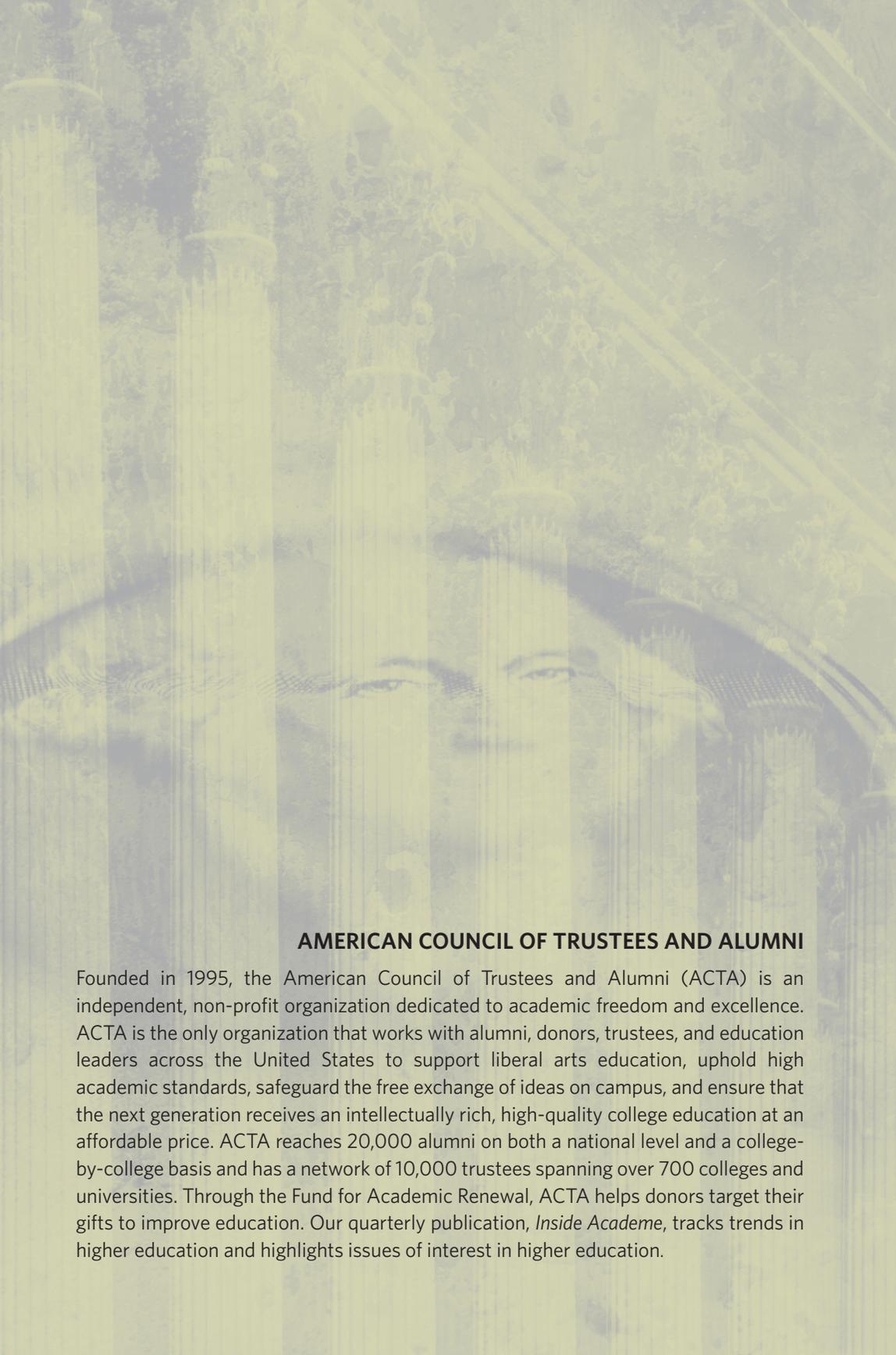


The **Intelligent Donor's Guide**
to **College Giving**

Second Edition

AMERICAN COUNCIL OF TRUSTEES AND ALUMNI



AMERICAN COUNCIL OF TRUSTEES AND ALUMNI

Founded in 1995, the American Council of Trustees and Alumni (ACTA) is an independent, non-profit organization dedicated to academic freedom and excellence. ACTA is the only organization that works with alumni, donors, trustees, and education leaders across the United States to support liberal arts education, uphold high academic standards, safeguard the free exchange of ideas on campus, and ensure that the next generation receives an intellectually rich, high-quality college education at an affordable price. ACTA reaches 20,000 alumni on both a national level and a college-by-college basis and has a network of 10,000 trustees spanning over 700 colleges and universities. Through the Fund for Academic Renewal, ACTA helps donors target their gifts to improve education. Our quarterly publication, *Inside Academe*, tracks trends in higher education and highlights issues of interest in higher education.

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by
Anne D. Neal and Michael B. Poliakoff

March 2011

AMERICAN COUNCIL OF TRUSTEES AND ALUMNI

ACKNOWLEDGMENTS

To the Friess family, particularly Stephen Friess, who encouraged this second edition and funded ACTA's Friess Family Fellowship to advance the guide's writing and research. To the faculty and donors who have made possible all the oases of excellence outlined and offered quotes and counsel in support of the publication. And to the experts, Thomas Riley, Brad Barber, and John Horak, Esq., who conscientiously and generously reviewed the guide.

To Jerry L. Martin who co-authored the first edition and whose fine words and superb ideas remain the foundation of this work. Dr. Martin was ACTA's founding president, serving until 2003. He then served as chairman of the Board of Directors until his retirement in 2009. He previously was chairman of the philosophy department at the University of Colorado at Boulder and head of the Colorado conference of the American Association of University Professors. To Dr. Erin O'Connor and Dr. Maurice Black, ACTA Research Fellows, and Shant Boyajian, Esq., for their valuable input.

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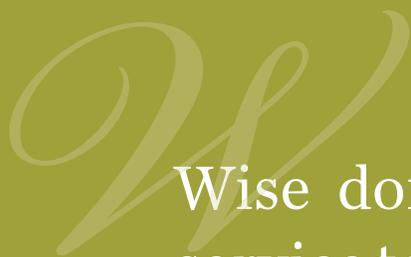
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Wise donors offer a great service to their colleges and to all of American higher education.

– Adam Meyerson, President
The Philanthropy Roundtable

PREFACE

Much has happened in the world of college giving since the American Council of Trustees and Alumni first published this guide in 1998. There have been great philanthropic successes in the academic world, and there have also been some bumps in the road. It's clear that generous, directed giving remains critically important to the future of American higher education. American colleges and universities have long been acknowledged to be the best in the world. Students from around the globe flock to the United States for undergraduate and postgraduate study. But the excellence of our academic institutions is not guaranteed. In many places, graduation rates are low, learning outcomes are weak, and college tuition is skyrocketing, even as administrative costs continue to grow. Public confidence in higher education has been badly shaken. Our nation's ability to compete successfully in the global marketplace demands an educational system that is second to none in efficiency and academic standards. Intelligent giving is the key to maintaining our strengths and remedying our weaknesses.

As appropriations for higher education decline in many states, institutions will increasingly rely on informed philanthropy. In fiscal year 2009, foundations provided nearly 30 percent of charitable contributions to higher education, while alumni donated over \$7 billion. More than ever before, conscientious donors are learning the important role they can play in providing a rich liberal arts education. And they are discovering how to ensure that their philanthropic dollars are not wasted, squandered, or funneled into ineffective programs. Through creative giving and careful stewardship, they are finding ways to guarantee that every dollar they give supports and sustains academic excellence. As this guide explains, donors have unique opportunities today to inform and strengthen higher education.

The second edition of *The Intelligent Donor's Guide to College Giving* offers straightforward suggestions and helpful resources for donors' consideration. We've updated our case studies of intelligent giving, and we've added profiles of exemplary academic programs that would never have been founded without generous gifts. In this edition, we also share some of the lessons we've learned about intelligent college giving in the decade since the guide was first published.

We at the American Council of Trustees and Alumni recognize how truly valuable principled giving is to higher education and how important it is to build productive and respectful relationships between donors and grantees. We sincerely hope this guide will help do so.

Anne D. Neal
President

Michael B. Poliakoff
Policy Director



Giving big is valued, but giving
smart is truly valuable.

– Jeffrey J. Cain, Founding Partner
American Philanthropic

If you care about how your money is used, this guide is for you. You are a donor who wants to know what will be done with your money. What will your gift achieve? You care about education and the future it will make possible for our young people. You may have heard reports about problems on campus—speech codes, intolerance of intellectual diversity, poor teaching, trivial or tendentious courses—and you do not want your money to subsidize such activities.

