouraging and participating in the advancement activities of their institutions. Promoting support from both public and private sources is recognized as an important way of complementing existing state resources.

Similar roles are already played by other state employees in other contexts. Each year the governor of Connecticut asks agency heads to appoint campaign leaders who use work time to promote state employee participation in programs like the United Way-Combined Health Appeal, and indeed the agency costs associated with those efforts, including the statewide costs of payroll deduction process are offset by the benefits to the

public interest served by the donations to the numerous non-profit agencies which depend upon this funding.

Because presidents and other staff are expected to be available to a variety of publics, quite often at times convenient to these support groups, distinguishing periods during which they receive compensation from the state is difficult - if not impossible.

We believe that the board of governors policy is clear about employee roles and agency responsibilities in the proper use of state funds and resources and, once again, Mr. Chairman, I would urge that the committee take no action on HB7206 because its purposes are now being accomplished through existing policy of the board of governors. Thank you, sir.

SEN. ATKIN: Thank you, Andy. Any questions? Representative Schmidle.

REP. SCHMIDLE: Does your organization have any comments on SB620, which is the bill that most people have been addressing both of these bills.

ANDREW MCKIRDY: Yes. I'm sorry, I have not had an opportunity to review SB620. As I understand it, it would provide some public access to records of these foundations.

Certainly I think that the public is entitled to know the policies that foundations use in administering funds - and that is a requirement under the board of governors policies. Those policies must be detailed in letters of agreement between the boards of trustees of the constituent units and the foundations. And similarly, because all of the expenditures of funds are audited and made available to the constituent unit board of trustees, to the institution itself, to the board of governors, and to the auditors of public accounts, all of those financial records would also be public records.

I would think that that would be sufficient to protect the public's right to know in terms of what's happening in those organizations.

representatives, or non-voting members will include one representative from each of the participating federations.

We would like to specify criteria for participation without unfairly limiting participation, require that federations that are seeking to participate in the campaign for the first time file a written request with the Comptroller on or before December 31st, require the Comptroller to notify by the following February 1st in writing each federal meeting criteria for participation. And, finally, to give the Comptroller authority to promulgate regulations.

We have had support of this legislation from the Comptroller's Office, State Treasurer Frank Borges, who chaired last fall's state employee campaign and several employees from state labor organizations who are also in support of state employees having a say in where the money that they donate to health and human services, how the policies will be decided, who will participate and so on.

Thank you very much for your attention. If you have any questions, I will be happy to answer them.

SEN. ATKIN: Thank you, Sherbie. Are there questions? We will take your remarks into account when we take final action on the bill. Thank you. Shirley Staufacher, followed by Ed Giering.

SHIRLEY STAUFACHER: Good morning and thank you for this opportunity to talk with you. My name is Shirley Staufacher, and I serve as Director of Development for Mattatuck Community College Foundation in Waterbury, Connecticut. It is a private foundation, and I answer to an independent community board of directors, none of which are employed by the college.

I am here to testify on Proposed HB7206, regarding public audit of private foundations. As I understand it, the main thrust of this bill is for the state auditors to audit private foundation accounts which is inappropriate and unnecessary. It is inappropriate because the Foundation is an

independent, private charitable corporation, and it is an invasion to have the state auditors to audit the Foundation accounts.

The bill is unnecessary, because guidelines adopted by the Board of Governors on January 31st, require an independent audit and the report of the audit to be sent to the State Auditor, Board of Trustees and made available to the Board of Governors of the Foundation. From my professional experience, as Director of Development, I find business and industry and private individuals very reluctant to provide in kind services and money to public institutions. Potential donors feel they have already contributed to the public institutions through their taxes.

As Director of Development, I find I have to convince them of the worthiness and need of their support of a project to the institution. Donors prefer to give to the Foundation as an independent body. Increases in the cost of operations for the Foundation would seriously jeopardize the Foundation's ability to aid the community colleges and perhaps their very existence. We are a small foundation. If our income is diminished, then our effectiveness will accordingly be diminished.

To be able to effectively represent the community college and work for its needs, it is crucial for me to maintain a rapport and a relationship with the staff, faculty and students of the college. Members of the college provide contacts within the community. For the success of projects, it is important for the Foundation and the college to maintain a close working cooperative relationship. In my opinion, if the Legislature were to require public inspection of private Foundation activities and to sever the relationship between the Foundation and the college, it would diminish the attractiveness of business and industry to donate to the private Foundation.

Thank you.

SEN. ATKIN: Representative Kiner.

REP. KINER: I just have one question that might lead to one or two more, perhaps. You indicate in your testimony, Shirley, that if this bill were to become law that your income, or the income of the Foundation, would be diminished. I... Could you expound on that? I am not too sure why that would occur, merely if the auditors have the ability to audit your books. It would seem to me as though those people who are contributing... If I were a contributor to a foundation, I for one would have no problem with the auditors making sure the money is going where it is supposed to be going.

SHIRLEY STAUFACHER: No, that part of it is not the problem. The problem is that we are a private foundation, and that the auditors would come in and impose state type of guidelines, and we are a private foundation, and we do not object to doing audits. We will audit ourselves. We will have an outside independent auditing company audit us, and we will provide reports.

REP. KINER: How does a private auditor, how does his report or how would his guidelines, if you will, differ from that of a public auditor? It would seem to me as though the guidelines used by both private and public would be the same. If I look at the policies...

SHIRLEY STAUFACHER: When I was talking with my Chairman of the Board this morning, which is Attorney Kurt Titus in Waterbury, he did state to me... He didn't go into any depth, but he did state that the state accounting practices are not the same as private CPA accounting practices.

SEN. ATKIN: Are their further questions? Thank you. Edward Giering? Followed by Fred Stainken.

