



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 187

PRINTERS NO. 238

PRIME SPONSOR: Corman

### COST / (SAVINGS)

FUND	FY 2012/13	FY 2013/14
General Fund	\$0	\$0

**SUMMARY:** Senate Bill 187 establishes a free-standing act to be known as the Institution of Higher Education Monetary Penalty Endowment Act. It would take effect immediately.

**ANALYSIS:** This legislation applies to an institution of higher education that, pursuant to an agreement with a governing body, pays a monetary penalty of at least \$10,000,000 in installments over a time period in excess of one year to be used for a specific purpose. In such cases, the institution of higher education would be required to deposit the monetary penalty into an endowment.

A "governing body" is defined as an organization or legal entity with which an institution of higher education is associated, and which may impose a monetary penalty against the institution of higher education.

The bill requires the endowment be established as a separate trust fund in the State Treasury and for the State Treasurer to be the custodian and invest the funds subject to the prudent investor rule. It provides for funds from the endowment to be appropriated to the Pennsylvania Commission on Crime and Delinquency (PCCD) on a continuing basis and in addition to payments made by the institution of higher education, authorizes the endowment to accept funds from any source.

It also requires PCCD to expend the endowment funds in accordance with the purposes enumerated in the agreement and unless otherwise expressly stated, the funds may only be used within the Commonwealth for the benefit of its residents on any of the following programs: (1) Programs or projects preventing child sexual abuse and or assisting victims of sexual abuse; (2) Multidisciplinary investigative teams; (3) Child advocacy centers; (4) Victims service organizations that provide services to children subject to sexual abuse; and, (5) Training of persons mandated by law to report child sexual abuse or treat victims of child sexual abuse.

If an endowment established pursuant to an agreement subject to this legislation is required to exist for at least five years, it may spend no more than fifty percent of the penalty paid into it on an annual basis during the first five years and each year thereafter, all interest and earnings.

The PCCD is required, within twelve months of the effective date of an agreement subject to this legislation, to develop a form for applicants to use for requesting money from the endowment, establish a timeline for reviewing applications and approving expenditures, and develop methodology to equitably approve payments to applicants throughout all geographic regions of the Commonwealth.

The PCCD is also required to provide notice of any proposed expenditure of money from the endowment to the President Pro Tempore of the Senate, the Majority and Minority Leaders of the Senate, the Chairman and Minority Chairman of the Appropriations Committee of the Senate, the Speaker of the House of Representatives, the Majority and Minority Leaders of the House of Representatives, and the Chairman and Minority Chairman of the Appropriations Committee of the House of Representatives for review and comment. In addition, no proposed expenditure may occur from an endowment until 30 days after the date of the notice for the proposed expenditure.

The PCCD must produce an annual report itemizing expenditures from the endowment to the above mentioned officials. This report must include the name of each organization receiving an expenditure, the amount received, and summary information.

The provisions of this act are applicable to all penalties paid or due under an agreement, regardless of the payment date.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse impact on Commonwealth funds.

The administrative duties delegated by this legislation to the Treasury to act as custodian and invest an endowment and PCCD to administer the expenditure of funds from an endowment as grants are routine functions of these agencies which can be accomplished within their current operating budgets.

**PREPARED BY:** Jeff Miller  
House Appropriations Committee (R)

**DATE:** February 12, 2013

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*