Whatever you do, do not just walk away. Higher education is too important for that. The fact is that your gift can help your college live up to its highest ideals. You can make a difference. This guide will show you how.



THE PRIME DIRECTIVE: IT'S YOUR MONEY

P RINCIPLE *number one*—what Captain Kirk would have called the Prime Directive—is that your money is your money. You have a right to do with it what you want. Do not let your college or university convince you that it's their money. Do not let them tell you what to do with it. It's your money. You get to decide.

When you give to a college or university, you do not expect a material return. You are investing in values. You want to see a return on your investment, however, and you have a right to expect that. If you were to invest in a commercial project, you would expect to see it completed—fully, on schedule, and to the level of quality promised. As an intelligent donor, you should expect no less of your investment in higher education.

Informed consumers lead to better products. As the late Yale provost Frank Turner explained, “Donor restrictions can call institutions of higher education to fulfill their highest ideals.” Today, colleges and universities face serious challenges with regard to academic quality, intellectual openness, and fiscal responsibility. Careful giving has never been more needed.

THE MASTER KEY: BE SELECTIVE

THERE is a master key to intelligent giving: Be selective. You do not buy every stock listed on the New York Stock Exchange. You pick and choose in light of risk and earning potential, or you find a smart fund manager who will do the work for you. You should be as wise in your higher education giving as you are in selecting a stock or mutual fund. Identify the best programs or activities and direct your funds to those. If no program exists in which you want to invest, other options exist—such as developing an entirely new program. We describe these options below.

Most donors give the easy way. They contribute to the annual fund or a capital campaign. In so doing, they are supporting the bad along with the good. Other donors have the “no harm” strategy. To avoid subsidizing programs that contradict their own educational values, they target their funds to projects, such as buildings, that they think can do no harm. But money is fungible. “No harm” gifts actually free up funds for the very programs donors do not want to support.

Intelligent giving requires more care. You have to find out what programs are truly excellent. You may need to draft instructions for your gift. You should take fungibility and other obstacles into account. You may need to monitor the program you are supporting before deciding whether to renew your gift.

Wise giving requires as much care as any other purchase or investment. The most important step is the decision to be selective. After that, it is just a matter of following a few logical steps.

STEP 1: DEFINE YOUR GOALS

THERE is an ancient Chinese saying: “If you know where you are going, you are more likely to get there.” The first step to intelligent giving, then, is to define your goals: What do you care about most in higher education? What would you like to achieve? It’s your money, and you have a right to invest in programs that reflect your interests and values.

Defining your goals may sound like a daunting task, but don't worry—there is no right or wrong way to do it. If you care about something very specific, such as the American founding or economic literacy, and you already know you want to support certain kinds of activities, such as visiting lecturers, you can go straight to the next step.

Perhaps your goals are more general. Perhaps you care about students and about the quality of teaching, and you worry that students graduate without knowing the essentials. These priorities are somewhat vague, but they are sufficient for a beginning. As you move through the next few steps, you will find a range of options and a variety of resources to help you. Your goals will become clearer along the way.

STEP 2: DON'T LOOK THROUGH ROSE-COLORED GLASSES

INTELLIGENT giving requires separating fact from fiction, reality from illusion. Most alumni view their alma maters through the rosy lens of nostalgia. You've heard the joke, "Nostalgia isn't what it used to be." Well, your college may not be what it used to be, either. Enjoy the memories, but face reality. People don't invest in a company out of nostalgia. They don't buy Singer Sewing Company stock just because in their first job they worked as a seamstress. They don't buy General Motors stock because their first car was a Chevy.

Put aside your nostalgia and look at what's happening on your campus now. You may still be true to the values you formed at Alma Mater U, but Alma Mater U may not be. Over the years, many institutions have sacrificed core educational standards in order to get warm bodies into classrooms. You need to decide if Alma Mater U is one of them.

You cannot direct your funds in the most effective way unless you look candidly at the college as it is today. Many alumni are shocked and amazed to learn what is happening on campus these days. If you would like to know more about current trends, see "For Further Reading" at the end of this guide.

Even if your college has resisted compromising its values, remember that it is subject to the same pressures that have eroded academic integrity at other

schools. You will want to contribute to programs that help the college maintain a standard of excellence.

If your college has veered off course, don't give up. These days, most colleges are a mix of good and bad, maintaining both strong and weak programs and professors. With guidance, donors and alumni can identify good programs and good professors at every institution. They can create "oases of excellence" with the potential to improve the whole institution. Below we will help you discover how to find and support such programs or create them yourself.

STEP 3: LOOK UNDER THE HOOD

YOU would not buy a used car without looking under the hood—or at least reading the specs. You should also look under the hood of your college. Here are some things you can look at:

- **College Mission Statement.** Is it coherent and consistent? Does it set valid educational goals? Or does it sound more like “blah, blah” or a plan for social engineering?
- **Graduation Requirements.** Do they reflect a serious conception of “what every educated person should know”? Are general education requirements met by a few comprehensive, well-planned, integrated courses or by a grab bag of dozens of unrelated courses? Can students meet requirements with alternatives that lack breadth and rigor? Our website, WhatWillTheyLearn.com, offers an excellent starting point for assessing your college's curriculum and graduation rates.
- **Catalog and Departmental Websites.** Look up the programs and departments for the fields with which you are most familiar. Are students being exposed to a range of ideas within those fields? Do the course descriptions look substantive and responsible? Or are they jargon-ridden, narrow, trivial, or tendentious? What are the major requirements? Does the faculty reflect quality and range? Always begin by looking at the catalog and departmental websites, but never stop there. Official course descriptions are often not updated for years and may not reflect what is actually being taught. You may even want to

look at syllabi or other available course materials to get a clearer picture; increasingly professors are posting such materials online, and they provide vivid insights into the expectations and goals of the course.

- The American Council of Trustees and Alumni's publication *Inside Academe* follows events and trends on campus. We can refer you to other organizations and publications, such as campus newspapers and student publications, that would be helpful. We can also assist you in finding course syllabi. Contact ACTA at 202.467.6787 or visit us at www.goacta.org.

STEP 4: SELECT THE BEST

MOST colleges offer a wide range of deserving programs and activities. Many of these already receive handsome support. In general, endowments receive larger gifts than specific academic programs. Physical facilities receive more support than educational activities. Research and publishing are better supported than teaching. Graduate and professional education receive much more support per student than undergraduate education. Your dollars will have the greatest impact if you direct them to areas that receive less support.

Foundations and universities have a lemming-like tendency to rush after the latest scholarly or pedagogical fashions. They want to be “innovative,” at the “cutting edge,” in tune with the latest trends. By comparison, such ideals as liberal arts education, high academic standards, careful analytical reading, clear writing, and rigorous thinking can look hopelessly old-fashioned. Some donors forget that, for the typical student, it is rock music that is old and familiar; Plato and Adam Smith are new and dazzlingly different. So remember: The best program is not necessarily the most “innovative” or “trendy” one; the best program may be the one that resists trends in favor of the timeless.

The addiction to trends leads to truly bizarre results. “Dead White European Males” are so out of fashion that even Shakespeare has been dropped as a course requirement for English majors at three quarters of the 70 leading institutions surveyed in ACTA's study, *The Vanishing Shakespeare*. Less than a quarter of schools surveyed by ACTA for WhatWillTheyLearn.com require



PROFILE IN GIVING #1

Funding Oases of Excellence:

Princeton University's James Madison Program in American Ideals and Institutions

Dr. Robert George is the McCormick Professor of Jurisprudence at Princeton University. In 2000, with the support of generous donors, he founded the James Madison Program in American Ideals and Institutions to further the study of Western civilization and the foundations of the American political system.

Funded largely by foundations and individuals, the James Madison Program sponsors courses in Politics and related fields, appoints visiting scholars and post-doctoral fellows, and awards a senior thesis prize for outstanding work in the fields of constitutional law and political thought. The program also supports the James Madison Society, an international academic community that sponsors conferences, lectures, seminars, and colloquia.

Committed to encouraging interaction among undergraduate students, rising academics, and eminent scholars, the James Madison Program offers undergraduate fellows the opportunity to develop a deep, mature understanding of liberty, freedom, and justice.