EDWARD GIERING: Good morning, Senator Atkin, Members of the Committee. My name is Lieutenant Colonel Edward Giering, Army Retired. I am also the Commander of the Connecticut Chapter of American X-Prisoners of War, and I am speaking on behalf of the VJ Day bill, which Mr. Crowley just spoke about. (HB 5854)

Proposed HB5903, to direct the Commissioner of Administrative Services to convey a certain parcel of state property to the City of Meriden, which I personally endorse.

Thank you.

SEN. ATKIN: Thank you, sir. Are there questions? Thank you for your testimony. Chuck Plese? Chuck Please is not here anymore from Manchester Community College? Bob Googins?

BOB GOOGINS: Mr. Chairman, Members of the Committee, my name is Bob Googins. I am a 1958 and 1961 graduate from the University of Connecticut. I should say that since this is Valentine's Day, I met my wife at the University of Connecticut. I am an adjunct professor of law at the University of Connecticut School of Law. I am past President of the University of Connecticut School of Law Foundation, and I am on their board. I have been appointed by the Governor to be a member of the Board of the William Benton Museum at the University of Connecticut, and I am current Chairman of the University of Connecticut Foundation.

I cite all of this not for any purposes of self-aggrandisement, but to point out to you that I, in particular, along with my wife, have been deeply committed to the University of Connecticut for many, many years. We owe an awful lot to the University and to the state, and we try to give it back something in kind.

With that preface, I should point out that I come here basically opposed to Raised HB7206 and SB620, because I think, one, it will have a stultifying effect on private fundraising for the benefit of the University, which I am deeply concerned and committed. It has the potential for turning a private foundation into a public or a quasi-public body, and I believe the application or potential application of the Freedom of Information Act is basically incompatible with the nature of a private foundation.

More importantly, I say so, because I believe that the proposals that are in front of you are not necessary in light of actions that have currently been taken. They are the University's efforts itself to strengthen its own internal procedures and corporate covenants, the Commission of Higher Education's guidelines, which - while I might have written differently, I think they went about it in a very, very responsible manner, and I am supportive of them, although I would like to see some finetuning of it. And, the efforts of the individual foundations, particularly the University of Connecticut Foundation, to embark upon a campaign to separate the development efforts of the University and the operational efforts of the Foundation, which is well under way in cooperation with the University itself.

More importantly, the University of Connecticut Foundation has gone a long way to strengthening its own corporate covenants. We have established an audit committee, and the chair of that audit committee is a graduate of the University, who is a partner of one of the Big 8 accounting firms in this country. We have strengthened the responsibility of the executive committee, and equally important, we have appointed an acting executive director, who is not versed primarily in development activities, but has great acumen and background with respect to financial management and accounting and development.

We have done all of this, because we have recognized that there have been some problems, basically just surrounding growing pains of a foundation that has grown very rapidly. And, we need to do some things to change our own operating procedures, and we are doing them. The problems that hit the papers, principally in the spring, and I might say...

SEN. ATKIN: Mr. Googins, can I interrupt for one second? It is three minutes, so if you could wrap it up, I would appreciate it.

BOB GOOGINS: Basically, I want to point out that those problems that hit the newspaper, which really are the genesis of this hearing, involve principally

the actions of state employees, not Foundation employees. The mere appointment of an auditor with the authority to go in and look over the records of a foundation would not have prevented those activities that took place, although it might ultimately lead to some strengthening.

And, I just urge this Committee and the Legislature not to cut off its nose to spite its face, in terms of the very critical, important role that the universities' private foundations play. Do not make them essentially public bodies. I think what has gone on in terms of the activities of the Commissioner of Higher Education and the University itself and the Foundation itself will prove to you that it can operate in a responsible manner, and past problems will not continue.

Thank you very much.

SEN. ATKIN: Representative Kiner.

REP. KINER: Bob, you indicated in your comments earlier that, should this legislation pass, it would have, and I quote, "stultifying effect" upon your ability to garner money. Would you expound on that? Why, again, would the mere presence of the state auditors, auditing ones books, create this stultifying effect?

BOB GOOGINS: I think if a private foundation, which depends upon crucial, key leading executives in a state to be participating, to take their time during the day to come to meetings, not meeting that are subject to Freedom of Information Act requirements, not meetings that are injected with a bureaucracy, with respect to complying with not only our own private outside accounting firm, a Big 8 accounting firm, but the accounting requirements of the state, is something that they will find that they just can spend their time doing something else.

And, really, it is the members of the Board, their contacts, their willingness to devote this time, which is the key catalyst to raising funds for the benefit of the University. So, I think it is that atmosphere that will have the stultifying effect.

REP. KINER: It would seem to me, sir, that if I sat on the Board, that I would want to make sure that that money was spent properly. And, if I sat on the Board as a part-time member of the Board, assuming that I had a full-time job elsewhere, I would want to be darn sure that that money was spent properly. And, I would, for one, have no problem with an auditor overseeing that. But, I guess you and I differ on that.

BOB GOOGINS: No, we don't differ. We have a full, a Big 8 accounting firm doing the audit, and that is exactly why we have it.

REP. KINER: For the UCONN Foundation.

BOB GOOGINS: That is correct.

REP. KINER: How about the other foundations, sir?

BOB GOOGINS: I can't speak for other foundations.

REP. KINER: Thank you. One other question. It was said earlier that the gifts are broken down into three categories: endowments, restricted and unrestricted gifts. Does that hold true for foundations? One of the people who gave testimony early on indicated that that was the case. Can you tell us, generally speaking, as relates to the UCONN Foundation, just generally now, where is the money spent on those categories, to benefit as one of the people indicated earlier, education?

BOB GOOGINS: I can't give you the exact breakdown, but a great deal of the funds that are given to the Foundation for the benefit of the University have specific restrictions attached to them. They may be very broad, such as, for the benefit of the Department of Engineering, or they may be extremely specific, such as the purchase of a particular type of equipment. They may be for scholarships in general, or they may be unrestricted funds that can be used to defray operating expenses, to use to help the University in any number of ways.

