

## **Judge's Ruling in Princeton Case Sets the Stage for Trial Over Donor Intent**

A New Jersey Superior Court Judge has cleared the way for a trial that leaves open the possibility for Princeton University to lose a donation now worth \$880 million and could have significant ramifications on monetary gifts given to U.S. colleges and universities. The trial represents the biggest dispute over donor intent in higher education and will determine whether the children of a major donor to Princeton University's Woodrow Wilson School of Public and International Affairs can take back a gift now valued at \$880 million and give it to other charities.

The dispute centers on whether or not the Ivy League institution has adhered to the Robertsons' intent and wishes for how the money was to be spent. Mrs. Robertson, an heir to the A&P supermarket fortune gave Princeton \$35 million in 1961. Her children stated that her donation was made with the aim to prepare students for work in the federal government, especially in international affairs. They are claiming that the university has used the money inappropriately to fund other areas as few graduates have taken jobs in this field. Princeton University officials argue that the Robertsons' interpretation is too narrow as the terms of the gift were to help support the Wilson school in providing a broad education for graduate students.

Judge Shuster's ruling seemed to partially favor both parties as he ruled out a trial which supports the university and ruled that Princeton's role as sole beneficiary of the gift should be decided in the trial which supports the family. While the judge said he would take the Robertson Foundation away from Princeton under only "the most egregious of circumstances" his ruling does open the possibility for the university to lose the whole gift.

The case will affect how colleges and graduates approach fund-raising, and is already leading donors and colleges to be more careful about gift restrictions and to form more detailed agreements to prevent disputes. Some believe this initial ruling highlights the fact that the law imposes moral and legal obligations to universities to use donated money only for the purpose to which it was given. While some believe that colleges must be accountable to the people on whom they are relying for financial support, others believe micromanagement of monetary gifts will limit the creativity and initiative of institutions of higher education. Yale faced a similar dispute and returned \$20 million to a billionaire alumnus after he said the university had not created the classes he had requested.

## **A Year Later, Gallaudet Faces Challenging Future**

A year after being shut down, students and university president are optimistic about the future of the internationally known school for the deaf. The university remains on probation after student protests last October forced out an incoming president and Middle States accreditors identified many red flags. Although students currently seem happy with the university and there is a sense of energy and commitment to get the school off probation, problems re-establishing accreditation and leadership as well as trying to increase enrollment and financial funding remain.

As the nation's only liberal arts university for the deaf and hearing impaired, Gallaudet is watched by the deaf community worldwide often as a symbol of strength, accomplishment, and possibility. At the same time, conflicts and misunderstandings have the capacity to quickly reverberate in such a close-knit community. A year ago, angry students blocked access to campus forcing the university to shut down for days in protest against the incoming president who many felt lacked the skills to lead the school. Some protested because they felt the board hadn't listened to their input, some because they thought she would not promote deaf culture, some because they thought the administration has lied and some because of perceived racism. With so much disagreement over the incoming president as a leader, many felt the university could not go forward. At the same time, advances in medical technology and the establishment of federal laws that allow deaf students to have interpreters has given deaf students a wider array of educational options and has led many to attend mainstream schools. Some see the university as the center of a cultural war between deaf culture centered in sign language and that centered in written and spoken English. Enrollment at Gallaudet has suffered as a result. Whereas they had as many as 1600 undergraduates in the mid 1990's, this year, enrollment is down to 1,080 which decreases its federal funding and strains its budget. As a result, payroll expenses have had to be capped and the school has begun efforts to reduce the number of employees.

The past year has focused on strengthening leadership, resolving conflicts, rebuilding the fractured community and working to overcome the problems identified by Middle States Commission on Higher Education. Interim president Davila was hired last winter and has had his contract extended through 2009, but no timeline has been set to select a new president. Recent bomb threats and some dissatisfaction about the former president being allowed to return as faculty members serve as reminders that challenges do remain. Some argue however that these changes have created a stronger, more unified place and that in effort to get the school off probation, much energy and commitment has been fostered. Interim president Davila stated that "we are using this critical juncture in our university's history to transform the university".