Professor George has stated that “[t]he freedom we defend is ... freedom for excellence It is not an ‘anything goes’ freedom, but rather a freedom truly worthy of those who exercise it in the pursuit of truth.” This philosophy drives his leadership of the program, which can rightly be called an oasis of excellence. In an academic environment frequently driven by the latest intellectual fads and trends, the James Madison Program offers students a unique opportunity to learn how, not what, to think. ☺

graduates to take even one survey course in U.S. history or government; fewer than five percent of schools surveyed require economics. Courses on pop culture, sex, and politics—such as “The Graphic Novel” and “Seminar in Criticism and Theory: Animals, Cannibals, Vegetables”—are taking the place of classics. The best program may not be the most trendy; it may be a program resisting the trend.

Donors who really want to make a difference may wish to consider programs that uphold classical educational values. The distinguished historian Gertrude Himmelfarb has called on donors to support “oases of excellence” at our institutions of higher learning. Funding a specific academic program has several advantages. It is part of the intellectual life of the institution. For students, an excellent program—courses with high intellectual standards that have not been politicized or dumbed down—offers a challenging alternative to standard campus fare. For professors, a special program offers an opportunity to draw young people into the life of the mind.

For the institution, outstanding programs set a standard that puts competitive pressure on other programs. Honors and Great Books programs have had this impact at several colleges, as students are attracted to the more demanding and prestigious course of study. The American Council of Trustees and Alumni has compiled brief descriptions of programs donors may wish to consider. The best program to support may be the one that creates an “oasis of excellence” at your alma mater.

Ideally, colleges and universities expose students to a wide range of viewpoints. But too often campuses fall short of this ideal, either failing to ensure intellectual diversity among speakers or even disinviting speakers who are deemed too controversial. Donors can make a major difference by supporting speakers who will expose students to new ideas. They can also support a faculty or student group on campus or a national organization that makes speakers available to colleges and universities. Supporting outside speakers is an excellent way to stimulate discussion and bring intellectual diversity to campus.

Finally, there is a critical need to support the research of scholars, especially untenured faculty, whose work is excellent but not “trendy.” These scholars often cannot get funding from campus, foundation, or government sources—and much good can be done even with modest gifts. In 2000, Harvard alumnus



PROFILE IN GIVING #2

Funding Oases of Excellence:

The George Washington Forum at Ohio University

A dedicated group of faculty at Ohio University, with the generous support of foundations and alumni, are enabling an exploration of American values, and their roots in Western civilization, rarely seen in major universities today.

The George Washington Forum at Ohio University explores the reasons for the success of American democracy, predicated on the idea that the United States is historically exceptional and that its roots in Western civilization are an essential part of a citizen's education. Situated in a large Midwestern public university that serves over 20,000 undergraduates, the Forum has significant and growing reach.

Fourteen faculty associates join director Robert Ingram in offering courses that explore traditional American history, Western civilization, and political theory, providing an educational experience that would otherwise not be available to Ohio University students. The Forum supports a post-doctoral fellow who further expands the Forum's academic range with courses in legal and constitutional history. It offers undergraduate research fellowships, making it possible for students to attend conferences and pursue thesis projects. Its annual conferences, on such topics as the New Deal, are distinguished by their academically-balanced approach and a commitment to vigorous political and historical debate based on first principles.

The George Washington Forum programs have attracted audiences that exceeded the capacity of large lecture halls at the University, and its success has encouraged the support of the Ohio University Development Office and a growing body of alumni donors. The University has pledged to match challenge grants to the Forum on a dollar-for-dollar basis with a written commitment to honor donor intent. 

Robert Krupp gave \$25,000 to support professor Harvey Mansfield's new translation of Alexis de Tocqueville's *Democracy in America*. The gift had a much greater impact, and was much more satisfying to the donor, than just throwing money into the annual fund. Supporting outstanding individual scholars may be the best way to help your college.

Carefully targeted giving can have a vast impact on institutions engaged in serious curricular reform. For reasons of cost and quality, some institutions are contemplating a movement back to a more disciplined core curriculum. They understand the reasons to move away from the common system of allowing students to base their liberal arts education on a selection—often random—of courses from several broad academic areas. Intelligent donors can help a worthy institution leave behind the “smorgasbord” approach to undergraduate education. Seed funding could bring faculty from different departments together to plan team teaching and resource sharing that would replace an existing array of narrow, niche courses with multiple sections of a carefully structured foundational course for all undergraduates. Imagine a campus where freshmen and sophomores have as a common topic of conversation their explorations of the *Federalist Papers* or *Marbury v. Madison*. Once such a core requirement is in place, it becomes self-sustaining and cost-effective. ACTA's What Will They Learn? project has identified the state of core curricula around the country as well as schools that seek to improve and strengthen their core requirements. ACTA can help donors with suggestions on where and how to make such a gift. Your thoughtful investment can help create a new model of undergraduate excellence.

Think twice before you fund a building or an endowed chair. If your aim is to improve education or research, a building does little to enhance the intellectual content, pedagogy, or methodology of either. The key to education and research is not the building itself, but what goes on inside the buildings.

Most donors who endow chairs have an image of the kind of scholar or teacher who will hold the chair. That image may bear little relation to reality, as schools historically have given donors little or no role in selecting the holder of the chair. Even if you approve of the first person to hold the chair, you do not know—and will have even less control over—who subsequent holders will be. One donor who funded a chair in Western civilization was shocked to learn that the holder was “deconstructing” Western civilization. There was nothing



PROFILE IN GIVING #3



Funding Oases of Excellence:

Brown University's Political Theory Project

Founded in 2003, Brown University's Political Theory Project seeks to "invigorate the study of institutions and ideas that make societies free, prosperous, and fair." It fulfills its mission through undergraduate course offerings; lectures, debates, seminar luncheons, and conversations for students and faculty; faculty research support; graduate student fellowships; and post-doctoral fellowships.

The Project eschews ideological pigeonholing. Instead, it focuses on "provid[ing] a space at Brown where students and faculty can go beneath the labels." "[W]e at the Project have taken the bold step of claiming for ourselves the main terrain of political discourse on the Brown campus," relates Project director Professor John Tomasi on the Project's website. "[T]he Project has arisen in response to a genuine need expressed by students at Brown. [They] want their university to be known as the place of uniquely free and serious discourse about even the most controversial political topics."

To this end, the Project's Janus Forum hosts public events and debates with prominent speakers, seeking to promote critical thinking and intellectual discourse. The Forum's steering committee is made up of students from political groups on campus and has hosted events on topics including the role of religion in public life, gun control, and globalization.

Like other oases of excellence, Brown's Political Theory Project would not exist without specific, targeted gifts from private donors. While Brown provides building space, the Project receives no direct funding from the university. The Project's programs and courses are funded by private philanthropy—both individuals and foundations. In 2007, one Foundation gave the project a \$1 million gift, supporting its mission and specifically funding five additional research fellowships each year for three years. Tomasi says that his discussions with contributing alumni have been "intellectually enriching," noting that "wise donors who keep their eye on their gifts really try to improve the quality of education." 

he could do. And remember: Money is fungible. If your chair goes to a current faculty member, all you are doing is freeing up funds to be used elsewhere, perhaps to hire someone who represents the opposite of what you want to support.

If you want to help your college live up to its highest ideals, support something that will really have an impact on the intellectual life of the campus. Decide what is important to you. Do not let others talk you out of doing what you want to do with your money.

STEP 5: RESPECT ACADEMIC FREEDOM

COLLEGES and universities are unlike any other institutions you will have experienced. They have their own rules and rituals, convoluted politics, and arcane protocols. You can't change this fact, so you have to work with it instead of against it.

Although slogans such as “institutional autonomy” and “shared governance” can be used to cover a host of sins, there is a valid idea at their core. Academic decisions should be made solely on academic grounds. While colleges should accept outside help that strengthens academic programs, they rightly reject efforts to make them comply with someone's particular political, religious, or personal agenda.

This principle is sound—and not nearly so restrictive as it may seem. You cannot support a program to advocate your ideas. But you can support a program to study topics and ideas you deem important. And you can support faculty who share some of your own beliefs about the nature and importance of these topics and ideas.

There are two key facts to keep in mind: First, your money is yours to spend as you see fit. You have a right to direct a gift for any purpose you find compelling. Second, the college does not have to accept your money. The college has a duty to accept only those gifts that will contribute to the mission of the college. In practice, this means that intelligent giving involves evaluation on both sides. For example, you may want, wisely or unwisely, to fund a program in underwater archaeology. The college is free to accept your gift, even with very



PROFILE IN GIVING #4



Providing Balance and Intellectual Rigor:

LeFrak Forum and Symposium on Science, Reason, and Modern Democracy at Michigan State University

Samuel LeFrak was a successful real estate entrepreneur and a zealous friend of democracy. In 1997 he helped fund the LeFrak Forum, in the Department of Political Science at Michigan State University, with a carefully constructed donor agreement. The Forum, along with its sister institution, the Symposium on Science, Reason, and Modern Democracy, also in the Department of Political Science, are vital centers for research and debate on the theory and practice of modern democracy. The specific mission: to place theoretical issues in practical context and policy issues in philosophical perspective.