As individual schools come to the Foundation and say, "We need this to benefit the school's

programs, to maintain for the University this margin of excellence that we are looking for and that we want to see for them."

REP. KINER: Would you say that most of the grants, most of the contributions are restricted or unrestricted?

BOB GOOGINS: The preponderance of them are restricted.

REP. KINER: Would I, as a State Legislator, would any member of the public, as the law is written now, be able to determine where the money is going? We have asked this question to a number of people who have testified, and we have gotten just broad generalizations. If I, as a Legislator, would like to see how that money at UCONN is being spent, by state employees perhaps, or perhaps even for the benefit of state employees... I am not saying that is occurring. Can I find it out now?

BOB GOOGINS: You probably cannot find it out now, and again I am not speaking for everyone else. I will tell you, however, that I, as the Chairman of the UCONN Foundation, and I only took this job over in last March. They say timing is everything, it certainly was great timing to become the Chairman. I am committed to see to it that the Foundation, with respect to its contributors and with respect to the institution for which it has been developed to support, gets total free access to information that they need at any time, that the copies of our audit report will be sent to the University of Connecticut.

Anybody at the University of Connecticut, which is our client, if you will, can come to us, the President, and ask for information any time. I am committed to that. This is not a secret society. The word secret has been used in the press on several occasions recently, because anything is secret to the Hartford Courant, when they cannot at their unfettered full discretion at any time, get the information they want. There is a difference between secret in that sense and secret in the sense that everybody else talks about.

REP. KINER: If I understood what you said before, if I as a Legislator would like to find out where the money is being spent, and you indicated in your responses that I could not, then I indeed call that secretive.

BOB GOOGINS: We will provide to the Legislature, the same as we provide to the University, a complete audited books, the records as they are available, or financial statements when they become available. There is no intention to maintain any secrecy with respect to it.

SEN. ATKIN: No further questions? Thank you, sir. Dan Flynn?

DANIEL FLYNN: Mr. Chairman, Members of the Committee, for the record, I am Daniel F. Flynn. I am a graduate of the University of Connecticut School of Law. I am its current President. I will cover four points as succinctly as possible, to explain the nature of our operation and probably put a little bit of distance between ourself and some of the other foundations. (SB 620) (HB 7206)

The points are: the background of our foundation, secondly, the purpose, its distinction and perhaps some recommendations in this area. First of all, its, the Foundation was formed in 1974, as a result of the collaboration among the then President of the University, Mr. Ferguson, the Board of Trustees of the University and alumni of the Law School.

Secondly, its purpose was to provide financial and personnel resources over and beyond that which is normally expected from the State of Connecticut and as expeditiously as possible. The alumni recognize and, recognized and do recognize that the history of the law school is in three phases, phases which are in pursuit of a margin of excellence to distinguish this law school from many others.

First of all, when it was formed as Hartford College with its early affiliation with the State of Connecticut, the school had a reputation for producing quality education, which remains to this day. Over the last two decades, that has been enhanced to the point where, not only within the

State of Connecticut, but within the City of, New York City, major law firms, Washington... The University of Connecticut is a prime source for lawyers. Our ultimate quest is to raise the standards and the reputation of the law school to the point where it is on a par with other state law schools, such as the University of Virginia, and the University of Michigan, having a national and international representation.

The question as to how we go about some of our activities, in direct response to Representative Kiner's inquiry, we do this by raising funds for purposes which are identified by the law school and by the University, by creating endowed chairs to attract top faculty members, by providing faculty support for research projects, by supplementation to the library, by student assistance in the form of loans, by scholarly enrichment seminars to the legal profession and to the public.

The third point: the distinction between our foundation, perhaps, and some of the others. We are concerned, and always have been, with fiscal integrity. If you want to obtain information, apart from going to us, about the financial affairs of our foundation, you can ask for a public document which we submit annually to the Internal Revenue Service, designated form 990PF, which not only outlines the basic financial operations of the Foundation, but also responds to specific questions concerning ethics and conflicts of interest.

Secondly, you may obtain, as any member of the public can, our annual report which is a public document, outlining in general the programs and the finances of our Foundation. Thirdly, we have engaged and a, and have engaged since I have been involved a Major 8 accounting firm to provide us with an annual audit and to give us an unqualified audit of our affairs. When the last one was for our fiscal year ending June 30, 1988, and that was unqualified.

REP. KINER: Sir, your three minutes are up. If you could wrap up your testimony?

DANIEL FLYNN: Fine. As far as I have heard the problems with disclosure, students and the rest... So far as our Foundation is concerned, the Dean of the Law School is an ex-officio voting member of the Board. The President of our...

(The recording skips here to part of the testimony of Mr. Marvin Maskovsky, who testified later.)

MR. MARVIN MASKOVSKY: (continued)
...the principle of access to education. I am here (HB5066) however for a different purpose. Our university is strong and growing. But, Mrs. Julia Thompson is responsible for the university being (inaudible) in the first place. There are three major dates to keep in mind.

In 1960, Mrs. Julia Thompson, a life long resident, presented the community with a parcel of land and $728,000 to build the University. In 1962, that land was swapped to the State of Connecticut from the town of Torrington, for a parcel of land that is now the site of the University of Connecticut that is 91 acres. So, there was a switch between Mrs. Thompson's will and the 91 acres, which became the University of Connecticut in Torrington.

In 1963, another parcel of land was deeded to the State of Connecticut that is 99 acres across the street. The purpose of that 99 acres was to provide leeching fields and also for potential further expansion for educational purposes for the University of Connecticut. Mrs. Thompson had a life long dream, and that is to provide the sons and daughters of factory workers with access to education. And, therefore, we as citizens of northwest Connecticut are very concerned, because in 1987, there was a threat to that 99 parcel or tract, because it was sited to be used for other than educational purposes.

