CHAPTER

7

Giving Wisely to Colleges and Universities

Higher education can be among the most rewarding and meaningful areas for your donor dollars. This sector attracts some of the heaviest philanthropic support of any sector, with private giving to colleges and universities now totaling around $50 billion annually. Generous alumni and others have allowed numerous universities to build up endowments containing billions of dollars.

Though popular, higher education is also the most challenging sector for donor intent and grant compliance. Unless you are careful, college and university administrations may ignore, creatively interpret, disregard, or directly violate your donor intent. "Universities can be difficult about complying with donor intent because they have such a wall built around themselves," cautions donor Tom Lewis of the T. W. Lewis Foundation. "They often don't want anyone to interfere with their agenda."

For alumni donors in particular, "higher-education philanthropy is more emotionally tricky than other types of giving," warns Jacqueline Pfeffer Merrill, director of the Campus Free Expression Project at the Bipartisan Policy Center. "People have an emotional pull to their alma mater, and it can be easy not to think strategically. Our advice to donors is to approach their giving without rose-colored glasses on."

Take the case of Robert Morin, a 1963 graduate of the University of New Hampshire who worked in the school's Diamond Library for five decades. Thanks to a lifetime of frugality, the humble librarian had amassed an estate worth $4 million at his death. He donated the entirety of it to his alma mater, with only $100,000 earmarked for his beloved library.

Free to decide how to spend $3.9 million, the University of New Hampshire drew withering criticism for dedicating $1 million of Morin's estate to a new video scoreboard for the school's football stadium. Another $2.5 million funded a career center. The remaining $400,000 is still unallocated. One alumnus described these administrative decisions as "a complete disgrace to the spirit and memory of Robert Morin." UNH administrators claimed that Morin had, in fact, become a football fan in the last fifteen months of his life, while critics complained that the school was "deceptively connecting a fragment of Morin's life to its football splurge." The truth was that Morin himself had left the university free to spend the bulk of his donation however it chose.

One of the most publicized donor-university skirmishes is the dispute between Princeton University and the Robertson family. In 1961, Marie Robertson—an heir to the A&P grocery fortune—and her husband Charles gave Princeton A&P stock worth $35 million to endow a supporting organization (the Robertson Foundation) whose purpose was to educate graduate students "for careers in government service." The endowment's value mushroomed to $930 million by 2007, by which time it was being used to fund most of the graduate programs in the Woodrow Wilson School of Public and International Affairs. The Robertsons' children concluded that Princeton was not fulfilling the terms of the endowment and filed suit. A PriceWaterhouseCoopers forensic audit of the Robertson Foundation accounts revealed that Princeton had, in fact, misused more than $100 million in earmarked funds.

After spending nearly $90 million combined on legal fees without even going to trial, the Robertson heirs and the university reached a settlement in 2009 in which Princeton agreed to return $100 million. After the family's legal fees were paid, a bit more than $50 million went to fund a new Robertson Foundation for Government that is independent of Princeton and allows Robertson family members to honor the donors' original intent at other academic institutions. Princeton took the remaining funds and rolled them into its overall endowment—which now stands at $26 billion—and the original Robertson Foundation was dissolved. Both sides claimed victory, but the $100 million returned to the Robertson family by Princeton constitutes the largest award on behalf of donor intent in history. The lead plaintiff in the suit, William Robertson, issued a statement calling the settlement "a message to nonprofit organizations of all kinds throughout our country that donors expect them to abide by the terms of the designated gifts or suffer the consequences."

What might you do to prevent misuse like that of the Robertson gift?

- Avoid using a supporting organization as the repository for funds. As noted in Chapter 4, a donor cannot control a supporting organization, and the supported charity is guaranteed majority control or—at the very least—significant influence over your grantmaking. The Robertson Foundation board had four members appointed by Princeton and three family members.
- Eschew a perpetual endowment altogether. The Robertsons' commitment to Princeton could have been for a limited term, with funds made available on a schedule which allowed for periodic formal reviews. Even a term of 20 years gives a donor more opportunities to ask questions and evaluate outcomes, and serves to keep grantees on track if they seek renewal.
- Consider the impact of changing relationships. Neither Marie and Charles Robertson nor the college administrators and faculty who accepted their gift were parties to the 2002 lawsuits. The

> familiarity and trust that had existed between Princeton and the donors in 1961 had long eroded, dealing one more heavy blow to the already wobbly structure of a perpetual endowment within a supporting organization.

