

SENATE No. 248

By Mr. Rosenberg, petition (accompanied by bill, Senate, No. 248) of C. Rosenberg for legislation to establish an endowment for public higher education. Education, Arts and Humanities.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Two.

AN ACT TO ESTABLISH AN ENDOWMENT FOR PUBLIC HIGHER EDUCATION.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 15A of the General Laws is hereby amended by
2 inserting after section six therein the following new section: —

3 Section 6A. The board of regents of higher education shall
4 maintain a Massachusetts public higher education endowment
5 fund, hereinafter referred to as the "endowment fund". Effective
6 July, 1992, all revenues derived from tuition, collected at each
7 public institution of higher education, except for revenues which
8 are attributable solely to the increase in the authorized tuition
9 rates approved by the board of regents over the rates in existence
10 in fiscal year nineteen hundred eighty-eight, shall be deposited in
11 the endowment fund. Within the endowment fund each institution
12 shall be credited with an amount equal to the tuition collected
13 at said institution and subsequently deposited in the endowment
14 fund. Private contributions made to public institutions of higher
15 education may also be deposited in endowment fund.

16 The board of regents shall appoint an unpaid investment
17 advisory committee which shall have general supervision over the
18 investment and reinvestment of funds in the endowment fund.
19 Said committee shall consist of seven members as follows: the
20 chancellor of the board of regents, who shall serve as chair; the
21 president of a state university; the president of a state college; the
22 president of a community college; a full-time student enrolled at

23 a public institution of higher education; and two members who
24 shall be qualified by training and experience in the investment of
25 funds as the result of having been principally employed in such
26 occupation for a period of at least ten years. Each member of the
27 committee shall serve for a term of three years, with the exception
28 of the student member who shall serve for a term of one year.
29 Any member may be reappointed and may serve more than one
30 term.

31 Subject to the approval of the board of regents, the investment
32 advisory committee shall invest and reinvest the funds in the
33 endowment fund. Funds shall be invested as much as is reasonably
34 possible to benefit the mission of public institutions of higher
35 education and campus populations and to benefit the economic
36 climate within the commonwealth, so long as such investments
37 are consistent with sound investment policy. No funds shall be
38 invested in any bank or financial institution which directly or
39 through its subsidiaries has outstanding loans to the Republic of
40 South Africa or its instrumentalities, and no assets shall be
41 invested in the stocks, securities, or other obligations of any
42 company doing business in or with the Republic of South Africa.
43 The investment advisory committee shall annually, on or before
44 January thirty-first, file with the secretary of administration and
45 finance, the clerk of the Senate, and the clerk of the House of
46 Representatives a report listing all funds in the endowment fund
47 and all investments held by the fund.

48 There shall be no expenditure of funds derived from tuition
49 collected at institutions of higher education and deposited as
50 principal in the endowment fund. The board of regents shall not
51 authorize the expenditure of any interest earned through the
52 investment and reinvestment of funds in the endowment fund
53 before July 1, 1994.

54 Within the endowment fund, there shall be established a
55 financial emergency reserve. In each fiscal year, the funds credited
56 to said financial emergency reserve shall be equal to or greater
57 than ten percent of all funds appropriated to the board of regents
58 and to each institution of higher education in the current fiscal
59 year operating budget; provided, however, that until such time
60 as sufficient funds are credited to said financial emergency reserve,

61 no less than five percent of all interest earned through the
62 investment and reinvestment of funds in the endowment fund shall
63 be credited annually to said financial emergency reserve.

64 The board of regents may, during a fiscal emergency, authorize
65 the expenditure of funds credited to the financial emergency
66 reserve for the purpose of supplementing annual operating
67 appropriations to institutions of higher education. For the
68 purposes of supplementing annual operating reserve for the
69 purpose of supplementing annual operating appropriations to
70 institutions of higher education. For the purposes of this
71 paragraph, "fiscal emergency" shall mean a fiscal year during
72 which the annual appropriation to an institution of higher
73 education is at least ten percent less than the annual appropriation
74 to said institution in the previous fiscal year.

75 Effective July 1, 1994, the board of regents shall administer the
76 expenditure of interest earned through the investment and
77 reinvestment of funds in the endowment fund; provided, however,
78 that all such expenditures shall be made based on the availability
79 of funds after meeting the obligations to the financial emergency
80 reserve, as provided in the preceding two paragraphs, and subject
81 to priority ranking, as follows:

82 (a) first priority, for the repair and maintenance of buildings
83 and facilities at public institutions of higher education;

84 (b) second priority, for the development and expansion of
85 scholarship and financial aid programs for needy students;

86 (c) third priority, for the development and expansion of public
87 service and research, as appropriate to each institution.

88 Each public institution of higher education shall solicit private
89 contributions designated for deposit in the endowment fund. All
90 such contributions shall be credited to the institution to which they
91 were made. On or before January 1, 1993, each institution shall
92 submit to the board of regents a five-year fund-raising plan for
93 the collection of private contribution for deposit in the
94 endowment fund.