Therefore, we are here, on behalf of all northwest Connecticut and the resident of the City of Torrington, to urge that these 99 acres be returned to the City of Torrington, for the purposes of educational use. We want to maintain that educational prospect, because we believe, and the representative of the University, Adrian Lyon, is

here to testify that our area is growing and so is our student body. And, the potential for further use is also growing.

We know that the return of land can be an emotional issue. We also know that it is very, very valuable, but we must point out to you that we really believe that our intent is very simple. We seek to protect the presence of the University of Connecticut in Torrington. We seek to ensure that access to higher education is maintained, and we believe that the future clearly indicates that our formerly isolated area is now enjoying significant population growth.

We are convinced, and statistics proof this, that the fastest growing sector in higher education is that of returning adults who seek reeducation, retraining and more skills. And, therefore, the need for access to higher education is even more prominent than it was previously.

SEN. ATKIN: Mr. Maskovsky, that is three minutes. We do have your written testimony.

MARVIN MASKOVSKY: Thank you very much, and I would conclude those remarks.

SEN. ATKIN: Thank you. Representative Kiner does have a question for you.

REP. KINER: Sorry. Perhaps you have already indicated this in your testimony, but what is currently located on that 99 acres of land? Is that the Torrington branch?

(The recording returns to Mr. Flynn's testimony here.)

DANIEL FLYNN: (continued) (HB 7206) (SB 620)
Taking away from our fund raising activities, for something which has already been accomplished for years.

REP. KINER: Would you then be opposed to the Board of Governors' policy guidelines that should a problem be found by the independent auditors, that the public auditors then come in.

DANIEL FLYNN: I have no problem with that, whatsoever, and I would recommend that to our Board of Trustees.

REP. KINER: Thank you. Representative Schmidle?

REP. SCHMIDLE: Representative Schmidle from the 106th District. A previous speaker mentioned that probably the problem with the foundations or, I think he did say that the problem with the foundations really should be laid at the feet of state employees, not necessarily of the officers or members of the state foundation. Would you agree with this?

DANIEL FLYNN: I can't comment on that, because we don't have that situation with us. The previous speaker, the situation, I believe that the President of the Foundation, a few months ago, was a state employee, was the Director of Development for the University, and was in essence the Chief Executive Officer of that Foundation.

The situation is not the same with us. The officers of our Foundation are private citizens. The connection that we have with people in positions of responsibility would be the Dean of the Law School, who is by our charter an ex-officio member, keeps the liaison going with the University. Student Government, ex-officio, by our charter, President of the Student Government. Our lines of communication are open.

But, I can't comment on that, Representative, because I don't have that, I hope... I haven't seen that we have that problem. I hope not.

REP. SCHMIDLE: Thank you.

SEN. ATKIN: Further questions? Thank you, sir.

DANIEL FLYNN: Thank you for your consideration.

SEN. ATKIN: Maurice Robbie, followed by William Barnham?

So, I would urge you, as did a delegation of top South African church leaders last week in this country, to support comprehensive political and economic sanctions. They uniformly call for this. They believe it is best for us if we were to help bring that country's policy to its knees. We hope in this state, that you will help to further that effort and support this bill.

Thank you.

SEN. ATKIN: Thank you, Mr. Bourns. Are there questions? Thank you, sir. Bill Archer? Anybody else here from the public here to testify at this point? If not, we will go back... I am sorry. If not, we will go back to the list that we interrupted earlier, with Legislators and agency heads. Representative Pelto, is he here? Representative Ireland. Is she here? President Dallas Beal of Central State University?

PETE ROSA: Connecticut State University. Senator Atkin, Representative Kiner, ladies and gentlemen of the Committee, President Beal had an appointment and asked me to sit in his stead. My name is Pete Rosa. I am Director of Governmental Relations for the Connecticut State University. My colleague here is Frank Musca, who is Dean of Students, excuse me, Executive Dean at Western Connecticut State University.

Connecticut State University is a system comprised of Central, Eastern, Southern and Western Connecticut State Universities, and we wish to address Proposed SB620 and Raised HB7206. Because currently, each of our campuses in the system at large rely on such private foundations, which has the stated purpose of assisting our mission as comprehensive state universities, and because we recognize the importance of assuring public confidence in the operation of our foundations, we testify in favor of carefully crafted legislation that provides for a balance between these two needs: accountability on the one hand and operational responsiveness on the other.

We believe that with modifications to HB7206, these two goals can be reconciled. First, I would like to offer, on behalf of our system, three observations and then make four recommendations, two very important recommendations and two technical recommendations.

It has been said by Senator Maloney and others, and I think it bears repeating, that the private development foundations work in the public interest. They provide that margin of excellence that we have all spoken to, and I think it bears repeating at this point. Secondly, without the support of our foundations, several worthy projects would be impossible. At Central Connecticut State University, for example, this past fiscal year, some $28,754 was spent on institutional enrichment through library books and through Welti Lecturer Series and through our international education program. Some $63,637 was expended for student tuition support in the form of scholarships, loans and grants.

Some $161,421 were expended for auxiliary programs, involving conferences, institutes and related discretionary purposes for these missions of the University. Some $166,566 were expended for the academic enrichment through programs involving the Center of Free Enterprise, the Polish Heritage Center, and the Vance Distinguished Lecture Series, which brought former Presidents Jimmy Carter and Gerald Ford to the campus, and some $6,861 were expended for faculty and student research projects.

At Western Connecticut State University, without the support of the Foundation, it would have been difficult, if not impossible, to establish the Robert S. Young Business Library. The Boeringer-Engleheim Biochemistry Laboratory, equipment and cash that went to art shows, theatrical equipment, tapes for the education department, and publication of a prestigious Latin magazine. Also, WESTCONN was able to bring distinguished speakers such as Henry Kissinger, Alexander Haig and Ralph Nadar.

