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SB181

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2014**

**VOL.57
PART 9
2693 - 3043**

Have all the members voted? Have all the members voted? Please check the board to see that your vote has been properly cast.

If all the members have voted -- if all the members have voted, then the machine will be locked and the Clerk will take a tally.

The Clerk will announce the tally.

THE CLERK:

House Bill 5521, as amended by House "A."

Total number voting	143
Necessary for passage	72
Those voting Yea	141
Those voting Nay	2
Those absent and not voting	8

DEPUTY SPEAKER SAYERS:

The bill as amended passes.

Will the Clerk please call Calendar Number 414.

(Speaker Sharkey in the Chair.)

THE CLERK:

On page 25, House Calendar 414, favorable report of the joint standing committee on Government Administration and Elections, Senate Bill 181, AN ACT

CONCERNING UCONN LEASES WITH STATE AGENCIES AND QUASI-PUBLIC AGENCIES.

SPEAKER SHARKEY:

Representative Haddad.

REP. HADDAD (54th):

Yes, Mr. Speaker. I move for acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

SPEAKER SHARKEY:

The question is on acceptance of the joint committee's favorable report and passage of the bill in concurrence with the Senate.

Will you remark, sir?

REP. HADDAD (54th):

Yes, Mr. Speaker.

This is a simple bill that eliminates a prohibition on UConn leasing through other -- through another state or quasi-public agency, any land or -- or building outside of the store's campus that has a cost of more than \$50,000 per year. I urge its passage.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark? Would you care to

remark on the bill before us?

Representative LeGeyt.

REP. LEGEYT (17th):

Thank you, Mr. Speaker.

I'm pleased that we have this bill in front of us tonight. This is obviously a wrinkle in our restrictions in administration of what UConn does or can do by having this mandatory cap of \$50,000. It seems especially by virtue of the fact that this cap was instituted years ago. It seems that it as a number would be stale by now, and we can imagine a particular situation where UConn would like to enter into a lease for certain property or space, it might even be a very zany kind of in -- lease and -- and involvement, but nonetheless, if it costs more -- if the lease is more than \$50,000, presently that's not allowed. Frankly, there could be some lease that's less than \$50,000 and even more zany than the one that's more -- and this one that's less would be allowed. So I am in total agreement that we need to eliminate this cap and encourage my colleagues to do the same. Thank you.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark? Would you care to remark further on the bill that's before us? If not, staff and guests to the well of the House. Members takes your seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll.

Members please report to the chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Members please check the board. Will the members please check the board to make sure your vote is properly cast.

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

The Clerk please announce the tally.

THE CLERK:

Senate Bill 181.

Total number voting	143
Necessary for passage	72
Those voting Yea	141
Those voting Nay	2
Those absent and not voting	8

SPEAKER SHARKEY:

The bill passes.

Will the Clerk please call Calendar 258.

THE CLERK:

On page 10, House Calendar 258, favorable report of the joint standing committee on Public Health, AN ACT CONCERNING REPORTS OF NURSING STAFFING LEVELS -- OF NURSE STAFFING LEVELS.

HB 5384

SPEAKER SHARKEY:

Representative Johnson.

REP. JOHNSON (49th):

Good evening, Mr. Speaker.

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

SPEAKER SHARKEY:

The question is on acceptance of the joint committee's favorable report and passage of the bill.

Will you remark, Madam?

REP. JOHNSON (49th):

Yes, Mr. Speaker.

I have an amendment for this bill. It's LCO Number 4440. I move adoption and be allowed to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 4440, which will

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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2014**

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PART 3
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mhr/gbr
SENATE

143
April 17, 2014

THE CHAIR:

Bill passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, an item that I had marked earlier for referral, I just wanted to make sure that it was moved immediately. That was the item on Calendar page 22, Calendar 280, Senate Bill 312, from the Environment Committee that we had made a motion to refer to the Planning and Development Committee. I want to make sure that that move, that that be immediately transmitted.

THE CHAIR:

It has been moved and sent.

SENATOR LOONEY:

Good. Thank you, Madam President.

Madam President, if the --

THE CHAIR:

Yes.