Another example of donor intent gone awry is a grant made in the 1980s by the Carl F. Herzog Foundation to the University of Bridgeport in Connecticut to endow nursing scholarships for needy students. Facing a steady enrollment decline, the university closed its nursing program in 1991 and reallocated the gift to its general endowment. When the foundation sued, the Connecticut Supreme Court upheld the university's action because the foundation had failed to include in the gift agreement a reversionary clause indicating the gift should be returned if the nursing program was discontinued—another lesson for donors. Ironically, the school restored its nursing program in the 2000s.

> Unless you are very careful, college administrators may ignore, creatively interpret, disregard, or directly violate your donor intent.

Legal disputes between donors and universities continue. In an early 2018 high-profile case, the Pearson Family Members Foundation filed a lawsuit against the University of Chicago claiming the institution failed to abide by a 2015 grant agreement. In that year the foundation committed a $100 million grant to create the Pearson Institute for the Study and Resolution of Global Conflicts in the Harris School of Public Policy. Now Pearson family members are seeking to reclaim the $22.9 million already paid on the grant, claiming the university failed to hire a full-time institute director and high-quality faculty, develop a curriculum, or schedule an annual forum according to the timeline spelled out in a 60-page gift agreement. The university has denied the accusations in a public statement noting, "In the short time since its formation, the institute has hosted dozens of events, enrolled more than 200 students in courses related to the study of global conflict, and fostered an engaged community of scholars."

The university is clear in proclaiming its prerogatives: "All academic and hiring decisions are the sole purview of the university and its faculty, guided by the principle of academic freedom." The Pearsons, however, have challenged both the timing and qualifications of those hired for their institute. They see this dispute as "a cautionary tale that should give pause to any…donor who is considering granting a university any amount of money."

In another recent clash, donor Roger Lindmark sued his alma mater, St. John's University in Collegeville, Minnesota, demanding the return of his $300,000 gift to the school to create a summer fellowship for rising seniors to complete a substantive research paper on corporate-business ethics. From the time the gift was finalized in 2010 until the fall of 2017, Lindmark claimed, he received only a handful of thank-you letters from scholarship recipients and no information on the research conducted. In the fall of 2017, when he demanded to see the 16 papers produced, he received only 10 of them and was shocked to see that most of them were not on the subject he specified. "The papers that were produced were on topics totally outside corporate-business ethics," Lindmark told MPR News. "One paper was done on soil conservation. Another was done on romance in the workplace. Another one was about providing solar power energy to low-income families. Another paper was produced on wonderment in the classroom." One of Lindmark's lawsuit exhibits was a scholarship recipient's five-page paper explaining why he couldn't complete the assignment! Nonetheless, Lindmark lost his case when courts ruled that the endowment he created was an irrevocable gift governed by the laws of Minnesota, and that only the state's attorney general had standing to sue.

Both parties contributed to this outcome. Lindmark knew what he meant by "corporate-business ethics," but failed to spell it out clearly in the gift agreement. He also let too many years pass before demanding copies of the fellowship recipients' work. For its part, the university provided little—if any—faculty oversight to the Lindmark Fellows to ensure that paper topics were in line with the donor's wishes. Today the Lindmark Fellowship website advises applicants that "the research topic of 'professional business ethics' is broadly construed."

Even when donors do a good job of clarifying their wishes with universities, their intent may be violated. In 2016, Westminster College in Fulton, Missouri, petitioned a court for access to $12.6 million in restricted endowment grants to fund its general operating budget, in violation of the donors' original wishes for those grants. During the hearing it came to light that Westminster's president had already withdrawn half of those restricted funds without a court order, and was in fact asking to access more money. The court grudgingly granted the college's petition, but mandated a full payback-with-interest schedule, a policy that required approval from the board of trustees to access endowment funds, and the submission of Westminster's annual independent audit to the state attorney general for several years.

