

**LEGISLATIVE HISTORY CHECKLIST**  
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(UMDNJ Flexibility Act)

**NJSA:** 18A:64G-3.8

**LAWS OF:** 1992 **CHAPTER:** 84

**BILL NO:** A1094

**SPONSOR(S):** Rocco and others

**DATE INTRODUCED:** March 16, 1992

**COMMITTEE:** **ASSEMBLY:** Education; Health and Human Services  
**SENATE:** ---

**AMENDED DURING PASSAGE:** Yes Amendments during passage denoted by asterisks

**DATE OF PASSAGE:** **ASSEMBLY:** June 4, 1992  
**SENATE:** June 29, 1992

**DATE OF APPROVAL:** August 12, 1992

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes  
**SENATE:** No

**FISCAL NOTE:** No

**VETO MESSAGE:** No

**MESSAGE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

**REPORTS:** Yes

**HEARINGS:** No

974.90 New Jersey. Governor's Task Force on the Laws Governing  
 C697 the University of Medicine & Dentistry.  
 1989n Report...August 9, 1991

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[FOURTH REPRINT]  
ASSEMBLY, No. 1094

STATE OF NEW JERSEY

INTRODUCED MARCH 16, 1992

By Assemblymen ROCCO, PASCRELL, Felice, Kamin,  
Lance, Catania, Impeveduto, Assemblywoman Bush,  
Assemblymen Bryant, Franks, Solomon, Kenny,  
Zangari and Zecker

1 AN ACT concerning the University of Medicine and Dentistry of  
2 New Jersey, amending various parts of the statutory law,  
3 supplementing chapter 64G of Title 18A of the New Jersey  
4 Statutes, and repealing section 4 of P.L.1981, c.325.

5

6 BE IT ENACTED by the Senate and General Assembly of the  
7 State of New Jersey:

8 1. (New section) This act shall be known and may be cited as  
9 "The University of Medicine and Dentistry of New Jersey  
10 Flexibility Act of 1992."

11 2. Section 2 of P.L.1970, c.102 (C.18A:64G-2) is amended to  
12 read as follows:

13 2. The Legislature and Governor of the State of New Jersey  
14 hereby find that the establishment and operation of [a program]  
15 programs of medical [and] , dental, nursing, health related  
16 professions and health sciences education is in the best interest  
17 of the State to provide greater numbers of trained medical  
18 personnel to assist in the staffing of the hospitals and public  
19 institutions and agencies of the State and to prepare greater  
20 numbers of students for the general practice of medicine [and] ,  
21 dentistry, nursing and the health related professions, and find,  
22 declare and affirm, as a matter of public policy of the State, that  
23 it is the responsibility of the State to provide funds necessary to  
24 establish and operate such programs of education, in the most  
25 economical and efficient manner, and that, in furtherance of such  
26 policy, the school of medicine heretofore established by Rutgers,  
27 The State University, (hereinafter called the "Rutgers Medical  
28 School") and the New Jersey College of Medicine and Dentistry  
29 shall be combined into a single entity to be known as the  
30 University of Medicine and Dentistry of New Jersey.

31 The university shall be comprised of the Graduate School of  
32 Biomedical Sciences, the School of Health Related Professions,  
33 the New Jersey Dental School, the School of Osteopathic  
34 Medicine, the New Jersey Medical School and the Robert Wood  
35 Johnson Medical School, and all other departments or schools  
36 established by the <sup>1</sup>[University] university<sup>1</sup> in accordance with  
37 the review and approval procedures of the State Board of Higher  
38 Education.

39 The Legislature and Governor further find and declare that the  
40 continuing development of the university as a premier academic

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Assembly floor amendments adopted March 23, 1992.

<sup>2</sup> Assembly AHH committee amendments adopted May 4, 1992.

<sup>3</sup> Assembly floor amendments adopted May 28, 1992.

<sup>4</sup> Senate floor amendments adopted June 11, 1992.

1 health center, able to provide state of the art education, research  
2 and patient care services and able to fully participate in today's  
3 health-care environment, is in the best interest of the State.  
4 Because of the importance of each element of the health-care  
5 delivery system, it is the university's obligation to monitor, to  
6 identify and to <sup>2</sup>coordinate with the appropriate State agencies  
7 and boards to<sup>2</sup> meet the health-care manpower needs of New  
8 Jersey as they arise. A key element necessary to the  
9 achievement of many of these goals is the structural flexibility to  
10 form productive and varied relationships with other health-care  
11 organizations, research institutions and private individuals, firms  
12 and corporations.