SENATOR LOONEY:

-- Clerk would then, would call on Calendar page 38, Calendar Number 60, Senate Bill 181.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On page 38, Calendar Number 60, Senate Bill Number 181, AN ACT CONCERNING UCONN LEASES WITH STATE

mhr/gbr
SENATE

144
April 17, 2014

AGENCIES AND QUASI-PUBLIC AGENCIES; Favorable Report
of the Committee on Higher Education.

THE CHAIR:

Senator Cassano, good afternoon, sir.

SENATOR CASSANO:

Good afternoon, Madam Chair.

I'd like to move the acceptance of the joint
committee's Favorable Report and move passage of the
bill.

THE CHAIR:

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

SENATOR CASSANO:

It is a privilege to stand here and actually talk
about a bill that will bring money to UCONN. The act
concerns UCONN leases. Back when UCONN 2000 was
passed, there was a restriction put on some of the
land that UCONN owns along Route 31, in around the
UCONN area. They are prohibited from or limited to, I
should say, leasing or selling any of that land at no
more than \$50,000.

For the development of UCONN 2000, Next Gen UCONN and
what we have done as a Legislature over the last 14
years, that land has dramatically increased in value,
and interest in that land has dramatically increased
as well. As we expand our research opportunities, our
student body, and so on, there are several
opportunities coming forward that would be great for
the university.

As the Office of Fiscal Analysis says, the annualized,
ongoing, fiscal impact identify would continue into
the future. We don't know how much that will be but
it clearly will be more than if we kept it at 50. So
I would urge passage of the bill which, in effect,
eliminates the \$50,000 limit.

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SENATE

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April 17, 2014

THE CHAIR:

Will you remark? Will you remark?

Senator Boucher. Senator Boucher.

SENATOR BOUCHER:

Thank -- thank you, Madam President.

Madam President, I rise to support this particular bill. I think it's a good one and it ought to be supported by the rest of the Chamber.

Thank you, Madam President.

THE CHAIR:

Thank you.

Will you remark further? Will you remark further?

If not, Senator Cassano.

SENATOR CASSANO:

Madam Chair, if there's no chair, I move -- if there's no objection, I would move it go to the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered, sir.

SENATOR CASSANO:

Thank you.

Senator -- oops. Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, if the Clerk would return to an item marked passed temporarily earlier, that was Calendar page 20, Calendar 270, Senate Bill 185.

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SENATE

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April 17, 2014

On page 20, Calendar 270, Senate Bill 185.

Page 38, Calendar 60, Senate Bill Number 181.

And on Page 46, Calendar 222, Senate Bill Number 75.

THE CHAIR:

Thank you.

Mr. Clerk, at this time will you call for a vote on the third Consent Calendar. The machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.
Immediate roll call on Consent Calendar Number 3 has been ordered in the Senate.

THE CHAIR:

Okay. We're going to have to -- ladies and gentlemen, there has been a mistake. We will close this down now. Just close it; close the machine. Oh, I'm going to close the machine.

I will vote and then we're going to now again, give a few minutes, change it to the Consent Calendar. Need it on Consent Calendar Number 3.

Now Mr. Clerk, will you call for the Consent Calendar Number 3.

THE CLERK:

Immediate roll call is ordered in the Senate on Consent Calendar Number 3. Immediate roll call ordered in the Senate.

THE CHAIR:

Want -- this is a repeat. Do you want to announce it, though, so everybody knows? Well, let's just make sure everybody is back here.

THE CLERK:

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SENATE

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April 17, 2014

Repeat.

THE CHAIR:

Repeat.

Senator Boucher.

Thank you; I just didn't want you to forget to vote on the Consent Calendar.

We got to get Senator Ayala.

Senator Hartley we have to call; she's coming. Hold on.

If all members have voted, all members have voted. The machine will be closed.

Mr. Clerk, will you please call the tally on the Consent Calendar 3.

THE CLERK:

On the third Consent Calendar for today.

Total Number Voting	34
Those voting Yea	34
Those voting Nay	0
Absent, not voting	2

THE CHAIR:

Consent Calendar is passed.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, that --

THE CHAIR:

Can we --

**JOINT
STANDING
COMMITTEE
HEARINGS**

**HIGHER EDUCATION
AND
EMPLOYMENT ADVANCEMENT
PART 1
1 - 358**

**2014
INDEX**

1
 tmd/gbr HIGHER EDUCATION AND February 25, 2014
 EMPLOYMENT ADVANCEMENT COMMITTEE 1:00 P.M.

