

Presidents' Discussion Series
February 19, 2013
Donor Agreements

CAUT's Guiding Principles for University Collaborations is available [online](#).

Discussion Summary:

Universities tend to create things simply because there is funding available even if they do not fit in with the University. MRU has not and will not do this. Recently, a donor wanted to give money to Bissett but was convinced to put the money into Teaching and Learning instead. While *CAUT's Guiding Principles for University Collaborations* is useful in terms of donor agreements and their impact on Universities' research, we need to consider their affect on teaching and on our students as these are our priorities at MRU.

Currently, all draft agreements are carefully reviewed by all stakeholders to ensure that both parties fulfill their commitments before they are finalized. The agreements outline the limitations, responsibilities and expectations of both parties. MRU would not make an agreement in which the donor restricted which students could be admitted or which faculty could teach in the program. Such corporate restrictions on donations infringe upon our academic freedom and University governance. However, MRU does not have any formal protocols or policies for donor agreements.

The lack of a formal policy is likely a remnant of our past practice of dealing with these things on an ad hoc basis, but the Foundation is currently working on making improvements. We need to get Deans more involved in the process as they are best able to direct development in the appropriate direction. Such involvement requires that Deans be trained to understand the parameters of these agreements. This training is currently being developed and will integrate all related factors, such as ethical issues, the role of the Foundation, the role of Deans in communicating with faculty and determining the priorities of the Faculty. While this will be an improvement, faculty members in affected departments are already engaged in conversations about potential donors, and fund development officers discuss approaches, prospect profiles, and related potentials with Chairs and Deans. There may be some faculty in other departments who have objections and may not be heard, but there is never going to be a donor that everyone agrees with.

Corporations often want independent research related to their industries and, also, aim to be good corporate citizens. No corporation is 100% compliant with every law: we should not allow this to affect their ability to be good corporate citizens. Even if corporations are donating to the University as a PR exercise there is more to it than that. They can get more PR for \$1 million than they do by funding a University program. Also, any corporation engaged in philanthropy or corporate responsibility is aware that there is more scrutiny to donations to universities than there is to any other not for profit sector. This is a positive thing. If a corporation wanted to avoid this type of scrutiny they would chose a different area to give their money to, but they choose to donate to PSE.

Corporations should have the ability to improve their operations and their roles in the community and become environmentally, or otherwise, responsible. Imperial Oil gave MRU \$1 million for the aboriginal science program while the provincial and federal governments are not willing to provide such funding. Though this may be a PR exercise, the end result is that we will have more aboriginal students graduating with a BSc. This is an opportunity to provide an education for some people that would otherwise not get it. If education is a common good then this is something we should support.

We could be opposed to all private donations because these will bring about the privatization of the University. We skim the surface of these issues: academic freedom, whether there are strings, whether it is a good or bad corporation. But, there is the larger and more insidious problem with private donors funding PSE. Private donations tend to fund things that support the agenda of corporations and, as this progresses, universities will become more privatized and research will be restricted to such interests. It is a mistake to go to the private sector when the government will not fund education: we should be working to make the University public again. Until this happens, it is

not fair to turn away students or to limit their opportunities. We can lobby for both and provide for students in the interim.

Moving forward

While it would be best to be 100% publicly funded with no strings attached, the reality is that public funds only pay for 42% of our operations and these funds come with strings: we are restricted to the number of students and types of programs we can offer. We need to find the rest of the funding we need and we need to think of other ways to generate revenue in addition to these donor agreements.

This is the start of a good conversation and we will work toward developing policies and protocols for the development of Donor Agreements. We will look at best practices in Canada, distribute some of the information gleaned from that, and have further conversations. If faculty want to bring this discussion to a wider audience it could be put on Faculty Councils' agendas.

Notes:

Hope Henderson, the Vice-President of University Advancement, has 22 years of experience in the corporate sector of arranging and allocating donations of this nature. Part of Hope's role at MRU is to seek out such donations. MRU does have a vetting process for donations and we have never run into situations like what has happened at Carleton University with the Manning institute. While we never have it is still a concern that it could happen; so, we are working toward any possible improvements to our processes.

Q: At Memorial University, Chairs endowed by such funds sometimes have what could be described as rather narrow research interests. This is not to say they are directed by the interests of the donors but it could be a bit of self selection.

A: Yes, and this is an issue with many Universities. Universities tend to create things simply because there is funding available even if they do not fit in with the University.

-We should have discussions around this. We may not agree on where the line is but it is evident when something clearly crosses or definitely does not cross a line.

Q: What does Academic Freedom mean and what does it mean in relation to the University's autonomy?

A: Donors dictating academic appointments affects the University's autonomy, but this has not ever occurred at MRU though it is happening elsewhere.

