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**JOINT
STANDING
COMMITTEE
HEARINGS**

**HIGHER EDUCATION
AND
EMPLOYMENT ADVANCEMENT
PART 2
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2012

Thank you very much.

BRADEN J. HOSCH: Thank you.

SENATOR BYE: Now because of the time -- oh I have -- we have one more public and -- okay -- so we're going to have time because we started late. My co-chair is fixing --

Jeffrey Asher from CHEFA. Good morning, Mr. Asher, so nice to see you.

Good afternoon, thank you for correcting me.

JEFFREY A. ASHER: Good afternoon, Senator Bye, Representative Willis and members of the Higher Education Committee. I want to thank you for the opportunity to offer testimony in support of Senate Bill Number 29, An Act Concerning the Connecticut Health and Educational Facilities Authority.

My name is Jeffrey Asher and I'm here speaking on behalf of CHEFA and its board of directors in support of this legislation. On February 23rd, last week, I had a conversation with Michael McKeeman who is chairman of the board of CHESLA and during that conversation he did give me permission to mention in my testimony that he is committed to this consolidation and that he personally supports this proposed legislation.

I understand he has also submittin -- submitted written testimony to that effect. He's out of the country on vacation and not able to attend.

The purpose of this legislation is to affect the administration consolidation of CHEFA and CHESLA. Since its inception, CHESLA has been managed by the Connecticut Conference of

Independent Colleges through a series of management contracts. The CHESLA board management planning committee approached CHEFA over a year ago to explore the possibility of CHEFA playing a role in the future management of CHESLA.

We suggested that, in light of the outstanding bonds of both CHEFA and CHESLA and their differing missions, the best option for an efficient management and long-term stability would be an administrative consolidation that would permit CHESLA to retain its separate identity as a subsidiary of CHEFA.

We are proposing that CHESLA become a subsidiary of CHEFA. We believe that this alternative provides the most practical structure by having a quasi-public agency managed by another quasi-public agency through the subsidiary structure. We believe that this structure will enable us to operate CHEFA on a more cost-effective basis by taking care -- advantage of economies of scale through shared services.

Our hope is that cost savings will be available to reduce the cost of borrowing for college students who obtain loans through CHESLA.

In addition to its management contract with CCIC, CHESLA has one full-time and one part-time employee and hires outside contractors to perform a variety of functions including internal accounting functions, general counsel services and certain investment-related functions. We can provide these services on a more cost-effective basis by using existing CHEFA staff.

We would propose to charge CHESLA an annual administrative fee that would include these

shared services and other overhead costs such as space. The important thing to keep in mind is that the bonds that are issued by CHESLA are guaranteed by the state through the issuance of a special capital reserve fund guarantee.

The student loan repayments are the primary source of funds to make the debt service payments on these bonds. It's important for the long-term viability of this program to make sure that all of the proceeds funded by the bonds are loaned to the students and that there are minimal unspent bond proceeds. We believe that our existing relationships with many of our higher education clients in the state will greatly assist us in effectively marketing this loan program at each of the colleges and universities.

In summary I endorse and recommend Committee approval of this bill and I would like to thank the Committee for the opportunity to present this testimony and I'd be happy to answer any questions.

SENATOR BYE: Thank you so much Jeff. And I really want to thank you for your service. I have watched what CHEFA has done in terms of helping our universities and also in the Child Care Fund. It's really not just getting -- helping to get the money but you always make sure that the programs have what they need to make sure the facility is successful. So it's a really great model and I'm glad you're here --

JEFFREY A. ASHER: Thank you.

SENATOR BYE: -- testifying in favor of this bill. That means a lot to me having watched you over the years that you must believe it's doable. And I think you know like any -- you're sort of

like a business person that has to make decisions about what's an appropriate building or center so thank you for that.

JEFFREY ASHER: Thank you.

SENATOR BYE: Any questions? Senator LeBeau.

SENATOR LeBEAU: I'm bouncing in and out of the Commerce meeting this morning and this afternoon so thank you.

Jeffrey, again, thank you for your service. The question I have is are there any -- would there be any problems -- legal problems with current bondholders? Would -- by having a consolidation are you exposing yourself to -- to any negative possibilities through this consolidation and -- and has this been essentially legally vetted along those lines in terms of debts and debt repayments and how that might affect bondholders who have -- have bonds that are currently being held?

JEFFREY A. ASHER: The short answer is no. The long answer is --

SENATOR LeBEAU: That's fine.

