Testimony of Irving S. Schloss
On Behalf of the Connecticut Bar Association's Estates and Probate Section in Favor of Senate Bill 219
February 28, 2007

Good morning. My name is Irving S. Schloss, and I am a partner in the New Haven and Hartford law firm of Tyler Cooper & Alcorn, LLP. I am testifying on behalf of the CBA Section listed above. As a lawyer, I also represent a number of charitable organizations, including most notably the Community Foundation of Greater New Haven.

Last year, the General Assembly adopted the Uniform Prudent Management of Institutional Funds Act as part of Public Act 2007-91. That statute, which affects many of the charities in the State of Connecticut, brought the management of charitable funds into the twenty-first century. It reflects the latest thinking about how institutions should invest and spend the funds that have been entrusted to them and represents a victory for the public interest in the numerous charities that benefit our state.

Unfortunately, the Act as passed left many charitable community trusts out in the cold. These trusts or foundations provide significant funding for charitable endeavors around the state, and all of the state's major cities and towns have a regional foundation. Many towns have their own foundations. We are not talking about an insignificant amount of charitable dollars. The community foundations that serve Hartford and New Haven have about $1 billion in assets between them, and the public has a clear interest in seeing that those funds are prudently managed in accordance with the standards set forth in the new Act.

When many of these foundations were established back in the 1930's, they followed the model set in Cleveland where banks held the charitable endowments and invested them and a distribution committee of citizens representative of the area disbursed the funds in what they believed to be in the community's best interests.

When the legislation was proposed last year, those of us with a keen interest in community foundations noted that the new Act, unlike its predecessor, did not cover charitable funds held by banks for the benefit of community foundations. The proposed amendment would remedy that situation and make such funds subject to the Act. This will allow community foundations to operate more efficiently and to provide better for the needs of the cities and towns they serve.

With this change in place, the continued existence of the old 1972 Uniform Management of Institutional Funds Act will no longer be required. The proposed bill repeals the old Act and results therefore in a streamlined and uniform set of rules that will apply to most of the charities in the state. If adopted, the proposed bill would enact a uniform and improved set of rules for charities that hold their endowments in their own name and community foundations.

I urge you to adopt the proposed bill.

Thank you for your time.

Respectfully submitted,

Irving S. Schloss