CHAIRMEN: Senator Cassano
 Representative Willis

MEMBERS PRESENT:

SENATORS: Boucher

REPRESENTATIVES: LeGeyt, Haddad, Ackert,
 Alberts, Bacchiochi,
 Candelaria, Janowski,
 Lavielle, Maroney,
 Sanchez, Sawyer, Sayers,
 Smith

SENATOR CASSANO: Welcome. This is the Public Hearing agenda. Public Hearing for Tuesday February 25, 2014 for the Higher Ed Committee. I'm going to ask the first of speakers, Richard Gray to come forward followed by Jane Ciarlegio and then Victor Cuevas. If you have -- by the way of written testimony, we appreciate that. It'd be great if you don't read your written testimony. Much rather hear what you feel about as opposed to read it. Thank you.

RICHARD GRAY: Good afternoon. My name is Richard Gray. I'm the Executive Vice President for Administration and Chief Financial Officer of the University of Connecticut. Co-chairs, ranking members and members of the Higher Education and Employment Advancement Committee, thank you for allowing me to testify on three bills currently under your consideration.

SB181
SB183

And first and foremost in general, I -- I want to thank the Committee for its very long term and very robust support of the University over many years. And for raising the following three bills. Raised Bill 182, An Act Conforming Public Education Purchasing Statutes with the Department of Administrative Services Purchasing Statutes and Practice -- excuse me. Conforms public higher interest purchasing statutes with the current Department of Administrative Services, DAS,

in my testimony.

Would you like me to just finish the last bill?

Raised Bill An Act -- Raised Bill 181, An Act Concerning UCONN Leases from State Agencies and Quasi Public Agencies, clarifies that UCONN can enter into leases for space with another state agency or quasi agency in access of \$15,000. This change merely deletes obsolete language which prohibits these leases and is being pressed by UCONN 2000 bond council.

In conclusion, I'd like to again thank you for your continuing support. And I would be happy to answer any questions the Committee members may have.

SENATOR CASSANO: Questions from members?

Senator Boucher.

SENATOR BOUCHER: Thank you, Mr. Chairman.

And thank you for your testimony. Moody says recently published reports on the concern that they have for the high debt of the -- of the Higher Educational Community in general, I would say -- you know -- nationwide. And their concerned about many -- many universities being over extended, that there's been a building frenzy over the last decade or so.

In your removal from this, in this language, what impact would it have on a Moody's rating for UCONN?

RICHARD GRAY: Well, I mean if you undertook projects that were properly underwritten and did not add a lot of additional burden, net burden, because their being financed with new fees. I -- I don't think there'd be any affect at all. I don't want to speak for

Moody's or any of the rating agencies. But you would have to be very careful to make sure that the -- that you issued is in a balanced way for a specific projects.

You wouldn't want to just issue a bunch of revenue bonds for -- for the purpose of -- of just issuing them. It's all part of the rating agency conversation that we go through every single year. And we would be very very careful with that. But it is helpful to have an additional availability on this. For example, we can do additional dorms that may be a mix of the debt service commitment and a mix of revenue bonds.

Again, taking the fee part of that so the state doesn't have to pay that debt service. We're paying that out of our revenues. But I agree with you, that would have to be considered the overall financial capital plan. And we would also be in constant -- we're -- which in constant contact with rating agencies to make sure that we're not going to run afoul with any of their -- their covenants.

And again, we have additional covenants in our existing debt that we cannot breach either. So.

SENATOR BOUCHER: So, who would be the oversight or entity to actually keep those expenditures to a certain point? If you're relieving them of certain caps that are there now?

RICHARD GRAY: Well, ultimately it would be the Board of -- Board of Trustees. Because we would have to present those transactions and how they are underwritten to the Board of Trustees. The day to day monitoring is done through our Treasury Services Department. Also, we -- we are in constant contact with our University Bond Council, actually State of Connecticut Treasury Bond Council to make sure that we are not going to violate any particular part of the statute. But also any

particular part of -- and any underwriting agreements.

