

18A:62-29

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 1999 **CHAPTER:** 226

NJSA: 18A:62-29 ("Higher Education Incentive Funding Act")

BILL NO: A1983

SPONSOR(S): Blee and Wolfe

DATE INTRODUCED: May 4, 1998

COMMITTEE: **ASSEMBLY:** Education; Appropriations

SENATE: Education; Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 10, 1999

SENATE: May 24, 1999

DATE OF APPROVAL: September 22, 1999

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL: Senate Committee Substitute for A1983/S1237
(Amendments during passage denoted by superscript numbers)

Senate Committee Substitute for A1983/1237

SPONSORS STATEMENT:

No

COMMITTEE STATEMENT:

ASSEMBLY:

No

SENATE:

Yes 3-18-99

FLOOR AMENDMENT STATEMENTS:

No

LEGISLATIVE FISCAL ESTIMATE:

No

A1983

SPONSORS STATEMENT: (Begins on page 4 of original bill)

Yes

COMMITTEE STATEMENT:

ASSEMBLY:

Yes 6-15-98
Yes 6-22-98

SENATE:

Yes 11-16-98

FLOOR AMENDMENT STATEMENTS:

No

LEGISLATIVE FISCAL ESTIMATE:

No

THIRD REPRINT (Final Version):

Yes

S1237

SPONSORS STATEMENT: (Begins on page 4 of original bill)

Yes

COMMITTEE STATEMENT:

ASSEMBLY:

No

SENATE: Yes
Identical to Senate Statement for A1983

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

P.L. 1999, CHAPTER 226, *approved September 22, 1999*

Senate Committee Substitute for
Assembly, No. 1983 and Senate, No. 1237

1 AN ACT concerning higher education finance, supplementing chapter
2 62 of Title 18A of the New Jersey Statutes, and making an
3 appropriation.
4

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

8 1. This act shall be known and may be cited as the "Higher
9 Education Incentive Funding Act."
10

11 2. The Legislature finds and declares that a mechanism is needed
12 to provide incentives that will assist the State's public and independent
13 colleges and universities in their fund raising efforts, and that a State
14 commitment to provide matching funds for private donors' investment
15 in higher education has the potential to generate additional external
16 support for programs and activities that could have a significant
17 impact on the individual campuses of the State's higher education
18 institutions.
19

20 3. As used in this act:

21 "Amount" of a contribution or a donation means, in the case of
22 property other than cash, the fair market value of the property
23 contributed or donated as of the close of business on the day on which
24 the recipient of that contribution or donation acquires ownership of
25 the property.

26 "Contribution year" means the fiscal year in which the endowment
27 contribution or contributions were made, with respect to which State
28 matching funds under sections 5 through 7 of P.L. , c. (C.)
29 (now pending before the Legislature as this bill) are sought or have
30 been paid.

31 "Donation" means the conveyance by gift of property consisting of
32 cash or marketable securities, the corpus of which property may, under
33 the terms of the gift, be expended by the donee, and the income from
34 which property may, but need not, be restricted under those terms as
35 to use for particular purposes stipulated by the donor.

36 "Donation year" means the fiscal year in which the donation or
37 donations were made, with respect to which State matching funds
38 under sections 9 through 11 of P.L. , c. (C.) (now pending
39 before the Legislature as this bill) are sought or have been paid.

40 "Endowment contribution" means the conveyance by gift of

1 property consisting of cash or marketable securities, the corpus of
2 which property may not, under the terms of the gift, be expended by
3 the person to whom the contribution is made, and the income from
4 which property may, but need not, be restricted under those terms as
5 to use for particular purposes stipulated by the contributor.

6 "Fiscal year" means the State fiscal year.

7 "Gift" means a completed irrevocable transfer of property,
8 including transfer by testamentary disposition, for which transfer the
9 transferor receives no consideration, and in which property the
10 transferee's interest is not subject to any retained interest of the
11 transferor or to any concurrent or future interest of any other person.

12

13 4. There is created in the Department of the Treasury the "Higher
14 Education Incentive Endowment Fund" (the "endowment fund"),
15 which, subject to the availability of funds, shall be used to provide
16 State matching funds against endowment contributions to four-year
17 public institutions of higher education, two-year public institutions of
18 higher education, and independent institutions of higher education that
19 receive direct State aid, or their institutionally related foundations, in
20 accordance with the provisions of sections 5 through 7 of this act and
21 subject to the provisions of subsections a. and b. of section 12 of the
22 act.

23

24 5. With respect to a fiscal year in which at least one person shall
25 have made a single endowment contribution to a four-year public
26 institution of higher education, or to a foundation institutionally
27 related to such a public institution, in the amount of \$1,000,000 or
28 more, the recipient institution or foundation shall be eligible to receive
29 State matching funds in subsequent fiscal years as follows:

30 a. In the fiscal year first following the contribution year, the
31 institution or foundation may apply to the State Treasurer for State
32 matching funds in an amount equal to 10% of the amount of each such
33 contribution received in the contribution year. There shall be no limit
34 on the number of such single endowment contributions in that
35 contribution year in the amount of \$1,000,000 or more each for which
36 such application may be made. Any such application shall be made
37 only with respect to the entire contribution year and may be submitted
38 at any time after the close of that contribution year. Not later than the
39 90th day following receipt of the application, the State Treasurer shall
40 determine the amount of State matching funds to which the applicant
41 institution or foundation is entitled under this subsection and shall pay
42 that amount from the endowment fund to the institution or foundation,
43 including with that payment an explanation of the denial, if any, of any
44 claim of entitlement to matching funds for which the institution or
45 foundation had applied; and

46 b. In the second and in each of the subsequent fiscal years

1 following the contribution year, the institution or foundation shall be
2 entitled to receive from the endowment fund, without application,
3 State matching funds in an amount equal to one-half of the amount
4 paid under subsection a. of this section.

5
6 6. a. With respect to a fiscal year in which at least one person
7 shall have made a single endowment contribution to a two-year public
8 institution of higher education, or to a foundation institutionally
9 related to such a public institution, in the amount of \$100,000 or
10 more, the recipient institution or foundation shall be eligible to receive
11 State matching funds in subsequent fiscal years as follows:

12 (1) In the fiscal year first following the contribution year, the
13 institution or foundation may apply to the State Treasurer for State
14 matching funds in an amount equal to 10% of the amount of each such
15 contribution received in the contribution year. There shall be no limit
16 on the number of such single endowment contributions in that
17 contribution year in the amount of \$100,000 or more each for which
18 such application may be made. Any such application shall be made
19 only with respect to the entire contribution year and may be submitted
20 at any time after the close of that contribution year. Not later than the
21 90th day following receipt of the application, the State Treasurer shall
22 determine the amount of State matching funds to which the applicant
23 institution or foundation is entitled under this paragraph and shall pay
24 that amount from the endowment fund to the institution or foundation,
25 including with that payment an explanation of the denial, if any, of any
26 claim of entitlement to matching funds for which the institution or
27 foundation had applied; and

28 (2) In the second and in each of the subsequent fiscal years
29 following the contribution year, the institution or foundation shall be
30 entitled to receive from the endowment fund, without application,
31 State matching funds in an amount equal to one-half of the amount
32 paid under paragraph (1) of this subsection.