At Ohio State University, alumnus Jeffrey Moritz, son of Michael Moritz for whom the College of Law is named, is disputing a fee levied by the university on a $30.3 million endowment created by his father in 2001. The terms of the gift were specific: all the funds were to support four chaired professorships and 30 annual law school scholarships. In 2016, however, Moritz learned that OSU was distributing only 12-16 awards each year and that the endowment held only $21.9 million. OSU first claimed that the drop was entirely due to the recession, but financial reports eventually revealed that about $3 million had been taken from the Moritz fund to support the university's development operations. The 1-1.3% annual fee—which the university had begun charging in 1994—appeared nowhere in the 2001 gift agreement and the Moritz family claims the school never told them about the fee which began to appear in gift agreements only in 2008. They are demanding that OSU return $3 million to the endowment, but it is unclear whether Jeffrey Moritz and his family will succeed. Both OSU and the state's attorney general are fighting his attempt to reopen his father's estate so the probate court can appoint him as administrator to enforce the original gift agreement.

Wise giving in higher education

Fortunately, there are examples of donors successfully navigating the tumultuous waters of higher-education giving. It requires planning and effort on your part, but the payback is worth the work. Jack Miller, chairman of the Jack Miller Center, has a clear message for donors to colleges: "If you aren't prepared to protect donor intent, what you intend doesn't mean much." Three strategies can help:

- Establish with the university a clear grant agreement that protects donor rights.
- Ally yourself with a university employee who is genuinely interested in what your support will fund, and maintain strong working relationships with faculty and administrators.

- Channel your gifts through campus allies rather than the development office, the president's office, or general administrators.

A key example takes us to Vermont. Along with his two brothers Jim and Remo, Angelo Pizzagalli provides the funding for the Pizzagalli Foundation based in Burlington. Angelo and his brothers learned to be masons from their father and built up a substantial real-estate and construction company. Specializing in sewer and water-treatment plants, theirs became the largest construction company in the Green Mountain State.

Because Angelo and Jim are University of Vermont alumni, they were no strangers to that school's culture. "Vermont is a very liberal place, and we felt that so many students were hearing only one side of many issues," Angelo told one interviewer. "Capitalism, free enterprise, and limited government…are not well understood on college campuses today." Concerned that such understanding was lacking at the University of Vermont, and with careful consideration to how they might best structure their giving, the brothers made a $3 million grant in 2017 to endow the Pizzagalli Chair of Free Enterprise at UVM's Grossman School of Business.

> Community colleges train half of all students who pursue higher education, and are crucial to local economies. They tend to be very receptive to donors.

In crafting the six-page grant agreement for the endowed chair, the Pizzagalli Foundation worked closely with the Fund for Academic Renewal at the American Council of Trustees and Alumni (ACTA), which advises donors on best practices in higher-education philanthropy to promote adherence to donor intent. The agreement lays out the desired outcomes for the professorship and includes an escape clause that allows the Pizzagalli brothers to claw back their funding if the university goes astray. Additionally, the professorship is not endowed in perpetuity—it sunsets by 2049. The family members who reside in Burlington maintain a close relationship with UVM and can see for themselves how the institution is administering their grant. When Andrey Ukhov was installed as the first Pizzagalli Professor of Free Enterprise in April 2019, Angelo Pizzagalli was on hand to congratulate him.

Establishing named professorships in specific areas of study is a popular giving choice for college and university donors, as are scholarships and fellowships. Phoenix homebuilder Tom Lewis was introduced to Barrett, the residential honors college at Arizona State University. Highly selective and highly regarded, Barrett recruits outstanding students from across the United States. Lewis became more personally acquainted with Barrett when he and his wife Jan began funding 10 scholarships each year for Arizona freshmen entering the college. In addition to tuition, the awards included career counseling and personal development opportunities.

Lewis's philanthropy at ASU sparked his thinking about bringing a comprehensive honors college to the University of Kentucky, where he graduated with a degree in mechanical engineering in 1971. Lewis spent two full years in discussions with the university's president, head of development, and a specially appointed advisery board, mulling the mission and goals of the proposed new honors college. Only when he was sure that every key person was on board did Lewis commit $23 million to create U.K.'s Lewis Honors College and its Center for Personal Development.

