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A HIGHER EDUCATION POLICY BULLETIN

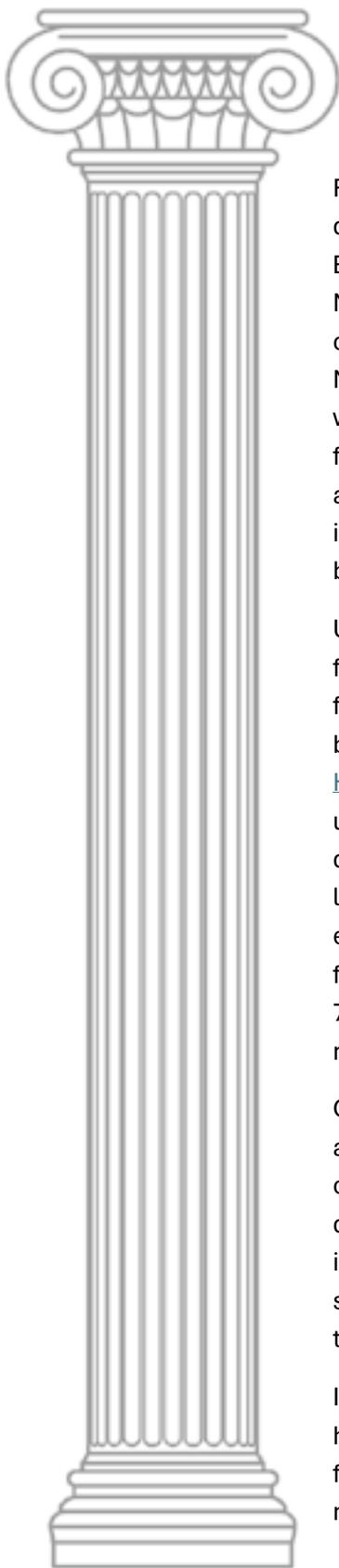
The New Reality of Foreign Gift Reporting

Foreign funding in higher education has been a hot-button issue for President Donald Trump during both of his terms in office. Over the past year alone, the U.S. Department of Education (ED) has opened [compliance reviews](#) of Harvard University, the University of Michigan, the University of Pennsylvania, and the University of California–Berkeley, while completing pending investigations of Yale University, Stanford University, and the Massachusetts Institute of Technology. This whirlwind of regulatory activity has coincided with the development and launch of a new [transparency dashboard](#) that aims to streamline foreign gift and contract reporting for institutions as well as provide a measure of public accountability. Given how consistent the Trump administration has been in its desire for increased compliance with foreign reporting standards, it behooves higher education boards to understand their legal and fiduciary responsibilities surrounding this topic.

Under [Section 117](#) of the Higher Education Act of 1965, colleges and universities receiving federal financial assistance are obligated to report to the ED any gift from or contract with a foreign source that exceeds \$250,000 within a calendar year. Though this statute has not been modified in nearly 30 years, its enforcement has rapidly evolved in the past decade. [Historically](#), the ED simply maintained a reporting mechanism and trusted colleges and universities to self-report foreign funding, but the first Trump administration marked a decisive end to this era of passivity. In 2019, then secretary of education Betsy DeVos launched an unprecedented series of investigations into colleges and universities that exposed over [\\$6.5 billion](#) in previously undisclosed foreign gifts, with over \$1 billion of those funds flowing from “anonymized” donors. A Senate subcommittee [report](#) found that up to 70% of all U.S. institutions of higher education had failed to comply with Section 117’s reporting standards.

Citing this culture of “[pervasive noncompliance](#),” the department took two important actions. First, it developed a new [reporting system](#) designed to ease the regulatory burden of complying with Section 117. It then issued a [Notice of Interpretation](#) stating that the department considered compliance with Section 117 to be an essential part of each institution’s [participation](#) in federal student aid programs. Thus, failure properly to disclose sources of foreign funding could result in “fines, limitations, suspensions, or termination of the institution’s Title IV participation.”

It cannot be understated how much of a sea change this was. Although no institution has had its access to federal student aid funding revoked due to a failure to disclose foreign funding, boards must be aware of this potentially catastrophic consequence of noncompliance.



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Increased scrutiny and enforcement of foreign gift reporting have continued in the second Trump administration. An April 2025 [Executive Order](#) outlines a multi-agency approach to “prospectively ensure” that institutions comply with foreign funding disclosure requirements. The order directs Secretary of Education Linda McMahon to “take all appropriate actions to enforce the requirements” of Section 117 and notes that certifications of compliance are to be considered “material” for purposes of the [False Claims Act](#). This means that if an institution knowingly submits incomplete or inaccurate foreign funding disclosures, it could face both civil litigation and significant statutory penalties.

The order also directs the secretary to deny federal grant funding to institutions that are noncompliant with Section 117, further stressing the import of proper reporting. We saw the impact of this guidance when the government [demanded](#) that Harvard “disclose the source and purpose of all foreign funds” prior to freezing \$2.2 billion of the university’s grant funding. In addition, Columbia University’s [resolution agreement](#) that restored over \$400 million in federal grant funding explicitly required the institution to comply fully with Section 117 as well as any “reasonable and lawful requests from the United States for information related to foreign funding sources.”

Secretary McMahon recently summed up the administration’s view of foreign reporting, [stating](#), “America’s taxpayer funded colleges and universities have both a moral and legal obligation to be fully transparent with the U.S. government and the American people about their foreign financial relationships.” The Trump administration has made it clear that compliance with Section 117 is non-negotiable for any institution receiving taxpayer support. This shift from passively collecting data on foreign funding to seeking out noncompliant institutions demands that university trustees closely examine their institutions’ current practices.

Trustees must ensure that robust internal reporting standards are in place and that the staff members responsible for tracking foreign investments are trained to steward these funds appropriately. Boards that fail to do so may face the existential threat of losing access to any and all sources of federal funding. At the same time, the administration’s push for increased transparency and accountability around Section 117 in no way precludes institutions from partnering with legitimate foreign entities or admitting worthy foreign students for study. It would be a mistake for colleges and universities to allow their fear of this new regulatory landscape to provoke a retreat from the world stage.

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