33 b. With respect to a fiscal year in which three or more persons
34 each shall have made single endowment contributions to a two-year
35 public institution of higher education, or to a foundation institutionally
36 related to such a public institution, in the amount of \$50,000 or more
37 but less than \$100,000, and the cumulative amount in that fiscal year
38 of those single endowment contributions of \$50,000 or more but less
39 than \$100,000 is at least \$250,000, the recipient institution or
40 foundation shall be eligible to receive State matching funds in
41 subsequent fiscal years as follows:

42 (1) In the fiscal year first following the contribution year, the
43 institution or foundation may apply to the State Treasurer for State
44 matching funds in an amount equal to 10% of the highest exact
45 multiple of \$250,000 that is less than or equal to that cumulative
46 amount of such contributions received in the contribution year. There

1 shall be no limit on the number of such single endowment
2 contributions in that contribution year in the amount of \$50,000 but
3 less than \$100,000 each with respect to which such application may be
4 made. Any such application shall be made only with respect to the
5 entire contribution year and may be submitted at any time after the
6 close of that contribution year. Not later than the 90th day following
7 receipt of the application, the State Treasurer shall determine the
8 amount of State matching funds to which the applicant institution or
9 foundation is entitled under this paragraph and shall pay that amount
10 from the endowment fund to the institution or foundation, including
11 with that payment an explanation of the denial, if any, of any claim of
12 entitlement to matching funds for which the institution or foundation
13 had applied; and

14 (2) In the second and in each of the subsequent fiscal years
15 following the contribution year, the institution or foundation shall be
16 entitled to receive from the endowment fund, without application,
17 State matching funds in an amount equal to one-half of the amount
18 paid under paragraph (1) of this subsection.

19
20 7. With respect to a fiscal year in which at least one person makes
21 a single endowment contribution to a four-year independent institution
22 of higher education that receives direct State aid, or to a foundation
23 institutionally related to such an institution, in the amount of
24 \$1,000,000 or more, the recipient institution or foundation shall be
25 eligible to apply for and to receive State matching funds in the amount
26 of \$100,000 with respect to each such contribution. There shall be no
27 limit on the number of such single endowment contributions in a
28 contribution year in the amount of \$1,000,000 or more each for which
29 such application may be made. Any such application shall be made
30 only with respect to the entire contribution year and may be submitted
31 at any time after the close of that contribution year. Not later than the
32 90th day following receipt of the application, the State Treasurer shall
33 determine the amount of State matching funds to which the applicant
34 institution or foundation is entitled under this section and shall pay
35 that amount from the endowment fund to the institution or foundation,
36 including with that payment an explanation of the denial, if any, of any
37 claim of entitlement to matching funds for which the institution or
38 foundation had applied. An institution or foundation that shall have
39 received payment of State matching funds under this section with
40 respect to a contribution year shall not thereafter receive additional
41 State matching funds with respect to the same contribution year.

42
43 8. There is created in the Department of the Treasury the "Higher
44 Education Incentive Grant Fund" (the "grant fund"), which, subject to
45 the availability of funds, shall be used to provide State matching funds
46 against donations to four-year public institutions of higher education,

1 two-year public institutions of higher education, and independent
2 institutions of higher education that receive direct State aid, or their
3 institutionally related foundations, in accordance with the provisions
4 of sections 9 through 11 of this act and subject to the provisions of
5 subsections a. and b. of section 12 of the act.

6
7 9. With respect to a fiscal year in which at least one person shall
8 have made a single donation to a four-year public institution of higher
9 education, or to a foundation institutionally related to such a public
10 institution, in the amount of \$1,000,000 or more, the recipient
11 institution or foundation shall be eligible to receive State matching
12 funds under this section. In the fiscal year next following the donation
13 year, the institution or foundation may apply to the State Treasurer for
14 State matching funds in an amount equal to 10% of the amount of each
15 such donation received in the donation year. There shall be no limit
16 on the number of such single donations in that donation year in the
17 amount of \$1,000,000 or more each for which such application may be
18 made. Any such application shall be made only with respect to the
19 entire donation year and may be submitted at any time after the close
20 of that donation year. Not later than the 90th day following receipt of
21 the application, the State Treasurer shall determine the amount of
22 State matching funds to which the applicant institution or foundation
23 is entitled under this subsection and shall pay that amount from the
24 grant fund to the institution or foundation, including with that payment
25 an explanation of the denial, if any, of any claim of entitlement to
26 matching funds for which the institution or foundation had applied.
27 An institution or foundation that shall have received payment of State
28 matching funds under this section with respect to a donation year shall
29 not thereafter receive additional State matching funds with respect to
30 the same donation year.

31
32 10. a. With respect to a fiscal year in which at least one person
33 shall have made a single donation to a two-year public institution of
34 higher education, or to a foundation institutionally related to such a
35 public institution, in the amount of \$100,000 or more, the recipient
36 institution or foundation shall be eligible to receive State matching
37 funds under this subsection. In the fiscal year next following the
38 donation year, the institution or foundation may apply to the State
39 Treasurer for State matching funds in an amount equal to 10% of the
40 amount of each such donation received in the donation year. There
41 shall be no limit on the number of such single donations in that
42 donation year in the amount of \$100,000 or more each for which such
43 application may be made. Any such application shall be made only
44 with respect to the entire donation year and may be submitted at any
45 time after the close of that donation year. Not later than the 90th day
46 following receipt of the application, the State Treasurer shall

1 determine the amount of State matching funds to which the applicant
2 institution or foundation is entitled under this subsection and shall pay
3 that amount from the grant fund to the institution or foundation,
4 including with that payment an explanation of the denial, if any, of any
5 claim of entitlement to matching funds for which the institution or
6 foundation had applied. An institution or foundation that shall have
7 received payment of State matching funds under this subsection with
8 respect to a donation year shall not thereafter receive additional State
9 matching funds with respect to the same donation year.

10 b. With respect to every fiscal year in which three or more
11 persons, corporations or other business entities, or foundations each
12 shall have made single donations to a two-year public institution of
13 higher education, or to a foundation institutionally related to such a
14 public institution, in the amount of \$50,000 or more but less than
15 \$100,000, and the cumulative amount in that fiscal year of those single
16 donations of \$50,000 or more but less than \$100,000 is at least
17 \$250,000, the recipient institution or foundation shall be eligible to
18 receive State matching funds under this subsection. In the fiscal year
19 next following the donation year, the institution or foundation may
20 apply to the State Treasurer for State matching funds in an amount
21 equal to 10% of the highest exact multiple of \$250,000 that is less
22 than or equal to that cumulative amount of such donations received in
23 the donation year. There shall be no limit on the number of such single
24 donations in that donation year in the amount of \$50,000 but less than
25 \$100,000 each with respect to which such application may be made.
26 Any such application shall be made only with respect to the entire
27 donation year and may be submitted at any time after the close of that
28 donation year. Not later than the 90th day following receipt of the
29 application, the State Treasurer shall determine the amount of State
30 matching funds to which the applicant institution or foundation is
31 entitled under this subsection and shall pay that amount from the grant
32 fund to the institution or foundation, including with that payment an
33 explanation of the denial, if any, of any claim of entitlement to
34 matching funds for which the institution or foundation had applied.
35 An institution or foundation that shall have received payment of State
36 matching funds under this subsection with respect to a donation year
37 shall not thereafter receive additional State matching funds with
38 respect to the same donation year.

