

# OFFICE OF FISCAL ANALYSIS

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SB-996

AN ACT CONCERNING FUNDRAISING BY THE FOUNDATION OF  
THE UNIVERSITY OF CONNECTICUT.

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## ***OFA Fiscal Note***

### ***State Impact:***

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
UConn	Various - Cost	1 million	1 million

Note: Various=Various

***Municipal Impact:*** None

### ***Explanation***

The bill, which would prevent the University of Connecticut (UConn) from reducing its support to the university's foundation under certain conditions, results in a cost to UConn of \$1 million in each of FY 22 and FY 23. The bill's cost to UConn is a revenue gain of the same amount to UConn's foundation, which is not a state entity.

Under current law, UConn is required to decrease its support to the foundation by \$1 million in the next fiscal year whenever the endowment value has equaled or exceeded \$500 million on January 1. This is the first step of statutory schedule that would gradually decrease UConn support to the foundation as the endowment value rises. The reduction would take effect in FY 22 because the endowment value on January 1, 2021 reached approximately \$517.8 million, according to UConn. The lowered cost would be a savings to UConn. In recent years, UConn's support to the foundation has been slightly less than half of the foundation's total operating revenue.

The bill prevents the decrease in support in the new biennium, thereby generating a \$1 million annual cost to UConn, by imposing a

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new condition that will not be met in FY 22 or FY 23. The bill specifies that in order for UConn to be required to reduce its support, the two-year average of total gifts and commitments generated by the foundation (over the two prior fiscal years) must be less than five times the average UConn support to the foundation for the same years. For FY 20 and FY 21, average UConn support to the foundation (approximately \$12.2 million) multiplied by five results in a threshold of nearly \$60.8 million. The annual average of total gifts and commitments for FY 20 and FY 21 is expected to far exceed this threshold, based on data from FY 20 and other recent years. Therefore, the bill's condition will not be met, and consequently UConn support to the foundation will not decline, in FY 22. It is similarly anticipated the condition will not be met in FY 23

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in the support UConn provides to the foundation, total gifts and commitments generated by the foundation, and the endowment value.