



General Assembly

February Session, 2006

Raised Bill No.

454

LCO No. 2404



Referred to Committee on

HIGHER EDUCATION AND EMPLOYMENT ADVANCEMENT

Introduced by:

(HED)

**AN ACT ESTABLISHING THE CONNECTICUT IMAGINATION
CHALLENGE GRANT PROGRAM.**

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

- 1 Section 1. (NEW) (*Effective July 1, 2006*) (a) As used in this section:
2 (1) "Challenge grant fund eligible gift" means a gift to or for the benefit
3 of any of the state universities of the Connecticut State University
4 system or the system as a whole of cash or assets which may be
5 reduced to cash or which has the value that is ascertainable by the state
6 universities or the system as a whole and which the donor has
7 specifically designated for deposit in the Connecticut Imagination
8 Challenge Grant Fund or which explicitly or implicitly by the terms of
9 the gift, the universities or the system as a whole may and does deposit
10 or permit to be deposited in the challenge grant funds; and (2)
11 "challenge grant fund state grant" means moneys transferred by the
12 Department of Higher Education to the Connecticut Imagination
13 Challenge Grant Fund established pursuant to this section.
- 14 (b) (1) The Board of Trustees of the Connecticut State University
15 System shall establish a permanent Connecticut Imagination Challenge
16 Grant Fund for the Connecticut State University system to encourage

17 donations from the private sector, with an incentive in the form of a
18 challenge grant fund state grant, the net earnings on the principal of
19 which are dedicated and made available to a state university or the
20 Connecticut State University system as a whole, for endowed research
21 and development. The fund shall be administered by the board of
22 trustees, and such fund shall be held separate and apart from all other
23 funds and accounts of the state and university. There shall be
24 deposited into the challenge grant fund: (A) Challenge grant fund state
25 grants; and (B) interest or other earnings from the investment of
26 moneys in the challenge grant fund pending transfer of the principal of
27 the fund for the purposes identified in this subdivision. Challenge
28 grant fund eligible gifts made on behalf of a state university or the
29 system as a whole shall be deposited in a permanent fund created for
30 each such state university and the system as a whole in the appropriate
31 foundation established pursuant to sections 4-37e and 4-37f of the
32 general statutes. A portion of the challenge grant fund state grant and
33 a portion of earnings on such grant, including capital appreciation,
34 shall be transferred, annually, not later than thirty days after the
35 receipt of the challenge grant fund state grant by the permanent
36 Connecticut Imagination Challenge Grant Fund, to such a state
37 university challenge grant fund based on the ratio of the total amount
38 of such gifts made to such state university to the total amount of all
39 such gifts made to all the state universities and the system as a whole,
40 provided the provisions of section 4-37f of the general statutes are
41 satisfied.

42 (2) For the fiscal year ending June 30, 2007, and each fiscal year
43 thereafter, the Department of Higher Education, in accordance with
44 section 10a-86 of the general statutes, shall deposit in the challenge
45 grant fund for the Connecticut State University system a grant in an
46 amount equal to one-quarter of the total amount of challenge grant
47 fund eligible gifts received by or for the benefit of the Connecticut
48 State University system as a whole and each state university for the
49 calendar year ending the December thirty-first preceding the
50 commencement of such fiscal year, as certified by the chairperson of

0067

Raised Bill No. 454

51 the board of trustees by February fifteenth to (A) the Secretary of the
52 Office of Policy and Management, (B) the joint standing committee of
53 the General Assembly having cognizance of matters relating to
54 appropriations and the budgets of state agencies, and (C) the
55 Commissioner of Higher Education.

56 (3) The Board of Trustees of the Connecticut State University System
57 shall adopt, by October 1, 2007, guidelines with respect to (A) the
58 solicitation of challenge grant fund eligible gifts from private donors,
59 and (B) governing the acceptance of gifts made by a foundation
60 established pursuant to sections 4-37e and 4-37f of the general statutes,
61 to a state university or its employees for reimbursement of
62 expenditures or payment of expenditures on behalf of a state
63 university or its employees. Private donations shall not be construed to
64 include proceeds of federal grants but may include proceeds of
65 municipal grants.

66 Sec. 2. (NEW) (*Effective July 1, 2006*) (a) As used in this section: (1)
67 "Challenge grant fund eligible gift" means a gift to or for the benefit of
68 The University of Connecticut of cash or assets which may be reduced
69 to cash or which has the value that is ascertainable by The University
70 of Connecticut and which the donor has specifically designated for
71 deposit in The University of Connecticut Imagination Challenge Grant
72 Fund or which explicitly or implicitly by the terms of the gift, The
73 University of Connecticut may and does deposit or permit to be
74 deposited in said challenge grant fund; and (2) "challenge grant fund
75 state grant" means moneys transferred by the Department of Higher
76 Education to The University of Connecticut Imagination Challenge
77 Grant Fund established pursuant to this section.

