

Testimony of Jeff Moritz
Proponent of Endowment Reform Amendment
Before the Ohio Senate Finance Committee
June 4, 2025

Chairman Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Finance Committee:

My name is Jeff Moritz. I live in Rocky River, Ohio, and I am here today as a proponent of an amendment to HB96 submitted by Senators Romanchuk, Reineke, Timken and Roegner which would permit benefactors to sue to compel a state institution of higher education to comply with the terms of the benefactor's endowment agreement.

I believe it's important that you hear my family's story—what brought us here today, and why we support this amendment.

We support the amendment because it would increase accountability for state colleges and universities when they spend money from privately funded endowments—endowments created to serve people far less fortunate than the citizens who provided the funds. These funds were never meant to be a slush fund for unrelated institutional overhead, but a permanent legacy of opportunity.

I hold an undergraduate degree from Kenyon College and an MBA from The Ohio State University. I've spent my entire career in the investment banking industry.

My father, Mike Moritz, was an Ohio State graduate, as is my mother. When my father applied to law school, his family had very little money. But Ohio State gave him a full-tuition scholarship and a stipend. He graduated at the top of his class and earned the second-highest score on the Ohio bar exam in 1961. Without that scholarship, he could not have attended law school.

He eventually became a partner at Baker Hostetler and led the firm's national corporate law practice.

In June 2001, he signed an endowment agreement with Ohio State. He agreed to provide \$30 million to Ohio State—if and only if—OSU invested those funds as a permanent endowment and used only the earnings for four purposes specified in the endowment agreement.

One of the most critical purposes was to provide 30 deserving law students annually with full-tuition scholarships plus a stipend—just like he had received. OSU agreed in writing.

Mike lived up to his end of the bargain. He transferred \$30.3 million to OSU. At the time, it was the largest privately funded endowment in the university's history. The law school was named in his honor.

Nine months later, my father was killed by a hit-and-run driver while leaving an OSU event in Florida. He was 68.

By then, OSU had already begun quietly breaching the endowment agreement, though we didn't know it yet.

About seven years ago, I discovered that the university had never once provided 30 scholarships in any year. For 19 straight years, OSU never lived up to that key promise. Each year, it provided only 12, sometimes 13 or 14—at most—typically fewer than half of what OSU was contractually obligated to provide.

Worse, I found that the value of the endowment had dropped *by about 30%*—from \$30.3 million in 2001 to \$21.9 million in 2016. Over that same period, the endowment should have grown to over \$50 million. It could—and should—have easily provided 30 students with debt-free legal educations each year.

Instead, over 300 law students accumulated debt that the endowment was created to prevent. Today, it costs over \$104,000 for an in-state student to attend three years of law school at Ohio State—over \$150,000 if the student is from another state.

I also learned that Ohio State—like many others in Ohio—has been spending scholarship endowment funds to pay public employees in its Advancement Office six figure bonuses and to host multimillion-dollar galas attended by wealthy alumni aimed at wooing new endowments. Ohio State alone takes as much as \$19 million annually from these restricted endowment funds.

That spending is often not authorized by the benefactors' agreements. Worse, this spending is often taken from the principal of the endowment fund. When institutions spend down the principal of an endowment, the adverse impact is permanent. The endowment agreements specify that the funds are to be permanent, not temporary. The agreements specify that the endowments are to last *in perpetuity*—to serve generation after generation.

When the principal is depleted, the fund's ability to generate future scholarship dollars disappears. The original charitable purpose—whether it's scholarships, research, or some other public benefit—is erased. That is not just mismanagement—it is the destruction of a long-term promise made to both the benefactor and future recipients.

This is one of my family's greatest fears—that the Moritz endowment, and others like it, will eventually be spent down to nothing. Many of OSU's endowments have been “underwater.”

And yet, no matter how underwater they are, the university pays itself first—using the funds to entertain new potential wealthy donors before fulfilling its obligations to students.

State universities and the Attorney General say that only the Attorney General has legal standing to enforce endowment agreements. Under that theory, the benefactor—the very person who created and funded the agreement—is essentially powerless, even when the terms are clearly violated.

Ohio State has taken the position that *even if my father were alive today*, he could not have enforced the agreement he signed and funded. That's not just wrong—it's a betrayal of trust.

Why go through the charade of signing these agreements with benefactors, if the university believes the benefactor has no legal right to enforce them?

The commitments are made *to the benefactor*, not the Attorney General. The AG doesn't sign the document. The institution and the benefactor do. For the institution to later claim that the benefactor has no recourse is unconscionable.

That is why we are asking for a modest and carefully drafted change to Ohio law through this amendment.

A stronger version of this legislation has passed the Ohio Senate on four separate occasions, each time with broad bipartisan support. Unfortunately, it failed to advance in the House—not because of objections to the substance, but due to unrelated legislative dynamics. In response, we engaged in extensive, good-faith negotiations with stakeholders and significantly narrowed the bill's scope. The result is a carefully tailored proposal that preserves the core principle: giving benefactors a limited, fair path to enforce compliance with their endowment agreements in court when institutions fail to honor them.

This language simply clarifies that institutions must live up to their endowment agreements, and gives benefactors limited but meaningful recourse.

Here's how it works:

- If a benefactor or their representative believes the terms of an endowment have been breached, they must first notify the Charitable Law Section of the Attorney General's Office in writing.
- The Attorney General then has six months to investigate and pursue compliance.
- If, after six months, the Attorney General does not obtain full compliance, the benefactor or their representative may then file a complaint in court.
- The benefactor may only seek equitable or declaratory relief—not damages, court costs, or attorneys' fees.
- The AG must be named as a party.
- The provision applies only to:

- Endowments created after the law takes effect; or
- Endowments created before that, but only if the breach of the endowment agreement occurs *after* the 120-day mark.
- Claims must be filed within six years of discovering the breach.

There's been some misinformation circulating, so let me be clear — this legislation applies only to endowment agreements involving state colleges, universities, and their affiliated support organizations. It does not affect charitable giving to nonprofits, community groups, religious institutions, or any other causes outside higher education.

Let me be clear: My family has never sought, and will never seek, to recoup any of the \$30 million my father gave to Ohio State. We want the university and its students to succeed. But success begins with trust, and trust begins with honoring commitments.

This amendment would give future benefactors confidence that their gifts will be respected—and if not, that they will have a fair, limited path to enforce their agreements.

I urge you to pass it now. When charitable institutions ask for gifts meant to last forever, they should be held to the same standard.