

House Higher Education and Career Readiness Committee  
Chairwoman Lanese, Vice-Chairman Young and Ranking Member Ingram  
December 7, 2021

SB 135

Mr. Peter Landgren, President, University of Cincinnati Foundation

Good afternoon, Chairwoman Lanese, Vice-Chairman Young, Ranking Member Ingram and members of the House Higher Education and Career Readiness Committee. Thank you for the opportunity to provide written testimony to SB 135, specifically around donor intent. I am Peter Landgren, President of the University of Cincinnati Foundation. I am a graduate of UC's College-Conservatory of Music, and was recruited back to Cincinnati in 2011 as Dean of CCM. I have also served UC as interim provost before assuming the presidency of the UC Foundation in 2017. I am accompanied today by Tom Freeman, UC Foundation Vice President and Chief Financial Officer. We look forward to engaging with you after these brief comments.

The University of Cincinnati serves over 46,000 students across 14 colleges and 414 areas of discipline. We are leading public urban universities into a new era of innovation and impact. Our faculty, staff, and students are saving lives, changing outcomes, and shaping the direction of our city, region and the State of Ohio.

The University of Cincinnati has ambitious and bold growth goals to achieve greater impact, especially given the Learning Economy of the 21<sup>st</sup> century, tied to our identity as an-urban based, Carnegie Research 1 university. Our university-wide approach includes growth in enrollment, research funding, innovation and entrepreneurship, and clinical capability. UC's strategic vision, **Next Lives Here**, is the blueprint—aimed at substantially increasing our impact by attracting and retaining exceptional talent to the university and region and graduating a growing talent pool to meet Ohio's workforce needs and grow its economy.

One of our most important metrics, our six-year graduation rate, is 72.8%, according to our preliminary figures. This is an increase from our previous record of 71.6% last year. Nearly 97% of our 2018-19 graduates are employed or continuing their education and 86% of our April graduates report excellent or good satisfaction with their UC experience.

The University of Cincinnati works toward greater national prominence and to be recognized among the top 25 public research universities nationally; to lead in research that improves people's lives, to invest in success by recruiting and retaining top talent, creating an innovative research infrastructure, and cultivating growth of programs of excellence. We will solve problems that matter and prepare UC's students for Ohio's workforce needs.

A driving force behind the work accomplished by the university is the work of our Foundation and the 327,000 global network of alumni. The UC Foundation was established in 1975. The Foundation accepts gifts of any amount, and it does not determine the use of gift funds. Funds are allocated according to restrictions established by donors. If gifts are made without donor restrictions, allocation is determined by the University or UC Health. A portion of current-use gifts is used to defray costs of raising and administering the funds. Over the past three years, we have received an average of 40,763 gifts from 27,949 donors per year

Senate Bill 135 enacts a new section of the Ohio Revised Code to require that any agreement relating to the intent of a donor expressed in a gift instrument to a state institution of higher education shall also specify a person or persons authorized to oversee the agreement and gift instrument and to ensure that the institution follows the donor's intent as expressed in the gift instrument. We have several concerns over these changes.

A central element of our roles within the foundation is to develop meaningful relationships with the donors who give to the university. Our mission is to inspire a community of support through the power of philanthropy and our vision is to transform lives. Our donors are our critical partners with us to advance this mission and vision through their philanthropic investments.

We are concerned that this language will have a chilling effect on donations to our institution if other parties can redirect a gift. UC has 4,500 gifts that would be affected if this language remains in the bill. Students are the ones most likely to be directly impacted by these changes because improving student outcomes and experiences is central to the mission of the university. Our donors are committed to student success, to lowering the cost of a UC education and increasing access to that same education through scholarship donations. Over the past four years, we have secured \$103.54 million in scholarship donations, and added 179 new scholarship funds in just the past two years. This past Fall, a UC alumnus helped us create the Spencer Scholars, named for acclaimed Civil Rights Leader and UC alumnus, Marian Spencer. This fund will provide full scholarship support to forty students annually who matriculate to UC from Cincinnati Public Schools are other regional high schools.

Further, this language would be administratively cumbersome as universities are already motivated to honor to donor intent regarding the use of gifts. The need to adhere to donor intent is driven by audit compliance and the need to maintain strong relationships with donors to advance ongoing fundraising efforts. There are already guardrails in place to ensure compliance with donor intent. I see my prime role working directly with donors and serving as the UC Foundation's President to ensure that donor intent. I take this responsibility seriously. The university maintains oversight via our investment committee, comprised of experienced investment professionals, who approve the investment policy statement, oversee investment returns and recommend the endowment spending policy for approval by the UC Board of Trustees. My colleague with me here today, Tom Freeman, is on this Committee. UC's spend rate of our endowment is 4.2% down from 4.5% in FY2019 and moving down further to 4% to ensure we maximize impact and long-term sustainability. Additionally, every donor receives a report on the execution and impact on the gift.

Lastly, as federal charitable tax deductions are dependent on a donor relinquishing control over the funds, this arguably undermines the tax deductibility for gifts because it vests perpetual oversight over the use of the gift funds in the donor and his/her heirs. This aspect of the language and its impact merits further discussion and investigation.

We appreciate the opportunity to provide this testimony today. We hope we can work together with members of this committee to address the concerns we have raised. Tom and I are happy to take questions from the committee at this time.