78 (b) (1) The Board of Trustees of The University of Connecticut shall
79 establish a permanent University of Connecticut Imagination
80 Challenge Grant Fund to encourage donations from the private sector,
81 with an incentive in the form of a challenge grant fund state grant, the
82 net earnings on the principal of which are dedicated and made

83 available to The University of Connecticut for endowed research and
 84 development. The fund shall be administered by the board of trustees
 85 and such fund shall be held in a trust fund separate and apart from all
 86 other funds and accounts of the state and university. There shall be
 87 deposited into the challenge grant fund: (A) Challenge grant fund state
 88 grants; and (B) interest or other earnings from the investment of
 89 moneys in the challenge grant fund pending transfer of the principal of
 90 the fund for the purposes identified in this subdivision. Challenge
 91 grant fund eligible gifts made on behalf of The University of
 92 Connecticut shall be deposited in the challenge grant fund in the
 93 appropriate foundation established pursuant to sections 4-37e and
 94 4-37f of the general statutes.

95 (2) For the fiscal year ending June 30, 2007, and each fiscal year
 96 thereafter, the Department of Higher Education, in accordance with
 97 section 10a-86 of the general statutes, shall deposit in the challenge
 98 grant fund a grant in an amount equal to one-quarter of the total
 99 amount of challenge grant fund eligible gifts received by or for the
 100 benefit of The University of Connecticut for the calendar year ending
 101 the December thirty-first preceding the commencement of such fiscal
 102 year, as certified by the chairperson of the board of trustees by
 103 February fifteenth to (i) the Secretary of the Office of Policy and
 104 Management, (ii) the joint standing committee of the General
 105 Assembly having cognizance of matters relating to appropriations and
 106 the budgets of state agencies, and (iii) the Commissioner of Higher
 107 Education.

108 (3) The Board of Trustees of The University of Connecticut shall
 109 adopt, by October 1, 2007, guidelines with respect to (A) the
 110 solicitation of challenge grant fund eligible gifts from private donors,
 111 and (B) governing the acceptance of gifts made by a foundation
 112 established pursuant to sections 4-37e and 4-37f of the general statutes,
 113 to the university or its employees for reimbursement of expenditures
 114 or payment of expenditures on behalf of the university or its
 115 employees. Private donations shall not be construed to include

[1067]
454

Raised Bill No.

116 proceeds of federal grants but may include proceeds of municipal
117 grants.

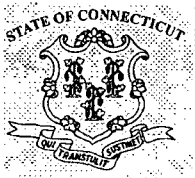
This act shall take effect as follows and shall amend the following sections:

Section 1	<u>July 1, 2006</u>	New section
Sec. 2	<u>July 1, 2006</u>	New section

Statement of Purpose:

To establish a Connecticut Imagination Challenge Grant program to promote university research and development.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]



Senate
CONNECTICUT STATE LIBRARY
LEGISLATIVE REFERENCE SECTION

General Assembly

File No. 151

February Session, 2006

Substitute Senate Bill No. 454

Senate, March 28, 2006

The Committee on Higher Education and Employment Advancement reported through SEN. HARTLEY of the 15th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT ESTABLISHING THE CONNECTICUT IMAGINATION CHALLENGE GRANT PROGRAM.

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

- 1 Section 1. (NEW) (*Effective July 1, 2006*) (a) As used in this section:
2 (1) "Challenge grant fund eligible gift" means a gift to or for the benefit
3 of any of the state universities of the Connecticut State University
4 system or the system as a whole of cash or assets which may be
5 reduced to cash or which has the value that is ascertainable by the state
6 universities or the system as a whole and which the donor has
7 specifically designated for deposit in the Connecticut Imagination
8 Challenge Grant Fund or which explicitly or implicitly by the terms of
9 the gift, the universities or the system as a whole may and does deposit
10 or permit to be deposited in the challenge grant funds; and (2)
11 "challenge grant fund state grant" means moneys transferred by the
12 Department of Higher Education to the Connecticut Imagination
13 Challenge Grant Fund established pursuant to this section.