JEFFREY A. ASHER: The long answer is that's what --

SENATOR LeBEAU: A lot of faith in you Jeff.

JEFFREY A. ASHER: -- the subsidiary structure will help to do that. And the way the legislation has been drafted is that the debt of CHEFA and the debt of CHESLA will be separately maintained in each entity.

SENATOR LeBEAU: Separate, okay. So you're keeping two different -- two different pots in a sense -

- two different -- a loan port -- two different portfolios?

JEFFREY A. ASHER: It's two completely -- it wouldn't be intermingled at all and -- and all the data is -- is different. I mean the -- the debt that we issue through CHEFA is actually paid for -- repaid by the institutions themselves. The debt of CHESLA is a -- a contingent liability of the state and CHESLA itself is obligated on that debt.

SENATOR LeBEAU: But it sounds like the approach would work and it's -- it's interesting because I said I mentioned I -- I came from Commerce but we had the -- we're doing consolidation with CI and CDA and it's a -- it's a similar issue that I'm concerned about. And it -- it seem -- if it can work over there with a -- a lot more debt and a lot more bonds, I think it can work over here.

JEFFREY A. ASHER: Yeah I haven't read the legislation for CI and CDA but I -- I'm assuming that that is more --

SENATOR LeBEAU: It's a similar approach.

JEFFREY A. ASHER: Is it going to be a subsidiary approach?

SENATOR LeBEAU: Yes. Yeah, okay. Thank you very much.

Thank you, Madam Chair.

SENATOR BYE: Senator Boucher.

SENATOR BOUCHER: Thank you, Madam Chair.

And thank you for your testimony. A question

for you that I had posed earlier to Secretary Barnes is that would you support if we were to add some language about reporting back on -- to the cost-effectiveness of that particular consolidation after you've had a chance to -- to pull it all together? I mean it certainly makes sense if you can reduce the administrative overhead. There should be some cost benefit from doing so as well as administrative efficiencies that you can achieve.

JEFFREY A. ASHER: Yeah the only thing I wouldn't want to be shackled by is any kind of specific requirement. I think that our intent -- and I'll use two examples, the -- the general counsel work right now, CHESLA contracts with a law firm to provide those services on an annual basis.

I have a general counsel who is employed by me and we really don't know what the level of services would be and what they would require but certainly all that stuff would be presented -- provided for in-house.

Our intent is to structure the fee that CHESLA is charged for our administration of it to reflect some savings. So we would be more than happy to report back what we potentially achieve in comparison to what it costs previously rather than setting any specific threshold.

SENATOR BOUCHER: That's precisely my point in that they would have had to have had that oversight previously, that legal assistance or advisory services previously, so if you're using internal, it-- it's easy to compare their external costs and -- and certainly compare apples to apples.

JEFFREY A. ASHER: Yes.

SENATOR BOUCHER: Thank you.

SENATOR BYE: Thank you, Senator Boucher.

Sure. Two quick questions and it's to help my understanding of CHESLA. Does CHESLA do any of the work when it comes to managing loan forgiveness for the State of Connecticut?

JEFFREY A. ASHER: You mean for the individual people?

SENATOR BYE: For the individual borrowers or is that all at the higher ed? And maybe you don't know because you're CHEFA.

JEFFREY A. ASHER: No. I guess the issue is that again the source of repayment for the loans are the students' tuition payments -- I'm sorry the source of repayment for the bonds and there are certain circumstances based on the current interest rate on the bonds versus how they are actually -- initially priced if there was a savings on that. I do know that there have been -- there has been some ability to forgive some of the loans.

It -- it all depends on the interest rate structure, the amount of money available as the loan repayments come in. It's -- it's fairly complicated and I honestly don't know all the intricate details but I -- I think that there is potential for the future to perhaps -- and Secretary Barnes may be responding to one of the questions -- whether there's an opportunity to look at different kinds of loan programs.

But I think we also need to keep in the back of our mind that all the debt that is issued by CHESLA the state has a contingent liability on.

So we need to make sure that these bonds are repaid through the student loans and, if not, then the legis -- the state would have to step up and pay.

SENATOR BYE: Okay, thank you. I -- I think we're going to have some interest in loan forgiveness. It sounds like the administration is interested in that so we'll probably be seeing more of you.

JEFFREY A. ASHER: Okay.

SENATOR BYE: And one more question from me and then my -- my co-chair has a question. Another -- in another part of the bill we have other agencies such as UConn looking for the ability to use CHEFA to bond for projects. Are you aware of that and do you think you'll have the capacity to oversee additional projects such as projects for the University of Connecticut?