13 The Legislature and Governor further find that such  
14 public-private relationships should be encouraged since these  
15 cooperative efforts will enable the university to supplement the  
16 resources available from the State and thereby provide the  
17 university with an economic and efficient means to develop and  
18 offer an appropriate range of health-care services.

19 (cf: P.L.1981, c.325, s.1)

20 3. Section 3 of P.L.1970, c.102 (C.18A:64G-3) is amended to  
21 read as follows:

22 3. There is hereby established in the Department of Higher  
23 Education a body corporate and politic to be known as the  
24 "University of Medicine and Dentistry of New Jersey." The  
25 exercise by the university of the powers conferred by this act in  
26 the presentation and operation of [a program] programs of  
27 medical [and] , dental ,nursing and health related professions and  
28 health sciences education shall be deemed to be public and  
29 essential governmental functions necessary for the welfare of the  
30 State and the people of New Jersey.

31 (cf: P.L.1981, c. 325, s.2)

32 4. Section 4 of P.L.1970, c.102 (C.18A:64G-4) is amended to  
33 read as follows:

34 4. a. The government, control, conduct, management and  
35 administration of the university shall be vested in the board of  
36 trustees of the university. The membership of the board of  
37 trustees shall consist of the Chancellor of the Department of  
38 Higher Education and the Commissioner of Health, who shall  
39 serve ex officio, without vote, and 11 voting members, each of  
40 whom shall be appointed by the Governor, with the advice and  
41 consent of the Senate, for a term of [3] 5 years and shall serve  
42 until his successor is appointed and has qualified. Any vacancies  
43 in the voting membership of the board occurring other than by  
44 expiration of term shall be filled in the same manner as the  
45 original appointment but for the unexpired term only. Each voting  
46 member of the board of trustees before entering upon his duties  
47 shall take and subscribe an oath to perform the duties of his  
48 office faithfully, impartially and justly to the best of his ability.  
49 A record of such oath shall be filed in the office of the Secretary  
50 of State. Each voting member of the board may be removed from  
51 office by the Governor, for cause, after a public hearing.

52 b. The members of the board of trustees shall meet at the call  
53 of the Governor for purposes of organizing. The board shall  
54 thereafter meet at such times and places as it shall designate.

1 c. The Governor shall designate one of the voting members as  
2 chairman of the board. The board shall select such other officers  
3 from among its members as shall be deemed necessary.

4 d. The board shall have the power to appoint and regulate the  
5 duties, functions, powers and procedures of committees, standing  
6 or special, from its members and such advisory committees or  
7 bodies, as it may deem necessary or conducive to the efficient  
8 management and operation of the university, consistent with this  
9 act and other applicable statutes.

10 (cf: P.L.1981, c.325, s.5)

11 5. Section 6 of P.L.1970, c.102 (C.18A:64G-6) is amended to  
12 read as follows:

13 6. The board of trustees of the university, within the general  
14 policies and guidelines set by the Board of Higher Education, shall  
15 have the general supervision over and be vested with the conduct  
16 of the university, including its health care facilities regardless of  
17 the source of funding. It shall have the power and duty to:

18 (a) Adopt and use a corporate seal;

19 (b) Determine the educational curriculum and program of the  
20 university;

21 (c) Determine policies for the organization, administration,  
22 and development of the university;

23 (d) Study the educational and financial needs of the university,  
24 annually acquaint the Governor and Legislature with the  
25 condition of the university, and prepare and submit an annual  
26 request for appropriation to the State Board of Higher Education  
27 in accordance with law;

28 (e) Disburse all moneys appropriated to the university by the  
29 Legislature and all moneys received from tuition, fees, auxiliary  
30 services and other sources;

31 (f) Direct and control expenditures and transfers of funds  
32 appropriated to the university in accordance with the provisions  
33 of the State budget and appropriation acts of the Legislature,  
34 and, as to funds received from other sources, direct and control  
35 expenditures and transfers in accordance with the terms of any  
36 applicable trusts, gifts, bequests, or other special provisions,  
37 reporting changes and additions thereto and transfers thereof to  
38 the Director of the Division of Budget and Accounting in the  
39 Department of the Treasury and to the Chancellor of Higher  
40 Education. All accounts of the university shall be subject to  
41 audit by the State at any time;