Q: Do we have any protocols in place regarding the kinds of things that are negotiable and things that cross a line. If this does not exist could the faculty submit something for this?

A: There is nothing formal in terms of protocol. Hope does carefully review the gift agreements to ensure we fulfill our commitments. They are reviewed carefully on both sides by all stakeholders before they are signed off. The gift agreements outline the limitations and responsibilities and expectations of both parties.

-There are good and bad agreements: the type of donors we seek out and attract are those that speak of investing in research and PSE not in their own gains.

-It would be good to have such protocol in place. And we need to protect the academic freedom and intellectual property of faculty as well. The MRFA could draft some wording on such a policy.

-Corporations often want independent research related to their industries and, also, aim to be good corporate citizens. Partnering with a university means that corporations need to be prepared for whatever the results of such research are going to be. The Foundation does have these conversations with the donors: donors can ask the research question but, often, it is not answered in the way they think it will be.

-As we take the foundation forward we are open to all possibilities right now.

Q: There are many issues that intersect with this question of funding. The potential for interference in research is half of the problem. The other issue is that we are being used for a form of

'greenwashing.' Corporations donate money as a public relations expenditure with the aim to gain the appearance of supporting something such as sustainability. The Talisman donation is an example of this. This is a company implicated in aiding genocide and funding the denial of climate science at UofC. Whether the money dictates the research done is a secondary issue: the optics of taking money from a particularly unethical company is the primary issue. We should establish a gradation of more or less ethical corporations to be used in considering potential donations to the University. As an institution of higher learning we should have a higher ethic than whether or not they will dictate academic decisions: we need to consider what we represent as a public university. What are the values that we should be promoting?

A: Imperial Oil gave MRU \$1 million for the aboriginal science program while the provincial and federal governments are not willing to provide such funding. Though this may be a PR exercise, the end result is that we will have more aboriginal students graduating with a BSc. This is an opportunity to provide an education for some people that would otherwise not get it. If education is a common good then this is something we should support. How else are we going to provide these types of opportunities when the state is not willing to fund them properly?

Q: Where do you draw the line then?

A: You would draw the line if a donation restricted which students could be admitted and which faculty could teach in the program. Such corporate restrictions on donations infringe upon academic freedom and University governance.

Q: Regarding the specific corporate source of funding, what would be the line there?

A: We could consider this in terms of the results, the educational good, of the potential donation. We could set standards, do our due diligence, to try not to partner with companies that have run afoul of hate laws &c. We could refer to GRI, the UN and other organizations to check the ethical health of corporations. We have turned down partners before because they were not an appropriate partnerships or because their interest did not fit with our purpose and vision.

Q: Is one of the criterion, then, not to partner with corporations involved in criminal/racist activities?

A: No corporation is 100% compliant with every law: we should not allow this to affect their ability to be good corporate citizens. You need to consider benchmarking value: we may not be thrilled about everything a company does but we need to be cognizant of all the checks and balances that companies do adhere to. We do not want to go too far in restricting MRU's ability to receive corporate donations: we need to find a balance.

Q: At the announcement for the Imperial oil donation, there was a faculty member distributing pamphlets. These pamphlets were taken away by the Dean. If you have corporations doing this for a PR exercise, what happens when faculty members speak of the possible consequences of such agreements?

A: Academic freedom is an issue but faculty should not speak against certain things. A faculty member's academic freedom does not extend to tarnishing the reputation of the University. The pamphleting mentioned above could be considered to be doing just that.

Q: Did Imperial oil think this was a PR exercise or was it celebrating what they are trying to do now?

A: They can get more PR for \$1 million than they do by funding this program. Corporations should have the ability to improve their operations and their roles in the community and become responsible. Presenting donations to research in their industry could, in part, prevent them from such improvements.

Q: \$250 thousand a year is a drop in the bucket for Talisman but it makes it seem like they are actually interested in sustainability. You would have to be naïve to see these things as anything other than PR. Why would we not just allocate more seats for aboriginal students in the case of the Imperial Oil donation?

A: Aboriginal students coming from reserves are coming from high schools that have two thirds the amount of funding that other public schools have. There is no difference in

capability of these students, but their preparation is quite different. We do not get funding from the government to provide preparation time for these students so they are disadvantaged and have a higher attrition rate.

- Any corporation engaged in philanthropy or corporate responsibility anywhere is probably aware that there is more scrutiny to donations to universities than there is to any other not for profit sector. This is a positive thing. If a corporation wanted to avoid this type of scrutiny they would chose a different area to give their money to.

Q: Why can we not set aside some of our current budget to pay for this preparation?

A: We could but there would be cuts elsewhere as a result.