39
40 11. With respect to a fiscal year in which at least one person
41 makes a single donation to a four-year independent institution of
42 higher education that receives direct State aid, or to a foundation
43 institutionally related to such an institution, in the amount of
44 \$1,000,000 or more, the recipient institution or foundation shall be
45 eligible to apply for and to receive State matching funds in the amount
46 of \$100,000 with respect to each such donation. There shall be no

1 limit on the number of such single donations in that donation year in
2 the amount of \$1,000,000 or more for which such application may be
3 made. Any such application shall be made only with respect to the
4 entire donation year and may be submitted at any time after the close
5 of that donation year. Not later than the 90th day following receipt of
6 the application, the State Treasurer shall determine the amount of
7 State matching funds to which the applicant institution or foundation
8 is entitled under this section and shall pay that amount from the grant
9 fund to the institution or foundation, including with that payment an
10 explanation of the denial, if any, of any claim of entitlement to
11 matching funds for which the institution or foundation had applied.
12 An institution or foundation that shall have received payment of State
13 matching funds under this section with respect to a donation year shall
14 not thereafter receive additional State matching funds with respect to
15 the same donation year.

16

17 12. a. No institution of higher education having a total
18 endowment of more than \$1,000,000,000, and no foundation
19 institutionally related to such an institution, shall be eligible to receive
20 State matching funds under this act.

21 b. No endowment contribution or donation to an institution of
22 higher education from a foundation institutionally related to that
23 institution shall be eligible to be matched with State funds under the
24 provisions of this act.

25 c. The matching funds provided to an institution of higher
26 education or to a foundation institutionally related to such an
27 institution pursuant to sections 4 through 11 of this act shall be used
28 by the institution or foundation exclusively for academic purposes and
29 shall not be used to fund any activity, program or project unrelated or
30 only incidentally related to those purposes, such as the award of
31 athletic scholarships or payment of the cost of building construction,
32 but this restriction shall not to apply to the use by the institution or
33 foundation of any of the endowment contributions and donations with
34 respect to which those matching funds were paid.

35

36 13. In order for an institution or foundation to receive in a fiscal
37 year State matching funds pursuant to an application therefor under
38 the provisions of this act, the governing body of the institution or
39 foundation shall provide the State Treasurer with a copy of the
40 institution's annual independent financial audit, the institution's
41 education foundation audit, or other financial certification, as deemed
42 appropriate by the Treasurer, that verifies that the institution has
43 raised the necessary amount through endowment contributions or
44 donations to qualify for the State matching funds.

1 14. a. The endowment fund and the grant fund shall be
2 administered separately by the State Treasurer. Each fund shall
3 consist of moneys appropriated or otherwise made available to it by
4 the Legislature and any interest received on the investment of moneys
5 in that fund.

6 b. If, in any fiscal year, the fund balance in either the endowment
7 fund or the grant fund is insufficient to fund payment in full of the
8 State matching funds authorized to be paid under the provisions of this
9 act, the entitlement of an institution of higher education or
10 institutionally related foundation to the amount of any underpayment
11 shall not lapse, and shall have priority in the following fiscal year over
12 any claim for payment of such matching funds arising in that following
13 fiscal year.

14

15 15. The State Treasurer shall adopt, pursuant to the
16 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
17 seq.), rules and regulations necessary to carry out the provisions of
18 this act.

19

20 16. There is appropriated from the General Fund to the
21 Department of the Treasury \$5,000,000 to be divided equally between
22 the endowment fund and the grant fund to implement the provisions
23 of this act.

24

25 17. This act shall take effect immediately and shall apply to any
26 endowment contribution or donation made during the fiscal year of
27 enactment or thereafter.

28

29

30

31

32 _____

33 The "Higher Education Incentive Funding Act," appropriates \$5
million.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 1983 and** **SENATE, No. 1237**

STATE OF NEW JERSEY

DATED: MARCH 18, 1999

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Assembly Bill No. 1983 and Senate Bill No. 1237.

This committee substitute bill establishes within the Department of the Treasury a program under which New Jersey's public and private institutions of higher education that receive substantial gifts of cash or marketable securities would qualify for State funds partially matching those gifts. The amount of matching funds payable would depend upon whether the gifts are "endowment contributions" or "donations", and also upon the type of institution to which the gifts are made.

(1) An *endowment contribution* is defined under the bill as a gift, the corpus of which, under the terms of the gift, may not be expended by the recipient. The bill provides that matching funds would be paid to the recipient institution with respect to (i) in the case of public and private four-year institutions, each contribution of \$1,000,000 or more from a single source, or (ii) in the case of public two-year institutions, each gift of \$100,000 or more from a single source, or gifts of between \$50,000 and \$100,000 each from multiple sources that total at least \$250,000. The amount of the matching funds payable would be:

(a) In the case of public institutions, 10% of the amount of each qualifying contribution payable in the year immediately following the contribution year, plus 5% of the amount of each such qualifying contribution payable in each subsequent year. Contributions to two-year public institutions of between \$50,000 and \$100,000 would not be matched on a precise gift-by-gift basis, but rather in steps measured by the highest exact multiple of \$250,000 (\$250,000, \$500,000, \$750,000, etc.) attained or exceeded by the total amount of such contributions to the institution in the contribution year; and

(b) In the case of private four-year institutions, \$100,000 for each gift of \$1,000,000 or more, payable only in the year immediately following the contribution year.

(2) A *donation* is defined as a gift, the corpus of which may be expended by the recipient. The bill's provisions for the matching of donations is essentially the same as that for the matching of contributions, except that no matching funds would be payable to any institution with respect to any donation after the 10% match payment in the year following the contribution year.

The bill excludes institutions having a total endowment of more than \$1 billion from participation in the match program. It directs an institution making application for matching funds to provide the State Treasurer with a copy of an audit or other appropriate certification of its finances that demonstrates qualification to receive such funds. The Treasurer is to administer the program and is authorized to adopt appropriate rules and regulations. The bill appropriates \$5,000,000, to be divided equally between two funds from which moneys would be paid to match endowment contributions and donations, respectively.

FISCAL IMPACT

The bill appropriates \$5,000,000 from the General Fund to finance the higher education incentive funding program established under the legislation.

ASSEMBLY, No. 1983

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED MAY 4, 1998

Sponsored by:

Assemblyman FRANCIS J. BLEE

District 2 (Atlantic)

Assemblyman DAVID W. WOLFE

District 10 (Monmouth and Ocean)

SYNOPSIS

The "Higher Education Incentive Funding Program Act;" appropriates \$5 million.

CURRENT VERSION OF TEXT

As introduced.

1 AN ACT concerning higher education finance, supplementing chapter
2 62 of Title 18A of the New Jersey Statutes, and making an
3 appropriation.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. This act shall be known and may be cited as the "Higher
9 Education Incentive Funding Program Act."

10
11 2. The Legislature finds and declares that the rate of corporate
12 and private giving to public institutions of higher education has
13 historically been consistently lower than contributions made on behalf
14 of private colleges and universities; that a mechanism is needed to
15 provide incentives that will assist the State's public colleges and
16 universities in their fund raising efforts; and, that the State's
17 investment in public higher education has the potential to generate
18 additional external support for programs and activities which could
19 have a significant impact on the individual campuses of the State's
20 higher education institutions.

21
22 3. There is created in the Department of Treasury the "Higher
23 Education Incentive Endowment Fund," which, subject to the
24 availability of funds, shall be used to provide a State match against
25 private endowments made to four year public institutions of higher
26 education and two year public institutions of higher education. When
27 a four year public institution receives endowment contributions
28 totaling \$1,000,000 or more, and a two year public institution receives
29 endowment contributions totaling \$250,000 or more, the institution
30 may apply to the State Treasurer and the Treasurer shall provide as a
31 State match from the endowment fund, 10% of the amount raised
32 through endowment contributions. Subsequent allocations may be
33 made from the endowment fund for each additional \$1 million or
34 more in new endowment contributions made to a four year public
35 institution; or, each additional \$250,000 or more in new endowment
36 contributions made to a two year public institution as certified by the
37 governing body of the institution to the State Treasurer. As used in
38 this section "endowment" means a contribution made to an institution
39 which is designated as restricted by the stipulations of the donor for
40 a specific purpose.