42 (g) In accordance with the provisions of the State budget and  
43 appropriation acts of the Legislature, appoint and fix the  
44 compensation and term of office of a president of the university  
45 who shall be the executive officer of the university;

46 (h) In accordance with the provisions of the State budget and  
47 appropriation acts of the Legislature, appoint, upon nomination of  
48 the president, such deans and other members of the academic,  
49 administrative and teaching staffs as shall be required and fix  
50 their compensation and terms of employment;

51 (i) In accordance with the provisions of the State budget and  
52 appropriation acts of the Legislature, appoint, remove, promote  
53 and transfer such other officers, agents, or employees as may be  
54 required to carry out the provisions of this act and assign their

1 duties, determine their salaries, and prescribe qualifications for  
2 all positions and in accordance with the salary schedules of the  
3 Civil Service Commission wherever possible;

4 (j) Fix and determine, after consultation with the Board of  
5 Higher Education, tuition rates, and other fees to be paid by  
6 students;

7 (k) Grant diplomas, certificates or degrees;

8 (l) Enter into contracts and agreements with the State or any  
9 of its political subdivisions or with the United States, or with any  
10 public body, department or other agency of the State or the  
11 United States or with any individual, firm or corporation which  
12 are deemed necessary or advisable by the board for carrying out  
13 the provisions of this act. A contract or agreement pursuant to  
14 this subsection may require a municipality to undertake  
15 obligations and duties to be performed subsequent to the  
16 expiration of the term of office of the elected governing body of  
17 such municipality which initially entered into or approved said  
18 contract or agreement, and the obligations and duties so incurred  
19 by such municipality shall be binding and of full force and effect,  
20 notwithstanding that the term of office of the elected governing  
21 body of such municipality which initially entered into or approved  
22 said contract or agreement, shall have expired;

23 (m) Accept from any government or governmental department,  
24 agency or other public or private body or from any other source  
25 grants or contributions of money or property which the board may  
26 use for or in aid of any of its purposes;

27 (n) (1) Acquire (by gift, purchase, condemnation or otherwise),  
28 own, lease, dispose of, use and operate property, whether real,  
29 personal or mixed, or any interest therein, which is necessary or  
30 desirable for university purposes;

31 (2) Adopt standing operating rules and procedures for the  
32 purchase of all equipment, materials, supplies and services;  
33 however, no contract on behalf of the university shall be entered  
34 into for the purchase of services, materials, equipment and  
35 supplies, for doing of any work, or for the hiring of equipment or  
36 vehicles, where the sum to be expended exceeds \$12,500.00 or the  
37 amount determined by the Governor as provided herein, unless  
38 the university shall first publicly advertise for bids and shall  
39 award the contract to that responsible bidder whose bid,  
40 conforming to the invitation for bids, will be most advantageous  
41 to the university, price and other factors considered. Such  
42 advertising shall not be required in those exceptions created by  
43 the board of trustees of the university, which shall be in  
44 substance those exceptions contained in sections 4 and 5 of  
45 P.L.1954, c.48 (C.52:34-9 and 10) or for the supplying of any  
46 product or the rendering of any service by a public utility subject  
47 to the jurisdiction of the Board of Public Utilities of this State  
48 and tariffs and schedules of the charges, made, charged, or  
49 exacted by the public utility for any such products to be supplied  
50 or services to be rendered are filed with the said board.  
51 Commencing January 1, 1985 and every two years thereafter, the  
52 Governor, in consultation with the Department of the Treasury,  
53 shall adjust the threshold amount set forth in this paragraph in  
54 direct proportion to the rise or fall of the consumer price index

1 for all urban consumers in the New York City and the  
2 Philadelphia areas as reported by the United States Department  
3 of Labor. The Governor shall notify the university of the  
4 adjustment. The adjustment shall become effective on July 1 of  
5 the year in which it is reported.