The Forum and Symposium have sponsored almost two hundred lectures at Michigan State University and more than a dozen international conferences, distinguished for their balance and intellectual rigor. Events, many of which have been broadcast by C-Span, have included "The Supreme Court and the Idea of Constitutionalism," "Biotechnology and Modern Democracy," "Jefferson and 'American Empire'," and "Beyond Radical Islam?"

In addition to conferences and lectures, the Forum sponsors publications and teaching, as well as graduate, post-doctoral, and senior fellowships. Moreover, talented MSU undergraduates with concentrations as diverse as mathematics, zoology, and mechanical engineering receive support as Lincoln Scholars.

The excellence of the LeFrak Forum has attracted public support in the form of a prestigious National Endowment for the Humanities Challenge Grant. The Forum and Symposium are advised by a distinguished and diverse board including Kwame Appiah, Jean Bethke Elshtain, Christopher Hitchens, William Kristol, Francis Fukuyama, and 2010 Nobel Laureate for literature Mario Vargas Llosa. Mr. LeFrak's gift is a superb example of how thoughtful donors can enrich the lives of students and the community at large. 

elaborate restrictions, if your proposed program furthers its mission. However, the college may, wisely or unwisely, view the program as an expensive frill. That is the college's decision to make, not yours.

So what are your rights and responsibilities when it comes to college giving?

- **You have a right to offer the gift; the college has a right to decline.** No donor should try to force a college to do something that it does not want to do. To be successful, a program needs institutional cooperation on a day-to-day basis. If the college does not like your idea, try out another one or see if you can find another college that is receptive to your proposal.
- **You should respect academic procedures.** Colleges and universities are not like businesses, and the college president is not a CEO who can make firm commitments. Even if key faculty and administrators are eager to start the program you want to support, specific aspects of it, such as new courses and new faculty hires, may have to be approved by faculty committees, the board of trustees, or both. Before you sign on the dotted line, you should ask what procedural steps will be necessary to finalize approval for your gift and clarify in writing what will happen to your gift if those approvals are not forthcoming. In other words, you and the college should form a sort of academic prenuptial agreement.
- **Once you fund a program or activity, do not micromanage it.** In fact, you cannot participate in the management of the program at all. Academic autonomy is the *sanctum sanctorum* of faculty governance. You may be able to play a role in the selection process, but you cannot dictate faculty appointments or course content. You can decide to support only programs that include materials of a high intellectual quality, or even define the topic you will fund such as “American Literature” or “Entrepreneurship.” But you may not tell the faculty to teach some books and not others. Yes, faculty may like the books you suggest; but, at the end of the day, it's up to them to decide.

In sum, your legitimate involvement occurs at four points:

- Before you make the gift, you can describe what you are willing to fund.



PROFILE IN GIVING #5

Finding a Faculty Friend:

The Gerst Program and Duke Program in American Values and Institutions

Gary Gerst is a Duke University alumnus who is interested in supporting academic excellence. Throughout his busy life, Gerst has traveled the world, worked in widely varying fields, actively served his community, and taken a strong interest in American higher education. Eager to give back, Gerst gave a special gift to Duke for the formation of an academic program that teaches the foundations and history of freedom.

The Gerst Program and Duke Program in American Values and Institutions focuses on “the central importance of freedom for democratic government, moral responsibility, and economic and cultural life.” Students in this program study philosophy, history, political economy, and literature, and they attend colloquia and guest lectures hosted by the program. The Program also incorporates a strong outside-the-classroom component, where students live together, reflect on classroom discussion, and meet weekly for dinner with guest speakers and faculty.

To found the program, Gerst wisely sought out a faculty friend—political science professor Michael Gillespie—to help design and build the project. Since then, the Program has provided many students the opportunity to learn in a rigorous academic environment that refuses to succumb to the diluted academic standards so common in colleges today. By fostering discussions about the meaning of freedom, its history, and its necessity for democracy, the Program offers an education steeped in the classical liberal arts. Without Gary Gerst’s vision and courage, this program would not exist.

Duke has used Gerst’s money as he intended. In fact, the Program proved to be so successful that Duke applied for a grant from the National Endowment for the Humanities in order to maintain it. In 2005, the NEH awarded Duke a \$600,000 challenge grant, matched by Duke with \$1.8 million of its own fundraising, to continue the Program. ☺

- In making the gift, you can set conditions so long as they are compatible with the principles discussed above.
- You can monitor the implementation of the gift.
- You can decide whether to renew the gift.

All this is tricky business. Usually, a college or university will not simply turn down a gift. Administrators may try to persuade you to modify the terms of your gift in ways they would find acceptable. That is their right, and you should listen to them—but that does not mean that you should automatically yield to their requests. You may be able to find common ground; you may not. In the end, you should not give a gift unless you are convinced that it will achieve your educational goals.

STEP 6: FIND A FACULTY FRIEND

THE challenges of intelligent college giving will be vastly simplified if you can find a friend, ally, or advisor on the faculty. He or she will be your best guide to the three P's of academic life—principles, procedures, and politics. In fact, if you want to support an academic program or activity that will be an official part of the college, you almost have to find an academic friend within the institution to support your endeavor. Once you find a faculty member or an administrator with strong faculty roots who wants to do what you want to do, you are almost home free. Your guide and ally at the college can help translate your goals into a workable plan. He or she will know how to design a feasible program, how to get other faculty and students interested in it, and how to negotiate the institutional politics. Academic culture has its own rules—and one of them is that outsiders are not allowed to participate in it. So let your inside supporter handle the work of recruiting institutional support and navigating the system.

Deans, provosts, and college presidents who have an understanding of and a rapport with the faculty are good friends to have. But remember that ultimately an academic program is in the hands of faculty. Professors determine a program's quality and intellectual content, and they are essential for implementing your academic priorities.



PROFILE IN GIVING #6



Faculty Working Together:

UCLA's Center for the Liberal Arts and Free Institutions

In 2009, the University of California at Los Angeles authorized a new undergraduate program focusing on freedom and Western civilization. For years, a small group of faculty members from different departments worked tirelessly to make the Center for the Liberal Arts and Free Institutions, or CLAFI, a reality. In its first year, the center offered a core sequence of courses on Western civilization and also sponsored a four-day, campus-wide celebration of Abraham Lincoln.

CLAFI's Lincoln Celebration exemplifies the program's inclusive educational aim. Held during the fall of 2009, the event honored the bicentennial anniversary of Lincoln's birth with keynote speakers and panel discussions devoted to Lincoln's life, achievements, and influence. Academic events took place alongside musical and dramatic performances centered on Lincoln, slavery, emancipation, and the Civil War. CLAFI students also read and discussed Lincoln's writings as part of their curriculum.

Subsequent public events have centered on William Shakespeare, Samuel Johnson, Mark Twain, and Leo Tolstoy.

Over time, CLAFI Director Daniel Lowenstein hopes the program will offer research grants, fund postgraduate fellowships, and host academic conferences, public lectures, arts presentations, reading groups, and other events with broad appeal. In this manner, CLAFI will enhance understanding—on campus and beyond—of the importance of Western civilization and traditions within our global economy.

Professor Lowenstein and his faculty allies worked hard to develop a broad base of support for this new oasis of excellence. Foundation support made the Lincoln event possible and enabled the fledgling academic program to be launched. Discussing his funding strategy for the program, Lowenstein notes that "we propose to draw on existing resources at UCLA and, where necessary, to supplement them, in order to assist those who do share our interests." This program is already enriching the UCLA community, providing a unique academic and cultural resource for the study and appreciation of Western civilization and free institutions. ☺

Presidents turn over about every eight years; tenured faculty tend to stay forever. It's not unusual for a president to implement a new curriculum in response to a major foundation grant—and for the next president to attempt to substitute something entirely different just to “make his mark.” Faculty will be a durable engine to see your project through.

Starting with a faculty friend can make all the difference. Take the case of the donors who were interested in funding the study of free-market economics at Vanderbilt University. At the donors' request, ACTA's Fund for Academic Renewal identified a faculty friend at the university who shared the donors' interests. The faculty member then assembled an outstanding interdisciplinary course on the economics, history, and philosophy of liberty. He succeeded in getting administrative support and faculty approval for the new course, which would carry credit toward the University's General Education requirements and give students a perspective different from standard campus fare.