JEFFREY A. ASHER: To the extent that any part of this bill does gives us statutory authority to do financing. We had statutory authority to do financing a number of years ago on behalf of the University of Connecticut utilizing the same structure that we currently do for the Connecticut State University System, now -- now through the Board of Regents.

We certainly have the capacity and the ability to -- to work in various types of financing and, you know, certainly depending on what the University of Connecticut is looking to do right now, they still issue all their debt directly themselves for the University and for the Health Center. We do have some statutory authority to finance office buildings and parking garages.

SENATOR BYE: Okay, thank you, and my co-chair, Representative Willis, has a question.

REP. WILLIS: This -- this may have been -- been answered but -- will you, under this new entity with CHESLA being part of CHEFA that's being proposed, do you go out and basically shop lending institutions to get a lower rate, no?

JEFFREY A. ASHER: No what -- what happens is that CHESLA will put together a bond issue and they're going to issue bonds in the public market. CHESLA conducts an RFP to select an investment banker to represent them in the sale. These bonds are sold in the tax-exempt municipal market and they're sold to any investor. So anyone that has the ability to invest in tax-exempt bonds buys the debt and the proceeds of that bond issue is what's deposited in the loan fund to be used to finance the loans to the students.

So the rating on these bonds is tied to the state's rating based on special capital reserve fund guarantee. To the extent we can go into the market at a time when the state's rating and the market is favorable and we can go out there and do a public offering that has an interest rate of let's say four percent or five percent, that impacts on the amount that CHESLA would be able to charge or needs to charge the students in order to repay the bond.

So if the market says okay we can sell this bond issue at four percent, we're not going to want to go out and -- and charge the student six percent because that extra money would only end up getting paid back to the federal government as -- it's a complicated term in terminology called arbitrage rebate. But that essentially means that you're earning income at a rate higher than what you got for the tax-exempt debt and tax-exempt bonds does not allow that to

happen -- the IRS regulation.

So the student's interest rate is either directly or indirectly tied to the interest rate on the bonds.

REP. WILLIS: So this is a much different way of funding that was CHESLAR -- CHESLA previously operating under, yes?

JEFFREY A. ASHER: No, CHESLA has always issued bonds to fund the student loans.

REP. WILLIS: Okay. But when those student loan -- when -- when the student pays back the loan they're paying back CHESLA?

JEFFREY A. ASHER: They are paying back CHESLA and the money that they pay back is used to deposit and retire those bonds as they become due.

REP. WILLIS: Okay, thank you.

SENATOR BYE: Thank you, Representative Willis.

It is -- it is a complicated formula but it sounds very much like what happens with CHEFA so I can see why the consolidation makes sense to you.

Okay, thank you very much, Mr. Asher.

And I have a couple of announcements.

JEFFREY A. ASHER: Thank you.

SENATOR BYE: Representative Candelaria is working but he will be here soon. Representative Giegler has a family emergency and is out of town this week and Representative Coutu is away performing his military service.

CHESLA

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Written Testimony for the
Higher Education & Employment Advancement Committee
Judith B. Greiman
Connecticut Higher Education Supplemental Loan Authority
February 28, 2012

I am writing with regard to S.B. No. 29 AN ACT CONCERNING THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY to ask that the Committee consider changing the effective date of the transition of CHESLA to CHEFA. I recommend changing the effective date of the merger to October 1, 2012. Applications, disbursements and questions from borrowers, colleges and the servicer are at their highest levels from July through September. This would not be the most opportune time for staff to be going through a transition. A delay in the effective date would ensure a high level of customer service to our borrowers during the crucial back to school period.

Written Testimony for the
Higher Education & Workforce Advancement Committee
From
Michael E. McKeeman

February 28, 2012

Senate Bill No. 29, "An Act Concerning the Connecticut Health and Educational Facilities Authority"

Distinguished members of the Higher Education and Employment Advancement Committee: My name is Michael E. McKeeman and I am Chairman of the Connecticut Higher Education Supplemental Loan Authority. I regret not being able to attend this morning's hearing, but hope the Committee will accept my comments, which I submit as an individual Board member.