6 This subsection shall not prevent the university from having  
7 any work done by its own employees, nor shall it apply to repairs,  
8 or to the furnishing of materials, supplies or labor, or the hiring  
9 of equipment or vehicles, when the safety or protection of its or  
10 other public property or the public convenience requires or the  
11 exigency of the university's service will not admit of such  
12 advertisement. In such case, the university shall, by resolution  
13 passed by the affirmative vote of its board of trustees, declare  
14 the exigency or emergency to exist, and set forth in the  
15 resolution the nature and approximate amount to be expended;  
16 shall maintain appropriate records as to the reason for such  
17 awards; and shall report regularly to its board of trustees on all  
18 such purchases, the amounts and the reasons therefor;

19 (3) Employ architects to plan buildings; secure bids for the  
20 construction of buildings and for the equipment thereof; make  
21 contracts for the construction of buildings and for equipment; and  
22 supervise the construction of buildings. All capital expenditures  
23 in excess of [\$500,000.00] \$2,000,000 shall be subject to the  
24 approval of the Board of Higher Education except that  
25 commencing January 1, 1993 and every two years thereafter, the  
26 Governor, in consultation with the Department of the Treasury,  
27 shall adjust the threshold amount set forth in this paragraph in  
28 direct proportion to the rise or fall of the consumer price index  
29 for all urban consumers in the New York City and the  
30 Philadelphia areas as reported by the United States Department  
31 of Labor. The Governor shall notify the university of the  
32 adjustment. The adjustment shall become effective on July 1 of  
33 the year in which it is reported; [and]

34 (4) Manage and maintain, and provide for the payment of all  
35 charges on and expenses in respect of, all properties utilized by  
36 the university; and

37 (5) Invest <sup>2</sup>monies from the following sources in such  
38 obligations, securities and other investments as the board shall  
39 deem prudent: income realized from the sale or licensing of  
40 intellectual property; income realized from the operation of  
41 faculty practice plans of the University; and income from  
42 overhead grant fund recovery as permitted by federal law;]  
43 certain monies in such obligations, securities and other  
44 investments as the board shall deem prudent, as follows:

45 <sup>3</sup>[Not] In not<sup>3</sup> for profit corporations <sup>3</sup>[shall be eligible to  
46 make investments]<sup>3</sup> utilizing income realized from the sale or  
47 licensing of intellectual property, as well as the reinvestment of  
48 earnings on intellectual property; income realized from the  
49 operation of faculty practice plans of the university; and income  
50 from overhead grant fund recovery as permitted by federal law  
51 4[.];<sup>4</sup>

52 <sup>3</sup>[For] In for<sup>3</sup> profit corporations <sup>3</sup>[shall be eligible to make  
53 investments]<sup>3</sup> utilizing income realized from the sale or licensing  
54 of intellectual property, as well as the reinvestment of earnings

1 on intellectual property<sup>2</sup>.

2 (o) Borrow money and to secure the same by a mortgage on its  
 3 property or any part thereof, and to enter into any credit  
 4 agreement for the needs of the university, as deemed requisite by  
 5 the board, in such amounts and for such time and upon such terms  
 6 as may be determined by the board, provided that no such  
 7 borrowing shall be deemed or construed to create or constitute a  
 8 debt, liability, or a loan or pledge of the credit or be payable out  
 9 of property or funds, other than moneys appropriated for that  
 10 purpose, of the State <sup>4</sup>[<sup>2</sup>. Any proposed mortgage on the  
 11 property of the university shall be submitted to the Department  
 12 of the Treasury for review, and within 60 calendar days of  
 13 submission, shall be approved or disapproved by that  
 14 department<sup>2</sup>]<sup>4</sup> ;

15 (p) Exercise the right of eminent domain, pursuant to the  
 16 provisions of the "Eminent Domain Act of 1971," P.L.1971, c.361  
 17 (C.20:3-1 et seq.), to acquire any property or interest therein;

18 (q) Adopt bylaws and make and promulgate such rules,  
 19 regulations and orders, not inconsistent with the provisions of this  
 20 act as are necessary and proper for the administration and  
 21 operation of the university and to implement the provisions of  
 22 this act;

23 (r) Authorize any new program, educational department or  
 24 school which will require, at the time of establishment or  
 25 thereafter, an additional expenditure of money, if the  
 26 establishment thereof is approved by the Board of Higher  
 27 Education and provision is made therefor by law; [and]

28 (s) Function as a public employer under the "New Jersey  
 29 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1  
 30 et seq.) and conduct all labor negotiations, and with the  
 31 participation of the Chancellor's Office and the Governor's  
 32 Office of Employee Relations act as the chief spokesperson with  
 33 respect to all matters under negotiation;

34 (t) Sue and be sued in its own name;