The third observation we would like to make is that CSU, the Board of Trustees this summer...

SEN. ATKIN: Mr. Rosa. If I could interrupt for a minute? If you could, your three minutes is up. If you could summarize and then perhaps submit written testimony with your recommendations, we would appreciate it.

PETER ROSA: Yes, Senator Atkin, you have the written testimony. We had four recommendations. May I just speak very briefly to those recommendations and the language?

Firstly, there is nothing in the language, as we read it, that suggests that our Foundations would become quasi-state entities, but it would not hurt to specifically indicate that. And, perhaps in lines 92 to 96, you could state that nothing in the legislation suggests that the foundations should follow the procedures of the Comptroller's Office.

Secondly, in terms of prohibiting the involvement of state employees, we would suggest a distinction between the administrative involvement and fund raising. As Merle Harris had indicated, fund raising is a very important function of each of our Presidents.

In terms of technical recommendations, we would recommend that the lines 104 and 105, where you discuss employees, state employees serving as officers of the Foundation, we would suggest you indicate a preclusion for them to serve as officers of the Boards of the Foundation. Technically, the state employees are officers, if they are members of the Board, if they are Directors of the Board and federal IRS regulations require that they, that at least one representative be part of the private Board.

And, finally, we would ask that in section 3, you would allow for the bill to take effect July 1 or the beginning of the Foundation's next fiscal year, should there be any problems in making the change over in policies.

SEN. ATKIN: Thank you, Mr. Rosa, for summarizing as you have. Are there questions? Thank you, sir.

PETER ROSA: Thank you.

ASST. STATE'S ATTY. JOHN CRONAN: Good afternoon. I am Assistant State's Attorney John Cronan, representing the Office of the Chief State's Attorney, and I am here to testify in favor, for a change, of a bill that is on the agenda. That is the Senate Resolution, HJ11, which is the collective bargaining agreement between the State of Connecticut and the clerical union, the union representing the clerical assistants and case coordinators in the Division of Criminal Justice. (HR11) (SR11)

This was a contract which was worked out before an arbiter. There were stipulations throughout the contract, and it was therefore handled as a collective bargaining agreement. I believe, as Mr. Wallace had said, there is a 4% increase and reopeners for the next two years. The clerical assistants group is made up of the secretaries and clerical assistants and the case coordinators, a very, very important group. No matter how brilliant you can attempt to be as an attorney, unless there is someone to prepare and type the memos, we are out in left field without a glove.

I ask your support for it.

REP. KINER: Thanks, Jack. Are there any questions from the Committee? Thank you.

ASST. STATE'S ATTY. JOHN CRONAN: Thank you.

REP. KINER: Mitch Pearlman, followed by Steven Marsham.

ATTY. MITCHELL PEARLMAN: Good afternoon. My name is Mitchell Pearlman, and I am the Executive Director and General Counsel of the State Freedom of Information Commission. And, I am here to testify in favor of three bills, SB620, HB7206, and HB5079. SB620 and HB7206 deal with private foundations in support of public institutions. And, to a large extent, I would like to associate my remarks with those of Senator Maloney and Representative Taborsak who testified earlier.

However, there are a few specific items that I would like to bring to the Committee's attention, with respect to any proposed legislation in this

area. First of all, I think the Committee should consider well what bodies it would make subject to legislation, because that could pose a problem. Most of the testimony, pro and con, have come from institutions of higher education. There are several other institutions in Connecticut that also have foundations associated with their works, such as regional homes and so forth, for the mentally retarded. I am not quite sure of the level of it, but there are, to my understanding, other institutions.

So, I would propose to you a definition, if you are going to pass legislation. And, that is, if you are going to make these kinds of foundations subject to further oversight, that you define it in a way such as: an organization which is created or empowered to provide financial or material support or assistance other than volunteer services, to one or more specific public institutions of the State of Connecticut, or which spends, expends 50% or more of its annual expenditures directly or indirectly for the benefit of one or more such institutions or agencies.

Now, this way, what you are going to be targetting is not general philanthropic organizations, but only those organizations which are the alter-ego of specific state institutions or which are in fact so closely allied as to constitute their alter-ego at least by a significant portion of their endeavors.

Secondly, I would like to make clear, to an extent, in response to a question by Representative Schmidle to Senator Maloney. He was talking, the question had to do with whether or not the proposed legislation, either SB620 or HB7206, dealt with meetings for purposes of the Freedom of Information Act or for purposes of coverage. As I read both proposals, they would not cover meetings, only the records of such foundations would be subject to some measure of public disclosure, not the meetings. And, I think that may make some sense in terms of what is trying to be regulated by these bills.

Also, both proposals seem to indicate or would like to make confidential, in terms of the pubic, names of donors. And, of course, that may or may not be

a problem. It seems to me, first of all, if you want to make donors' names confidential, you should make it not across the board, but only if they request it. And, secondly, I don't see that there is a particular problem. Any donor who wants to make his gift to a foundation anonymous can certainly do so by walking into a bank and getting a bank check or having a lawyer or a CPA issue the check. So, there are ways of protecting confidentiality of records, if that is truly what is sought to be protected by those provisions of these bills.

Finally, I think, and the reason why the Freedom of Information Commission is supporting legislation that would help make more accountable these foundations - and I am sure you are all aware of some of the allegations and problems that have reached public notoriety in the last year - is the fact that there really is no public accountability directly or indirectly in the current law for these kind of foundations. Quite honestly, the recommendation of the Board of Higher Education that proposed or in enacting policies...is really a self-policing mechanism, and there is no guarantee that the kinds of problems that have been uncovered or potential problems that some other institutions in some other states have faced, can be addressed by their proposal.