After both of financier Paul Singer's sons attended Williams College, he was solicited by its development office for a large gift to a capital campaign. He declined that request and sought advice from trusted colleagues about ways to ensure that any support he did provide would be used wisely in areas he cared about. They cautioned him not to give endowment funds, but rather offer a couple years of funding at a time, renewable if used to his satisfaction, for specific purposes. They also recommended that he avoid going through the president or development head, but instead find a like-minded professor who would supervise all spending and program execution.

Singer identified Williams political scientist James McAllister as the person to create, with his donation, a new program in American foreign policy. For about $150,000 a year, the result is a lecture series, a visiting professor, a postdoctoral scholar, a journal, summer seminars, campus events, and a core group of 15 to 20 students at a time focused on strengthening America's position in the world. Singer notes that this amount of money would have been insignificant in a generalized capital campaign. But by defining his gift carefully, making it time-limited, repeatedly renewed, and run by a person whom he trusts, it has had real influence. The program is entering its twelfth year.

Higher-education donors have also opted to fund academic centers at colleges and universities, either by creating them from scratch or sustaining existing ones. The Charles Koch Foundation has supported well over 100 such centers focused on economic freedom, criminal justice and policing reform, tolerance and free expression, foreign policy, and technology and innovation. Examples of Koch Foundation investments include the Center for the History of Political Economy at Duke University, the Smith Institute for Political Economy and Philosophy at Chapman University, the Center for Grand Strategy within the Bush School of Government and Public Service at Texas A&M, and the Center for the Science of Moral Understanding at the University of North Carolina at Chapel Hill.

In 2018, the Koch Foundation made the decision to make all its multi-year grant agreements with major universities publicly available. Many such agreements, signed between 2016 and 2019, are now readable on the foundation's website. Donors considering funding new academic centers may find these grant agreements quite helpful in structuring their conversations with university leadership, faculty, and staff. All begin with a firm statement of support for "open inquiry and a diversity of ideas in higher education" and then include critical details that donors should not overlook. As an example, the agreement for a grant to the Arizona State University Foundation—supporting the Academy for Justice at the Sandra Day O'Connor College of Law—lays out the specific positions to be funded, the grant award schedule, and the conditions under which the donor has the right to terminate the award.

Adam Kissel, director of civic- and higher-education programs at the Philanthropy Roundtable, provides several considerations for donors interested in creating academic centers. These grow out of his experience directing gifts to higher education at the Charles Koch Foundation and the Jack Miller Center.

- Find a strong (ideally tenured) faculty member with both academic and administrative skills who shares your commitment to the proposed center's mission, and build the program around him or her. "It needs to be someone with an entrepreneurial vision, gravitas with his colleagues, and demonstrated ability to get the job done—not just someone who is a good scholar," Kissel advises.

- Ensure that the center lives within a department and will play an important role in the university's academic life. A significant risk is that a center will be isolated and languish in a remote corner of the institution.
- Involve other faculty members and trustees as partners early in the process.
- Make sure that any new permanent faculty brought into the center are full members of the department in which the center is housed. Equip the center to bring in visiting faculty to enhance the center's research and teaching potential.
- Ensure that the institution's development office will give the new center necessary assistance.
- Ensure that top administration leaders, right up to the president, respect academic freedom, particularly if you are launching a more controversial center, such as one centered around free markets or free expression.
- Always allocate your funding in a year-to-year arrangement. Academic and administrative personnel will certainly change, and future arrivals may not share your interests.
- Ensure that the center allows for diversity of thought and opinion, which on most campuses means protecting right-of-center viewpoints that are grossly underrepresented. Two good models: Professor Robert George's Madison Program at Princeton University, and Professor John Tomasi's Political Theory Project at Brown University whose student wing, the Janus Forum, brings to campus thinkers of various ideological stripes to debate issues.