35 (u) Notwithstanding the provisions of section 7 of P.L.1970,  
 36 c.102 (C.18A:64G-7), <sup>4</sup>retain<sup>4</sup> independent counsel <sup>4</sup>[may be  
 37 retained]<sup>4</sup> to represent a joint venture, subsidiary corporation,  
 38 partnership or such other jural entity entered into or owned  
 39 wholly or in part by the university when the enterprise involves  
 40 development, manufacture, or marketing of products, technology,  
 41 or scientific information, and <sup>4</sup>retain<sup>4</sup> independent counsel <sup>4</sup>[may  
 42 be retained]<sup>4</sup> to represent any separate corporation created by  
 43 the university pursuant to <sup>4</sup>paragraph (1) of<sup>4</sup> subsection (v) <sup>4</sup>[(1)]<sup>4</sup>  
 44 of section 6 of P.L.1970, c.102 (C.18A:64G-6(v)(1)); however, the  
 45 Attorney General shall represent the university as a venturer,  
 46 partner, or in the case of a corporation, in its shareholder  
 47 capacity during the incorporation phase and thereafter;

48 (v) (1) Participate as the general partner or as a limited  
 49 partner, either directly or through a subsidiary corporation  
 50 created by the university, in limited partnerships, general  
 51 partnerships, or joint ventures engaged in the development,  
 52 manufacture, or marketing of products, technology, scientific  
 53 information or health care services and create or form for profit  
 54 or not for profit <sup>2</sup>corporations<sup>2</sup> to engage in such activities;

1 provided that any such participation shall be consistent with the  
2 mission of the university and the board shall have determined  
3 that such participation is prudent. Nothing herein shall be  
4 construed to authorize any change in the legal status of  
5 University Hospital;

6 (2) The decision to participate in any activity described in  
7 paragraph (1) of subsection (v) of section 6 of P.L.1970,  
8 c.102 (C.18A:64G-6 (v)(1)), including the creation or formation of  
9 for profit or not for profit corporations, shall be articulated in  
10 the minutes of the Board of Trustees meeting in which the action  
11 was approved. A true copy of the minutes shall be delivered to  
12 the Governor. No such action shall have affect until 30 days,  
13 Saturdays, Sundays and public holidays excepted, after the copy  
14 of the minutes shall have been delivered to the Governor. If,  
15 within the 30 day period, the Governor returns the minutes of the  
16 meeting with a veto of the action taken by the board, the action  
17 taken by the board shall be null and void and of no effect;

18 (3) The provisions of P.L.1971, c.182 (C.52:13D-12 et  
19 seq.) shall continue to apply to the university, its employees and  
20 officers;

21 (4) Nothing herein shall be deemed or construed to create or  
22 constitute a debt, liability, or a loan or pledge of the credit or be  
23 payable out of property or funds of the State;

24 (5) Funds directly appropriated to the university from the  
25 State or derived from the university's academic programs or  
26 derived from payment for coverage provided by the self insurance  
27 fund for claims accruing prior to the effective date of this act  
28 shall not be utilized in the development, manufacture or  
29 marketing of products, technology or scientific information;

30 (6) Employees of any joint venture, subsidiary corporation,  
31 partnership or other jural entity entered into or owned wholly or  
32 in part by the university shall not be deemed public employees;

33 (7) A joint venture, subsidiary corporation, partnership or  
34 other jural entity entered into or owned wholly or in part by the  
35 university shall not be deemed an instrumentality of the State of  
36 New Jersey;

37 (8) Income realized by the university as a result of  
38 participation in the development, manufacture or marketing of  
39 products, technology, or scientific information  
40 may be invested or reinvested pursuant to paragraph (5) of  
41 subsection (n) of section 6 of P.L.1970, c.102  
42 (c.18A:64G-6(n)(5)) or retained by the board for use in  
43 furtherance of any of the purposes of this act;

44 (9) The board shall annually report to the Chancellor of Higher  
45 Education and the State Treasurer on the operation of all joint  
46 ventures, subsidiary corporations, partnerships  
47 or such other jural entities entered into or owned wholly or in  
48 part by the university;

49 (w) (1) Procure and enter into contracts for any type of  
50 insurance and indemnify against loss or damage to property from  
51 any cause, including loss of use and occupancy, against death or  
52 injury of any person, against employees' liability, against any act  
53 of any member, officer, employee or servant of the university,  
54 whether part-time, full-time, compensated or non-compensated

1 in the performance of the duties of his office or employment or  
 2 any other insurable risk. In addition, the university shall carry its  
 3 own liability insurance or maintain an actuarially sound program  
 4 of self insurance. Any joint venture, subsidiary corporation, or  
 5 partnership or such other jural entity entered into or owned  
 6 wholly or in part by the university shall carry insurance or  
 7 maintain reserves in such amounts as are determined by an  
 8 actuary to be sufficient to meet its actual or accrued claims;

