



Senate

General Assembly

File No. 670

January Session, 2021

Senate Bill No. 1099

Senate, May 10, 2021

The Committee on Finance, Revenue and Bonding reported through SEN. FONFARA of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT AUTHORIZING BONDS OF THE STATE FOR A RESEARCH FACULTY RECRUITMENT AND HIRING PROGRAM BY THE UNIVERSITY OF CONNECTICUT TO ENCOURAGE THE CREATION OF NEW BUSINESS VENTURES.

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

1 Section 1. Section 10a-104c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2021*):

3 (a) The Board of Trustees of The University of Connecticut shall
4 develop, continuously maintain and revise from time to time a program
5 to facilitate the recruitment of eminent faculty and their research staffs
6 to the university. Such program shall support economic development in
7 the state through faculty research and promote core sectors of the state
8 economy by accelerating the pace of applied research and development.
9 Such program shall supplement the compensation of such faculty and
10 related costs of personnel and materials needed to secure such faculty
11 for the university. Eligibility shall be limited to individuals who have
12 demonstrated excellence in their field of research and have an interest

13 in working collaboratively on research that meets societal needs or
14 commercialization of discoveries, innovations or technologies.

15 (b) Not later than April 1, 2020, and biennially thereafter, said board
16 shall develop a plan for the recruitment and hiring of research faculty,
17 including those whose research is focused on societal needs or can be
18 commercialized. Such plan shall outline the operating and capital costs
19 associated with the plan and include recruitment and hiring goals.

20 (c) (1) The Board of Trustees of The University of Connecticut shall
21 commence a research faculty recruitment and hiring program in
22 accordance with the plan submitted pursuant to subsection (b) of this
23 section. Such program shall be used (A) to hire faculty who meet the
24 qualifications specified in subsection (a) of this section and who will
25 assist the university in achieving the goals and requirements set forth in
26 said subsection, and (B) to support the compensation of such faculty and
27 related construction, renovation and equipment costs.

28 (2) Under such program, the university shall encourage and facilitate
29 the creation of new business ventures in the state that fuel economic
30 growth and shall provide resources for proof of concept, technology
31 maturity, early-stage and later-stage venture capital funding and
32 other measures that encourage expansion of the university's
33 entrepreneurial ecosystem.

34 (d) The president of The University of Connecticut shall submit an
35 annual report, in accordance with the provisions of section 11-4a, on the
36 university's progress in meeting [such] hiring goals under this section
37 and the implementation of the program under subsection (c) of this
38 section to the joint standing committees of the General Assembly having
39 cognizance of matters relating to higher education and finance, revenue
40 and bonding.

41 Sec. 2. (Effective July 1, 2021) (a) For the purposes described in
42 subsection (b) of this section, the State Bond Commission shall have the
43 power from time to time to authorize the issuance of bonds of the state
44 in one or more series and in principal amounts not exceeding in the

45 aggregate forty-six million one hundred thousand dollars, provided (1)
46 six million four hundred sixty thousand dollars of such authorization
47 shall be effective July 1, 2021, (2) eleven million seven hundred twenty-
48 nine thousand two hundred dollars of such authorization shall be
49 effective July 1, 2022, (3) fourteen million four hundred eighty-nine
50 thousand two hundred dollars of such authorization shall be effective
51 July 1, 2023, (4) nine million two hundred twenty thousand dollars of
52 such authorization shall be effective July 1, 2024, and (5) four million
53 two hundred one thousand six hundred dollars shall be effective July 1,
54 2025.

55 (b) The proceeds of the sale of such bonds, to the extent of the amount
56 stated in subsection (a) of this section, shall be used by the Board of
57 Trustees of The University of Connecticut for the purposes of subsection
58 (c) of section 10a-104c of the general statutes, as amended by this act.

59 (c) All provisions of section 3-20 of the general statutes, or the exercise
60 of any right or power granted thereby, that are not inconsistent with the
61 provisions of this section are hereby adopted and shall apply to all
62 bonds authorized by the State Bond Commission pursuant to this
63 section. Temporary notes in anticipation of the money to be derived
64 from the sale of any such bonds so authorized may be issued in
65 accordance with section 3-20 of the general statutes and from time to
66 time renewed. Such bonds shall mature at such time or times not
67 exceeding twenty years from their respective dates as may be provided
68 in or pursuant to the resolution or resolutions of the State Bond
69 Commission authorizing such bonds. None of such bonds shall be
70 authorized except upon a finding by the State Bond Commission that
71 there has been filed with it a request for such authorization that is signed
72 by or on behalf of the Secretary of the Office of Policy and Management
73 and states such terms and conditions as said commission, in its
74 discretion, may require. Such bonds issued pursuant to this section shall
75 be general obligations of the state and the full faith and credit of the state
76 of Connecticut are pledged for the payment of the principal of and
77 interest on such bonds as the same become due, and accordingly and as
78 part of the contract of the state with the holders of such bonds,

79 appropriation of all amounts necessary for punctual payment of such
80 principal and interest is hereby made, and the State Treasurer shall pay
81 such principal and interest as the same become due.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021</i>	10a-104c
Sec. 2	<i>July 1, 2021</i>	New section

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Treasurer, Debt Serv.	GF - Potential Cost	See Below	See Below
UConn	Various - Potential Cost	See Below	See Below

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

The bill authorizes a total of \$46.1 million of General Obligation (GO) bonds from FY 22 through FY 26. The authorizations are effective as follows: \$6,460,000 in FY 22, \$11,729,200 in FY 23, \$14,489,200 in FY 24, \$9,220,000 in FY 25, and \$4,201,600 in FY 26. To the extent bonds are fully allocated and expended, total debt service is expected to be approximately \$65 million over the 20-year duration of the bonds.