Depending on mission, higher-education donors would also be wise to consider investments in institutions outside the usual circuit of well-known liberal-arts colleges and research universities granting baccalaureate and advanced degrees. It's easy to forget that community colleges train half of all the students who pursue higher education, and that they are often crucial to improving local economies. Trade and technical schools are even more overlooked, but also crucial to the success of our businesses and culture. These institutions tend to be very receptive to donors with creative ideas about skill training and upward mobility in America.

Consider the example of donor Karen Wright, CEO of the gas-compressor manufacturer Ariel Corporation. Wright has invested millions in community colleges and trade schools in central Ohio, including

When donors demand accountability

Philanthropists sometimes find themselves demanding accountability from a university for more than their own grants. This was the case in September 2016 when the James Graham Brown Foundation warned the University of Louisville that it would halt its giving to the university—which amounted to more than $74 million in grants since 1954—until university leaders conducted a forensic audit of the University of Louisville Foundation.

James Graham Brown was a lumberman, horseman, and entrepreneur who built his fortune through construction sales and real-estate development in Louisville in the early-to-mid twentieth century. He turned to philanthropy with the goal of improving the public image of Kentucky as a state and Louisville as a city. He helped to establish the Louisville Zoo and expand the footprint of the University of Louisville. In the 1970s and 1980s, his foundation began to fund chairs, endowments, and professorships at the university. It provided the first of many grants to establish a first-class regional cancer center under the university's direction.

Concerns about the center's progress in the late 2000s led the foundation to begin asking questions about the grants it had made for that purpose. The answers were not forthcoming. "It was absolutely confusing every time someone tried to explain how our money was being used," says Mason Rummel, president of the James Graham Brown Foundation. In response, the Brown Foundation and another University of Louisville supporter—the C. E. and S. Foundation—demanded a forensic audit of the University of Louisville Foundation, which they paid for with a combined gift of $2 million. The audit revealed a series of questionable loans, bad investments, unauthorized compensation schemes, and numerous unbudgeted transactions that had never been disclosed to the university foundation's board members. "It was toxic and convoluted," remarks Rummel. "The audit met our worst expectations, but there was some sense of relief to know that our suspicions weren't crazy."

Initially concerned that a grantee was ignoring the stated purpose of one of its own gifts, the foundation found itself assuming the role of watchdog, whistleblower, and reformer of a much broader pattern of financial malfeasance. Ongoing donor oversight is crucial in higher-education giving.

Stark State, Central Ohio Technical College, Zane State, and the Knox County Career Center. Wright's contributions helped create a Career and Technical Education curriculum that shepherds graduates into well-paying jobs without the need for a four-year degree.

North Carolina donor Penny Enroth of the Palmer Foundation has invested over $500,000 in building a trades instruction facility at Sandhills Community College. This offers students credentials in production technology, electrical contracting, advanced welding, and other vocations that our economy desperately needs today. Students end up highly employable. And college administrators are respectful of donor intent.

Guidance for effective grantmaking in higher education

Despite the steep challenges, donors who are committed to supporting higher education need not shy away. America needs wise philanthropists who invest judiciously in this area. So how can you give while protecting your donor intent?

Be crystal clear in your personal conversations and grant agreements

Don't assume colleges and universities understand or share your goals. Amir Pasic, dean of the Lilly Family School of Philanthropy at Indiana University, notes that "crafting the gift agreement to reflect the donor's intent, and describing how the organization plans to use the gift, is vital." But remember that even the best gift agreement can only go so far. The real work is accomplished by building strong relationships with the key faculty and administrators responsible for implementing the project you want to fund. Reaching agreement with university representatives about the details of your donation, and then requesting that they include all the agreed-on terms in their final proposal to you, makes the shared obligations obvious to all parties.

A complete gift agreement should include the amount of your gift, how and when it will be paid, a clear statement of purpose, a description of how—and on what timeline—the grantee will fulfill that purpose, your reporting requirements, the kind of involvement you would like to have in the funded program (e.g., meeting scholarship recipients, seeing supported papers and research, etc.), the conditions under which your grant will be renewable (if appropriate), and the circumstances which will lead to termination. You should always include a contingency plan that provides for a different—and specific—use of your funds in clearly defined situations, requires the institution to request permission from you or a designated representative before a grant is "repurposed," and a reversion clause whereby a gift will be returned to the donor if a grantee fails to adhere with restrictions in the original grant agreement.

