

**Testimony of
The NFA Foundation, Inc.
Re: Governor's Senate Bill 786
"An Act Concerning Mandate Relief, Transparency and Regional Incentives"**

By:
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NFA Foundation, Inc.

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Senator Slossberg, Representative Fleischmann, Senator Boucher and distinguished members of the Education Committee,

Thank you for this opportunity to provide testimony on behalf of the NFA Foundation, Inc., in opposition to certain provisions in this bill.

The NFA Foundation, Inc., is a 501(c) 3 organization duly constituted and governed by the laws of the State of Connecticut. NFA Foundation, Inc., (the "Foundation") operates like any other nonprofit in Connecticut and complies with all the rules, regulations, and requirements of any other nonprofit operating in Connecticut. It operates under formal by-laws and strict internal checks and balances, and in accordance with the Connecticut Association of Nonprofits' *Principles and Practices for Non Profit Excellence in Connecticut*.

The Foundation exists solely to advance the educational opportunities available at Norwich Free Academy. To support this endeavor, the Foundation solicits and accepts gifts, prudently manages the endowment funds, builds awareness, nurtures relationships and develops partnerships that benefit the Academy's students and staff.

The Foundation provides material support to Norwich Free Academy (the "Academy") through careful stewardship of endowment funds, both restricted and unrestricted, responsible consideration of donor intent, and prudent adherence to a spending policy which allows for a yearly draw upon earnings based upon a strict formula which preserves and grows the corpus.

BlumShapiro, the largest regional certified public accounting firm serving businesses and nonprofits in Connecticut, Massachusetts and Rhode Island, audits the NFA Foundation, Inc., annually. The audit and 990 forms are available to the public.

Every dollar raised and spent by the Foundation is done to provide and enhance Academy students' educational offerings, academic success and opportunities.

NFA Foundation, Inc., is vigorously opposed to the provisions of Governor's Senate Bill 786 which apply to Connecticut's independently governed, endowed academies; specifically §12b, c, d, e, and f, lines 407-445, pp. 14-16. These provisions represent an unprecedented, unnecessary, and harmful level of governmental overreach upon a successful nonprofit.

The Foundation proudly provides substantial funding to Norwich Free Academy in four specific and meaningful ways that benefit the Academy's students and reduce costs for our partner districts:

1. General Tuition Subsidy — For the past five years, the Foundation has provided **\$5.9 million in general tuition subsidy** to the Academy to reconcile the difference between tuition revenue and expenses to maintain a program of choices and opportunities unlike any other available to public school students in the state.

The yearly breakdown for **tuition subsidy** is as follows for the past five academic years:

- 2013-2014 — \$1.1 million
- 2014-2015 — \$1.2 million
- 2015-2016 — \$1.2 million
- 2016-2017 — \$1.2 million
- 2017-2018 — \$1.2 million

The tuition subsidy maintains NFA's broad, robust, and rich curriculum. In providing this subsidy to the Academy, the Foundation is underwriting the tuition for each of its partner districts — including the city of Norwich, NFA's largest partner, whose students account for about 68% of the Academy's student body. For Norwich alone, this subsidy equates to a tuition rate reduction of more than \$800,000 a year. Without this Foundation subsidy, the Academy's student programs would have to be sharply reduced or eliminated, or the tuition would have to be substantially raised.

2. Restricted Annual and Endowment Program Support — Some donors stipulate how their support will be used to benefit students at the Norwich Free Academy. Most restricted funds support program in one of five areas:

- Textbooks (including online and digital learning)
- Technology (including computers, tablets and software for use by students)
- Programs (including academic, athletic, cultural and extracurricular opportunities)
- Materials and Equipment (including supplies for classes, clubs and sports)
- Facilities (including specialized laboratories for science, math and music)

The yearly breakdown for **endowed program support** is as follows, totaling more than an additional \$1.2 million in the past five academic years:

- 2013-2014 — \$221,775
- 2014-2015 — \$169,739
- 2015-2016 — \$329,996
- 2016-2017 — \$268,288
- 2017-2018 — \$230,425

Through its donors, the Foundation's endowment program support additionally underwrites educational costs in targeted areas — resulting in an enhanced educational experience, especially for the most vulnerable students, and an additional overall general tuition reduction for each of our partner districts.

3. Student Scholarships and Awards — Annually, Norwich Free Academy students receive scholarships and awards, thanks to the generosity of Foundation donors who have left gifts or bequests specifically for this purpose.

The yearly breakdown for **student scholarships and awards** is as follows:

- 2012-2013 — \$271,182 to 285 students
- 2013-2014 — \$280,503 to 287 students
- 2014-2015 — \$292,077 to 293 students
- 2015-2016 — \$391,887 to 284 students

That is an additional amount exceeding \$1.2 million over the past four school years; we anticipate a similar distribution at the conclusion of this academic year. Nowhere else in this entire state do this many public school students annually receive these amounts of financial awards from a foundation.

4. Student Support — Income from The Reid Fund, founded by bequest and endowed more than a century ago, pays for field trips, textbooks, uniforms, college credit fees, activity fees, caps and gowns,

AP exam fees, and other academic necessities for students in financial need. Additionally, Norwich Free Academy faculty and staff contribute annually to the Foundation's Reid Fund and to the NFA Fund to provide to support to ensure students have the tools and resources needed to participate in the opportunities available during their four-year Academy experience.

The yearly breakdown for faculty contributions to **student support** is as follows:

- 2012-2013 — \$3,274
- 2013-2014 — \$3,713
- 2014-2015 — \$15,537
- 2015-2016 — \$16,843.15
- 2016-2017 — \$19,359.52
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NFA Foundation, Inc.'s prudent stewardship of donor dollars support the Norwich Free Academy, enable the Academy's students and provide substantial cost savings to its partner districts.

The Foundation's substantial support from its donors has always been — and continues to be — based on donors' firm and justified belief in the proven value of an **independently governed** and **privately endowed** Academy.

NFA Foundation donors support a truly unique institution — one that is free from political or personal interests; that provides unparalleled educational opportunities for all its students, especially its most vulnerable; and provides demonstrable value for each of its partner districts.

If enacted, this bill would imperil the Foundation by fundamentally altering the mission of the Academy it supports.

For these reasons, NFA Foundation, Inc., vigorously opposes the provisions of Governor's Senate Bill 786 that apply to Connecticut's independently governed, endowed academies. There is no demonstrated need or reason, no demonstrated lack of transparency, and no demonstrated mandate for such unabashed overreach into the workings and purpose of a highly functioning, privately-funded nonprofit.

Thank you.