41
42 4. There is created the "Higher Education Incentive Grant Fund,"
43 which, subject to the availability of funds, shall be used to provide a
44 State match against private donations made to four year public
45 institutions of higher education and two year public institutions of
46 higher education. When a four year public institution receives

1 donations totaling \$1,000,000 or more, and a two year public
2 institution receives donations totaling \$250,000 or more, the
3 institution may apply to the State Treasurer and the Treasurer shall
4 provide as a State match from the grant fund, 10% of the amount
5 raised through donations. Subsequent allocations may be made from
6 the grant fund for each additional \$1 million or more in new donations
7 raised by a four year public institution; or, each additional \$250,000
8 or more in new donations raised by a two year public institution as
9 certified by the governing body of the institution to the State
10 Treasurer.

11

12 5. a. In order for an institution to be eligible to receive the State
13 match, the governing body of each institution shall provide the State
14 Treasurer with a copy of the institution's annual independent financial
15 audit or other financial certification, as deemed appropriate by the
16 Treasurer, that verifies that the institution has raised the necessary
17 amount through endowment contributions or donations in order to
18 qualify for the State match.

19 b. The matching funds provided to each institution pursuant to
20 sections 3 and 4 of this act may be used by the institution to promote
21 institutional goals as determined by the governing body of the
22 institution.

23

24 6. The endowment fund and the grant fund shall be administered
25 separately by the State Treasurer. The Treasurer shall allocate from
26 the appropriate fund each institution's 10% match on endowment
27 contributions or donations of \$1,000,000 or more for a four year
28 public institution, or \$250,000 or more for a two year public
29 institution upon certification by the governing body of the institution
30 pursuant to subsection a. of section 5 of this act. Each fund shall
31 consist of monies appropriated or otherwise made available to it by
32 the Legislature and any interest received on the investment of monies
33 in the fund.

34

35 7. The State Treasurer shall adopt, pursuant to the
36 "Administrative Procedure Act," P.L.1968, c. 410 (C.52:14B-1 et
37 seq.), rules and regulations necessary to carry out the provisions of
38 this act.

39

40 8. There is appropriated from the General Fund to the Department
41 of Treasury \$5,000,000 to be divided equally between the endowment
42 fund and the grant fund to implement the provisions of this act.

43

44 9. This act shall take effect immediately.

1 STATEMENT

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This bill creates the "Higher Education Incentive Funding Program." Under this program, two funds are established, an endowment fund to provide a State match against endowment contributions made to a public institution of higher education for specific purposes and against donations made to an institution for general purposes. The bill provides that, subject to the availability of funds, for every \$1 million or more raised from endowment contributions or donations by four year public institutions, and for every \$250,000 raised by two year public institutions, the State will provide a 10% match. In order to be eligible to participate in the State matching program, the bill requires the governing body of each institution to verify either through an independent annual financial audit or some other financial certification as determined by the State Treasurer, the amount of funds raised through endowment contributions or donations. The matching funds may be used to promote institutional goals as determined by the governing boards of the institutions. The bill appropriates \$5 million to be divided equally between the endowment fund and the grant fund.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1983

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 15, 1998

The Assembly Education Committee favorably reports Assembly Bill No. 1983 with committee amendments.

As amended by committee, this bill establishes the Higher Education Incentive Funding Program in the Department of the Treasury. The purpose of the program is to provide State matching funds against endowment contributions and private donations which are made to public institutions of higher education.

Under the program, two separate funds are established in the Department of the Treasury. The first fund, the "Higher Education Incentive Endowment Fund" is to be used to provide a match against private endowment contributions made to four year and two year public institutions of higher education. When a four year institution receives endowment contributions which total \$1,000,000 or more, and a two year institution receives endowment contributions totaling \$250,000 or more, the institution may apply to the State Treasurer and the Treasurer shall provide from the endowment fund, a State match equal to 10% of the contribution amount. Subsequent allocations may be made from the fund for each additional \$1,000,000 or \$250,000, as appropriate, raised through endowment contributions. Also, in the case of any individual endowment contribution which equals \$1,000,000 or more made to a four year public institution of higher education by a person, corporation or other business entity, or foundation, or any similar individual endowment contribution which equals \$250,000 or more, in addition to the initial 10% match to which the institution is entitled, the State Treasurer shall provide as an additional State match from the endowment fund in the second and each subsequent year, an amount equal to 5% of that endowment contribution. This 5% State match is to be placed in the institution's base budget.

The second fund, the "Higher Education Incentive Grant Fund," is to be used to provide a State match against private donations made to four year and two year public institutions of higher education. When a four year institution receives donations totaling \$1,000,000 or more, and a two year institution receives donations totaling \$250,000 or

more, the institution may apply to the State Treasurer and the Treasurer shall provide, a State match from the grant fund equal to 10% of the amount raised through donations. Subsequent allocations may be made from the grant fund for each additional \$1,000,000 or \$250,000, as appropriate, which are raised in new donations.

In order to be eligible to receive the State match under the bill's provisions, the governing body of the institution must provide the State Treasurer with a copy of the institution's annual financial audit, education foundation audit, or other financial certification that verifies that the institution has raised the necessary amount of endowment contributions or donations.

The bill appropriates \$5,000,000 to the Department of the Treasury to be divided equally between the endowment fund and the grant fund.

The committee amended the bill to provide for a 5% State match in the second and each subsequent year for any individual endowment contribution made by a person, corporation or other business entity, or foundation in the amount of \$1,000,000 or more in the case of a four year institution and \$250,000 or more in the case of a two year institution. The amendments direct that this additional 5% match be placed in the institution's base budget.

The amendments also provide that the institution may submit its education foundation audit to the State Treasurer as verification that it has received the funds required to qualify for the State match.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1983

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 1998

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1983 (1R) with committee amendments.

Assembly Bill No. 1983 (1R), as amended, establishes the Higher Education Incentive Funding Program in the Department of the Treasury. The program will provide State matching funds against endowment contributions and private donations that are made to public institutions of higher education.

Under the program, two separate funds are established in the Department of the Treasury. The first fund, the "Higher Education Incentive Endowment Fund" will be used to provide a match against private endowment contributions made to four year and two year public institutions of higher education. The bill provides that if a four year institution receives endowment contributions that total \$1,000,000 or more, or a two year institution receives endowment contributions totaling \$250,000 or more, the institution may apply to the State Treasurer for a State match from the endowment fund equal to 10% of the contribution amount. Subsequent matches may be made from the fund for each additional \$1,000,000 or \$250,000, as appropriate, raised through endowments.

The bill provides an additional match from the endowment fund for large single endowments, individual endowment contributions that equal \$1,000,000 or more made to a four year public institution of higher education by a person, corporation or other business entity, or foundation, or a similar individual endowment contributions that equal \$250,000 or more made to a two year public institution. In addition to the initial 10% match, the bill provides an additional State match from the endowment fund in the second and each subsequent year equal to 5% of that endowment contribution. This 5% State match is to be placed in the institution's base budget.