While the terms "gift" and "grant" are used interchangeably in practice (and in this guidebook), it is advisable for individual donors to use the term "grant" for all higher-ed donations that include binding terms. Research universities in particular make a distinction between "gifts"—which are deemed irrevocable, unrestricted, and free of donor expectations—and "grants" for which donors have prescribed a precise scope of work to be performed in a specified time period.

Don't accept a grant agreement from a university

These documents are designed to protect the university's interests, not your own. Drawing up an original agreement is well worth the time and expense. While there are excellent university development officers who are careful to tease out a donor's ultimate intentions, you should independently delineate precisely what your philanthropic goals are. "People who don't have goals get used by people who do," warns Lewis. "If you don't have goals as a donor, you're easy prey."

Never waive your right to a *cy pres* review by the courts in a grant agreement. In many instances, universities automatically include a clause essentially banning a third-party arbiter (such as the state's attorney general or a court) from stepping in to mediate should a donor-intent dispute arise. Look for language in a grant agreement stipulating that if it becomes "illegal, impossible, impractical, or wasteful" to continue as is, the university is free to change the grant agreement however it wishes. "I strike this language every time I see it," notes philanthropic consultant Fred Fransen. "I then substitute my own wording, emphasizing donor rights. To date, no university has ever insisted on restoring the original language. It seems that universities recognize that they have no moral right to take advantage of donor generosity, or inexperience."

Don't hesitate to ask lots of questions, even in later stages of the process

"Higher-education philanthropy is so incredibly complex," says Mason Rummel. "Recognize that. Don't assume there are any dumb questions. If you have a question, ask it. Don't hold back because no one else is asking it." Donors to public institutions should understand clearly the relationship between the university and the university's foundation.

Donors to all colleges should understand how indirect costs are assessed, and develop written policies to address them. Some donors refuse to cover any indirect costs. Others, including the Gates and Templeton Foundations, cap their coverage at a maximum rate.

Avoid the traps of unrestricted and endowment grantmaking

While unrestricted gifts could make sense in other philanthropic realms—particularly for recipients with whom you have a close working relationship—they are fraught with peril in the realm of higher education. Know that your philanthropic dollars are easily shifted around at colleges, and that if you object they have lots of lawyers who will respond. Giving officers often steer donors toward unrestricted gifts precisely because they offer maximum flexibility to the recipient institution. Unless you are very specific with your

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desires, and write them out, your gifts could be used for something you find abhorrent. Jim Piereson recommends that "Rather than writing open-ended checks, donors should target their contributions in ways that allow them to designate the programs and professors they wish to support."

Endowment gifts are equally problematic for donor intent: "There is no way to ensure proper use for all eternity," wrote Jerry Martin and Anne Neal in their essay, "Questions to Ask Before You Write the Check to Higher Education." Once a donor is out of the picture—through either death or disinterest—funds may be mismanaged or deliberately diverted to purposes other than those originally specified. Endowing a professorship in perpetuity, Fransen reminds donors, fails to consider the possibility that a field of study may become far less popular or relevant over time or that "the next professor…may have an entirely different agenda." Piereson notes that such gifts are also inefficient. Shorter-term gifts will have greater impact than those which "pay out just 5 percent of their value on an annual basis."

Create a funding stream rather than a lump-sum gift

Donor intent and accountability are best served by grants made in increments over a limited term, with continued donations dependent on scheduled progress reports. "I learned the hard way to focus my philanthropic investing, give annualized grants, and demand detailed reporting," notes Jack Miller. You could, for example, structure a $10 million grant for a new program over a 10-year period: first provide $3 million to enable the university to hire personnel and create the necessary infrastructure. But schedule the remaining $7 million in regular payments, periodically reviewing to ensure the school is on track. "Start small and start short," Lewis suggests. If one of his foundation's grantees fails to make adequate progress toward stated goals, Lewis has the right to terminate the agreement and halt all further payments.