And in fact, the Bond Council stated that we -- the way she interpreted it, I think this an interpretive thing, but again, erring on the side of caution we would like to have this changed so we can have obviously a clean bond agreement. And issue these in -- in a judicious manner.

SENATOR BOUCHER: Well I'm glad you said that because fees is just another component of what many students have in the way of tuition increases. And there's just been some interesting research that's been done by even a Committee of the Legislature talking about the very high tuition costs that many students now must carry with regards to the University of Connecticut and other higher institutions as well, but particularly there.

And fees are just half of the component of what many students have to carry, and parents. And it's usually not voluntary. Usually these are mandatory fees. And often times when coupled with a substantial tuition increase could add a great deal -- could even end up pushing that cost of -- of a year of education at UCONN to double digits.

And I just concerned that without having those constraints that you're looking for, that we might not be as careful about the fact that -- that desirous of having new buildings, and expansions and needed facility improvements we're not continuing to price our students out of the market of higher education.

RICHARD GRAY: I could not agree with you more, Senator. And you have to be very careful. These would be some of the revenue bonds that would be issued if in fact the legislature approves this would be for new residence halls. So it would be fees coming out of those particular resident halls. So it would

be incremental fees rather than other -- other types of fees.

So, affordability everybody is focused on, like a laser. You know -- our tuition is still very, very competitive. But I understand fees too. And -- and some cases, students may -- if they want a particular building and are willing to pay a fee for it, they might both -- they want to have higher fees. And even that we understand that it's people -- people's parents very often or spouses working, or whatever that pay that.

We have to keep ourselves competitive. And again, I think we're in the top 25 U.S. will report -- (inaudible) -- excuse me, for most affordable schools. We aim to keep ourselves that way.

SENATOR BOUCHER: You're right. Many focus on tuition costs. But fees are an equal component of that and often times consider a hidden fee that's a surprise often times. I know when we were students, as well, often times we were surprised by certain mandatory fees that we -- you know -- didn't utilize, say that particular activity or -- or facility.

Going to the language however, in -- in here the bracketed area and subject to the limitations in the authorized funding amount, if it's bracketed. But yet you added at the end nothing in the subsection, so increase the annual or augural cap on the amount of securities, special debt service requirements of which are secured by the state service commitment.

So, just clarify the difference, the nuance, between taking the language at the top out and adding this caveat at the end.

RICHARD GRAY: We want it to be absolutely clear that we were only moving this -- the revenue

bonds from -- from the cap process. And to be absolutely clear that we were not asking for any additional bonds under the debt service commitment piece of it. And we just wanted to highlight it for everyone that could read it. Because obviously it's a little bit of a complex type of conversation here.

And we wanted -- we didn't want anyone to misinterpret our -- our desire here. We are not looking to increase the debt service commitment bonds in any way shape or form beyond current statute claim. Thank you.

REP. SMITH: Good to see you, Mr. Chairman. Welcome, sir. You have to forgive me because some of my questions may sound ignorant. I'm new to the committee. But I was a little taken aback by your statement. The University not the state is responsible for the debt. And I just wanted to make sure that I understand that. And -- and I just heard some of the exchange with Senator Boucher and -- but really what are we -- what are we talking about here when we say -- or when you say that the debt is the responsibility of the University and not the state?

Because I -- I don't see much distinction there. So maybe help me out.

RICHARD GRAY: Well under the UCONN 2000 there's -- there's a great deal of distinction. And thank you for your question by the way. Under the UCONN general obligation, UCONN 2000 general obligation bond the state -- we issue bonds in accordance with the overall cap on the program, and also annual caps. Which is approved by the Governor's office, or disapproved on an annual basis.

If we issue bonds to put up a research building, and that research building cost \$50 million and we issue it under the general obligation UCONN 2000 program, the state actually pays the debt service on those bonds.

That does not come out of our revenues. And that's the way the program was set up to -- to build up UCONN over the last 15, 20 years.

When we go and build a residence hall, we're going to charge fees on that residence hall. It's going to be fees for room. It's going to be fees for board. And those fees which are done through the Office of Student Affairs, those funds would be committed to pay the bonds anticipated by this -- revenue bond anticipated by this change in this legislation.

So instead of the state, the State Treasurer writing the check for the debt service, we write this check for the debt service. And we have that -- we have that now. And we currently have \$124 million of those outstanding.