14 (b) (1) The Board of Trustees of the Connecticut State University
15 System shall establish a permanent Connecticut Imagination Challenge
16 Grant Fund for the Connecticut State University system to encourage
17 donations from the private sector, with an incentive in the form of a
18 challenge grant fund state grant, the net earnings on the principal of
19 which are dedicated and made available to a state university or the
20 Connecticut State University system as a whole, for endowed research
21 and development. The fund shall be administered by the board of
22 trustees, and such fund shall be held separate and apart from all other
23 funds and accounts of the state and university. There shall be
24 deposited into the challenge grant fund: (A) Challenge grant fund state
25 grants; and (B) interest or other earnings from the investment of
26 moneys in the challenge grant fund pending transfer of the principal of
27 the fund for the purposes identified in this subdivision. Challenge
28 grant fund eligible gifts made on behalf of a state university or the
29 system as a whole shall be deposited in a permanent fund created for
30 each such state university and the system as a whole in the appropriate
31 foundation established pursuant to sections 4-37e and 4-37f of the
32 general statutes. A portion of the challenge grant fund state grant and
33 a portion of earnings on such grant, including capital appreciation,
34 shall be transferred, annually, not later than thirty days after the
35 receipt of the challenge grant fund state grant by the permanent
36 Connecticut Imagination Challenge Grant Fund, to such a state
37 university challenge grant fund based on the ratio of the total amount
38 of such gifts made to such state university to the total amount of all
39 such gifts made to all the state universities and the system as a whole,
40 provided the provisions of section 4-37f of the general statutes are
41 satisfied.

42 (2) For the fiscal year ending June 30, 2007, and each fiscal year
43 thereafter, the Department of Higher Education, in accordance with
44 section 10a-8b of the general statutes, shall deposit in the challenge
45 grant fund for the Connecticut State University system a grant in an
46 amount equal to one-quarter of the total amount of challenge grant
47 fund eligible gifts received by or for the benefit of the Connecticut
48 State University system as a whole and each state university for the

[1067]

49 calendar year ending the December thirty-first preceding the
50 commencement of such fiscal year, as certified by the chairperson of
51 the board of trustees by February fifteenth to (A) the Secretary of the
52 Office of Policy and Management, (B) the joint standing committee of
53 the General Assembly having cognizance of matters relating to
54 appropriations and the budgets of state agencies, and (C) the
55 Commissioner of Higher Education.

56 (3) The Board of Trustees of the Connecticut State University System
57 shall adopt, by October 1, 2007, guidelines with respect to (A) the
58 solicitation of challenge grant fund eligible gifts from private donors,
59 and (B) governing the acceptance of gifts made by a foundation
60 established pursuant to sections 4-37e and 4-37f of the general statutes,
61 to a state university or its employees for reimbursement of
62 expenditures or payment of expenditures on behalf of a state
63 university or its employees. Private donations shall not be construed to
64 include proceeds of federal grants but may include proceeds of
65 municipal grants.

66 Sec. 2. (NEW) (*Effective July 1, 2006*) (a) As used in this section: (1)
67 "Challenge grant fund eligible gift" means a gift to or for the benefit of
68 The University of Connecticut of cash or assets which may be reduced
69 to cash or which has the value that is ascertainable by The University
70 of Connecticut and which the donor has specifically designated for
71 deposit in The University of Connecticut Imagination Challenge Grant
72 Fund or which explicitly or implicitly by the terms of the gift, The
73 University of Connecticut may and does deposit or permit to be
74 deposited in said challenge grant fund; and (2) "challenge grant fund
75 state grant" means moneys transferred by the Department of Higher
76 Education to The University of Connecticut Imagination Challenge
77 Grant Fund established pursuant to this section.

78 (b) (1) The Board of Trustees of The University of Connecticut shall
79 establish a permanent University of Connecticut Imagination
80 Challenge Grant Fund to encourage donations from the private sector,
81 with an incentive in the form of a challenge grant fund state grant, the

82 net earnings on the principal of which are dedicated and made
83 available to The University of Connecticut for endowed research and
84 development. The fund shall be administered by the board of trustees
85 and such fund shall be held in a trust fund separate and apart from all
86 other funds and accounts of the state and university. There shall be
87 deposited into the challenge grant fund: (A) Challenge grant fund state
88 grants; and (B) interest or other earnings from the investment of
89 moneys in the challenge grant fund pending transfer of the principal of
90 the fund for the purposes identified in this subdivision. Challenge
91 grant fund eligible gifts made on behalf of The University of
92 Connecticut shall be deposited in the challenge grant fund in the
93 appropriate foundation established pursuant to sections 4-37e and
94 4-37f of the general statutes.

95 (2) For the fiscal year ending June 30, 2007, and each fiscal year
96 thereafter, the Department of Higher Education, in accordance with
97 section 10a-8b of the general statutes, shall deposit in the challenge
98 grant fund a grant in an amount equal to one-quarter of the total
99 amount of challenge grant fund eligible gifts received by or for the
100 benefit of The University of Connecticut for the calendar year ending
101 the December thirty-first preceding the commencement of such fiscal
102 year, as certified by the chairperson of the board of trustees by
103 February fifteenth to (A) the Secretary of the Office of Policy and
104 Management, (B) the joint standing committee of the General
105 Assembly having cognizance of matters relating to appropriations and
106 the budgets of state agencies, and (C) the Commissioner of Higher
107 Education.