As CHESLA Board Chair, I support the adoption of Senate Bill No. 29, "An Act Concerning the Connecticut Health and Educational Facilities Authority"

CHESLA's historic mission has been to provide a source of alternative student loans to deserving Connecticut students. It has been extraordinarily successful in this mission-tens of thousands of Connecticut students have relied on CHESLA to further their access to higher education. Significantly, the vast majority of students utilizing CHESLA attend Connecticut institutions, strengthening key drivers of the Connecticut economy.

CHESLA's success has been driven by a dedicated staff and a unique partnership with CCIC, which through a series of Management Contracts, has provided executive leadership to the CHESLA program. All are deserving of recognition and thanks.

While proud of its history, CHESLA's Board recognizes that the student loan industry and larger economic environment are changing rapidly. Accordingly, over the last two years the Board has addressed the question as to how CHESLA should be structured to ensure that its mission to future generations of students will continue. In undertaking this review, several alternatives were considered including the integration of CHESLA's mission into CHEFA's. CHEFA is an outstanding organization with a deep understanding of higher education and the challenges it faces, including the crucial role that the availability of affordable student loans plays. Its management team is widely recognized for its professionalism and depth. It is for these reasons that I have concluded CHESLA's mission will be best preserved through the proposed integration into CHEFA.

While I strongly endorse this legislation, I also hope that consideration will be given to enabling a period of time beyond July 1, 2012 to ensure a seamless integration of various operational issues. Client service has been a hallmark of the CHESLA program and CHEFA will be well served if it is given the time necessary to fully understand and plan for these issues. At a minimum, I would recommend changing the effective date of the merger to October 1, 2012. Applications, disbursements and questions from borrowers, colleges and the servicer are at their highest levels from July through September. This would not be the most opportune time for staff to be going through a transition.

Thank you again for the opportunity to present this testimony.

TESTIMONY PRESENTED TO THE
Higher Education and Employment Advancement Committee
February 28, 2012

Jeffrey A. Asher
Executive Director
Connecticut Health and Educational Facilities Authority ("CHEFA")

Testimony Supporting Senate Bill No. 29

AN ACT CONCERNING THE CONNECTICUT HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY

Good morning Senator Bye, Representative Willis and distinguished members of the Higher Education Committee. Thank you for the opportunity to offer testimony in support of Senate Bill No. 29, "An Act Concerning the Connecticut Health and Educational Facilities Authority".

My name is Jeffrey A. Asher and I am here speaking on behalf of CHEFA and its Board of Directors in support of Senate Bill No. 29. On February 23, 2012, I had a conversation with Michael McKeeman who is Chairman of the Board of the Connecticut Higher Education Supplemental Loan Authority ("CHESLA"). During that conversation, he gave me permission to mention in my testimony that he is committed to this consolidation and that he personally supports this proposed legislation.

The purpose of this legislation is to effect the administrative consolidation of CHEFA and CHESLA.

Since its inception, CHESLA has been managed by the Connecticut Conference of Independent Colleges ("CCIC") through a series of management contracts. The CHESLA Board Management Planning Committee approached CHEFA over a year ago to explore the possibility of CHEFA playing a role in the future management of CHESLA. We suggested that, in light of the outstanding bond issues of both CHEFA and CHESLA and their differing missions, the best option for efficient management and long-term stability would be an administrative consolidation that would permit CHESLA to retain its separate identity as a subsidiary of CHEFA.

We are proposing that CHESLA become a subsidiary of CHEFA. We believe that this alternative provides the most practical structure by having a quasi-public agency managing the operations of another quasi-public agency through the subsidiary structure. We believe that this structure will enable us to operate CHESLA on a more cost effective basis by taking advantage of economies of scale through shared services. Our hope is that cost savings will be available to reduce the cost of borrowing for college students who obtain loans through CHESLA.

In addition to its management contract with CCIC, CHESLA (which has one full-time and one part-time employee) hires outside contractors to perform a variety of functions, including internal accounting functions, general counsel services and certain investment related functions.

We can provide these services on a more cost effective basis using existing CHEFA staff. We would charge CHESLA an annual administrative services fee that would include these shared services and other shared overhead costs such as office space.

The bonds issued by CHESLA are guaranteed by the State through the issuance of a special capital reserve fund guarantee ("SCRFF"). Student loan repayments are the primary source of funds to make the debt service payments on these bonds. It is important, for the long-term viability of this program, to make sure that all of the proceeds funded by the bonds are loaned to the students and that there are minimal unspent bonds proceeds. We believe that our existing relationships with many of our higher education clients in the State will greatly assist us in effectively marketing this loan program at each of the colleges and universities.