Q: Aside from the concerns just mentioned there is the problem of public funding. There is a fair amount of pressure on administrators to show the added value they bring to the University by bringing in extra money. Administrators should, rather, be focusing on increasing public funding. How do we get better support in this province? How does the admin see its role in advocating for this agenda?

A: In an ideal environment NSERC and SSHRC would be providing more funding for sciences and social sciences and you would not need to go to the corporate sector for more support, but this is not happening. CAUT and AUCC are spending a lot of time lobbying for research funding to maintain present levels of research. It is not likely that there would be any increases to funding from such sources that would provide the same opportunities that come from donors.

Q: There are three issues here and it is not clear what policies we have in place for any of them.

1. What companies does MRU want to identify with,
2. What influence does the donor want to or is going to have, and
3. What academic responsibility are we going to take?

A: In the US there are a number of institutions where these policies are driven by the student body and accepted by the board. We do not see that much in Canada.

Q: We need to have standards and principles in place, whereas, right now it seems the Executive Committee makes these decisions. What steps can we take to make a clear and public policy that could be freely discussed by faculty?

A: This is a good idea. The lack of principles/policies is likely a remnant of our past practice of dealing with these things on an ad hoc basis. We need to get Deans more involved in the process as they would be able to prevent development continuing in the wrong direction. Such involvement obliges Deans to understand the parameters. As such, training for Deans needs to be put in place and we are working on this while considering all related factors; such as, ethical issues, the role of the Foundation, the role of Deans in discussing these things with faculty and determining the priorities of the Faculty.

Q: We should consider which corporations we approach and why?

A: We could be clearer about this as it has been ad hoc in the past. This is different when you have campaigns.

Q: *CAUT's Guiding Principles for University Collaborations* spoke entirely about funding research but not about teaching or student scholarships. We do place higher value on teaching at MRU, so this document is only related to part of our concerns.

Q: Some of the angst faculty feel is because of the lack of communication at the outset. Faculty hear about agreements after the fact and may feel they have pertinent information that could be valuable in making these decisions. There should be dialogue at the outset of drafting donor agreements. There are sensitivities around this of course, but one of the ways forward is to think about how and where we can have these conversations before the agreements are finalized.

A: Such discussions would have to occur very early on.

Q: Could we have a bigger debate or forum on what kind of partnerships faculty may have objections

to and why? This would give faculty the opportunity to have the conversation in generic terms.

A: Gerry and David thought it was important to start such a discussion which is why we held this discussion.

- These conversations already do occur. Fund development officers discuss approaches with Chairs and Deans and do prospect profiles and consider related potentials. There may be someone in another department who has an objection who may not be heard, but there is never going to be a donor that everyone agrees with.

Q: Is it possible for faculty to email Hope Henderson directly with concerns about potential donors?

A: Yes, absolutely. And, we already do values alignment and do our best to match MRU with appropriate donors.

Q: So we agree there should be a vetting of donors?

A: Yes, and we do this already: profiling and background research.

Q: So, should we then have publicly discussed and decided principles. Can we do better than case by case?

A: We could do this. A more efficient starting point would be to do an environmental scan of what universities do across the country, there are good practices out there.

-This would be a good place to start

-This should be restricted to Canadian Institutions as we do not have the same alumni base as American institutions do.

Q: Could we not be opposed to all private donations to the university because it is perceived as a privatization of the university. We skim the surface of academic freedom, whether there are strings, whether it is a good or bad corporation, but there is the larger and more insidious problem of donors funding PSE. Private donations tend to fund things that support the agenda of corporations and, as this progresses, universities will become more privatized and research restricted to such interests. It is a mistake to go to the private sector when the government will not fund education. We should be working to make the University public again.

A: Often the government pulls more strings than private donors do. The government dictates which programs we offer and how many students we take etc. And, David does spend a lot of his time talking about these very issues and does what is possible to urge the government to provide more funding.

Q: We should avoid being bureaucratic about things; that is, we should not think that the bigger we get the better. We can really do a lot with good teachers and the pedagogical principles we have developed. We still have costs to cover but we certainly do not need to constantly get bigger.

A: While David is lobbying and we are waiting for the government to provide more money, it is not fair to say to students they get nothing until the government agrees. We can lobby for both and provide for students in the interim.

- We argue that the government should get more oil royalties: does that make the money cleaner? It is still coming from the oil company but filtered by the government. If you take this to its logical conclusion, it is really just a money laundering system and you are better off being privately funded by corporations who provide less direction than the government does regarding what the University can do with the funds provided.
- The public should be supporting public institutions through the state but this is still no guarantee of independence. We see this federally and provincially: SSHRC is directed to business more than the humanities and certain programs are funded while others are not.
- There can be far less strings with private donations and it is our job to ensure that.

Q: What happens when corporations decide they did not get the results they wanted and then take the funds to another institution?