### **Deck Studied As Site of Fire**

The early morning fire on October 28<sup>th</sup> that killed seven college students and ravaged the Ocean Isle beach house where they were staying is believed to have started on the home's back deck. The six students from the University of South Carolina and one student from Clemson University who died in the fire had been high school friends and were spending the weekend together at a friend's beach house. Investigators say that the deck overlooked the canal two blocks from the beach and was where the friends talked and danced to music.

The fire struck the house on Scotland Street sometime before 7 a.m. and burned completely through the first and second floors, leaving only part of the home's frame standing. The waterfront home was built on stilts, forcing firefighters to climb a ladder onto the house's deck to reach the first living floor. Firefighters found most of the victims in the home's five bedrooms. The sole survivor jumped out of a window and into the canal. Mayor Debbie Smith stated that investigators believe the fire was likely accidental and that although they are likely to determine the location of where the fire started, identifying a specific cause will be more difficult as so many things are typically consumed in fire. College students who filled several of the homes nearby were questioned by investigators.

Grief counselors were available for the 27,000 University of South Carolina's Columbia campus students and counseling was offered at Clemson University as classes on both campuses did continue.

### **State funding for universities pays dividends**

As higher education in Maryland is crucial to the state's economy, Governor O'Malley's efforts to increase funding and enhance support for its colleges and universities are crucial to keeping the state ahead. Maryland's higher education system, from the community college level to the research universities, is home to a wellspring of Maryland's technicians, health care professionals, engineers, information specialists and biomedical researchers.

Maryland is home to three major research universities: the Johns Hopkins University, the University of Maryland, College Park and the University of Maryland, Baltimore, which collectively generate over \$2.5 billion annually in sponsored research. The university system further supports major health care operations and each of three major research universities are also developing multimillion dollar research parks that are responsible for generating much of the knowledge that keeps Maryland's economy strong and healthy. Hopkins and UM Baltimore are No.1 and No. 5 among the largest employers in Maryland. UM Baltimore campus alone is responsible for generating \$16.50 in economic activity for every \$1 of state general funds invested, and more than 23,000 jobs.

In order to build upon its already established leadership role in the knowledge economy, and to remain competitive with states like New Jersey, California, Connecticut and Pennsylvania in attracting talented students and faculty, higher education will need increased support through state funding.

### **Gov. Faces Fight Over Private College Aid: Legislators prepared to override threatened veto of \$58.7 M in Grants, House Democrat Says**

Democratic Representative Cushingberry of Detroit who heads the House Appropriations Committee, said that if Governor Granholm vetoes money for private college tuition aid, she will be overridden. Cushingberry stated that there is significant support among Democrats and Republicans for the \$58.7 million in tuition grants that go to 40,000 private college students. The state spends \$258.4 million on financial aid grants for college students, including the Michigan Promise Grants, formerly known as merit scholarships and \$58.7 million for the private college tuition grant program. The tuition grants have resurfaced as a way to help with \$430 million in budget costs before current appropriation bills expire, but seemed to have become a stumbling block because the governor has insisted on eliminating them to help pay for Medicaid and other programs.

## **Colleges Control Cost : OPINION**

In his opinion piece, Pepperdine University President Benton criticized the endowment spending plan advocated by Lynne Munson and asserted that federal efforts to direct campus budget decisions will harm institutions of higher education.

Lynn Munson, an adjunct fellow at the Center for College Affordability and Productivity was among a panel of experts who urged Congress on September 26, 2007 to set a minimum amount that universities must spend per year out of their endowments in hopes of spurring financial aid spending. The experts who testified at the State Finance Committee hearing asked that universities spend at least five percent of their endowments each year, a proposal which seeks to increase financial aid for students who cannot afford to pay their full college tuition.