108 (3) The Board of Trustees of The University of Connecticut shall
109 adopt, by October 1, 2007, guidelines with respect to (A) the
110 solicitation of challenge grant fund eligible gifts from private donors,
111 and (B) governing the acceptance of gifts made by a foundation
112 established pursuant to sections 4-37e and 4-37f of the general statutes,
113 to the university or its employees for reimbursement of expenditures
114 or payment of expenditures on behalf of the university or its
115 employees. Private donations shall not be construed to include

[1067]

116 proceeds of federal grants but may include proceeds of municipal
117 grants.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2006	New section
Sec. 2	July 1, 2006	New section

HED Joint Favorable Subst.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
University of Connecticut	GF - Revenue Gain	Significant	Significant
Connecticut State University System	GF - Revenue Gain	Significant	Significant
Department of Higher Education	GF - Cost	Significant	Significant

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill would result in significant revenue gains to both the University of Connecticut and the Connecticut State University System by establishing a new matching grant program for private donations. There would be a significant cost to the state as funds to meet the match would be provided through the State Department of Higher Education. The current Endowment Fund Matching Grant Program, although still in existence, can have no funds appropriated to it unless the General Fund budget reserve equals 10%. It is assumed that most if not all further private donations would be made to the newly established fund in this bill and thus results in the significant revenue gains and costs.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

[1067]

**OLR Bill Analysis
sSB 454**

**AN ACT ESTABLISHING THE CONNECTICUT IMAGINATION
CHALLENGE GRANT PROGRAM.**

SUMMARY:

This bill creates a grant program through which the state matches 25% of private donations for endowed research and development made to the University of Connecticut or the Connecticut State University (CSU) system or its individual institutions. Eligible gifts are deposited in dedicated funds that also receive the state's matching grant from Department of Higher Education's (DHE). The new program is modeled on the existing Endowment Fund Matching Grant.

EFFECTIVE DATE: July 1, 2006

PROGRAM ADMINISTRATION

The bill requires the UConn and CSU boards of trustees each to establish and administer a permanent Connecticut Imagination Matching Grant Fund to receive the state matching grants and the fund's investment earnings. The fund must be held separate from all other state and university funds and accounts. The CSU system fund must annually apportion part of its state grant and earnings on it among the individual institution's funds based on the relative amount of gifts made to each institution compared to the total donated to the system.

Donor gifts can take the form of cash and assets that can be converted to cash or whose value the universities can determine. It is not clear whether they are deposited the Imagination Funds or in permanent funds in the UConn, CSU system, and four CSU institutional foundations (see COMMENT). Gifts cannot be construed

to include federal grant proceeds, but they can include municipal grant proceeds.

DHE administers the matching grant program. It must annually deposit in each unit's Imagination Fund a grant equal to 25% of the total eligible gifts they received in the previous calendar year. By the following February 15th, the chairman of each board of trustees must certify the total gift amount to the Office of Policy and Management secretary, the DHE commissioner, and the Appropriations Committee. DHE must follow existing procedures that govern the Endowment Fund Matching Grant in transferring these grants.

The bill requires the UConn and CSU boards, by October 1, 2007, to adopt guidelines governing (1) gift solicitations and (2) a university foundation's gifts to the university or its employees for payments on their behalf or to reimburse them for their expenditures.

BACKGROUND

Endowment Fund Matching Grants

The Imagination Fund Challenge Grants are modeled on the state's Endowment Fund Matching Grant program, which was created to encourage donations for endowed professorships, scholarships, and program enhancements at UConn, CSU, community-technical colleges, and the Board of State Academic Awards. Until 2005, the state matched 50% of private donations. PA 05-3, June Special Session reduced the match to 25% for gifts made in 2005 and effectively suspended the program by prohibiting appropriations for it until the General Fund budget reserve equals 10% of net General Fund appropriations for the current fiscal year.

COMMENT

Depository for Private Gifts

The bill defines a "challenge grant fund eligible gift" as one (1) "the donor specifically designates for deposit in the Imagination Challenge Grant Fund" or (2) which the board or an individual CSU institution may, explicitly or implicitly by the terms of the gift, deposit there (§§

[106]

1(a) and 2(a)). But the bill also requires eligible gifts be deposited in a permanent fund in the appropriate foundation (§§ 1(b) (1) and 2(b) (2)).

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 20 Nay 0 (03/14/2006)