(cass 3)
At the bottom line of all this is that these foundations and organizations are supporting groups that have two words of common denominator in their names. State and Connecticut. And, the good name of the State and Connecticut, and particular institutions, I feel very strongly requires a measure or a greater degree of public accountability. I just came back from a conference in Dallas, at the Southern Methodist University. It is a private institution, and they - if you don't know something about college football - have suffered what they call the death penalty. They have been no longer allowed, for a period of time, five or ten years, I don't know what it is, to have a football program, to offer scholarships and so forth.

And, the violations that occurred there had to do with private boosters or supporters of the University who were trying to get advantages in violation of NCAA rules. The people down at Southern Methodist University are very, very upset that their good name has been adversely affected by people beyond the control of the university. And, I would suggest that the same problem is what we are confronting here with this proposed legislation, the good name of not only the institutions of the State of Connecticut, but the people of the State of Connecticut, who support those institutions.

Thank you very much.

REP. KINER: Thank you, Mitch. Representative Torpey.

REP. TORPEY: Do these bills call for our state auditors to do the work?

ATTY. MITCHELL PEARLMAN: HB7206 would empower the state auditors to conduct audits at these kinds of institutions. Yes.

REP. TORPEY: It also requires it. It doesn't just give them the power to do it. It requires them to do it. Annually?

ATTY. MITCHELL PEARLMAN: I think bi-annually. The auditors are here. Perhaps they are going to testify as to it. But, my reading of it would be, yes. They would be audited to the same extent as other state agencies.

REP. TORPEY: How many of these places will they have to audit? How many accounts?

ATTY. MITCHELL PEARLMAN: I don't know how many accounts. Most public higher education institutions have foundation or foundations or groups that support them. There are other institutions as well, and I am not quite sure which. But, I understand there are other state institutions which also have support foundations.

The number, I cannot give you. I really don't know. But, I suspect, because of the success of these kinds of foundations and what they are designed to do, and help public institutions, that the numbers may very well increase over time. It has been a very successful endeavor on behalf of state institutions and agencies.

REP. TORPEY: Can you give a guesstimate? I mean, I haven't any idea, myself.

ATTY. MITCHELL PEARLMAN: Oh, just right now, and I really don't want to suggest it is anything more than a guess, I would say a dozen or so? 15? We are not talking hundreds.

REP. TORPEY: Thank you.

REP. KINER: Thank you, Mitch.

ATTY. MITCHELL PEARLMAN: Thank you.

REP. KINER: Steven Marsham? Is Steven Marsham here? Mayor of the Town of Vernon? George, and I cannot make out the last name. UCONN Law School? I am sorry, sir.

GEORGE SCHATZKI: Representative Kiner, I am George Schatzki. I am the Dean of the UCONN Law School. HB 7206 SB 620 I came to the University of Connecticut five years ago at a time when the Law School had come a long way over especially the preceding 15 or 20 years, from a school that produced very competent lawyers, to a school that produced more lawyers, better lawyers and also scholars of national reputation, who have been useful to a number of institutions throughout the state and throughout the country.

My hope when I came here was that the law school would move up that last step in the national ladder and be viewed as one of the great law schools of the United States, to be mentioned in the same breath as state schools like the University of California, the University of Michigan, the University of Texas and the University of Virginia.

That is still a real possibility, but I must tell you that the two bills that you are considering, SB620 and HB7206, will be no help in that quest. And, the reason it will be no help to considerable extent, you have already heard from Bob Googins, who is the Chair of the University Foundation, and from Dan Flynn, who is the President of the Law School's Foundation.

We are in a nationally competitive market. We have to be able to compete with other great law schools, if we are going to be able to get the kind of talent we want and serve them the way they wish to be served, and the way they can expect to be served by other great schools. I will give you a very simple, small example, the sort of thing that could happen any day, certainly happens every week or two. Yesterday, I was on the phone, talking to a woman who is on another faculty, talking to her about the possibility of joining our faculty, someone about whom everyone on our faculty is very excited, someone who is sought out and gives important papers all over the country.

And, we got down to some nitty gritty issues. Two of them were the following. She wanted to know: when do people get paid after they start. This is a single woman with a child. She has no one else supporting her. And, I told her it usually takes six weeks or so to get your first paycheck. She said that would cause serious problems for her. I said, "No problem. We will advance you the money, and you pay us back when you get your first check." That advance comes from the Law School Foundation funds.

Second question she raised was: what about moving expenses? And, I told her that the state and the University have some formula, which I was not familiar with, that provides a modest amount of moving expenses, but that we probably could make up at least a major part of the difference. Again, I was thinking of Law School Foundation Funds. I am not sure the state auditor would take to that very kindly, if I were doing that with state money. Indeed, I know full well the state auditor would not take to that kindly, if I were dealing with state money. I am not confident, though I do not

know, how the state auditor will deal with that problem, if and when that office gets auditing responsibilities for our Foundation.

I don't want to find out. I don't want to have to deal with a bureaucracy that clears that kind of quick committment that I can make to someone in order to woo her to join our faculty. My alumni do not want to set up their books in a way that complies with all of the requirements that the state auditor quite legitimately is expected to ask of state agencies. They are perfectly happy to be accountable. We have accounting systems. We have independent Big 8 accounting firms reviewing us.

I have a Board of Directors of my Foundation that look over my shoulder and are constantly nagging me, to make sure that what I do is proper. I don't think there is any question about accountability, nor do I think there is any question about letting the public - that is, the public that has a legitimate interest in knowing what is going on. We have a student on our Board of Directors. We have a parent on our Board of Directors. We have a representative of our Alumni Association on the Board of Directors. I am on the Board of Directors, and there are many other people, most of whom are graduates of our school, on our Board of Directors.

We have books that we would make available to anyone who we thought had a legitimate interest in what our Foundation was doing. We haven't got any secrets. What we do not want to do is do battle with agencies that, when they don't get their way, publicize it in the press, so that we then have to explain a whole lot of things that in our judgement don't need explaining, because they are entirely honorable. They are entirely reasonable; they just happen not to be the way things are done by the state agency and its rigorous, and I may suggest, inflexible way of doing things. There are other ways of doing things.