In summary, I endorse and recommend Committee approval of S.B. No. 29

I would like to thank the committee for the opportunity to present this testimony and I would be happy to answer any questions you may have.

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HOUSE**

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SPEAKER DONOVAN:

The motion is to place this item on the consent calendar.

Any objection?

Hearing none, the item is placed on the consent calendar. Will the Clerk please call Calendar 430 -- 530, five three zero.

THE CLERK:

On page 30, Calendar 530, Substitute for Senate Bill Number 29, AN ACT CONCERNING THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY, favorable report by the Committee on Finance.

SPEAKER DONOVAN:

Roberta, Representative Roberta Willis.

REP. WILLIS (64th):

This will be the last time.

I move that this bill be -- I'm losing my -- in concurrence with the Senate.

SPEAKER DONOVAN:

The question is on acceptance and passage in concurrence with the Senate.

Will you remark?

REP. WILLIS (64th):

Yes, sir.

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This bill emerges from the -- merges the Connecticut Health and Education Facilities Authority with the Connecticut Higher Education Supplemental Loan Authority.

Sir, the Clerk has been amendment, LCO 4759.

SPEAKER DONOVAN:

The Clerk please call LCO 4759, previously designated Senate "A."

THE CLERK:

LCO 4759, Senate "A," offered by Senator Bye and Representative Willis.

SPEAKER DONOVAN:

Representative, you want to summarize?

Any objection?

Please proceed.

REP. WILLIS (64th):

Mr. Speaker, this makes a technical change. I move adoption.

SPEAKER DONOVAN:

The question is on adoption.

Remark further? Remark further on the amendment?

If not, let me try your minds.

All those in favor of the amendment, please signify by saying aye.

REPRESENTATIVES:

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Aye.

SPEAKER DONOVAN:

Opposed, nay.

The ayes have it. The amendment is adopted.

Remark further on the bill as amended?

Representative Willis.

REP. WILLIS (64th):

Yes, sir. I would like to request this bill
be -- this item be placed on the consent calendar.

Thank you.

SPEAKER DONOVAN:

Motion is to place this item on the consent calendar.

Any objection?

Hearing none, the item is placed on the consent
calendar.

Will the Clerk please call Calendar 538.

THE CLERK:

On page 31, Calendar 538, Senate Bill Number 354, AN
ACT CONCERNING THE ENHANCED EMERGENCY 911 PROGRAM,
favorable report by the Committee on Public safety.

SPEAKER DONOVAN:

Representative Patricia Widlitz, you have the floor,
madam.

REP. WIDLITZ (98th):

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calendar.

Representative Sharkey.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

Mr. Speaker, I'm about to call the items again that are on the consent calendar, but I would like to alert the Clerk to two bills that we will be taking off the consent calendar. They are Calendars 380, and Calendars 431. Those are Calendars 380 and Calendar 431.

HB5333
SB130

SPEAKER DONOVAN:

Will the Clerk please call Calendar 204.

THE CLERK:

On page 6, Calendar 204, Substitute for House Bill Number 530, AN ACT CONCERNING THE BOARD IN CONTROL OF THE CONNECTICUT AGRICULTURAL EXPERIMENT STATION, favorable report by the Committee on Government Administration and Elections.

SPEAKER DONOVAN:

Representative Sharkey.

REP. SHARKEY (88th):

Thank you, Mr. Speaker.

With that, let me -- I was looking to just list the calendar numbers again that we are planning to put on the consent calendar before I move them. I'll be doing this

in numerical order by calendar number.

They are Calendar Number 71, Calendar 204, Calendar 205, Calendar 287, Calendar 292, Calendar 330, Calendar 402, Calendar 407, Calendar 412, Calendar 417, Calendar 425, Calendar 426, Calendar 442, Calendar 458, Calendar 460.

Calendar 463, Calendar 492, Calendar 495, Calendar 499, Calendar 500, Calendar 501, Calendar 506, Calendar 507, Calendar 508, Calendar 512, Calendar 515, Calendar 516, Calendar 530, Calendar 538 and Calendar 545.

And I'd also like to add to that -- I'm sorry. I omitted one which is Calendar 275.

SPEAKER DONOVAN:

The question before us is passage of the bills on today's consent calendar.

Will you remark? Will you remark?

If not, staff and guests please come to the well of the House. Members take their seats. The machine will be open.