Benton however, argues that although colleges and universities should better communicate the ways their endowments are used to contribute to college affordability, that the government should not go down this route. Benton asserted that endowments are “designed to provide a stable source of funding for the future and constitute an increasing share of campus operating budgets...and further reduce the need to increase tuition” but that they are complex and often need to be restricted for uses such as enhancing research or instructional capacity. Benton further argued that the vast majority of 4,276 colleges and universities do not have large endowments and that those institutions with the largest endowments are already directing tremendous resources towards making college affordable. He cited schools such as Harvard, Princeton and University of Virginia as being places where a student from a family making less than \$60,000 a year could obtain a free education. Others who agree with him believe there should not be such centralized control.

## **ACE Supports Extensions for IRA Rollover and Tuition Tax Deduction**

The American Council on Education (ACE) sent a letter of support to the chair of the House Ways and Means Committee Rep. Charles Rangel for the extension of Individual Retirement Account (IRA) rollover and tuition tax deduction. The IRA rollover and tuition deduction expire at the end of the year, but seem to have broad support to be extended. Current IRA rollover permits IRA owners to make tax-free charitable gifts totaling \$100,000 per year from their IRAs directly to nonprofits, including colleges and universities starting at age 70 ½ . This allows students and parents (who are not eligible for Hope or Lifetime Learning) to deduct qualified higher education expenses from their taxable income.

## **Where New Federal Student Grant Funds are Going**

Despite questions from many college financial aid offices of the utility of the government’s two newest student-aid programs, the Department of Education has urged schools to be patient until more data can be collected to see how students have benefited thus far. In question are the Academic Competitiveness Grants and the National Science and Mathematics Access to Retain Talent (SMART) Grant Programs, and the data appears to be mixed.

The Education Department recently released data which show that it had awarded \$430 million to about 360,000 students in the 2006-2007 fiscal year. The number fell far short of the \$790 million that Congress had appropriated which to some is interpreted as a sign that the program had fallen short of expectations. Secretary Sara Tucker acknowledged that the program faced numerous challenges in their efforts to encourage more low-income students to be rigorously prepared to enter high demand scientific and other fields in college. Tucker however stated that she viewed being able to give 300,000 students Academic Competitiveness Grants and 61,000 students SMART Grants as an successful accomplishment. "These are monies kids would have had to either work or borrow to complement".

The department's data did also show great variation by state in who qualified for the two grant programs. While states like Arkansas and Minnesota, which have programs that encourage or require high school students to take rigorous college preparatory classes, had disproportionately high numbers of recipients of Academic Competitiveness Grants, other states had poor showings. Just 10 percent of the estimated potential recipients of the grants in Arizona applied for and received them and in Alaska, only 9% of potential recipients did so. Furthermore, in states where many students qualified for the grants, there was great variation in their distribution. In California for example, four of the University of California campuses were among the top 10 recipients nationally of the Academic Grants. This seems due in large part to the fact that applicants are required to have completed a high school curriculum similar to the one that qualifies a student for the federal grants. So, while many appreciated the Education Department's goal of using new programs to try to improve the rigor of the high school curriculums and the ambitions of the low-income students to aim higher, there seems to be questions as to the program's structure and how some students may have greater or lesser access to the grants. The department is aiming to double the number of recipients of the two grant programs by 2010-2011.

### ***Chronicle Articles***

#### **1) Pressure Builds on Wealthy Colleges to Spend More of Their Assets**

Washington University in St. Louis' \$5.7 billion endowment is making many things possible for the university, from scholarships for medical students to the increased collection of books in the library to the hundreds of endowed professorships.

#### **2) Battle Over Colleges and Credit Cards Reaches Showdown in Iowa**

After universities have fought off allegations for the past decade of taking millions of dollars from banks and issuing college-branded credit cards, leaving their students in debt, Iowa state legislature is beginning hearings with some of the state's leading public institutions that they hope will help to decrease the practice nationwide.