And, for a university to be great, for a law school to be great, they must have a little bit more flexibility. That is what I am talking about. What do we do with our money? We raise money for student organizations. We have, for example, in

the last four years, created a new publication, which is administered and edited by students. It is an intellectual publication, the second student intellectual publication put out by our student body. It is called The International, the Journal of International Law. It is paid for entirely by money provided by the Law School Foundation. There is no state money in it, to my knowledge.

Now, I am concerned that my alums will dry up. They will stop being interested. They will stop wanting to give money. I am concerned that I will dry up if I stop being an educator and become more, as I am becoming, something of a bureaucrat in my own right. That is not the way to build the University. That is not the way to build the Law School that I came to build.

Now, I don't disagree in any great way with the provisions of the Board of Higher Education's guidelines. Like Bob Googins, I would have finetuned it a little differently. But, those are provisions that take into account the idea there are different foundations around this state that deal with educational institutions. They need to be addressed individually, with their own personalities, their own traditions and still adhering to what is your legitimate concern, and that is that people don't steal the money, that the people don't engage in activities that embarrass the University or embarrass the state. I think that is a legitimate concern. It needs to be protected. I think we are doing it. I think the Board of Higher Education has come up with guidelines that will better assure it. I think everyone has the attention of those folks who perhaps haven't been doing as well in the past as they should have been doing.

I urge you at this time, do not pass one of these bills. Let's at least wait a year or two, see how the guidelines work. If they are not working, there will be plenty of time to come down on us and come down on us hard.

REP. KINER: Dean, what.... One question, if I might?

GEORGE SCHATZKI: Yes, Representative.

REP. KINER: In the example that you gave, where you allocated monies for salary advancement and moving expenses, do you have the unilateral authority to do that yourself? Or, would it go before the Board or...?

GEORGE SCHATZKI: The way the system works at the present time, Representative Kiner, is the following, and it has... I may add, the transition over the years has been to put more and more restrictions on my office. When I came here, there were no restrictions on my office in this regard.

We put together at the beginning of the year a very, very detailed budget for the Board of Directors of our Foundation. They go over it with a fine tooth comb, first through an Executive Committee that reviews it and asks me questions. We change numbers, we change categories, and then it goes to the full Board that votes on it and approves it. We then produce monthly statements as to how we are spending the money, showing how we are spending it consistently with the pre-arranged categories and the budget amounts allocated to each of those categories.

At the end of the year, we have a final accounting, and that is the way that we do it. But, as to a specific incident, no. I would not normally go back to the Executive Committee. There are some situations where I feel they are unique. They haven't come up before. We haven't discussed them, and I would then take it to the Executive Committee first and ask them: is this the kind of thing that you are comfortable with, or do you want to talk about it, and let's come up with something different.

REP. KINER: I am not too sure I understood your answer. Are you saying that you had the power yourself in this particular case, sir?

GEORGE SCHATZKI: Yes.

REP. KINER: To allocate the money?

GEORGE SCHATZKI: Within the budget that was given me, yes. I was thinking in terms of the budget given me, and I had that authority. Now, you understand, some of that money would be given back.

REP. KINER: I understand that.

GEORGE SCHATZKI: Yes.

REP. KINER: Let me just state this, sir. You are an honorable man, and I am going to assume now that most if not all the people who are involved in foundations are honorable people. But, do you not see the potential misuse of monies, if indeed one person had that kind of authority without the state coming in to audit?

GEORGE SCHATZKI: Representative Kiner, I don't think the state is needed in order to keep people honest. I think there are crooks in this world, and I think they cheat, and I think that find ways to cheat, no matter who is overseeing them. As to having a system that assures accountability, I do not think I need the state auditor looking over my shoulder, as distinguished from Arthur Anderson or the members of my Board of Directors of the Foundation, all of whom do look over my shoulder, or the IRS, that looks over my shoulder... Or, if he is interested or if she is interested, the State Attorney General.

I think there are plenty of people looking over my shoulder, and I don't think that the problem... Is there a potential for abuse? Of course, there is a potential for abuse. I think, as I say, I think there are crooks, and they are abusing the system all the time. So, is the answer yes? Yes, I think there is potential for abuse. The question is: what cost do we want to pay to regulate and try to make the abuse a little less?

I am fond of saying, and this may be indiscreet of me to say at this moment, to say that the State of Connecticut all too often is prepared to react to a case of gonorrhea by outlawing sex. Now, I think that is a bad idea. And, I think it is a bad idea to severely cripple foundations because there are some rascals out there, or there is a potential for

some rascals, if there is some lesser medicine, lesser ways of doing it that allow the flexibility to raise the money and to spend the money as the donors want it spent.

That's all I am urging.

REP. KINER: Under the present system, if the donors want an accounting...

GEORGE SCHATZKI: They can have it.

REP. KINER: Where the money is being spent...

GEORGE SCHATZKI: We give it to them.

REP. KINER: If...

GEORGE SCHATZKI: In fact, to many of them, we give it to them as a matter of course.

REP. KINER: Okay. Is that true with all foundations, or...?

GEORGE SCHATZKI: I don't know.

REP. KINER: Is it true with only the foundation that you are familiar with?

GEORGE SCHATZKI: I really don't know more than my own foundation.

REP. KINER: Of course.

GEORGE SCHATZKI: I know traditions and practices generally, but if you were to ask me about another specific foundation, I would have to say: I don't know.

REP. KINER: Thank you.

REP. GODFREY: Representative Kiner?

REP. KINER: Representative Godfrey.

REP. GODFREY: I understand your concern regarding using state auditors versus other auditors, etc., etc. But, I would like it if you would address

more specifically the proposal in SB620, which would make the records of the Foundation public records.

GEORGE SCHATZKI: Yes.