How do you find an academic ally at an institution? There are several ways.

- **Ask an insider for advice.** You may already know faculty members whose judgment you trust. Tell them your idea and ask if they know other allies who might be interested in your project. (And don't forget that your contact may well feel an obligation to “reel in the donor” for the benefit of his or her own department.)
- **Do some research.** Look at faculty profiles and course descriptions and the bios of administrators. You may find someone whose teaching, or research, or policy commitments align with your interests. Faculty profiles are usually available from the department office or the college's website. You might even put out a request for proposals (RFP), if you do not find promising material among existing faculty profiles or course offerings. (An RFP states the kind of activity you are willing to support, establishes a time frame, sets a dollar limit, and may stipulate other relevant conditions.) In evaluating the responses to your RFP, make sure, of course, that you thoroughly research applicants' backgrounds and reputations before committing your funds.
- **ACTA would be happy to help you locate a faculty friend.** We have a wide academic network, starting with our own distinguished advisors. We are also in touch with other groups that conduct activities on



PROFILE IN GIVING #7



A Cautionary Tale:

Robertson vs. Princeton

The dispute between the Robertson family and Princeton University over a large gift exemplifies the problem with gifts in perpetuity. Charles and Marie Robertson donated \$35 million in 1961 to a charitable foundation established to finance the education of Princeton graduate students for careers in government service, with particular emphasis on international relations—a goal that they put in writing. At the time, this was the largest gift ever given to the University, and by 2007 the foundation, which Princeton controlled, had assets nearing \$1 billion. Over the years, the Robertsons passed away, and Princeton's original stewards were replaced by people who were not present when the gift was made.

Along the way, fewer and fewer students in this program sought government careers in foreign policy and diplomacy—and the Robertsons' children, who sat on the foundation board, took issue with the way Princeton was using their parents' money. The program the Robertsons had created to train America's best and brightest for government service was no longer doing that. Many of its students were entering the private sector after graduation, taking jobs in the banking and financial industries. This shift troubled the Robertson children, who feared that the school was not living up to its agreement with their parents. Looking more closely, the Robertson heirs discovered that funds were also being used to pay professors outside the Woodrow Wilson School, to erect buildings, and even to cover the University's general operating expenses.

Unable to reach an understanding with Princeton over the disposition of the funds, the Robertsons filed suit in 2002, seeking control of the foundation so the funds could be used to support programs at other colleges more willing to carry out their parents' intentions. Tens of millions of dollars in legal fees, and more than six years later, Princeton agreed to pay more than \$100 million to settle the case.

The story is a parable about the pitfalls of perpetual gifts: The case illustrates the extraordinary costs—in time, resources, and impact—that arise when parties are at odds about the donor's vision after the donor's death. ☞

campus and have extensive faculty contacts. There is a good chance we can locate faculty and/or administrators who share your educational goals. Just call us at 202.467.6787 or email us at info@goacta.org.

STEP 7: STATE YOUR INSTRUCTIONS IN NO UNCERTAIN TERMS

OFTEN even restricted gifts are made on little more than a smile and a handshake. The donor is given romantic descriptions of all his or her gift will achieve, but nothing is written down. Donors are later shocked to find that something quite different has been done with the money.

When you buy a car, you specify the year, make, color, and extras—in writing. You should do no less with a gift to your college. Clear instructions do not imply that you mistrust the college. They are simply the best way to avoid misunderstandings.

What should you put in writing? Anything that is important to you. Only you can say what that is. Focus clearly on the issues that matter to you, but do not include things that are not really essential. Make sure that you articulate any conditions that, in your mind, must be met for the program to succeed. Sometimes it is helpful to specify an alternative recipient, should the primary recipient prove unable or unwilling to honor the terms of the gift. As attorney Richard S. Gallagher puts it: “If the donor chooses to accomplish his or her intent through a restricted gift ... he needs to make his intent so clear and unambiguous that there will never be any challenge, even when circumstances change.”

Example: Suppose you would like to bring speakers to campus. Your goal is to ensure a high-quality, balanced discussion of great issues. Perhaps you are confident that the economics department (but not, say, the sociology department) will provide the balance and quality that is crucial to achieve your objectives. You should then restrict the funds to the economics department or even a particular professor or subunit, such as the college's institute for economic policy. Should you specify that the lectures must be, let's say, in the evening? Perhaps—if it is crucial to your objectives that townspeople as well as

students participate. Otherwise, do not tie the hands of the people running the program.

Example: Suppose you want to support a religious studies program, and you feel it's vital to include study of the Jewish religious tradition. You should require that the program do so—and should put that requirement in writing. If you want to monitor and evaluate the program, you may also wish to require an annual report that contains information about courses and activities, participating faculty, number of students, and so forth.

How specific should instructions be? When Abraham Lincoln was asked how long a man's legs should be, he is said to have answered, "Long enough to reach the ground." Restrictions should be specific enough to do the job—to make it clear to the grant recipient what would and what would not fulfill your intent. A poorly drafted law can be "unconstitutionally vague"—so imprecise that citizens cannot know whether any particular action is permissible or not. Don't make your restrictions "unconstitutionally vague." If you want to give money to the classics department with no strings attached, go ahead—but understand, too, that saying your gift is "to strengthen the classics program" does not offer anything in the way of a clear directive about your wishes.

Specificity is also important because it can clarify some of the more technical aspects of giving. First, you want to be specific enough in your gift agreement that your money isn't merely lumped into the general endowment because the purposes are "similar." Second, many schools assess an administrative charge on your gift. ACTA has had success helping donors insist that the college or university take no administrative fee. There is no guarantee that your school will agree to forego an administrative charge, but it never hurts to clarify this point up front and negotiate it as appropriate.

You should also consider videotaping a statement about how you want the funds to be used, and—if you are funding a particular program—how you envision the program functioning. A video statement will provide a document of your intent in a very real, tangible way that provides an excellent supplement to a written document. The more ways you share your intentions, the more definite you can be that your school will understand and honor them.

Stating your restrictions in clear and unmistakable terms will save both you and the college many a heartache.

STEP 8: DON'T TRY TO BUY IMMORTALITY— GIVE WHILE YOU LIVE

BEWARE of the *Ozymandias* Fallacy—the illusion that you can buy immortality in the things you build or endow. In his poem, “Ozymandias,” Percy Shelley writes about finding an ancient statue, now in ruins, in the desert. Built by a long-forgotten ruler whose pride led him to believe his monuments would last forever, the statue had long since gone to pieces. Only the base remained:

*And on the pedestal these words appear:
"My name is Ozymandias, King of Kings,
Look on my Works, ye Mighty, and despair!"
Nothing beside remains. Round the decay
Of that colossal Wreck . . .*

Andrew Carnegie was wiser than Ozymandias. He predicted the problem of “gifts in perpetuity”: those gifts to endowment that last after the donor has died, rather than being expended over a limited time or for a specific project. Endowment is an institution's invested capital that generates funds to be used, in perpetuity, to support the institution.

“The cases are not few,” he said, “in which the real object sought by the testator is not attained, nor are they few in which his real wishes are thwarted. In many cases, bequests are so used as to become monuments of his folly.” In 1977, for instance, Henry Ford II publicly resigned from the Ford Foundation board because the Foundation had strayed so far from his grandfather's ideals that it was actively betraying them.

The sad fact is: All gifts in perpetuity risk becoming “monuments to one's folly.” As Randolph Foundation president and director Heather R. Higgins has written, “The idea of perpetuity presents both temptations and perils: temptations in the form of a genuinely seductive idea proposed with high promise and noble intention; and perils that are evidenced by a history of repeated disappointment and frustrating experience.” The simple fact is that you have more control over your money during your lifetime.



It is difficult for anyone to look into the future beyond [a time frame of fifteen or twenty years] and thus unwise to project any well-defined purpose much further out on to the horizon. Many donors, in fact, prefer to make gifts for far shorter periods of time—three or five years being the preferred standard, with extensions based upon reviews and performance. Donors have need of such a practice in order to counter the position ... that once the money is in the university's hands, it alone is the final arbiter of its use.

– James Piereson, President
William E. Simon Foundation

The lesson is simple: give away all you can now. And give it away in limited-term gifts to keep it accountable. Many a donor has seen his gift in perpetuity misused even in his lifetime. As donor advisor Dr. Frederic Fransen explains, "By creating a series of annual gifts subject to review, you assure accountability and create a way out, should the institution change its mind (as they often do). If you prefer an immediate tax deduction, consider setting up a donor advised account."