THE CLERK:

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

HB5025
HB5368
HB5326
HB5539
HB5146
SB328
HB5534
HB5555
SB157
SB232
SB339
SB340
SB41
SB98
SB116
SB196
SB97
SB188
SB234
SB237
SB299
SB347
SB371
SB391
SB345
SB383
SB384
SB29
SB354
HB5327
SB254

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SPEAKER DONOVAN:

Have all the members voted? Have all the members voted?

Please check the roll call board to make sure your vote has been properly cast.

If all the members have voted the machine will be locked. The Clerk will please take a tally.

The Clerk please announce the tally.

THE CLERK:

On today's consent calendar.

Total Number Voting	150
Necessary for Adoption	76
Those Voting Yea	150
Those Voting Nay	0
Those Absent and Not Voting	1

SPEAKER DONOVAN:

The consent calendar passes.

Will the Clerk please call Calendar 443.

THE CLERK:

On page 20, Calendar 443, Senate Bill Number 60, AN ACT PROHIBITING PRICE GOUGING DURING SEVERE WEATHER EVENTS, favorable report by the Committee on the Judiciary.

SPEAKER DONOVAN:

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Mr. Clerk.

THE CLERK:

On page 25, under Matters Returned from Committee:
Calendar 79, Substitute for Senate Bill Number 29, AN
ACT CONCERNING THE CONNECTICUT HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY; favorable report of the
Committees on Higher Education, Government
Administration and Elections, and Finance.

THE CHAIR:

Good afternoon, Senator Bye. How are you today?

SENATOR BYE:

Good afternoon, Madam President. It's been a long
time since we've seen each other.

THE CHAIR:

Yes, it has.

SENATOR BYE:

Madam President, I move acceptance of the joint
committee's favorable report and passage of the bill.

THE CHAIR:

The motion is an acceptance and passage. Will you
remark, ma'am?

SENATOR BYE:

Thank you, Madam President.

This bill came to us from the Finance, Revenue and
Bonding Committee, where it was amended. It was
initially in the Higher Education Committee. And what
this bill does is it joins the Connecticut Higher
Education, Connecticut Health and Educational
Facilities Authority with the Connecticut Student Loan
Authority, called CHESLA and CHEFA. So the bill
dissolves and reconstitutes the CHESLA board of
directors, terminating the terms on all current

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directors on July 1, 2012. It merges Connecticut Health Education Facilities with Connecticut Higher Ed Supplemental Loan Authority by making CHESLA a subsidiary of CHEFA. CHESLA retains its authority to, among other things, issue loans and bonds and hire its own employees. Through you, Madam President.

THE CHAIR:

Will you remark? Will you remark?

Senator Boucher.

SENATOR BOUCHER:

Yes. Good afternoon, Madam President. I'm looking --

THE CHAIR:

Good afternoon.

SENATOR BOUCHER:

Looking forward to spending the afternoon, evening with you today, and I rise --

THE CHAIR:

Just the afternoon, evening; correct?

SENATOR BOUCHER:

I --

THE CHAIR:

Thank you.

SENATOR BOUCHER:

I rise to support this particular amendment and bill. I do, though, before we -- we conclude with a vote, if I could clarify something through you, please, to the Chairman regarding some questions that did arise in the disparate missions and functions of those two agencies and the rationale for their merging and where the economies of scale or savings could be, since they

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do have very different missions. Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President, the reason I think it makes sense and that we have discussed is that both of these agencies bond money in a way that's tied to a specific fee or payback. So it allows the State to do projects in its interest, such as, perhaps, buildings at a higher-education facility or giving students loan -- students loans. And it doesn't -- they're don't -- they're not General Obligation bonds; they're known as SCRF bonds. And I wish I could tell you exactly what the acronym meant, but it simply means if there's an identified pool of resources, that will pay it back. And they go out and they go to Wall Street and secure funding and come back. So it's a -- in a way, they both have financing that's a bit off-line because they have identified revenue sources. Through you, Madam President.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President.

I appreciate the good answers, and we hope that in addition to the remarks, that there will be at least some cost savings given that we desperately are searching for some these days at our state.

THE CHAIR:

Amen.

SENATOR BOUCHER:

Thank you, very much.

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THE CHAIR:

Amen.

Senator Frantz.

SENATOR FRANTZ:

Thank you, madam. Thank you, Madam President; I appreciate that.

And a question or two, through you, to --

THE CHAIR:

Excuse me --

SENATOR FRANTZ:

-- Senator Bye.

THE CHAIR:

-- Senator Frantz. I apologize.