The second fund, the "Higher Education Incentive Grant Fund," will be used to provide a match against private donations made to four year and two year public institutions of higher education. If a four year institution receives donations totaling \$1,000,000 or more, or a

two year institution receives donations totaling \$250,000 or more, the institution may apply to the State Treasurer and the Treasurer shall provide, a State match from the grant fund equal to 10% of the donation amount. Subsequent matches may be made from the grant fund for each additional \$1,000,000 or \$250,000, as appropriate, that are through donations.

FISCAL IMPACT:

The bill appropriates \$5,000,000 to the Department of the Treasury to be divided equally between the endowment fund and the grant fund.

COMMITTEE AMENDMENTS:

The amendments clarify that a donations to an institutions related foundation are included in donations to that institutions and clarify the definition of "endowment" as a fund that is both designated for a specific purpose and has a principal amount that may not be expended.

SENATE EDUCATION COMMITTEE

STATEMENT TO

[Second Reprint]
ASSEMBLY, No. 1983

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 16, 1998

The Senate Education Committee reports favorably and with committee amendments Assembly Bill No. 1983 (2R).

As amended, this bill establishes the Higher Education Incentive Funding Program in the Department of the Treasury. The program will provide State matching funds for endowment contributions and private donations that are made to public and independent institutions of higher education.

Under the program, two separate funds are established in the Department of the Treasury. The first fund, the "Higher Education Incentive Endowment Fund" will be used to provide a match for private endowment contributions made to four-year and two-year public institutions of higher education and to independent institutions of higher education that receive direct State aid, or their institutionally related foundations. The bill provides that if a four-year institution receives an individual endowment contribution from a person, corporation or other business entity, or foundation in a fiscal year which equals \$1,000,000 or more, or a two-year institution receives an individual endowment contribution from the same sources in a fiscal year which equals \$250,000 or more, the institution may apply to the State Treasurer for a State match from the endowment fund equal to 10% of the contribution amount. Subsequent matches may be made from the endowment fund for additional contributions of \$1,000,000 or \$250,000, as appropriate. In the case of an independent institution of higher education that receives an individual endowment contribution in a fiscal year which equals \$1,000,000 or more, the State match would be 10% of the contribution, but not more than \$100,000, and the institution would not be eligible for a State match in the subsequent fiscal year.

The bill provides an additional match from the endowment fund for an individual endowment contribution that equals \$1,000,000 or more made to a four-year public institution of higher education in a fiscal year, or a similar individual endowment contribution that equals \$250,000 or more made to a two-year public institution in a fiscal

year. In addition to the initial 10% match, the bill provides another State match from the endowment fund in the second and each subsequent year equal to 5% of that endowment contribution. This 5% State match is to be placed in the institution's base budget.

The second fund, the "Higher Education Incentive Grant Fund," will be used to provide a match for private donations made to four-year and two-year public institutions of higher education and to independent institutions of higher education that receive direct State aid, or their institutionally related foundations. If a four-year institution receives an individual donation in a fiscal year that equals \$1,000,000 or more, or a two-year institution receives an individual donation in a fiscal year that equals \$250,000 or more, the institution may apply to the State Treasurer and the Treasurer shall provide a State match from the grant fund equal to 10% of the donation amount. Subsequent matches may be made from the grant fund for additional donations of \$1,000,000 or \$250,000, as appropriate. In the case of an independent institution of higher education that receives an individual donation in a fiscal year which equals \$1,000,000 or more, the State match would be 10% of the donation, but not more than \$100,000, and the institution would not be eligible for a State match in the subsequent fiscal year.

The committee adopted amendments to include independent institutions of higher education that receive direct State aid within the provisions of the bill with limitations on the amount and frequency of the State matching grants, and to clarify that the endowment contributions and donations refer to individual contributions and donations of \$1,000,000 or \$250,000 made in a fiscal year.

[Third Reprint]

ASSEMBLY, No. 1983

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED MAY 4, 1998

Sponsored by:

Assemblyman FRANCIS J. BLEE

District 2 (Atlantic)

Assemblyman DAVID W. WOLFE

District 10 (Monmouth and Ocean)

Co-Sponsored by:

Assemblymen Bagger, Corodemus, Assemblywoman Farragher,

Assemblymen Gibson, Gregg, Kelly, Lance, Malone, Weingarten,

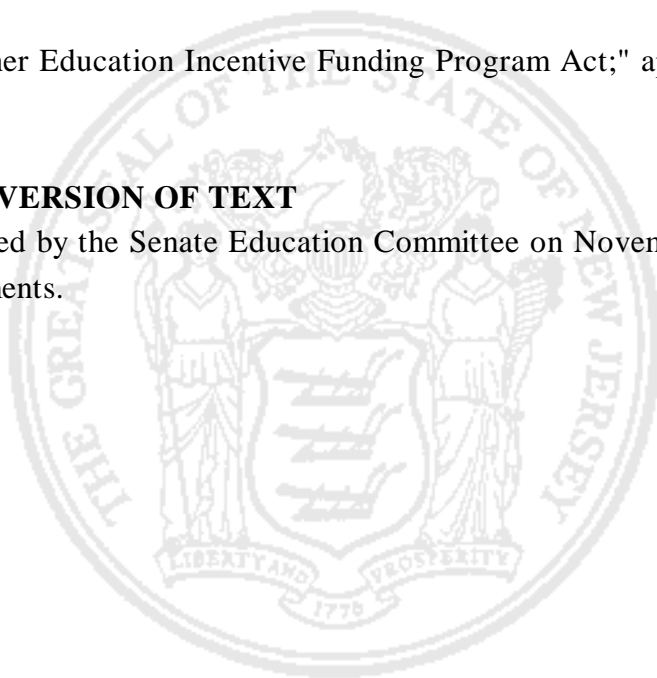
Assemblywomen Previte and Heck

SYNOPSIS

The "Higher Education Incentive Funding Program Act;" appropriates \$5 million.

CURRENT VERSION OF TEXT

As reported by the Senate Education Committee on November 16, 1998, with amendments.



(Sponsorship Updated As Of: 6/30/1998)

1 AN ACT concerning higher education finance, supplementing chapter
2 62 of Title 18A of the New Jersey Statutes, and making an
3 appropriation.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. This act shall be known and may be cited as the "Higher
9 Education Incentive Funding Program Act."

10
11 2. The Legislature finds and declares that ³[the rate of corporate
12 and private giving to public institutions of higher education has
13 historically been consistently lower than contributions made on behalf
14 of private colleges and universities; that]³ a mechanism is needed to
15 provide incentives that will assist the State's public ³and independent³
16 colleges and universities in their fund raising efforts; and that the
17 State's investment in ³[public]³ higher education has the potential to
18 generate additional external support for programs and activities which
19 could have a significant impact on the individual campuses of the
20 State's higher education institutions.

21
22 3. ¹a.¹ There is created in the Department of Treasury the "Higher
23 Education Incentive Endowment Fund," which, subject to the
24 availability of funds, shall be used to provide a State match against
25 private endowments made to four-year public institutions of higher
26 education ³[and]³ two-year public institutions of higher education
27 ³and independent institutions of higher education.³ ²or their
28 institutionally related foundations². When a four-year public
29 institution receives ³an individual³ endowment ³[contributions
30 totaling] contribution from a person, corporation or other business
31 entity, or foundation in a fiscal year which equals³ \$1,000,000 or
32 more, and a two-year public institution receives ³an individual³
33 endowment ³[contributions totaling] contribution from a person,
34 corporation or other business entity, or foundation in a fiscal year
35 which equals³ \$250,000 or more, the institution may apply to the State
36 Treasurer and the Treasurer shall provide as a State match from the
37 endowment fund, 10% of the amount ³[raised through endowment
38 contributions] of that contribution³. Subsequent allocations may be
39 made from the endowment fund for each additional
40 \$1 ³[million] ,000,000³ or more in new endowment contributions

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AED committee amendments adopted June 15, 1998.