Endowments can be redirected to purposes wholly unrelated to a donor's original intent, especially when economic times are tough. One college recently sought to dip into a multi-million dollar endowment for a professorship of economic enterprise in order to fund financial aid for foreign students.

As one donor points out, "The best safeguard of your values during your lifetime is you." Another notes that, "The ideal donor dies broke." The benefits of this approach are real, measurable, and immediate. You can enjoy the satisfaction of putting your wealth to good use during your lifetime. And your money will have much greater impact. Just do the math. Most universities spend down about two-and-a-half to three percent of the endowment each year. For every million dollars you put into their endowment, they will spend \$25,000 or so. That's not much bang for your million bucks. The same million spent over ten years, with the remaining capital drawing interest, would yield about \$150,000 per year—a quantum leap in terms of the kinds of projects your gift can support.

While you cannot (and should not attempt to) buy immortality, it is not wrong to seek recognition for your gift. If recognition is important to you, discuss that with your college or university before giving. Find out how it recognizes donors, and make sure you agree on what is expected.

No matter how specific you are about the use of your gift, and no matter how many mechanisms you create to ensure that your intent is fulfilled, there is no guarantee that perpetual gifts will always be used as you desire. Avoid heartache and require your gifts to be expended in the short-term.



PROFILE IN GIVING #8

Another Cautionary Tale:

The Shelby Cullom Davis Professorship of American Business and Economic Enterprise at Trinity College



In 1976, Wall Street investor Shelby Cullom Davis donated \$750,000 to Trinity College. By 1981, the Davis fund had doubled in size and was large enough both to create the Shelby Cullom Davis Professorship of American Business and Economic Enterprise and to support associated endeavors such as bringing in speakers from the business community. At that time, the Trinity president asked for permission to change how the endowment funds were allocated “as conditions evolved and opportunities arose”—a request Mr. Davis categorically rejected. “It is my wish that the funds and income from the Endowment be used for the various purposes ... described,” he wrote, “and for no other purposes.”

Economics professor Gerald Gunderson was awarded the professorship—and the Davis fund continued to grow. By 2007, it was worth \$13.5 million—three percent of Trinity’s endowment—and brought in an income of \$500,000 a year. Gunderson proposed that the College spend the full income of the Endowment on an additional professorship, and for programs such as the business executive-in-residence, as specified in the donor’s initial gift agreement. But his repeated requests were denied. Then, in 2008, Gunderson learned that the Trinity president had approached some of Mr. Davis’ descendants about using the funds to offer scholarships to foreign students.

Concerned that Trinity was violating Mr. Davis’ intent, Gunderson informed the Connecticut attorney general. A review revealed that Trinity had for some years been drawing on the Davis endowment to fund an internship program for which approval had never been granted. Gunderson asked that the money be returned and, some six months later, as the *Wall Street Journal* undertook an investigation, the College reimbursed the Endowment fund \$193,000 for the amount it inappropriately withdrew. The dispute is not over, and litigation is likely.

In the case at hand, the faculty chair serves as a watchdog. But when he retires, who will remain to protect the donor’s intent? ☞

“If colleges like Trinity undermine donors’ confidence that they will respect their wishes, they place at risk the generous support they receive from our foundation and so many others—and the benefits that inure to millions of students from this largesse.”

– Diana Davis Spencer, President, Diana Davis Spencer Foundation

STEP 9: FOIL THE SILENT THIEF, FUNGIBILITY

SUPPOSE your college has an outstanding political science department and you direct all your support to it. For all you know, the dean merely subtracts that amount from the department's allocation. If that happens, your gift does not actually do anything to enhance the political science department. Instead, it merely frees up the dean to spend money on other things—things you may not find worthy of funding. Money is fungible.

There are three ways around fungibility.

- **Put your requirements in writing.** You can specify that your gift must be a net addition to the department's budget. This is not a total solution, since next year's budget cannot be predicted, but it may be helpful.
- **Let the faculty be your watchdog.** The professor or program receiving your gift is on your side. Faculty members do not want their hard-earned gift to be subtracted from their budget. They will detect and resist any attempt to do so. The dean, who wants enterprising faculty to go out and raise funds, is not likely to take funds away entirely if someone is watching.
- **Create something new.** This is the only sure-fire way to protect your gift. If you fund a new set of courses or a new lecture series, or help to rebuild a core curriculum, there is no budget from which to subtract your gift. That is one reason some of the best professors around the country are starting new programs with outside support. "The best way to avoid fungibility is to start something new," said Gary Gerst, Duke alumnus and founder of The Gerst Program and Duke Program in American Values and Institutions. "That way you know for sure that all your funds are being used as you intended."

You should also specify that any unspent income or gains on your gift must revert to the dedicated fund. Otherwise, your institution may appropriate it for its own use.



PROFILE IN GIVING #9

Fund an Independent Institute:

The Alexander Hamilton Institute



Some donors have found faculty friends on campus—and together they have devised a uniquely rewarding model of successful philanthropy: the off-campus, independent institute that can attract faculty and students from area colleges and universities. That's what determined alumni donors and professors in upstate New York did when Hamilton College rejected a board member's multimillion dollar gift to underwrite lectures, conferences, and colloquia on campus.

In refusing the gift, Hamilton was yielding to faculty quibbling rather than responding to student demands—but donors and their faculty friends did not take no for an answer. They founded the Alexander Hamilton Institute, and so created an off-campus forum for rich intellectual exchange.

Inspired by Alexander Hamilton's life and work, the Institute is fully committed to intellectual inquiry and debate that ranges widely across geographic, cultural, and disciplinary boundaries. Its Preamble proudly proclaims that "the AHI promotes excellence in scholarship through the study of freedom, democracy, and capitalism as these ideas were developed and institutionalized in the United States and within the larger tradition of Western culture." And, since its founding, the AHI has done just that.

The Institute sponsors fellowships for advanced research, supports student initiatives, hosts student groups such as the Edmund Burke Association and the Christopher Dawson Society for the Study of Faith and Reason, and hosts colloquia. One such event—"Dedicated to a Proposition?: Examining the Relation between the Declaration of Independence and the Constitution"—drew professors and students from Dartmouth, Princeton, Carleton, and Baylor for three days of scholarly exchange.

Delivering educational resources not available on campus, the Institute offers a particularly valuable example of thoughtful alumni giving. 🐣

STEP 10: CONSIDER ALTERNATIVES

SUPPOSE you have lost confidence in your college. You want to support activities that the campus administration is, rightly or wrongly, unwilling to accept. Several alternatives are available to you.

- **Support a different school.** Even if your college is wayward, there may be others that uphold the standards you value most. Nostalgia has its limits. Find a college that is on the right track and support it.
- **Stick with your college but support a student organization or off-campus group.** If you want to bring a particular view to campus, you may want to help fund an alternative campus newspaper, help a group bring in speakers, or subsidize the newsletter of a faculty group that shares your concerns. You may even wish to help fund a scholarly institute that is affiliated with your campus—but is also independent of it. The Alexander Hamilton Institute, funded by a range of alumni including a former Hamilton College trustee, offers an ambitious model for providing an academic center off campus for students who value liberal arts education.
- **Contribute to a national organization that supports strong academic values.** The loss of commitment to core educational values that you may see at your local university or alma mater reflects national trends that need to be addressed in a comprehensive manner. Fortunately, there are a number of organizations that work with students, faculty, trustees, and alumni to support academic excellence and the free exchange of ideas on campus. ACTA would be happy to provide you with a list. It may be that you can best help your college by supporting national efforts to counter damaging trends.
- **Contact ACTA.** ACTA's Fund for Academic Renewal helps donors locate projects that reflect their educational values and also assists donors in making arrangements for their gift. Donors may even direct their gifts through the Fund, which then handles the entire gift process in accordance with the donor's instructions. There is always a better solution than throwing your money into the campus general fund. ACTA can help you find it. Just call us at 202.467.6787 or email us at info@goacta.org.



PROFILE IN GIVING #10

Innovative Partnership:

The Sanford Education Program at Arizona State University's Mary Lou Fulton Teachers College

Donor T. Denny Sanford, an alumnus of the University of Minnesota with a record of incredible success in widely varying fields, is interested in supporting educational excellence. To this end, Mr. Sanford made a special gift to Arizona State University, designed to transform the way ASU recruits, selects, and prepares future K-12 teachers.