The bill requires the University of Connecticut (UConn) to begin a research faculty recruitment and hiring program and as part of the program, facilitate the creation of new business ventures. The total program costs, to be paid using the bonds authorized in the bill and by UConn operating or research funds, are expected to vary annually between FY 22 and FY 27. The faculty hiring program and associated efforts are anticipated to cost UConn approximately \$250,800 in FY 23, growing to \$3.8 million in FY 27 and annually thereafter. These costs to UConn will only occur if the bond funds are made available.

The bonds authorized by the bill are anticipated by UConn to be used

to pay for some of the costs associated with the faculty recruitment component, and all of the costs associated with the creation of new business ventures.

Provided the bond funds authorized by the bill are allocated in the year of authorization, UConn expects to hire two faculty in FY 22, four in FY 23, and four in FY 24, for a total of ten faculty. Each faculty member's annual personnel cost (salary and fringe) is estimated to be \$380,000, with bond funds paying for all the costs in FY 22 and for a gradually declining percentage of total faculty costs, until there is no bonding support in FY 27. It is anticipated that the costs of the program will be distributed as described in the table below.

Program Costs	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Faculty						
Bond funds	760,000	2,029,200	2,789,200	1,520,000	501,600	0
UConn funds	0	250,800	1,010,800	2,280,000	3,298,400	3,800,000
Subtotal	760,000	2,280,000	3,800,000	3,800,000	3,800,000	3,800,000
Other: Bond funds	5,700,000	9,700,000	11,700,000	7,700,000	3,700,000	0
TOTAL	6,460,000	11,980,000	15,500,000	11,500,000	7,500,000	3,800,000

The Out Years

The ongoing annual fiscal impact of the debt service would continue into the future subject to the terms of any bonds issued.

The cost to UConn of maintaining support for the research faculty is anticipated to be approximately \$3.8 million annually, subject to wage increases and inflation in fringe benefits costs.

OLR Bill Analysis**SB 1099*****AN ACT AUTHORIZING BONDS OF THE STATE FOR A RESEARCH FACULTY RECRUITMENT AND HIRING PROGRAM BY THE UNIVERSITY OF CONNECTICUT TO ENCOURAGE THE CREATION OF NEW BUSINESS VENTURES.*****SUMMARY**

This bill (1) requires UConn to begin a new research faculty recruitment and hiring program and (2) authorizes \$46.1 million in bonds over a five-year period, from FY 22 to FY 26, for this purpose, as shown in Table 1. The bonds are subject to standard statutory bond issuance procedures and repayment requirements.

Table 1: UConn Bond Authorizations

FY	Amount (\$)
22	6,460,000
23	11,729,200
24	14,489,200
25	9,220,000
26	4,201,600

Under the bill, the faculty recruitment and hiring program must be implemented according to the plan that existing law requires UConn's Board of Trustees to develop biennially (see BACKGROUND). It must be used to (1) hire faculty meeting specified qualifications and (2) support the faculty's compensation and related construction, renovation, and equipment costs.

EFFECTIVE DATE: July 1, 2021

FACULTY RECRUITMENT AND HIRING PROGRAM

The bill's new faculty recruitment and hiring program is for hiring

faculty with demonstrated excellence in their research field and an interest in (1) collaborating on research that meets societal needs or (2) commercializing discoveries, innovations, or technologies. These are the same qualifications specified in the existing faculty recruitment program UConn must develop, maintain, and revise. Under the bill, the new program must be used to help UConn meet existing research faculty recruitment goals and requirements. Specifically, the goals are to (1) support Connecticut's economic development through faculty research and (2) promote core sectors of the state economy by accelerating the pace of applied research and development.

Under the bill, through this new program, UConn must (1) encourage and facilitate creating new business ventures in the state that fuel economic growth and (2) provide resources for proof of concept, technology maturation, early- and later-stage venture capital funding, and other measures that encourage expanding UConn's entrepreneurial ecosystem.

The bill requires UConn's president to report on the program's implementation in his annual report on the university's progress toward the hiring goals in its faculty recruitment plan (see BACKGROUND). By law, this report is submitted to the Higher Education and Finance, Revenue and Bonding committees.

BACKGROUND

Faculty Recruitment Plan

Existing law requires UConn's Board of Trustees to biennially develop a plan for recruiting and hiring research faculty, including those whose research is focused on societal needs or can be commercialized. The plan must (1) outline the operating and capital costs and (2) include recruitment and hiring goals. The first plan was due on April 1, 2020.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 34 Nay 14 (04/22/2021)