² Assembly AAP committee amendments adopted June 22, 1998.

³ Senate SED committee amendments adopted November 16, 1998.

1 made to a four-year public institution ³in a fiscal year³; or each
 2 additional \$250,000 or more in new endowment contributions made to
 3 a two-year public institution ³in a fiscal year³ as certified by the
 4 governing body of the institution to the State Treasurer.

5 ³When an independent institution of higher education that receives
 6 direct State aid receives an individual endowment contribution from
 7 a person, corporation or other business entity, or foundation in a fiscal
 8 year which equals \$1,000,000 or more, the institution may apply to the
 9 State Treasurer and the Treasurer shall provide as a State match from
 10 the endowment fund, 10% of the amount of that contribution, but not
 11 more than \$100,000. The institution shall not be eligible for a State
 12 match for a contribution received in the subsequent fiscal year.³

13 ¹b. In the case of any individual endowment contribution which
 14 equals \$1,000,000 or more made to a four-year public institution of
 15 higher education ³in a fiscal year³ by a person, corporation or other
 16 business entity, or foundation, or any similar individual endowment
 17 contribution which equals \$250,000 or more made to a two-year
 18 public institution ³in a fiscal year³, in addition to the 10% State match
 19 to which the institution is entitled pursuant to subsection a. of this
 20 section, the State Treasurer shall provide as a State match from the
 21 endowment fund in the second and each subsequent year an amount
 22 equal to 5% of that endowment contribution. The 5% State match
 23 received pursuant to this subsection shall be placed in the institution's
 24 base budget.

25 c.¹ As used in this section "endowment" means a contribution made
 26 to an institution which is designated as restricted by the stipulations of
 27 the donor for a specific purpose ²and the principal of which may not
 28 be expended².

29
 30 4. There is created the "Higher Education Incentive Grant Fund,"
 31 which, subject to the availability of funds, shall be used to provide a
 32 State match against private donations made to four-year public
 33 institutions of higher education ³[and],³ two-year public institutions
 34 of higher education ³and independent institutions of higher
 35 education,³ ²or their institutionally related foundations². When a
 36 four-year public institution receives ³[donations totaling] an
 37 individual donation from a person, corporation or other business
 38 entity, or foundation in a fiscal year which equals³ \$1,000,000 or
 39 more, and a two-year public institution receives ³[donations totaling]
 40 an individual donation from a person, corporation or other business
 41 entity, or foundation in a fiscal year which equals³ \$250,000 or more,
 42 the institution may apply to the State Treasurer and the Treasurer shall
 43 provide as a State match from the grant fund, 10% of the amount
 44 ³[raised through donations] of that donation³. Subsequent allocations
 45 may be made from the grant fund for each additional
 46 \$1 ¹[million] ,000,000¹ or more in new donations raised by a four-

1 year public institution ³in a fiscal year³; or, each additional \$250,000
2 or more in new donations raised by a two-year public institution ³in a
3 fiscal year³ as certified by the governing body of the institution to the
4 State Treasurer.

5 ³When an independent institution of higher education that receives
6 direct State aid receives an individual donation from a person,
7 corporation or other business entity, or foundation in a fiscal year
8 which equals \$1,000,000 or more, the institution may apply to the
9 State Treasurer and the Treasurer shall provide as a State match from
10 the grant fund, 10% of the amount of that donation, but not more than
11 \$100,000. The institution shall not be eligible for a State match for a
12 donation received in the subsequent fiscal year.³

13
14 5. a. In order for an institution to be eligible to receive the State
15 match, the governing body of each institution shall provide the State
16 Treasurer with a copy of the institution's annual independent financial
17 audit ¹the institution's education foundation audit,¹ or other financial
18 certification, as deemed appropriate by the Treasurer, that verifies that
19 the institution has raised the necessary amount through endowment
20 contributions or donations in order to qualify for the State match.

21 b. The matching funds provided to each institution pursuant to
22 sections 3 and 4 of this act may be used by the institution to promote
23 institutional goals as determined by the governing body of the
24 institution.

25
26 6. The endowment fund and the grant fund shall be administered
27 separately by the State Treasurer. The Treasurer shall allocate from
28 the appropriate fund each institution's ³[10% ¹and 5%¹]³ match
29 ³[on endowment contributions ¹[or] and 10% match on¹ donations
30 of \$1,000,000 or more for a four year public institution, or \$250,000
31 or more for a two year public institution]³ upon certification by the
32 governing body of the institution pursuant to subsection a. of section
33 5 of this act. Each fund shall consist of monies appropriated or
34 otherwise made available to it by the Legislature and any interest
35 received on the investment of monies in the fund.

36
37 7. The State Treasurer shall adopt, pursuant to the "Administrative
38 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
39 regulations necessary to carry out the provisions of this act.

40
41 8. There is appropriated from the General Fund to the Department
42 of Treasury \$5,000,000 to be divided equally between the endowment
43 fund and the grant fund to implement the provisions of this act.

44
45 9. This act shall take effect immediately.

SENATE, No. 1237

STATE OF NEW JERSEY
208th LEGISLATURE

INTRODUCED JUNE 25, 1998

Sponsored by:

Senator WAYNE R. BRYANT

District 5 (Camden and Gloucester)

Senator JOHN J. MATHEUSSEN

District 4 (Camden and Gloucester)

SYNOPSIS

The "Higher Education Incentive Funding Program Act," appropriates \$5 million.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning higher education finance, supplementing chapter
2 62 of Title 18A of the New Jersey Statutes, and making an
3 appropriation.
4

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

7
8 1. This act shall be known and may be cited as the "Higher
9 Education Incentive Funding Program Act."
10

11 2. The Legislature finds and declares that the rate of corporate and
12 private giving to public institutions of higher education has historically
13 been consistently lower than contributions made on behalf of private
14 colleges and universities; that a mechanism is needed to provide
15 incentives that will assist the State's public colleges and universities in
16 their fund raising efforts; and, that the State's investment in public
17 higher education has the potential to generate additional external
18 support for programs and activities which could have a significant
19 impact on the individual campuses of the State's higher education
20 institutions.
21

22 3. a. There is created in the Department of Treasury the "Higher
23 Education Incentive Endowment Fund," which, subject to the
24 availability of funds, shall be used to provide a State match against
25 private endowments made to four year public institutions of higher
26 education and two year public institutions of higher education. When
27 a four year public institution receives endowment contributions
28 totaling \$1,000,000 or more, and a two year public institution receives
29 endowment contributions totaling \$250,000 or more, the institution
30 may apply to the State Treasurer and the Treasurer shall provide as a
31 State match from the endowment fund, 10% of the amount raised
32 through endowment contributions. Subsequent allocations may be
33 made from the endowment fund for each additional \$1 million or more
34 in new endowment contributions made to a four year public institution;
35 or, each additional \$250,000 or more in new endowment contributions
36 made to a two year public institution as certified by the governing
37 body of the institution to the State Treasurer.

