

Written Testimony
By
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Co-Chairs, Ranking Members and Members of the Committee, thank you for your support of the University of Connecticut and for the opportunity to comment on Senate Bill 440, An Act Requiring the Disclosure of Certain Records of the Foundation of the University of Connecticut. My name is Jerry Ganz and I am the Vice President of Finance and Chief Financial Officer of the UConn Foundation.

I've been at the UConn Foundation for more than a year and before that served as CFO at the Florida State University Foundation. All told I have more than 25 years of experience in higher education in positions both on the university side and the foundation side and I can attest to the fact that the UConn Foundation is an industry leader when it comes to professionalism and accountability. The testimony I have submitted in writing provides detailed information on the Foundation's mission, how it works, its internal and external controls, independent oversight and current level of disclosure.

The work of the Foundation has never been more important given the state's budget deficit. We finished the 2015 fiscal year with \$78 million in new gifts and commitments. Combined with the previous year, the Foundation has now enjoyed its most successful two-year fundraising total in its history. The momentum continues as we speak – we have raised \$50 million half-way through fiscal year 2016, the best six-month performance ever. In the past year our top fundraising priority - scholarships and student support – has taken off. To date, we have raised more than \$55 million for this initiative which is helping to ensure UConn remains financially accessible to all students.

Our donors are also supporting scientists who conduct world-class cancer research at UConn Health, military veterans receiving job training at the School of Business, and the 4-hundred student-athletes who achieve excellence in their sports every season.

The UConn Foundation believes that any legislation being considered must not deter donors from making philanthropic gifts or hinder the Foundation's ability to act as an independent and successful non-profit organization.

That brings me to Senate Bill 440, the bill under consideration today. First, it would require the Foundation to report the position of each employee of the University for whom the Foundation contributes some or all of their salary and list the remuneration from the Foundation. Second, it states that the Foundation must issue a report to the General Assembly listing all its donors, unless a donor has requested anonymity. Finally, the bill would compel the Foundation to report all University approved naming opportunities, including those for buildings and department chairs.

The UConn Foundation does not believe that any of the provisions in this proposal would undermine our efforts to raise funds to benefit the University of Connecticut and its students. In fact, we are pleased that they were included in the Higher Education Committee bill, which was passed on consent earlier this week, with minor changes.

The Foundation supports that comprehensive bill because we believe it best accomplishes our goal of finding a legislative compromise that will satisfy all parties.

To that end, allow me to briefly summarize the other components of the Higher Education Committee bill. As you know, it represents months of bipartisan negotiations and constructive dialogue with many stakeholders.

Under the proposal the Foundation would be required to deliver to the Higher Education committee a myriad documents detailing its financial performance. This includes:

The IRS 990 tax form, our independent audit report, a report on the total number and average disbursements for each school, college and constituent unit the Foundation sends funding to, our annual report, annual operating agreement with UConn, and all naming opportunities approved by the University's Board of Trustees.

The Foundation is already among the most transparent non-profits in Connecticut. With this legislation, the Foundation would set new standards for accountability and transparency.

The second part of the proposed bill relates to establishing a goal for how much is raised annually in gifts and commitments for student support. The Foundation would be required to make every reasonable effort to ensure that no less than 15-percent of new gifts and commitments be designated for student support, including scholarships and fellowships.

The 15-percent threshold may seem like a modest goal to some but, while the Foundation can solicit gifts for certain uses, it does not ultimately control how donors give or to what cause on campus the gift is directed. Therefore, the minimum percentage to be raised each year for scholarships represents a reasonable compromise, one that I suspect is unprecedented with regard to regulation of non-profit foundations by state government.

The final part of the Higher Education committee bill includes perhaps the most significant concession from the Foundation – a statutory requirement that the University begin to reduce financial support of the Foundation as its endowment grows.

Last year the Foundation received about 41-percent of its budget – or about \$8 million - from the University. In return, we raised approximately 80-million dollars – an impressive return on investment for the University.

Still, some legislators have said they want to see the Foundation eventually become fully financially independent from the University. We actually share this desire and acknowledge that many Foundations, benefiting from income from multi-billion dollar endowments, receive no funding from the University which they help support.

Unfortunately, we aren't there yet. The Foundation's endowment is approximately \$320 million, about ten times what it was a decade ago, but still much smaller than those at UConn's peer universities. Reducing funding now, before the endowment is large enough to compensate for the loss, would be ill-advised and counterproductive. We're grateful that members of the Higher Education committee supported a measured approach that links reductions in University support to endowment growth.

The Higher Education bill – with the provisions of Senate Bill 440 included - represents significant – and we would argue – unprecedented changes for how a non-profit organization in Connecticut operates and the scope of state regulation it's subjected to.

Nonetheless, we believe adoption of this compromise legislation can help us all accomplish our common goal: enhance public confidence in the Foundation without undermining its ability to raise philanthropic funds.

Thank you and I look forward to answering any questions that you might have.