

Date: February 26, 2015

**To: Senator Dante Bartolomeo, co-chair
Representative Roberta Willis, co-chair
Higher Education and Employment Advancement Committee**

From: Mary Anne B. Cox, Chair, Middlesex Community College Foundation

RE: Proposed House Bill 5484 and House Bill 6813

Proposals contained in proposed HB 5484 and HB 6813 potentially undermine the necessary separation of the private Foundations, 501(c) (3) tax exempt organizations, from the affiliated public colleges that they were developed to support. Limiting the ability of the Foundations to raise private funds by making the Foundations public agencies in order to make donor information available for Freedom of Information inquiries limits the Foundation's ability to assure donors of confidentiality at a time when privacy is under assault from every direction. Many donors are still disappointed that the State of Connecticut has failed to live up to its obligation to match funds contributed for endowments under the State's Endowment Fund Matching Grant Program. When first established the match was 50%; then it was reduced by legislative action to 25%; subsequently it has been largely ignored and matching grants have not been provided for gifts made to endowments based on the State's forgotten promise. Disappointed donors frequently ask when they can expect to have the promised match sent to the college.

When first established the Matching Grants were required to be held in separate Foundation accounts in order to benefit from the Foundation's tax exempt status. Tying the Foundation more closely to the State by considering them a "state agency" for one purpose opens the door to a closer, but not necessarily beneficial, relationship between the State and the Foundations that could jeopardize this essential tax exempt status – another threat to donor confidence.

Similarly the proposal in HB 5484 to have the State Auditors, and only the State Auditors, responsible for auditing Foundation accounts threatens to make the Foundations a sort of quasi-state agency with few of the benefits of independence and self-governance envisioned by the enabling legislation that established Foundations for the state's community colleges. The proposed legislation also calls for the foundations to pay for the cost of the State's audit. Middlesex Community College's Foundation is relatively small and raising funds to meet student financial needs has become more critical than ever before as state funding for public higher education has dwindled for many years. Making the cost of the State Audit the responsibility of the Foundation will diminish the funds available to meet student needs.

Currently, Middlesex Community College's affiliated private Foundation is audited independently in compliance with State statute, and the State Auditors receive copies of this certified audit each year. All the information provided by our auditors is already provided to the Board of Regents for Higher Education and to the State Auditors for review.

Compromising donor privacy, further undermining donor confidence, jeopardizing tax exempt status, and adding to Foundation expenses are the predictable outcomes of the proposals in HB 6813 and HB 5484. We urge you to reject these unnecessary, and potentially damaging, changes to the current statutes.

Respectfully submitted.