9 (2) Monies in the fund known as the Self-Insurance Trust Fund  
 10 administered by the State Treasurer shall continue to be available  
 11 to the university solely to indemnify and defend claims against  
 12 the university and its employees, officers and servants but only to  
 13 the extent that such entity or individuals would have been  
 14 entitled to defense and indemnification pursuant to the "New  
 15 Jersey Tort Claims Act", N.J.S.59:1-1 et seq. as a State entity or  
 16 State employee but for the provision of subsection (t) of section 6  
 17 of P.L.1970, c.102 (C.18A:64G-6(t)). Any expenditure of such  
 18 funds shall be made only in accordance with the provisions of the  
 19 "New Jersey Tort Claims Act", N.J.S.59:1-1 et seq. including but  
 20 not limited to the provisions of chapters 10, 10A <sup>4</sup>[&] and<sup>4</sup> 11 of  
 21 Title 59 of the New Jersey <sup>4</sup>[statutes] Statutes<sup>4</sup>. Nothing herein  
 22 shall be construed to authorize the use of the Self-Insurance  
 23 Trust Fund to indemnify or insure in any way, directly or  
 24 indirectly the activities of any joint venture partnership or  
 25 corporation entered into or created by the university pursuant to  
 26 <sup>4</sup>[subsections] paragraphs (1) and (2) of subsection<sup>4</sup> (v) <sup>4</sup>[, (v)(1)  
 27 and (v) (2)]<sup>4</sup> of section 6 of P.L.1970, c.102 <sup>3</sup>[(C.18A:64G-6(v)]  
 28 <sup>4</sup>[(C.18A:64G-6 (v)<sup>3</sup>, (v)(1) and (v)(2))] (C.18A:64G-6(v)1) and  
 29 C.18A:64G-6(v)(2)]<sup>4</sup>; and

30 (x) Create auxiliary organizations subject to the provisions of  
 31 P.L.1982, c.16 (C.18A:64-26 et seq.).

32 (cf: P.L.1985, c.514, s.1)

33 6. Section 8 of P.L.1970, c.102 (C.18A:64G-8) is amended to  
 34 read as follows:

35 8. All functions, powers and duties relating to the investment  
 36 or reinvestment of funds other than those funds specified in  
 37 <sup>4</sup>paragraph (5) of<sup>4</sup> subsection (n) <sup>4</sup>[(5)]<sup>4</sup> of section 6 of P.L.1970,  
 38 c. 102 (C.18A:64G-6 (n)(5)) within the jurisdiction of the board of  
 39 trustees including the purchase, sale or exchange of any  
 40 investments or securities shall be exercised and performed by the  
 41 Director of the Division of Investment in accordance with the  
 42 provisions of chapter 270, of the laws of 1950 (C.52:18A-79 et  
 43 seq.). Before any such investment, reinvestment, purchase, sale  
 44 or exchange shall be made by [said] the director for or on behalf  
 45 of the board of trustees, the Director of the Division of  
 46 Investment shall submit the details thereof to [said] the board,  
 47 which shall, itself or by its finance committee, within 48 hours,  
 48 exclusive of Sundays and public holidays, after such submission to  
 49 it, file with the director its written acceptance or rejection of  
 50 such proposed investment, reinvestment, purchase, sale or  
 51 exchange; and the director shall have authority to make such  
 52 investment, reinvestment, purchase, sale or exchange for 'or on  
 53 behalf of [said] the board, unless there shall have been filed with  
 54 him a written rejection thereof by the board or its finance

1 committee as herein provided. The board of trustees shall  
 2 determine from time to time the cash requirements of the  
 3 various funds and accounts established by it and the amount  
 4 available for investment, all of which shall be certified to the  
 5 State Treasurer and the Director of the Division of Investment.

6 The finance committee of the board of trustees shall consist of  
 7 three members of [said] the board who shall be appointed in the  
 8 same manner and for the same term as other committees of [said]  
 9 the board are appointed.

10 (cf: P.L.1970, c.102, s.8)

11 7. (New section) <sup>2</sup>[The] a. Except in the case of existing  
 12 university programs, the<sup>2</sup> university shall award associate  
 13 degrees only in <sup>2</sup>new<sup>2</sup> programs jointly proposed and implemented  
 14 with institutions fully authorized and accredited to award degrees  
 15 at that level.