REP. SMITH: So just -- so I understand then. I understand that you're using the revenue that you gained from the -- once the building is complete. You're going to earn some money based on the charges that you impose on the student's who are using the facility in terms of tuition, or fees, or however you want to calculate it.

But there's going to be some revenue coming in. My question to you is the revenue that comes in, and the revenue that the University receives from the State of Connecticut -- from the students is that enough to pay for all your costs? Or does the University also receive money from the state to subsidize that?

RICHARD GRAY: To subsidize those costs? No. We -- we get our -- we get our money via a block grant, which is -- which is made and we use that all to support student -- you know -- student education expenses. The auxiliary enterprises, such as residential life, such as dormitory. That's a different pull of revenue

into the University. It's not state revenue. It's paid for by our students.

We take that revenue and then we are able to issue revenue bonds and -- and pay the costs of building that particular building.

REP. SMITH: All right. I'm just going to drill down a little bit more I may, Mr. Chairman.

So, if I'm a UCONN student, it costs me x amount of dollars to go there. Whether I live on campus or not. If I live on campus it's going to cost me more. If I live off campus it's going to cost me less. But there's a certain tuition charge that I will pay as a student. Does the cost of my tuition cover all the costs that the University incurs for me going there?

RICHARD GRAY: As an in state student, no.

REP. SMITH: And for an out of state student?

RICHARD GRAY: And it gets closer to an out of state student because it's a much higher rate -- tuition rate.

REP. SMITH: Okay. So for the in state student, the answer is no. And the difference then, who makes up that cost?

RICHARD GRAY: We get a block grant from the State of Connecticut which we use to make up those costs. And we don't -- and it doesn't make up all of them. We still have to be careful with our expenses. But yes. Basically -- the way I look at a block grant from the State of Connecticut is it supports the University clearly. But it basically helps match the cost of education or cost of tuition for in state students -- in state students.

REP. SMITH: I guess the point I'm trying to drag home is at the end of the day, the monies have to come from somewhere. And we can call it

what we want. But it's still coming from the State of Connecticut because whether we pay it through a block grant, or whether we pay it through other sources, if -- if there's not enough money from the tuition or revenue that the universities generating and they have to get money elsewhere, being the State of Connecticut. Then ultimately the state and our residents of the state are paying for that.

So, I -- I don't think it's fair, at least in my mind, to say that there's no cost to the State of Connecticut because I think there is a cost to the State of Connecticut. It's just coming from different pools. But somebody has to fund that pool. So you can answer if you want. But that's -- that's the struggle that I'm having here today with what I'm hearing from you.

RICHARD GRAY: Well obviously I'm -- I'm not artful enough or something -- about them. The -- the block grant is -- is an operating support for the University. We're talking about capital dollars here to build buildings. And the revenue that comes to build buildings comes from fee revenue paid by the students.

REP. SMITH: Thank you, Mr. Chairman.

REP. LAVIELLE: Thank you very much, Mr. Chair.
Thank you.

What happens if UCONN defaults on these bonds?

RICHARD GRAY: I can't imagine any instance where UCONN would default on these bonds. The whole university would have to go out of business basically for a defaulted place that we've been operating. We're very careful about where our debt levels are.

REP. LAVIELLE: Well there's -- there's always with guard money -- there is always a risk of default somewhere. But --

RICHARD GRAY: Yes.

REP. LAVIELLE: -- it's troubling to me as well -- it sounds -- it sounds as though this is -- and please correct me. While it does not do what you call raising the cap on whatever debt is authorized for the University to take out. It does provide access to greater spending in some regard because you're anticipating being able to fund that spending with new income in somewhere.

RICHARD GRAY: That's absolutely correct.

REP. LAVIELLE: And so the income does end up -- and I -- forgive me if I'm repeating something that's already been said. I just want to make sure I understand it. The income does have to come from people who are already paying something to go there. And this adds to what they were paying.

RICHARD GRAY: This -- the new dormitories that are -- are anticipated under Next Generation Connecticut that's incremental volume for additional enrollment to support that over time. So, some -- in some cases, if we decide to close a dorm down when we open up one of the new ones and refurbish it, then I think your argument is true.