SENATOR LOONEY:

Yes.

THE CHAIR:

Senator (inaudible).

SENATOR LOONEY:

Madam President, with apologizes to Senator Frantz for the interruption, if this item might be just passed temporarily.

THE CHAIR:

Seeing no objection, I'm sure.

A VOICE:

Through you?

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our ports are underutilized, that they are potential economic drivers that we are just not using, that we need to connect them with rail, that there's a lot more that can be done in this area and I thank you for your comments.

THE CHAIR:

Thank you. Will you remark? If not, all in favor of Senate "A" please say aye.

SENATORS:

Aye.

THE CHAIR:

Opposed? Senate "A" passes. Senator LeBeau.

SENATOR LEBEAU:

If there's no objection, I'd like to move this bill to the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir. Mr. Clerk, oops, sorry. Senator Looney.

SENATOR LOONEY:

Thank you. Thank you, Madam President. Madam President, if the Clerk might call next Calendar Page 32, Calendar 79, Senate Bill 29.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On Page 32, Calendar 79, Substitute for Senate Bill Number 29 AN ACT CONCERNING THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY. Favorable Report of the Committee on Higher Education, Government Administration and Elections and Finance, Revenue and Bonding.

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THE CHAIR:

Senator Bye, do you mind if I wait a few minutes to give a point of personal privilege that I had forgotten to ask for. Would you mind? Thank you.

Senator Guglielmo, I apologize. I know that you had a point of personal privilege.

SENATOR GUGLIELMO:

I thank you, Madam President. I very much appreciate it and Senator Bye, thank you.

I just wanted to stand up for a point of personal privilege and introduce two students from Woodstock Academy. And in case you don't know Woodstock Academy, it's a gem up in our little corner of Connecticut. It's got a beautiful campus and just set up very beautifully.

When you go into their cafeteria, you look at the rolling hills all the way into Massachusetts. It's a really special place, and we have two students who are from the Ambassador's Program at Woodstock Academy and they came up here to get a little idea of what we're doing here at the Connecticut State Senate and in the Legislature in general.

And so we have Angelique Cavinette and we have Cara Hanlon. So if you would give those, if the Senate would give our normal warm welcome to our guests, I'd very much appreciate it. Thank you.

(APPLAUSE.)

THE CHAIR:

To the two of you, welcome. Welcome to the Chamber and thank you so much for coming to visit us.

Senator Bye.

SENATOR BYE:

Thank you, Madam President. I move acceptance of the Joint Committee's Favorable Report and passage of the

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bill.

THE CHAIR:

Motion is on acceptance and passage. Will you remark, ma'am?

SENATOR BYE:

Thank you, Madam President. The Clerk is in possession of LCO 4759. I ask that it be called and I be granted leave to summarize.

THE CHAIR:

Mr. Clerk, will you please call LCO 4759.

THE CLERK:

LCO Number 4759, Senate "A" offered by Senator Bye and Representative Willis.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Thank you, Madam President. Specifically to the amendment. The amendment simply clarifies --

THE CHAIR:

Do you want to move for adoption?

SENATOR BYE:

Oh. I move for adoption.

THE CHAIR:

Motion is on adoption. Please proceed.

SENATOR BYE:

Thank you, Madam President. What this does is, it simply changes the statutory reference that was

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erroneous, to the proper statutory reference. Through you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark? All in favor of the technical change, please say Aye.

SENATORS:

Aye.

THE CHAIR:

Opposed? The technical change passes. Adopted,
rather.

SENATOR BYE:

Thank you, Madam President. Now, onto the bill. This bill is a bill that consolidates the Connecticut Health and Educational Facilities Authority with the Connecticut Higher Education Supplemental Loan Authority, resulting in administrative savings.

CHESLA, which is the Student Loan Authority is currently managed by the Connecticut Independent Colleges and this moves it into CHEFA for some savings. Through you, Madam President.

THE CHAIR:

Thank you. Will you remark? Will you remark?
Senator Boucher.

SENATOR BOUCHER:

Thank you. Thank you, Madam President. Madam President, a few questions if I could, or a question, through you to the good Chair.

THE CHAIR:

Please proceed, ma'am.

SENATOR BOUCHER:

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There was some discussion on this bill, or are we just on the amendment that changed just a couple of the wording. If we did that, then I would stand up to support the amendment. It's just a simple change in reference.

THE CHAIR:

The amendment was adopted, ma'am.

SENATOR BOUCHER:

Okay, then I can ask the questions on the underlying bill.