16 <sup>2</sup>b.<sup>2</sup> For the awarding of the baccalaureate degree, the  
 17 university shall develop and maintain joint degree programs <sup>2</sup>for  
 18 health related professions and new nursing education programs<sup>2</sup>  
 19 with fully authorized and accredited institutions and shall be  
 20 limited to offering upper division courses. Exceptions may be  
 21 made in accordance with duly adopted regulations of the Board of  
 22 Higher Education<sup>2</sup>, except as provided in this act<sup>2</sup>. In instances  
 23 where the university has been authorized to offer a baccalaureate  
 24 degree program jointly with another institution, it may  
 25 independently award a second baccalaureate degree for that  
 26 program for students who enter the program already possessing a  
 27 baccalaureate degree from a regionally accredited college or  
 28 university.

29 8. (New section) Notwithstanding any of the provisions of the  
 30 "New Jersey Contractual Liability Act," N.J.S.59:13-1 et seq., to  
 31 the contrary, contract claims and suits against the university  
 32 shall be governed by that act.

33 <sup>4</sup>[<sup>1</sup>9. (New section) The State Treasurer shall transfer to the  
 34 University of Medicine and Dentistry of New Jersey all real  
 35 property now held in the name of the State of New Jersey,  
 36 Department of the Treasury, on the official tax maps of the City  
 37 of Newark, County of Essex, State of New Jersey, in the  
 38 following blocks: 211, 427, 1804, 1806.<sup>1</sup><sup>4</sup>

39 <sup>4</sup>[<sup>1</sup>10. (New section) The Board of Higher Education shall  
 40 transfer to the University of Medicine and Dentistry of New  
 41 Jersey all its rights in the real property now held in the name of  
 42 the College of Medicine and Dentistry of New Jersey as Agent  
 43 for the New Jersey State Department of Higher Education,  
 44 designated as Block 293, Lot 2 on the official tax map of the City  
 45 of Camden, County of Camden, State of New Jersey.<sup>1</sup><sup>4</sup>

46 <sup>1</sup>[9.] <sup>4</sup>[<sup>11.1</sup>] <sup>9.</sup><sup>4</sup> Section 4 of P.L.1981, c.325 (C.18A:64G-3.2)  
 47 is repealed.

48 <sup>1</sup>[10.] <sup>4</sup>[<sup>12.1</sup>] <sup>10.</sup><sup>4</sup> This act shall take effect 120 days after  
 49 enactment.

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 54 The "University of Medicine and Dentistry of New Jersey  
 55 Flexibility Act of 1992."

1 the contrary, contract claims and suits against the university  
2 shall be governed by that act.

3 9. Section 4 of P.L.1981, c.325 (C.18A:64G-3.2) is repealed.

4 10. This act shall take effect 120 days after enactment.

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#### STATEMENT

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9 This bill is entitled the "University of Medicine and Dentistry  
10 of New Jersey Flexibility Act of 1992," and makes several  
11 changes to statutory law regarding the University of Medicine  
12 and Dentistry of New Jersey. The bill reflects the changes in  
13 operations of UMDNJ which now encompass not just medicine and  
14 dentistry, but nursing, health related professions and the life  
15 sciences.

16 Overall, the provisions of the bill are designed to aid the  
17 university in its efforts to control costs, create new streams of  
18 financial support from non-state sources and spur economic  
19 growth and job creation in the health care sector.

20 In order to compete with other health sciences universities in  
21 the Northeast and across the country for partnerships with New  
22 Jersey-based pharmaceutical firms, the "Flexibility" legislation  
23 proposes that UMDNJ be authorized to create separate  
24 corporations for joint ventures with private industry. The  
25 legislation then amends UMDNJ's statutes to accommodate these  
26 joint business ventures by providing the University's Board of  
27 Trustees with greater operational flexibility over legal and  
28 investment decisions involving the joint business ventures.

29 The bill raises the current capital expenditure ceiling for which  
30 approvals must be sought from the State Board of Higher  
31 Education from \$500,000 to \$2,000,000. The university board of  
32 trustees would also be given the power to invest the university's  
33 moneys in a prudent manner.

34 The proposed "Flexibility" legislation seeks no appropriation of  
35 State funds. This bill is necessary for UMDNJ to be successful in  
36 attracting increased non-state, private funding to support its  
37 education, research and healthcare programs.

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42 The "University of Medicine and Dentistry of New Jersey  
43 Flexibility Act of 1992."