38 b. In the case of any individual endowment contribution which
39 equals \$1,000,000 or more made to a four year public institution of
40 higher education by a person, corporation or other business entity, or
41 foundation, or any similar individual endowment contribution which
42 equals \$250,000 or more made to a two year public institution, in
43 addition to the 10% State match to which the institution is entitled
44 pursuant to subsection a. of this section, the State Treasurer shall
45 provide as a State match from the endowment fund in the second and
46 each subsequent year an amount equal to 5% of that endowment

1 contribution. The 5% State match received pursuant to this subsection
2 shall be placed in the institution's base budget.

3 c. As used in this section "endowment" means a contribution made
4 to an institution which is designated as restricted by the stipulations of
5 the donor for a specific purpose.

6
7 4. There is created the "Higher Education Incentive Grant Fund,"
8 which, subject to the availability of funds, shall be used to provide a
9 State match against private donations made to four year public
10 institutions of higher education and two year public institutions of
11 higher education. When a four year public institution receives
12 donations totaling \$1,000,000 or more, and a two year public
13 institution receives donations totaling \$250,000 or more, the
14 institution may apply to the State Treasurer and the Treasurer shall
15 provide as a State match from the grant fund, 10% of the amount
16 raised through donations. Subsequent allocations may be made from
17 the grant fund for each additional \$1,000,000 or more in new
18 donations raised by a four year public institution; or, each additional
19 \$250,000 or more in new donations raised by a two year public
20 institution as certified by the governing body of the institution to the
21 State Treasurer.

22
23 5. a. In order for an institution to be eligible to receive the State
24 match, the governing body of each institution shall provide the State
25 Treasurer with a copy of the institution's annual independent financial
26 audit, the institution's education foundation audit, or other financial
27 certification, as deemed appropriate by the Treasurer, that verifies that
28 the institution has raised the necessary amount through endowment
29 contributions or donations in order to qualify for the State match.

30 b. The matching funds provided to each institution pursuant to
31 sections 3 and 4 of this act may be used by the institution to promote
32 institutional goals as determined by the governing body of the
33 institution.

34
35 6. The endowment fund and the grant fund shall be administered
36 separately by the State Treasurer. The Treasurer shall allocate from
37 the appropriate fund each institution's 10% and 5% match on
38 endowment contributions and 10% match on donations of \$1,000,000
39 or more for a four year public institution, or \$250,000 or more for a
40 two year public institution upon certification by the governing body of
41 the institution pursuant to subsection a. of section 5 of this act. Each
42 fund shall consist of monies appropriated or otherwise made available
43 to it by the Legislature and any interest received on the investment of
44 monies in the fund.

1 7. The State Treasurer shall adopt, pursuant to the "Administrative
 2 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
 3 regulations necessary to carry out the provisions of this act.

4
 5 8. There is appropriated from the General Fund to the Department
 6 of Treasury \$5,000,000 to be divided equally between the endowment
 7 fund and the grant fund to implement the provisions of this act.

8
 9 9. This act shall take effect immediately.

10
 11
 12 STATEMENT

13
 14 This bill establishes the Higher Education Incentive Funding
 15 Program in the Department of the Treasury. The purpose of the
 16 program is to provide State matching funds against endowment
 17 contributions and private donations which are made to public
 18 institutions of higher education.

19 Under the program, two separate funds are established in the
 20 Department of the Treasury. The first fund, the "Higher Education
 21 Incentive Endowment Fund" is to be used to provide a match against
 22 private endowment contributions made to four year and two year
 23 public institutions of higher education. When a four year institution
 24 receives endowment contributions which total \$1,000,000 or more,
 25 and a two year institution receives endowment contributions totaling
 26 \$250,000 or more, the institution may apply to the State Treasurer and
 27 the Treasurer shall provide from the endowment fund, a State match
 28 equal to 10% of the contribution amount. Subsequent allocations may
 29 be made from the fund for each additional \$1,000,000 or \$250,000, as
 30 appropriate, raised through endowment contributions. Also, in the
 31 case of any individual endowment contribution which equals
 32 \$1,000,000 or more made to a four year public institution of higher
 33 education by a person, corporation or other business entity, or
 34 foundation, or any similar individual endowment contribution which
 35 equals \$250,000 or more, in addition to the initial 10% match to which
 36 the institution is entitled, the State Treasurer shall provide as an
 37 additional State match from the endowment fund in the second and
 38 each subsequent year, an amount equal to 5% of that endowment
 39 contribution. This 5% State match is to be placed in the institution's
 40 base budget.

41 The second fund, the "Higher Education Incentive Grant Fund," is
 42 to be used to provide a State match against private donations made to
 43 four year and two year public institutions of higher education. When
 44 a four year institution receives donations totaling \$1,000,000 or more,
 45 and a two year institution receives donations totaling \$250,000 or
 46 more, the institution may apply to the State Treasurer and the

S1237 BRYANT, MATHEUSSEN

5

1 Treasurer shall provide, a State match from the grant fund equal to
2 10% of the amount raised through donations. Subsequent allocations
3 may be made from the grant fund for each additional \$1,000,000 or
4 \$250,000, as appropriate, which are raised in new donations.

5 In order to be eligible to receive the State match under the bill's
6 provisions, the governing body of the institution must provide the
7 State Treasurer with a copy of the institution's annual financial audit,
8 education foundation audit, or other financial certification that verifies
9 that the institution has raised the necessary amount of endowment
10 contributions or donations.

11 The bill appropriates \$5,000,000 to the Department of the Treasury
12 to be divided equally between the endowment fund and the grant fund.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1237

with committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 16, 1998

The Senate Education Committee reports favorably Senate Bill No. 1237 with Senate committee amendments.

As amended, this bill establishes the Higher Education Incentive Funding Program in the Department of the Treasury. The program will provide State matching funds for endowment contributions and private donations that are made to public and independent institutions of higher education.

Under the program, two separate funds are established in the Department of the Treasury. The first fund, the "Higher Education Incentive Endowment Fund" will be used to provide a match for private endowment contributions made to four-year and two-year public institutions of higher education and to independent institutions of higher education that receive direct State aid, or their institutionally related foundations. The bill provides that if a four-year institution receives an individual endowment contribution from a person, corporation or other business entity, or foundation in a fiscal year which equals \$1,000,000 or more, or a two-year institution receives an individual endowment contribution from the same sources in a fiscal year which equals \$250,000 or more, the institution may apply to the State Treasurer for a State match from the endowment fund equal to 10% of the contribution amount. Subsequent matches may be made from the endowment fund for additional contributions of \$1,000,000 or \$250,000, as appropriate. In the case of an independent institution of higher education that receives an individual endowment contribution in a fiscal year which equals \$1,000,000 or more, the State match would be 10% of the contribution, but not more than \$100,000, and the institution would not be eligible for a State match in the subsequent fiscal year.

The bill provides an additional match from the endowment fund for an individual endowment contribution that equals \$1,000,000 or more made to a four-year public institution of higher education in a fiscal year, or a similar individual endowment contribution that equals \$250,000 or more made to a two-year public institution in a fiscal year. In addition to the initial 10% match, the bill provides another

State match from the endowment fund in the second and each subsequent year equal to 5% of that endowment contribution. This 5% State match is to be placed in the institution's base budget.

