

# Higher Education Philanthropy: A Cautionary Tale

By Dr. Frederic Fransen

**H**igher Education is the second largest recipient of philanthropy in America, with roughly \$27 billion going to colleges and universities last year. After all, teaching a man to fish is still the archetypal philanthropic activity and comes from an ancient Chinese proverb.

As many conservatives have learned the hard way, however, college giving comes with many perils.

First, we all know that money is fungible, but it is particularly so in higher education. Funding a program in private enterprise, for instance, can easily make possible a position in Keynesian economics – or worse.

Second, long-term gifts are structured to be robbed – perhaps not today or even in five years, but eventually. Conservative donors should be aware that long-term gifts often morph into funding entirely different programs.

Finally, the “taxes” taken by universities are very high unless negotiated. In the foundation world, 10% overhead is considered best practice. University foundations typically charge the equivalent of 20-25% of expenditures in management fees, and some add a similar amount of overhead.

Does this mean conservatives should

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abandon higher education? No, it does not. Many professors and programs out there badly need support for activity in keeping with conservative principles. Recently, a foundation we manage identi-



**Dr. Frederic Fransen, founder of Donor Advising, Research & Educational Services. Dr. Fransen has extensive experience supervising grants to free market and conservative organizations on behalf of a variety of donors.**

fied more than 50 programs across the country dedicated to enhancing students’ knowledge of Western Civilization and free markets. That foundation could fund 14 grants, but almost all 50 programs were good philanthropic investments. Blind donations to higher education are foolish for conservatives; strategic, philanthropic investments in colleges and universities can reap great dividends.

So how do conservative donors support education without funding the “opposition?” Here are a few points to remember:


Do not give general support. Many studies document that liberal and far-left faculty outnumber conservative faculty by about 7:1. That means that most of your general support gift will go to people who don’t share your ideas. Even most scholarship funding goes to liberal programs.

Do not make permanent endowment

gifts. Gifts which “pay out” over a fixed period of time reduce the problem with endowments. Make the timeframe of the gift correspond to how long it can be effectively supervised.

With larger donations, consider giving a “funding stream” rather than a lump sum gift. 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.

Finally, consider getting help from experts in higher education philanthropy. We specialize in assisting donors find appropriate opportunities at their alma mater and at colleges and universities around the country. The anti-conservative bias of higher education is well-documented, as is its effect in shifting students to the left. You can make a real contribution to your school and the country by using your college giving to help turn this around.

*Frederic Fransen, Ph.D., founded Donor Advising, Research & Educational Services in 2007 to assist strategic donors with their philanthropy. Fred has worked with Liberty Fund, the Pierre F. and Enid Goodrich Foundation, and The Philanthropy Roundtable, and is, with Morton Blackwell, a member of the Mont Pelerin Society. In addition to higher education philanthropy, he has extensive experience supervising grants to free market and conservative organizations on behalf of a variety of donors. *

**If you would like more information about Higher Education Philanthropy, or if you would like to get in touch with Dr. Fransen, please fill out and return the enclosed envelope.**