REP. GODFREY: How is that different?

GEORGE SCHATZKI: Well, I guess I would answer that on several levels. Number one, dealing with our foundation, I would say that anybody who I characterize as having a legitimate interest in our foundation can get the records. That is, much of it is already public. We have an IRS statement that is public. We have an audit that is public. We have an annual report that is public. Indeed, that is, as you know, mailed all over the place.

And, when people come in and ask me what kind of money do we have for this or that, or how is money being spent, a student, a faculty member, an alum, I have no trouble saying: Fine. Let's go look. Let's go find out what is going on. Now, if the question is: does the public at large have an interest, I would say, yes. In a way. I would say not as acute, not as direct, but in a general sense.

Again, if there is a concern for abusing the good name of the state or abusing the good name of the University in a way that embarrasses everybody, yes. I think the public does have an interest. But, if what we are talking about is what I would characterize, for example, as expenditures about which people could disagree, as in: was this a sensible way to spend the money? I would say that is not an issue for general public consumption. That doesn't mean some people aren't going to learn about it. But, I am just saying that I don't feel very obliged to let everyone know, through the newspapers, for example, that we have decided to put money into financial aid rather than into library books, which would be, I think, two clearly undebatable legitimate ways of spending our money.

But, I could get into more marginal questions, like for example, there were stories that were a tad sensational about the Health Center having large Christmas parties. Now, we have parties at our

school, and sometimes it involves even some of the Foundation money. Now, they are not sensational parties. They are modest parties. But, over the years, we say goodbye to honored employees when they are leaving, and we welcome new people when they come. And, we have some other celebrations around certain holidays. We honor certain employees when they have done a good job. And, around those kinds of events, we have modest parties.

The total budget for the year is about $4,000, $3,000 for that entire package of perhaps twenty so-called parties, to give you an idea of how modest they are. There are those who would say that is frivolous. We ought not to spend money that way. We don't keep it a secret from our alums. They know we spend our money that way. I think it is a legitimate expenditure, in terms of faculty morale, in terms of staff morale. Sometimes, these are parties for the students, student morale.

Some of it, independently of it, is we have parties also for our alums, to tell them a little bit more about the school, to bring them together a little bit, let them feel they are part of the family, which I view them to be. And, we spend some money there, too. Now, people can say that is frivolous; that is not a good way to spend the money. I don't think that is an illegitimate observation, but I would argue it is not the business of the general public. I would argue that that is a matter of concern to the family that I call the Law School and the University perhaps, but not more than that.

But, if the Freedom of Information Act were applied, the major concern that I have, Representative Godfrey, is the bother and the nuisance, quite frankly. I don't have any secrets about what we are doing at the school. I don't think that anyone involved with the Foundation has any secrets about what we are doing. And, if it were easy for us to say to the Hartford Courant, which has been mentioned earlier: Here. Here is the whole story, and we just handed them something. My personal view would be that's fine. I don't have any trouble with that.

What I do have trouble with is having someone hanging around our offices for days at a time, getting more scraps of paper, more sheets of information, or putting the burden on us to come up with that information. We are, as you know, like every other state agency, whether we are talking about our Foundation, which is a very modest institution, or the Law School itself... We do not have a large staff, and it seems to me that it is not money well spent by the state to have my secretary or someone else, who is working at the Law School, spending time running around, finding things for the Hartford Courant.

Now, if there is something of a legitimate public interest, we will indeed go out of our way to help the Courant find that out. I am really not interested in keeping secrets at all.

REP. GODFREY: Have you found that the inclusion of a student member, a parent member, use of faculty members help internally, with the understanding of the role of the Foundation, that could perhaps cut off some of the problems that have been raised by other Foundation and other universities that we have heard here this morning? Do you think that is a better step in the right direction, to be able to control some of those kinds of questions that have been raised here?

GEORGE SCHATZKI: Well, I think it is a step in the right direction, but I honestly believe that by itself, it is rather artificial. I mean, I am pounding my chest proudly and saying, we have a student on our Board, is in my judgement a symbol of something that I think reflects more about the school, and that is... I think we are a reasonably open institution, that I am sure there are a lot of students who wish it were more open, and I am sure there are a lot of alums and a lot of faculty who wish it were more open.

But, I think basically everyone understands there really aren't any secrets around there. And, if you want to know something, the burden may be on you to find it by going and asking someone. But, if you do ask, you will be told. We don't go running around, issuing a lot of reports for

everybody to read, but we are very open, and I think having a student on the Board, if we were ever to change in our personality, I take it the student would assume the role of, say, wait a minute. You are screwing up; you are getting too secretive; you are getting too closed. You are shutting out the students. And, I think that would be a good thing, to have a student there for that reason.

But, at the present time, I think the presence of a student on our Board, for example, is just a piece of what I consider to be a reasonably consistent fabric at our institution, which is: we don't have secrets from our students.

REP. GODFREY: Thank you.

SEN. ATKIN: Further questions? Thank you.

GEORGE SCHATZKI: Thank you very much.

SEN. ATKIN: Representative DeZinno?

REP. DEZINNO: Thank you. Senator Atkin, Members of the Committee, I am here to talk about HB5903. I want to thank the Committee for giving me the opportunity to present my side of the case.

This is a simple bill, which is an act concerning the conveyance of a little parcel of land, a little itty, bitty parcel of land, that small from the great State of Connecticut to the little old poor people known as Meriden, Connecticut, this poor distressed municipality that I happen to be fortunate to represent.

What it is, really and truly, is a real rotten eyesore, that is stuck out in the Chamberlain Highway. It is a well traveled highway. It is an area that is, it is almost contiguous with the G. Fox shopping center, and we are using it, ... Unfortunately, its intention is to be used as a buffer zone, and what we are really doing is we are using it as a swamp, a landfill operation. We do everything there except fly airplanes in, only because it is too small, and we couldn't use it for a landing field.