With a grant of more than \$18 million dollars, the Sanford Education Program is part of ASU's Mary Lou Fulton Teachers College. The project is an innovative collaboration with Teach for America (TFA), a nontraditional teacher preparation and placement program which, since 1990, has placed more than 24,000 teachers across the country in the nation's most challenged public schools. With over 5,000 students, the College is already the largest teacher preparation program in Arizona. This project will focus on ways to attract teachers from an expanded pool of high-achieving individuals, giving them intensive clinical training during student teaching, and developing support systems for teachers during their professional careers.

To found the program, Sanford benefited from friends with a keen sense of university dynamics. President Michael Crow, Provost and Senior Vice President for Academic Affairs Betty Capaldi, and Dean Mari Koerner, shared a common goal and a readiness to embrace partnerships outside the academy, "to elevate teaching to its rightful place as a preeminent profession in society."

Through enlightened giving, the donor intends to make teacher education more research-driven, creative, and adaptive and to produce a national model for the preparation of effective, informed teachers. "It is vitally important for the future of our country that public education be improved, and to do that we must produce more effective teachers," Sanford said in making the gift. "I believe this innovative partnership ... will refine the best practices in teacher education and develop new strategies to produce teachers of the highest caliber." 

- **Be part of the solution!** Don't just walk away as so many alumni have done. Higher education is vital to the future of this nation—and philanthropists should not abandon it. Withholding a gift barely registers on the Richter scale. By supporting academic excellence—on-campus, off-campus, or at the national level—you can play a critical role in restoring integrity to American higher education. You can be part of the solution.

STEP 11: MONITOR YOUR GIFT

YOU can't assume that the program you funded will be successful. You cannot assume that just because you gave clear instructions, they will be followed. You cannot even assume that your program will be implemented. Yale alumnus Lee Bass discovered, four years after giving \$20 million for a Western civilization program, that the program had been deep-sixed—and the administration did not even bother to inform him! To ensure compliance and evaluate success, you have to monitor your gift on a periodic basis. As President Reagan said to Soviet leader Gorbachev, "Trust but verify!"

When you make the gift, specify when you would like to receive progress reports and what those reports should include. You should state the goal of the gift in such a way that it is possible to devise clear criteria for evaluating results. At the very least, require an annual report, specify the contents of that report, set a deadline for its submission, and clarify to whom it should be sent. The more specific you are, the better.

If you funded a lecture series, for example, you would want to know who the speakers were and how many attended the events.

For an academic program, you might ask for the syllabus, detailed descriptions of assignments, and copies of student evaluations. You might want to sit in on a class, visit with students, and look at some of their work. You would, of course, have to respect whatever privacy rights were involved.

If you want information that goes beyond normal academic routine—for example, a survey of students five years after completing the program—you should provide additional funds for that purpose.



PROFILE IN GIVING #11



Getting What You Paid For:

The Herbert W. Vaughan Lecture at Harvard Law School



Herbert W. (Wiley) Vaughan supports higher education in a variety of ways, and his gifts offer an excellent example of intelligent giving. Before making his first gift, Vaughan consulted a “faculty friend”—a former associate who was on the Princeton faculty. The professor observed that many of our finest scholars and dedicated teachers are retiring. He further noted that support for rising scholars often goes to those who are caught up in the intellectual fashions of the moment. Building on this understanding, Vaughan established a trust to support young scholars whose work meets traditional standards of significance, factual accuracy, and analytical rigor. This trust aims to ensure that time-honored academic approaches to research and teaching continue to thrive.

In 2007, Vaughan noticed another need in higher education—students and faculty both required a deeper understanding of the founding principles and core doctrines of our system of government. So he gave his alma mater, Harvard Law School, a special gift. The donation instituted the endowed biennial Herbert W. Vaughan Lecture, which invites outstanding scholars and jurists to campus every other year to discuss the U.S. Constitution and its doctrines. United States Supreme Court Justice Antonin Scalia delivered the inaugural lecture, addressing a packed house on the topic of originalism in constitutional law.

In the alternate year, the gift funds academic activities on America’s founding principles to be sponsored or co-sponsored by the law school’s student-run Federalist Society chapter.

Two aspects of Vaughan’s latest gift are especially noteworthy. First, it is a two-pronged program. In the years when the lectures are not held, Vaughan’s gift funds an academic activity sponsored by the Federalist Society chapter. Because both Harvard Law School and the Federalist Society are regularly called upon to oversee the designated programs, they must stay focused on the continuing applications of the restricted gift. Second, Vaughan’s gift agreement stipulates that a statement outlining his reasons for funding the lecture and academic activities must be read before the lecture or program each year. Through these two mechanisms, then, Vaughan ensures that the recipients of his gift will honor his intent. Thanks to his intelligent giving, students at Harvard Law School now hear and engage perspectives that enhance what they learn inside the classroom. 

We also urge that you designate a third party to receive an annual report from the university. This reminds the college that someone else also cares what is happening to your money. ACTA would be happy to serve as your third-party recipient. We have done this in the past and are happy to do it in the future.

If you are making a particularly large targeted gift, you may also want to condition the gift on regular review by the board of trustees. At some institutions, the board approves gifts above a certain dollar value. However, many boards rarely see or know the details of donations—before or after they are made. Boards usually review the operating budget and other financials, but you cannot assume that they will review your gift before the university accepts it or know whether the conditions you set are followed.

Boards would be well advised to take steps to affirm their commitment to following donor intent. They could, for starters, create a stewardship committee responsible for the review and monitoring of large targeted gifts, and also explore other ways to address donor concerns. Tim Walter, former CEO of the Association of Small Foundations, has noted with concern that “there is a gap of trust to be bridged between university leaders and experienced donors with regard to gifts to endowments. Clarity of expectations and clear communication of results would certainly help.”

Finally, you should inquire whether the school has a stewardship office. While stewardship offices are not necessarily guarantors of donor intent, they do indicate that the university is aware of the issue. Find out what type of work the stewardship office does and how it will affect you. “If institutions truly want long-term success in fundraising, they should help donors ensure that the terms of their gifts are thought through carefully—and that they are documented,” says philanthropist Frank Weil. “Providing genuine stewardship is a real asset to long-term success in fundraising.”

STEP 12: GET WHAT YOU PAID FOR

IF YOU spelled out clear conditions and the university does not abide by them, get your money back. You should be prepared to go to court if necessary.

But you may not have to resort to legal action. “Donor demands funds be returned” is not a headline college presidents want to read over their morning coffee. If you let them know you are serious, they may see things your way.

However, a possibility is not a guarantee. When your gift is, in your judgment, not properly used, you will not necessarily succeed in having it returned. While cases such as *Robertson v. Princeton* establish donors’ legal standing, the courts are not always a reliable avenue of redress. In a Connecticut lawsuit, for example, the University of Bridgeport successfully contended that only the state attorney general, not the individual donor, could bring suit. Similarly, a Minnesota court recently ruled that St. Olaf College was within its rights to sell a donor-supported campus radio station and deliver the proceeds—more than \$10 million—to its endowment.

But there is no reason to despair. When it comes to donors’ rights, there is good news as well. The attorneys general in some states have actively sought to protect donor intent. In 2010, Connecticut’s attorney general announced his intention to review Yale University’s prize donations and endowed funds to ensure that they were being used in accordance with donor intent. This followed the office’s active involvement in a matter involving donor intent at Trinity College.

Twenty states and the District of Columbia have amended their laws recently to enable donors to enforce restrictions on their gifts. Still, laws can be tough to enforce, and lawsuits absorb time and money that could have been devoted to your cause. And as the economy contracts, colleges and universities are increasingly seeking to use restricted gifts for purposes other than those for which they were intended.

The best protection is to make only short-term gifts. The simple remedy, if your gift is not being used as you intended, is not to renew it. You may find better uses for your money elsewhere.

On the other hand, you may not want to appear picky or truculent. You may not want to give the president a black eye. Whatever the reason, you may need a graceful out. One experienced donor who started a program that did not work as planned simply told the university: “I don’t want to cause you any trouble or embarrassment, but this program is no longer meeting my philanthropic goals. Do you have something else I could support?” The university may not want to pick a fight with you—especially if it knows that you stated the conditions of your gift so clearly that you have a right to your money back.

There is an additional option that may be attractive to some donors. When writing the gift agreement, you may want to stipulate an alternate recipient to receive the residuary of your gift should the university depart from your stated intent. This arrangement will provide an additional impetus for the university to follow your intent, by setting up the third party as a watchdog of sorts. As a co-beneficiary, the third party will have legal standing to challenge the university's use of your funds if it appears the school is not following your intent as stated in the gift agreement.