But we wouldn't be raising fees across the board to -- to -- you know -- cover that dormitory being taken off line. But the new dormitories that are anticipated both take current demand for students because we have a lot of high demand for housing on campus. And -- and on a going forward basis, again would support the increased enrollments. So there would be additional revenue to pay it.

And again, you have to -- the marketplace will underwrite bonds as well as you have to be careful of your rating. You can't be to -- you know -- you have to be careful of coverage

ratios in terms of annual payments. You have to be very careful to keep this in control. So you don't have any negative effects, as Senator Boucher had said, on your rating.

REP. LAVIELLE: You just mentioned Next Generation Connecticut.

RICHARD GRAY: Yes.

REP. LAVIELLE: Again, I may be reading this improperly. Please correct me. I was under the impression that whatever has been or is to be bonded under Next Generation Connecticut as opposed to anything else that may or may not be planned for UCONN, was bonds of the state. Are you -- are you talking about actually breaking off some of what has been authorized under Next Generation Connecticut and classifying that as University issued bonds?

RICHARD GRAY: No. It's an added process. We want additional dollars outside of that bond cap to continue to build dormitories both for next gen but also across the University.

REP. LAVIELLE: Good heavens. We heard a presentation yesterday in appropriations from President Herbst through his good presentation. But it was troubling in terms of where the University's financial situation is. What the state of augmentation of the endowment has been so far. And what is planned to be done in terms of tuition and fee increases. And Next Generation Connecticut, to my memory, was about \$1.8 billion over time -- over time.

RICHARD GRAY: Yes.

REP. LAVIELLE: In new bonding.

RICHARD GRAY: Right.

REP. LAVIELLE: And it does make me uneasy not to see where that goes before we make provisions

to plan for any more.

RICHARD GRAY: Okay.

REP. LAVIELLE: Thank you.

REP. HADDAD: Just to clarify the relationship between Next Generation and what we're doing here. One of -- one of the curious things about Next Generation proposal, I guess, from my perspective representing the community that host the University is that it -- that it's premised on the idea that we're going to add 5,000 students -- under graduate students at the University of Connecticut.

But the authorized amount only included a very limited number of additional beds to house those students.

RICHARD GRAY: That's right.

REP. HADDAD: So there are only 600 or 800 beds, I think, included in the authorization. And -- and obviously that's a concern -- you know -- Storrs and Mansfield is a rural community. And the housing does not exist in Eastern Connecticut to accommodate the additional students. So, the University had contemplated and, I think, needs the authority to -- to issue revenue bonds to create the housing that's necessary to fully realize Next Generation.

And in a broader sense, I'd say that Next Generation and the goal of additional -- of adding additional students is at least partially at risk. If the University doesn't have the authority to -- to issue the bonds. And really what we're talking about, is the authority to have -- to use the additional revenue that comes in from those students to house those students on campus.

And I think that that's what we're talking about here today. And so -- and so, I think

-- you know -- I think that this an important piece of legislation. And I think that for anybody who -- who believes that, as I do, that investing in the University and graduating more engineering students is important -- science, engineering, technology students is important than -- then we need to make sure that there are services available for those students. So that they can actually have an educational experience that works for them.

And I -- and I guess I -- that's partly way of explanation not so much a question. But I will ask you a question. And that is so -- so the dormitories that are currently authorized under Next Generation, I think it was 800 beds, this legislation doesn't uncap, or doesn't -- doesn't exclude those from -- from the cap that's being required. It would only take a need for additional dormitories that you guys decide to build. And takes the revenue generated by that -- by the revenue generated by that -- by selling the spaces in those dormitories to pay off those -- those bonds.

And -- and in that respect, well first of all I just want to ask just to clarify that that's what we're talking about?

RICHARD GRAY: That's what we're talking about.

REP. HADDAD: All right. And then last, tuition is paid -- you know -- I just want to understand. Tuition pays for the academic program at the University?

RICHARD GRAY: Yes.

REP. HADDAD: And -- and then there are fees and, room and board, and housing fees that cover the residential portion. Do those fees that cover the residential portion cover 100% of the cost of housing the students? In other words -- you know -- is there a fire wall, if

you will, between -- between the dollars that the University -- that a student pays in tuition, which goes to pay for the academic and services programs different from the -- the money that a student pays for housing on campus?