ASSEMBLY HEALTH AND HUMAN SERVICES COMMITTEE

STATEMENT TO

[FIRST REPRINT]

**ASSEMBLY, No. 1094**

with Assembly committee amendments

**STATE OF NEW JERSEY**

DATED: MAY 4, 1992

The Assembly Health and Human Services Committee favorably reports Assembly Bill No. 1094 (1R) with committee amendments.

As amended by the committee, this bill, which is designated the "University of Medicine and Dentistry of New Jersey Flexibility Act of 1992," makes several changes to the statutory law regarding the University of Medicine and Dentistry of New Jersey (UMDNJ).

Specifically, the amended bill:

- amends the statutes which set forth the mission of UMDNJ to include not just medicine and dentistry but also nursing, health related professions and the health sciences;
- extends the terms of the members of the university's board of trustees from three to five years;
- authorizes UMDNJ directly or through a subsidiary corporation created by the university to participate in joint ventures with private industry for the development, manufacture, or marketing of products, technology, scientific information or health care services, with the decision to enter into such joint ventures subject to the Governor's veto of the minutes of the meeting at which the action was taken;
- provides the UMDNJ Board of Trustees with greater operational flexibility over legal and investment decisions involving these joint business ventures;
- permits the university to sue and be sued in its own name, mortgage its property (subject to the approval of the Department of the Treasury) and enter into credit agreements;
- raises the current capital expenditure ceiling for which approvals must be sought from the State Board of Higher Education from \$500,000 to \$2,000,000 (the amount to be adjusted biennially by the Governor based on the rise or fall in the consumer price index);
- gives not for profit and for profit corporations affiliated with UMDNJ the authority to invest certain monies as stipulated in the bill; and
- restricts the degree-granting authority of UMDNJ as follows: to award associate degrees only in new programs jointly proposed and implemented with institutions fully authorized and accredited to award degrees at that level, and to award baccalaureate degrees only in joint degree programs for health related professions and new nursing education programs with fully authorized and accredited institutions, with UMDNJ limited to offering upper division courses in those joint degree programs.

The committee amended the bill to:

- stipulate the kinds of investments which may be made by not for profit and for profit corporations affiliated with UMDNJ;
- require approval by the Department of the Treasury of any proposed mortgage on UMDNJ property;
- provide that except in the case of existing UMDNJ programs, UMDNJ shall award associate degrees only in new programs jointly proposed and implemented with institutions fully authorized and accredited to award degrees at that level; and
- provide that for the awarding of the baccalaureate degree, UMDNJ shall develop and maintain joint degree programs for health related professions and new nursing education programs with fully authorized and accredited institutions and shall be limited to offering upper division courses.

This bill was reported by the Assembly Education Committee on March 19, 1992 and includes Assembly floor amendments adopted on March 23rd.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1094

STATE OF NEW JERSEY

DATED: MARCH 19, 1992

The Assembly Education Committee reports favorably Assembly Bill No. 1094.

The "University of Medicine and Dentistry of New Jersey Flexibility Act of 1992" makes several changes to the statutory law regarding the University of Medicine and Dentistry of New Jersey (UMDNJ).

First, the bill amends the statutes which set forth the mission of UMDNJ to include not just medicine and dentistry but also nursing, health related professions and the life sciences. The bill also extends the terms of the members of the university's board of trustees from 3 to 5 years.

Second, the bill authorizes UMDNJ directly or through a subsidiary corporation created by the university to participate in joint ventures with private industry for the development, manufacture, or marketing of products, technology, scientific information or health care services. The decision to enter into such joint ventures, however, will be subject to the Governor's veto of the minutes of the meeting at which the action was taken.

The bill also provides the University's Board of Trustees with greater operational flexibility over legal and investment decisions involving these joint business ventures.

The bill also permits the university to sue and be sued in its own name, mortgage its property and enter into credit agreements.

In addition, the bill raises the current capital expenditure ceiling for which approvals must be sought from the State Board of Higher Education from \$500,000 to \$2,000,000. This amount will be adjusted biennially by the Governor in relation to the rise or fall in the consumer price index.

Finally, the university board of trustees is given the power under the bill to invest the university's money, as it deems prudent, resulting from the sale or licensing of intellectual property, the operation of faculty practice plans, and from any overhead grant fund recovery permitted by federal law.

Representative of New Jersey Business and Industry Association and the President of the University of Medicine and Dentistry of New Jersey testified in favor of the bill.