

Colleges must respect donor intent

Plaintiff in case against Hopkins says institutions face risk when they don't abide by givers' wishes

By Tim Newell

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The five weeks between Thanksgiving and New Year's Day are the equivalent of "Black Friday" for charities, which receive nearly half of their annual donations during the holiday season, according to a Charity Navigator survey.

Colleges and universities are no exception.

Higher education institutions always have been among America's most successful fundraisers. In fact, of the 400 nonprofit organizations that raised the most money last year, nearly a third were colleges and universities, the Chronicle of Philanthropy found. Collectively, colleges and universities brought in \$28 billion in donations in 2010, according to the Council for Aid to Education.

Baltimore's Johns Hopkins University was one of the top higher education fundraisers, collecting a reported \$428 million in donations last year. Only two schools raised more: Stanford and Harvard.

Decades ago, my late aunt, Elizabeth Beall Banks, was one of those year-end donors. On Dec. 10, 1988, she and her siblings gifted her beloved 138-acre historic Belward Farm in Montgomery County to Johns Hopkins for a new suburban campus.

Her gift came with some restrictions. Under the terms set forth at the time, the university agreed to use the property only for academic purposes, for university research and development, or for university health and medical care purposes.

Unfortunately, instead of a university-operated campus, as my aunt expected, Hopkins plans to convert Belward Farm into a 4.7 million square foot, university-owned commercial real estate venture that would become the center of Montgomery County's planned "Science City." The main goal of the development will not be education, research or medical care, but turning a profit for Johns Hopkins — already among the nation's wealthiest universities, with a reported endowment of \$2.2 billion.

This is not what my aunt envisioned — and not what the university agreed to. She repeatedly turned down offers from developers to buy her property, even threatening one with a shotgun, the story goes. Developers would have paid \$54 million or more for the land; instead, she "sold" it to Hopkins for just \$5 million, because the university promised the property would be a minimally developed college campus.

Regrettably, donor intent abuses by colleges and universities are all too familiar.

Just a few years ago, for instance, Princeton University was sued by a donor family, which accused the school of misusing a major gift intended to prepare graduate students for federal government careers. After many years in court, the university settled with the family for more than \$100 million. The family used the funds to

establish an independent foundation that is now supporting graduate students at five other universities planning careers in federal service.

Or consider the case of Tulane University in New Orleans. From 1886 to 1901, Tulane accepted more than \$3.6 million in gifts (about \$75 million in current dollars) from Josephine Louise Newcomb. The purpose of the gifts was to "establish and maintain" the H. Sophie Newcomb Memorial College, the first women's coordinate college at an American university. The university operated the college faithfully for 120 years, then in 2006 unceremoniously walked away from its commitment, dissolved the college, and subsumed the college's endowment. It was almost as if a statute of limitations had run out on its promise.

Closer to home, Randolph Macon Woman's College (now Randolph College), in Lynchburg, Va., had just completed a successful fundraising campaign — intended to assure the long-term financial stability of the college for women — when trustees announced their plans to take the school co-ed. Donors and alumni sued, but as in the case of Tulane, the college prevailed.

What Johns Hopkins — and charities of all kinds — need to remember is that keeping your word matters. The same Charity Navigator survey mentioned earlier revealed that 87 percent of donors consider accountability and transparency a "very important issue" when making donations. Many Tulane and Randolph-Macon donors are now giving their money elsewhere.

When Americans give a gift to charity for a specific purpose, and the charity accepts the donation for that purpose, that's how the gift should be used. It shouldn't matter if the gift is \$138 or 138 acres. It's the principle that counts. Donations are not just given; they are entrusted to the receiver. This trust should never be broken.

I'm confident my Aunt Elizabeth would agree. If universities continue to pull such shenanigans, donors will redirect their support to more-trustworthy charities — or, worse, not give at all.

Tim Newell is lead plaintiff in John Timothy Newell, et. al. v. Johns Hopkins University, a lawsuit seeking to stop the planned development of Belward Farm.

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