



NEW YORK STATE SENATOR

Liz Krueger

Senator Krueger Helps Non-Profits Survive Tough Economic Times By Allowing Greater Access to Endowments

LIZ KRUEGER July 2, 2010

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(New York, NY) - In an effort to provide some economic relief for not-for-profits that are struggling under the strains of the downturned economy, State Senator Liz Krueger has successfully championed the enactment of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) through the passage of S4778 in the Senate. The bill is sponsored in the Assembly by Assemblyman Jonathan Bing (A7907). This law passed both houses, and is awaiting the signature of Governor Paterson.

UPMIFA provides an updated standard by which not-for-profits can manage their endowment funds, while still maintaining assurances that donor intent is protected.

“UPMIFA will provide sensible methods for non-profits to access their funds in order to keep jobs in place and programs running, while keeping donor intent paramount,” explained Senator Krueger. “Our non-profits can no longer be forced to operate as if tough times never fall upon us. This bill recognizes the unfortunate fact that there will be down-turns in our

economy and therefore flexibility in endowment management is necessary.”

Based on a Model Act, UPMIFA has become law in more than 31 states since 2006 and is currently pending in at least 15 others. Currently, not-for-profit agencies, which include colleges and universities, museums, and other cultural institutions, cannot access an endowment until it is over “historic dollar value,” which is the value of the gifts when they were originally given. Therefore, during tough economic times, when many endowments have shrunk, not-for-profits are unable to access important funds that could be used to continue key programs, save jobs or provide student scholarships.

To ensure that the donors’ original intent is still met, seven prudent invest criteria have been outlined in the bill. These criteria will ensure that not-for-profits can utilize their endowment funds in furtherance of their created purpose, protecting both the assets and donors’ intent, while also assisting cash-strapped charitable organizations at no cost to the State.

“We are talking about allowing hundreds of millions of dollars to become accessible to our State’s vital non-profits when they need the money the most,” said Senator Krueger. “This is an important step towards not only saving our non-profits from devastating cuts now, but also allowing them to better plan for a financial future filled with ups and downs.”