STEP 13: PLAN FOR THE LONG TERM

IN PLANNING beyond your lifetime, you must decide the recipient, the purpose, and the time-horizon. The recipient could be the college of your choice, a foundation whose beneficiary is the college, or a national organization. The time-horizon should not exceed thirty years.

If you give to your college directly, you should first go through the steps above: clarify your goals, find a faculty friend, state clear conditions, and so on. These steps are pretty much the same whether you are thinking of a short-term or long-term gift.

To protect donor intent, you may want to set up an independent foundation with your college as the sole beneficiary. That way you will be able to choose the board—and the board, rather than the college, will control the awarding of grants. If you do this, there are several things you should keep in mind:

- **Require that all funds be expended in a 30-year period.** Studies have shown that trustees are unlikely to be faithful beyond the generation of people who knew the founder firsthand. Expending your funds over a shorter period of time will have a greater impact. Instead of dribbling out a meager three percent a year, a time-limited trust could give away several times that amount every year. The really worthwhile projects will attract notice. They will be able to raise their own funds after your gifts have ceased. In that way, you will enjoy a different and better form of immortality.
- **State explicitly** the purposes and activities eligible for support.

- **Select board members who understand and share your values.** If you care about donor intent, do not rely solely on attorneys and family members. Family members may tend to regard your trust as their personal inheritance and spend it according to their own values, not yours. Concerned with efficiency, attorneys often abide by the letter, but not necessarily the spirit, of the trust.

An alternative is to entrust your money to an organization that shares your educational values. Philosophically dedicated organizations stay true to their values because this is what attracts successive generations of members. There are national organizations that urgently need resources to pursue academic excellence and accountability.

STEP 14: GET ALL THE HELP YOU CAN

YOU need all the help you can get. Do not hesitate to contact any national organization whose values you share to seek information and advice. They will be more than happy to help you. Just give us a call (202.467.6787), and we can suggest organizations that share your educational goals.

Consider joining the Philanthropy Roundtable. Based in Washington, D.C., the Philanthropy Roundtable is a national association of charitable donors whose mission is to foster excellence in philanthropy, to protect philanthropic freedom, to assist donors in achieving their philanthropic intent, and to help donors advance liberty, opportunity, and personal responsibility in America and abroad. The Roundtable publishes a periodical, *Philanthropy*, as well as studies of specific topics. Some of these are included in the suggested readings listed at the end of this guide.

The ultimate in one-stop philanthropic support for giving to higher education is ACTA. Dedicated staff working with expert advisors can:

- Research your designated college, locating programs and activities that may fit your educational values;
- Identify a faculty friend who shares your educational goals and is willing to help;

- Work with the faculty friend to develop a project that meets your specifications;
- Draft appropriate conditions that ensure compliance without violating academic freedom;
- Handle the paperwork for making the gift;
- Monitor to ensure implementation and to evaluate success; and
- Report periodically back to you.

You may already have a faculty friend and only need help drafting restrictions. Or you may want our help locating a faculty friend, but wish to handle the rest of the process yourself. ACTA will work with you to customize an approach that suits you.

You are not alone. There are both national organizations and other donors who share your concerns. Make common cause with them.

STEP 15: TALK TO YOUR LAWYER AND ACCOUNTANT

THE purpose of this guide is not to give legal or tax advice. Donors should always consult their personal advisors before making a major gift. Institutions of higher education that exemplify excellence and intellectual openness are essential to our success as a nation and survival as a democracy. Donors who are active stewards of their gifts provide a valuable service to their colleges and benefit to their country. As the late Yale provost Frank Turner explained, “The much maligned ‘strings’ attached to restricted funds are in truth the lifelines that link colleges and universities to the marketplace of ideas within a democratic society.” You have an opportunity to make your gift count. We encourage you to make the most of it.



Appendix

Further Reading

PHILANTHROPY AND NONPROFITS

Golding, Charles William with Craig W. Stewart. Foreword by William H. Gates, Sr. *Inside the Nonprofit Boardroom: What You Need to Know for Satisfaction and Success* (Seattle: University of Washington Press, 2d ed. 2009).

Miller, John J. *Strategic Investment in Ideas: How Two Foundations Reshaped America* (Washington, D.C.: The Philanthropy Roundtable, 2003).

Philanthropy Daily. <<http://www.philanthropydaily.com>>.

Rosenwald, Julius. "Principles of Public Giving." *The Atlantic Monthly* (May 1929): 600-601; "The Trend Away from Perpetuities." *The Atlantic Monthly* (December 1930): 749.

Stone, Nan and Thomas J. Tierney. "Donors Must Include Attention to Accountability With Their Gifts." *The Chronicle of Philanthropy* (Oct. 31, 2010): Opinion.

Wooster, Martin Morse. *Great Philanthropic Mistakes* (Washington, D.C.: Hudson Institute, 2005); *The Great Philanthropists & the Problem of "Donor Intent"* (Washington, D.C.: Capital Research Center, Revised 2007); *Should Foundations Live Forever?: The Question of Perpetuity* (Washington, D.C.: Capital Research Center, 1998).

HIGHER EDUCATION

American Council of Trustees and Alumni. *What Will They Learn?: A Survey of Core Requirements at Our Nation's Colleges and Universities* (Washington, D.C.: ACTA, 2010) <<http://www.whatwilltheylearn.com>>; *Protecting the Free Exchange of Ideas: How Trustees Can Advance Intellectual Diversity on Campus* (Washington, D.C.: ACTA, 2009); *The Vanishing Shakespeare* (Washington, D.C.: ACTA, 2007).

Anderson, Martin. *Impostors in the Temple* (New York: Simon & Schuster, 1992).

Arum, Richard and Josipa Roksa. *Academically Adrift: Limited Learning on College Campuses* (Chicago: University of Chicago Press, 2011).

Bok, Derek. *Our Underachieving Colleges* (Princeton: Princeton University Press, 2006).

Cahn, Steven. *Saints and Scamps: Ethics in Academia* (Lanham, Maryland: Rowman and Littlefield, 2011).

Carey, Kevin and Mark Schneider (eds.). *Accountability in American Higher Education* (New York: Palgrave Macmillan, 2010).

Freeman, Neal B. with comments and Freeman's Responses. *The Robertson v. Princeton Case: Too Important to be Left to the Lawyers* (Washington, D.C.: Hudson Institute, Bradley Center for Philanthropy and Civic Renewal Commissioned Paper: February 2009) <http://pcr.hudson.org/files/publications/Freeman_Commissioned_Paper_and_Responses.pdf>.

Henninger, John. "New Unrest on Campus as Donors Rebel." *Wall Street Journal* (Apr. 23, 2009): A1.

Hersh, Richard H. and John Merrow (eds.). Foreword by Tom Wolfe. *Declining by Degrees: Higher Education at Risk* (New York: Palgrave Macmillan, 2005).

Jencks, Christopher, and David Riesman. *The Academic Revolution* (New York: Doubleday, 1969).

Kors, Alan Charles and Harvey A. Silverglate, *The Shadow University: The Betrayal of Liberty on America's Campuses* (New York: The Free Press, 1998).

Lewis, Harry. *Excellence Without a Soul* (New York: Public Affairs, 2006).

Hacker, Andrew and Claudia Dreyfus. *Higher Education?* (New York: Henry Holt & Co., 2010).

Maranto, Robert, Richard E. Redding & Frederick M. Hess (eds.). *The Politically Correct University: Problems, Scope, and Reforms* (American Enterprise Press: Washington, D.C., 2009): 241-260.

Neal, Anne D. "Donor Q & A: Endowed Chairs." *Philanthropy Magazine* (March, April 2001): 8.

Turner, Frank M. "How Donors Can Keep Universities Honest." *Wall Street Journal* (Sept. 10, 1997): A22.

WEBSITES OF OASES OF EXCELLENCE

Brown University's Political Theory Project

<http://www.brown.edu/Departments/Political_Theory_Project/>

LeFrak Forum and Symposium on Science, Reason, and Modern Democracy at Michigan State University

<<http://ersatzpolisci.pls.msu.edu/symposium/>>

Princeton University's James Madison Program in American Ideals and Institutions

<<http://web.princeton.edu/sites/jmadison/>>

The Alexander Hamilton Institute

<<http://www.theahi.org/>>

The George Washington Forum at Ohio University

<<http://www.ohio.edu/washingtonforum/>>

The Gerst Program and Duke Program in American Values and Institutions

<<http://polisci.duke.edu/research/research-programs/the-gerst-program>>

UCLA's Center for Liberal Arts and Free Institutions

<<http://www.clafi.ucla.edu/>>

ABOUT THE AUTHORS

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