

TRANSPARENCY



A LOOK INSIDE SUNY FOUNDATIONS

OVERVIEW

Many SUNY campuses contract with private, nonprofit foundations to receive and manage grants and donations in support of programs, real estate development, and other activities designed to further the missions of the SUNY campuses.

While state funding for campuses has declined for years, the foundations are thriving. SUNY's 31 campus-related foundations—part of a growing network of 80-plus SUNY-affiliated private nonprofits—have more than \$2.3 billion in net assets and spend hundreds of millions each year. And not all foundations are equal: 10 campuses control the vast majority of all net assets, and two campuses control nearly half.

SUNY stakeholders, donors and New York state taxpayers have a right to know how this money is being used. Because these foundations are technically private, nonprofit agencies, they are not required to abide by the same regulations, protocol and transparency standards of state agencies. That's troubling.

It's time we get a *real* look at how SUNY campus foundations spend our money.

A safeguard against scandal

- Transparency acts as defense against scandal by preventing inappropriate donor influence over campus decision-making.

- There is heavy overlap between campus and foundation governance, with leaders often receiving one six-figure salary from the foundation, and another from the campus.

- One foundation reported revenue of \$9.6 million, but expenses of only \$2.8 million, with no clear indication of how the savings would be used.

- Several foundations contract with out-of-state firms, including one that hired a Virginia branding service for \$1.4 million. If they were public entities, these out-of-state contracts would be denied or heavily regulated.

There's more



Fast Facts: The need for TRANSPARENCY

● Failure has been an option for far too long

- A scathing 2018 report from the Office of the State Comptroller found that SUNY and campus foundations had failed to meet accountability standards:

- A full third of campus foundations were operating without required contracts, all while continuing to manage billions of dollars in donations and resources on behalf of campuses.

- SUNY administrators do not consistently obtain or review the necessary documents to assess financial risk of the foundations' operations.

- There are clear incidents of unjustified compensation, questionable expenses, and conflicts of interest.

- Foundations have failed to follow important financial control and reporting policies.

- Review of the necessary documents to assess financial risk has been inconsistent.

- More than half of the 30 foundations have not been audited by SUNY in at least 10 years. This summer, the Office of the State Comptroller regained audit authority over SUNY contracts after years of opaque operations and isolated scandals. That's an important first step, but legislation is needed to ensure permanent transparency.

While the OSC in late-September released an updated audit noting SUNY has made progress in addressing these problems, there are no mechanisms in place for ongoing monitoring and enforcement. More transparency would be a great step forward.

- The lack of transparency runs counter to the guidelines established by the National Committee for Institutionally Related Foundations, which states that foundations "are not a vehicle for shielding information from the public."

● Taking advantage of their SUNY status

- Foundations use the blurred lines of SUNY affiliation to their advantage.

On one hand, the foundations use their status as private nonprofits to mobilize resources more quickly than campus offices and invest in higher-risk, higher-reward investments. This may be warranted, but it also helps them avoid regulation and transparency requirements applicable to state entities.

On the other hand, foundations make full use of their SUNY affiliation.

- Most taxpayers don't realize the foundations are private nonprofits and give money believing they are donating directly to the campus.

- Campuses cover much of the foundations' overhead costs—without compensation. The foundations use campus space for offices and events, receive campus IT and system support.



Make transparency permanent

UUP contends that the SUNY campus foundations and their auxiliary businesses should not be allowed to hide behind the shell of a private entity, and should be subject to the state Freedom of Information Law.

We urge the Legislature to pass Assembly bill A04367 and Senate bill S06275 to require SUNY campus foundations and their subsidiaries to submit annual reports and to post them publicly on the SUNY website.