RICHARD GRAY: I don't think I'd use the word fire wall. But to -- to go back to your first question. Yes, the room and board fees pays for the room and board services.

REP. HADDAD: All right. And so if -- and there -- and they're unrelated to each other? Meaning that -- that the room and board fees are set annually to cover the residential life experience? And students can avoid paying that residential right by finding housing off campus. But -- but the number of students you house doesn't affect the tuition -- the tuition rate. And likewise the tuition rate doesn't affect the way that you calculate room and board fees?

RICHARD GRAY: No.

REP. HADDAD: Okay. Thank you.

SENATOR BOUCHER: For the second time, thank you.

I guess two lingering concerns to -- seem to arise right now. And that is what was just mentioned was the concern that -- that in fact the Next Generation proposal has in it additional costs and expenditures for housing over and above what the cap might be on that particular project over time. And that -- that somehow the additional housing required for that might become a part of the fees charged for current students or students in housing now.

And I believe what was, I guess, discussed was the fact that -- that that would not be the case? Or am I wrong? Is it possible that the students fees for housing might have an

additional assessment or incremental cost for future housing that might be needed for those incremental 600 beds or what have you?

RICHARD GRAY: Not -- not for the bonds. I mean they would be secured by the revenues that were generated, operating expenses. If you're in balance now, you should be fine. No, I don't anticipate any change.

SENATOR BOUCHER: So, I guess what I was really getting down to the fact was when setting fees for housing, do those fees -- might they also include an additional assessment for future housing plans for -- for example, for the Next Generation rather than the current cost for a building already built that they're occupying?

RICHARD GRAY: Currently that is not the case. It's strict operating expenses.

SENATOR BOUCHER: Currently. So then anticipated that that might change?

RICHARD GRAY: It is not. No. And not -- not for Next Generation or anything.

SENATOR BOUCHER: Okay. And I guess the other is that the costs for building needs the Next Generation would be taken outside of the bonding cap and segregated out so that it would be count towards the bonding cap?

RICHARD GRAY: The revenue bond -- if this legislation is approved and signed into law, that we would get additional availability to go out and issue revenue bonds that were not part of Next Generation, not part of UCONN 2000 and not part of the state's debt service commitment on that debt.

SENATOR BOUCHER: Do you anticipate how much that might be?

RICHARD GRAY: Right now, we're still in the master planning phase of that. And so -- I could --

I don't even want to speculate that point right now. And I'm not -- you know -- I'll get back to you with a closer estimate on it. I just don't want to throw numbers out there.

SENATOR BOUCHER: Maybe in the hundreds of millions? Not also a billion?

RICHARD GRAY: Yes. Yes.

SENATOR BOUCHER: In the hundreds of millions?

RICHARD GRAY: At least a hundred million I could see, maybe two.

SENATOR BOUCHER: But we would be taking off line away from any bonding cap that we currently have by the use of this legislation?

RICHARD GRAY: UCONN 2000 bonding cap, yes. Not the state bonding -- I don't want to get in the state. There's lots of bonding caps in the State of Connecticut.

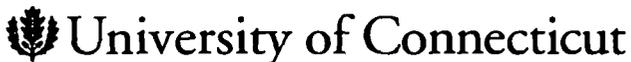
SENATOR BOUCHER: True.

RICHARD GRAY: We know and know for this total bond cap and the -- and the UCONN 2000 project. We would -- we would be taking away from it. I'm sorry.

SENATOR BOUCHER: Thank you very much, Mr. Chairman.

REP. CUEVAS: Thank you for allowing me to cut my friend back here. I really appreciate that.

Senator Cassano, Representative Willis, Senator Boucher, Representative LeGeyt and members of the Higher Education and Employment Advancement Committee thank you for the opportunity for allowing me to testify in regards to HB 5129, An Act Authorizing Bonds of the State for the Greater Waterbury YMCA for an After-School and Evening College Preparation Initiative.



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 Line 2 - Richard Gray
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Higher Education and Employment Advancement Committee

February 25, 2014

Public Hearing

Testimony

By

Richard Gray
Executive Vice-President for Administration & Chief Financial Officer
University of Connecticut

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

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

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

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

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

SB181
SB183

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

Proposed language change to Raised Bill 183:

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

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

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

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

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

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

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

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