The second fund, the "Higher Education Incentive Grant Fund," will be used to provide a match for private donations made to four-year and two-year public institutions of higher education and to independent institutions of higher education that receive direct State aid, or their institutionally related foundations. If a four-year institution receives an individual donation in a fiscal year that equals \$1,000,000 or more, or a two-year institution receives an individual donation in a fiscal year that equals \$250,000 or more, the institution may apply to the State Treasurer and the Treasurer shall provide a State match from the grant fund equal to 10% of the donation amount. Subsequent matches may be made from the grant fund for additional donations of \$1,000,000 or \$250,000, as appropriate. In the case of an independent institution of higher education that receives an individual donation in a fiscal year which equals \$1,000,000 or more, the State match would be 10% of the donation, but not more than \$100,000, and the institution would not be eligible for a State match in the subsequent fiscal year.

The committee adopted amendments to include independent institutions of higher education that receive direct State aid within the provisions of the bill with limitations on the amount and frequency of the State matching grants, and to clarify that the endowment contributions and donations refer to individual contributions and donations of \$1,000,000 or \$250,000 made in a fiscal year.

Office of the Governor
NEWS RELEASE

PO BOX 004
TRENTON, NJ 08625

CONTACT: Gene Herman
609-777-2600

RELEASE: September 22, 1999

Gov. Christie Whitman today signed the following pieces of legislation:

S-1789, the New Jersey Homeless Youth Act, sponsored by Senators William L. Gormley (R-Atlantic) and Joseph F. Vitale (D-Middlesex) and Assembly Members Kenneth C. LeFevre (R-Atlantic) and Francis J. Blee (R-Atlantic), appropriates \$1 million to the Department of Human Services (DHS) to establish and support a comprehensive program for homeless youth. The Commissioner of the DHS will develop rules and regulations for the licensing of street outreach, basic center shelters and transitional living home programs.

Street outreach will enhance the homeless youth's accessibility to resources by locating, contacting and providing services to the youth through community-based, mobile outreach. Services may include assistance in finding shelter, food, clothing, medical care and counseling.

The basic center shelter program will provide a homeless youth with 24-hour, seven-day-a-week access to a stable out-of-home placement. Services may include family reunification, counseling, food, clothing, medical care, educational services and recreation. The shelter will help reunite the family unless it is not in the youth's best interest.

The transitional living home program will provide residential care and treatment services for up to 18 months to homeless youths between the ages of 16 and 21 who demonstrate the maturity to function with minimal adult supervision. The goal is to prepare the youth for independence and self-sufficiency. The legislation also eliminates the requirement in current law that prohibits homeless youths from obtaining emergency shelter without first obtaining either a court order or a guardian's permission.

S-160, sponsored by Senators Joseph M. Kyrillos, Jr. (R- Middlesex/Monmouth) and Joseph A. Palaia (R-Monmouth) and Assembly Members Joseph Azzolina (R-Middlesex/Monmouth) and Steve Corodemus (R-Monmouth), authorizes certain federal law enforcement officers to make arrests for violations of New Jersey law. The bill expands the list of federal law enforcement officers authorized to make arrests when serious state crimes are committed or about to be committed in their presence to include the Department of the Interior special agents, investigators, park police and park rangers and the United States postal police. The power of postal police officers is limited to offenses occurring on postal property while they are on duty.

S-995, sponsored by the late Senator Wynona M. Lipman (D- Essex/Union) and Senator Ronald L. Rice (D-Essex) and Assembly Member William D. Payne (D-Essex/Union), allows for the extension of property tax exemptions for certain non-profit housing corporations beyond the 35 year limit set by the 1991 Long Term Tax Exemption Law. The bill applies only to limited-dividend and non-profit housing corporations. This bill would allow a municipality to extend the term of any such tax exemption to coincide with the term of the housing corporation's mortgage financing. The mortgage duration and the

terms of any such extension shall be set forth in an agreement between the developer of the housing corporation and the affected municipality.

S-1133, sponsored by Senators Peter A. Inverso (R- Mercer/Middlesex) and Anthony R. Bucco (R-Morris) and Assembly Members Charlotte Vandervalk (R-Bergen), Steve Corodemus (R-Monmouth) and Neil M. Cohen (D-Union), provides a tax deduction to self-employers for 100% of the cost of health insurance. Under previous law, self-employers were treated the same as individuals could only deduct premiums in excess of 2% of their income as medical expense. This will change the tax treatment for self-employers to make it analogous to corporations. Under the law, corporations may deduct 100% of the cost of providing employee health insurance from their corporate income for the purpose of calculating the Corporate Business Tax.

S-585, sponsored by Senator Bernard F. Kenny, Jr. (D-Hudson) and Assembly Members Raul "Rudy" Garcia (D-Hudson) and Nicholas R. Felice (R-Bergen/Passaic), makes religious organizations, fraternal organizations, and certain educational institutions eligible for funding from the New Jersey Green Acres, Cultural Centers and Historic Preservation Bond Act of 1987, in addition to non-profit cultural centers that are currently eligible.

S-1448, sponsored by Senator Diane B. Allen (R-Burlington/Camden) and Assembly Members Rose Marie Heck (R-Bergen) and Jerry Green (D- Middlesex/Somerset/Union), appropriates \$95,000 to establish a permanent Council on Gender Parity in Labor and Education with the State Employment and Training Commission. The new council will help ensure that federal and state gender equity initiatives are implemented effectively in communities, schools and public agencies.

S-1960, sponsored by Senators Henry P. McNamara (R-Bergen/Passaic) and Robert E. Littell (R-Sussex/Hunterdon/Morris) and Assembly Members E. Scott Garrett (R-Sussex/Hunterdon/ Morris) and Guy R. Gregg (R- Sussex/Hunterdon/Morris), formalizes and makes permanent the municipal financial aid offset formula and program for the loss of property tax revenue as a result of the moratorium on the sale of watershed lands. For the last several years, the offset has been provided for through language inserted in the state annual Appropriations Act.

The amount of aid to be provided annually to every municipality where property is subject to the watershed moratorium is based on a formula of \$68.50 per acre of such lands in the municipality, to be adjusted annually by reference to the Consumer Price Index. The bill also appropriates \$3.4 million from the General Fund to the Department of Community Affairs for the purpose of providing watershed moratorium offset aid to qualifying municipalities for Fiscal Year 2000.

SCS for A-1983 and S-1237, sponsored by Assembly Members Francis J. Blee (R-Atlantic) and David W. Wolfe (R-Monmouth/Ocean) and Senators Wayne R. Bryant (D-Camden/Gloucester) and John J. Matheussen (R-Camden/Gloucester), creates the Higher Education Incentive Funding Program Act and appropriates \$5 million for state matching funds. The bill establishes within the Department of Treasury a program under which New Jersey's public and private institutions of higher education that receive substantial gifts of cash or marketable securities would qualify for state funds partially matching those gifts. The amount of matching funds payable would depend upon whether the gifts were endowment contributions or donations, and also upon the type of institution to which the gifts are made.

S-1074, sponsored by Senators Donald T. DiFrancesco (R- Middlesex/Morris/Somerset/Union) and Joseph M. Kyrillos, Jr. (R- Middlesex/Monmouth) and Assembly Members Joseph Azzolina (R- Middlesex/Monmouth) and Anthony Impreveduto (D-Bergen/Hudson, provides expanded sales and use tax exemptions for the film and video industry. Under current law, film production equipment including cameras, lighting equipment, sound recorders and film are exempt from the sales tax. This legislation expands the list to mirror those exempted in New York by exempting all products used and consumed directly and primarily in the production of a film. Newly tax exempt products include cars, lumber and supplies used in the production of a film. Tangible personal property incidental to the making of a film such as accommodations, prepared foods, and other products used by the film crew and actors and actresses would continue to be taxable.