THE CHAIR:

Please do.

SENATOR BOUCHER:

Through you, Madam President, there was some discussion around the missions of each of those departments and the rationale for the combination of the two under one roof and if, in fact, the kind of savings purported to be made in this where would they be made? Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President, CHEFA has a strong track record of managing complex financial dealings and it seemed like a logical place, and there were expected to be savings of about \$106,000 in management, another \$80,000 for general counsel, \$35 for accounting services and \$24,000 in office expenses, and these savings for CHESLA would be passed on to students. The savings would be able to be passed on in the form of loans. It's not being used for these administrative functions. Through you, Madam President.

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Senator Boucher.

SENATOR BOUCHER:

Thank you, Madam President. And certainly answer speaks well for the bill from the standpoint of savings.

Through you, just a final question, Madam President. If this program would then be assessed at some point to see if they did realize those savings and if they did not, would there be any other action regarding this particular arrangement? Through you, Madam President.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Through you, Madam President to my Co-Chair. I think that it would be an excellent thing for our Committee to make sure that we follow up on this and assure that we are getting the savings that we anticipated. Through you, Madam President.

THE CHAIR:

Senator Boucher.

SENATOR BOUCHER;

Thank you, Madam President. Madam President, I rise to support the bill and hope that the rest of the circle will do the same. Thank you.

THE CHAIR:

Thank you. Will you remark? Will you remark? Seeing not, Senator Bye.

SENATOR BYE:

Thank you, Madam President. If there's no objection,
I ask that we move this to Consent.

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THE CHAIR:

Seeing no objection, ma'am, so ordered. Senator
Looney.

SENATOR LOONEY:

Thank you. Thank you, Madam President. Madam
President, if the Clerk would next call from Calendar
Page 38, Calendar 348, Senate Bill 291.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On Page 38, Calendar 348, Substitute for Senate Bill
291 AN ACT ESTABLISHING A YOUTH EMPLOYMENT SYSTEM.
Favorable Report of the Committees on Higher
Education, Appropriations, and Labor and Public
Employees.

THE CHAIR:

Senator Bye.

SENATOR BYE:

Thank you, Madam President. I move acceptance of the
Joint Committee's Favorable Report and passage of the
bill.

THE CHAIR:

Motion is on acceptance and passage. Will you remark?

SENATOR BYE:

Yes. Thank you, Madam President. The Clerk is in
possession of an amendment, LCO 4594. I ask that it
be read and I be granted leave to summarize.

THE CHAIR:

Mr. Clerk. Will you please call 4594.

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Consent calendar, on page 1, Calendar 491, House Joint Resolution 39; also on page 1, Calendar 492, House Joint Resolution Number 40; on page 2, Calendar Number 493, House Joint Resolution 51. On page 2, Calendar Number 494, House Joint Resolution Number 83; page 38, Calendar 399, House Bill 5455; on page 2, Calendar Number 495, House Joint Resolution Number 84; on page 10, Calendar Number 380, Senate Bill 311; on page 32, Calendar Number 58, Senate Bill Number 220; on page 32, Calendar Number 79, Senate Bill 29; on page 38, Calendar 348, Senate Bill 291; on page 35, Calendar Number 234, Number -- Bill Number 436; and on page 3, Calendar Number 131, Senate Bill Number 353.

(SB 335)

THE CHAIR:

Thank you, Mr. Clerk.

The machine will be open.

Please announce the pendency for a roll call vote.

THE CLERK:

An immediate roll call vote has been ordered in the Senate. All senators please return to the Chamber.
An immediate roll call vote has been ordered in the Senate.

THE CHAIR:

Senator Gomes.

Have all members voted?

If all members have voted, if all members have voted, please check the board to make sure your vote is accurately recorded.

If all members have voted, the machine will be closed, and the Clerk will take the tally.

THE CLERK:

On the Consent Calendar,

Total Number Voting

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Necessary for Passage	18
Those Voting Yea	35
Those Voting Nay	0
Those Absent and Not Voting	1

THE CHAIR:

The consent calendar passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, I would move that all items acted upon thus far today requiring additional action by the House of Representatives be immediately transmitted to the House.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, would yield for any announcements or points of personal privilege before calling for a -- a recess for a Democratic caucus.

THE CHAIR:

Thank you, Senator Looney.

Are there any announcements or points of personal privilege? Announcements or points of personal privilege?

If not, Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President.

Mr. President, would move the Senate stand in recess