> For college gifts, accountability is best served by grants made in increments over a limited time, with continuation dependent on progress reports.

Create an independent nonprofit

Donors have also created institutes informally connected to—but administratively and financially independent from—institutions of higher education. Founded in 2003 by individuals associated with Princeton University's James Madison Program and several national foundations, the Witherspoon Institute is one such nonprofit. Its proximity to the Princeton campus allows it to draw on Princeton's faculty expertise and offer occasional events in collaboration with university departments and programs. But Witherspoon has ample resources to operate its own research and education programs, and the institute offers higher-education donors a distinct financial bonus: grants made through Witherspoon to support faculty members at Princeton or other universities with which the institute is collaborating limit any overhead charge to 10 percent. The Foundation for Excellence in Higher Education assists in supporting such independent institutes, among them the Abigail Adams Institute (Harvard), Houston Institute (Rice), Zephyr Institute (Stanford), and Elm Institute (Yale).

Give through an intermediary funder and/or designate a contingent beneficiary

An intermediary funder might be a mission-driven donor-advised fund sponsor such as DonorsTrust, National Christian Foundation, or—for left-leaning donors—Tides Foundation. You might also consider a trusted charity that shares your principles and with whom you have an established relationship. Giving to a college or university through an intermediary is a good choice for higher-education donors who lack the time, expertise, or inclination to monitor and administer a complex, multi-year grant agreement. An intermediary can assist you in defining your intentions, evaluating potential grantees, brokering the relationship between you and your grantee, monitoring compliance with grant terms, and making payments on a defined schedule.

You may also consider naming a contingent beneficiary with standing to sue if your original grantee fails to follow your wishes. Acting as a contingent beneficiary, Hillsdale College brought a 2017 suit against the University of Missouri alleging misuse of a $5 million endowment left to U.M. by Sherlock Hibbs in 2002. He stipulated his gift was to create six professorships filled by disciples of the Ludwig von Mises school of economics, and that if the school failed to respect the terms of his grant the money should shift to Hillsdale instead. When the professors hired to date failed to meet Hibbs's standard, Hillsdale College sued Missouri on the donor's behalf. In 2019 the two institutions announced that they had reached a settlement stipulating that Hillsdale will receive $4.6 million—half of the remaining endowment, and the University of Missouri will hold a symposium focused on Austrian economics at least every two years. Hibbs's decision to name a contingent beneficiary to monitor the original grantee (and take legal action if needed) thus limited further erosion of his legacy gift.

Give while you're living

It may seem cynical to assume that institutions pay more attention to living donors, but it is true that mischief in higher-education philanthropy often occurs after a donor's death. College faculty and administrators are more likely to discover new "pressing" needs that outweigh the instructions of the original benefactor once that person is no longer in the picture. The solution is simple: do your giving while you're alive—when you can personally assess the best opportunities, form relationships with administrators and staff, make the investments, monitor performance, and reevaluate your decisions as needed. Giving while living also gives you the unique chance to have an outsized influence through larger gift amounts, and it brings you more joy to see for yourself the impact of your philanthropy.

Shop your proposal to multiple institutions

Higher-education donors frequently focus on their alma maters, which may not be the best institutions for the programs they are considering. In these instances, donors are likely to encounter administrators who persuade them to modify their gifts to suit institutional priorities. "Don't focus on just one university," advises Fransen. "The dynamics of the negotiation are different if there are multiple options on the table. These conversations, when you're shopping, are very revelatory about which schools are interested and which just want your money."

If you push an unenthusiastic institution to accept your gift and your terms—especially if you are paying for the entire undertaking yourself—you will most likely be dissatisfied with the half-hearted effort that results. One acid test for whether a university is truly on board is to require joint funding, i.e., an arrangement where the university commits its own funds to the project as well. Tom Lewis strives to do this with all his higher-education grantmaking.

Find faculty and administration friends, and form relationships

Success in higher-education giving requires forming trusted relationships with individuals within the university. Most important, look for friendly faculty members who can advance your ideas internally. They are the most critical players—they will execute your project and are the ones most likely to serve as guardians of your donor intent because you share the same goals. At the same time, remember that faculty members may leave or be reassigned. Tenured faculty are less prone to switching institutions, but it does happen. Any unwritten understandings you had with an individual will be forgotten when personnel changes, Fransen warns. So cultivate relationships with deans, provosts, college presidents, and trustees to build more support and continuity for your project.

Respect academic freedom

The wishes of donors are sometimes at odds with academic freedom. While you have every right to bring your own values to your philanthropy and fund only those faculty members and programs that align with those values, you cannot interfere with internal academic processes. As Martin and Neal noted, "You will not be permitted to appoint faculty, prescribe reading lists, or determine which courses are required." You may define a broad subject area—American political history or free enterprise, for example—but you cannot dictate the actual curriculum. Generally, well-endowed universities will refuse to allow any donor involvement in the selection and approval process for academic appointments. In some instances, however, donors have been permitted to attend selection committee meetings and/or have a voice in the final decision among candidates that have been deemed qualified by others. This is a matter that a donor must discuss with the recipient institution during the development of the grant agreement. In all cases donors may wish to consider using a version of the statement now included in Koch Foundation "center" grant agreements to make its position on academic freedom both clear and transparent:

> Consistent with the Donor's principles of supporting open inquiry and a diversity of ideas in higher education, the Donor's grant is intended to help promote a republic of science at the University where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Center and their faculty, students, and staff is critical to the success of the Center's research, scholarship, teaching, and service.

Be patient

A natural tension exists between the instincts of donors—frequently business-savvy men and women with an entrepreneurial streak, accustomed to moving quickly and having their orders obeyed—and the glacial process of academic procedures. Moreover, the shared governance structure in higher education—where a board of trustees or faculty senate may have a say in a university's grant proposal and its gift acceptance—can cause added frustrations. The best course forward is to take your time, trust your relationships, and avoid trying to micromanage the process. A solid gift agreement may involve multiple conversations and a great deal of editing. Recall that Lewis spent two years in discussions with multiple persons at the University of Kentucky before he committed his gift to establish an honors college.

Consider less-typical gifts and institutions

Academic centers, buildings, professorships, and scholarships are the staples of higher-education giving and will always be popular choices for donors. But look more broadly at the possibilities. Gifts that support independent study and leadership development among students can have potent effects on individuals. Gifts that support graduate students committed to individual liberty, the rule of law, and economic freedom can alter the ideological profile of the future professoriate. Gifts that promote debate—whether student or faculty directed—can bring new and different points of view to a campus and change its level of intellectual diversity and free speech. If campus intolerance is a special concern, you might follow the example of the John W. Altman Charitable Foundation, which now makes adoption of the University of Chicago Principles of Freedom of Expression a condition for all its higher-education philanthropy. "Giving to higher ed doesn't have to be directed to an institution or to putting a name on a building," says Jack Miller. "Who knows what that institution will be doing or how that building will be used in 50 years? Better to sponsor annual programming on campus that teaches values you believe in."

> Giving to colleges through an intermediary is a good choice for donors who lack the time, expertise, or inclination to monitor.

Look beyond the elite four-year colleges and universities to find high-performing community colleges, trade schools, technical institutes, local colleges, and online programs where your gifts can have great impact. Many of these institutions are on the cutting edge of economic progress, and make important contributions to regional prosperity through workforce development and upskilling programs. Community colleges, in particular, offer one of today's most underutilized investment opportunities for higher-education funders.

Seek advice from trusted sources

When you read the dire stories of infringed donor intent it is easy to get discouraged, especially in higher-education philanthropy. But there are excellent resources available to advise donors in this area. They include faculty members directing campus programs that honor donor intent, private consultants, funders who have successfully navigated the hazards, and nonprofit organizations such as DonorsTrust, the Fund for Academic Renewal, the Institute for Humane Studies, the Jack Miller Center for Teaching America's Founding Principles and History, and The Philanthropy Roundtable. If you are looking for a worthwhile program at your alma mater or elsewhere and have questions about specific issues like free speech on campus, or developing your grant agreement, you can reach out to a trusted source at any point in the process for information and guidance on defining and securing your charitable intentions.