A: Hope Henderson was involved in donating tens of millions of dollars with Conoco Philips, Talisman and many other companies. Never was there any expectation other than finding out what the impact of something was. There are corporations out there that are not good but they are in the minority.

- Some agreements with donors are endowed some are not. Those that are endowed are very difficult for them to take away. Non endowed funds are limited to a number of years and if the corporation chooses to go elsewhere afterwards they can. In these cases you cannot work the funding into your operating base, but this is not unusual. The trend is moving away from endowed funds to one time donations.
- We live in a research community. If you trust faculty to have input into the university decisions for funding arrangements you need to also trust that faculty elsewhere will understand if there is bias based on any such transfer of funding. Companies will not be able to only fund research generating the outcomes they want because faculty and universities will do their due diligence as well. The overarching principle here is that you have to trust your colleagues.

Q: We should not rely on more oil revenues because that is the cause of the boom and bust nature of Alberta's economy. We do need a progressive tax system and we need to diminish the percentage of revenue we generate from this one industry.

Q: Is there any formulation where corporations cannot determine that 100% of their money goes to what they want? Could some of the donation also go to another area? Would donors back away if they were asked to do this?

A: When MRU approached TransCanada for a gift in the amount of \$1 million they wanted to invest in things they were interested in, but we wanted them to invest in teaching and learning. We told them it was our number one pillar and they are happy now to do this and this agreement is coming up.

It is good to know that the foundation does have its priorities and follows through on them as laid out by the institution.

- This concern is shared by all Arts Faculties as they are funded substantially less than business or the sciences. It would be an improvement if we were to get Deans and faculty more involved in getting money donated from the alumni base. They have experiences tied to individual faculties and departments. They may not have as much to give as corporations but added together it can be substantial.

Q: The growing trend of non endowed donations is concerning. What does the institution do at the end of the term? How do you figure out how to continue funding the program or chair? How do you maintain balance across the institution? You do not want to be 80% business 20 years from now.

A: We have a good mix of where we fund based on priorities, who we seek funds from, and whether they are endowed or non endowed.

- It is not a good model to rely too heavily on private funding

Q: Institutes need to be self sustaining, if they are not what happens?

A: If the director of the institute is a member of the faculty then the institute would fold and that member would go into their department.

- Michael Quinn is the Director of the institute for Environmental Sustainability. He has a faculty appointment but reports directly through the Dean. In his position he is able to look at sustainability initiatives across the institution. He has been meeting with people across the University to look for opportunities to identify synergies or links to environmental sustainability that may not be directly related to things that talisman may have initially intended. There are ways to really use these links as opportunities to develop the topics and do the type of thinking we do at universities and if there is something in it for the company so be it. If we can give students and researchers access to things they otherwise would not have had we should do it. There are a lot of benefits as long as it is done properly.

Q: It is not that we think these are evil corporations or that we do not trust our colleagues, it is the incentive structure that is in place which causes concern. Researchers are concerned about their careers and may make slight concessions to put forth a viewpoint that will be acceptable to funding sources. We need to be concerned about this. It is not that corporations are evil: they are profit

making entities responsible to their shareholders. This is what they are and it does have an impact on incentive structure.

Q: Most of the discussion today has dealt with research: we need to consider how funding agreements are or are not good for our students. Would it be possible when we approached potential donors to encourage them to contribute 10-20% to general operating funds to support teaching and learning labs etc.?

A: This could be done, and is already done, and donors will either say yes or no. This is why David and Hope are engaging Deans more in the process because Deans can make stronger arguments for this at the table.

Q: Is there potential for a policy wherein faculty could veto a potential donor? That in the process of asking for donations it could go to a faculty vote?

A: This would be very difficult and likely does not exist anywhere as it is essentially moving management's rights to faculty. There are better ways to manage faculty concerns.

- Putting things to a faculty vote would constrain the academic freedom of faculty members in the affected area from doing research because some faculty do not like the company providing the funding.
- If we have the proper processes in place we need to have faith in the administration to follow them.

Q: The direction that higher education is leading generally is problematic. We are at the point where we can set a good example: a better example than others. There are things we could represent as an institution. There is complicated but the faculty should have a greater voice in these decisions.

A: Faculty concerns need to be addressed early on: we cannot have faculty giving their input at the end of an agreement. Faculty are not going to have the final say on whether an agreement does or does not go through.

Q: Realistically we are going to have these donations for some time to come: we should not learn to earn as the government says. We cannot take the pressure off the government and the citizenry to know they have the responsibility to fund post secondary. As we follow this to its conclusion it could eventually restrict academic pursuits.

A: We cannot go to such extreme measures in terms of restricting these agreements. Look at MRU's history. We have never been in a situation that compromised anything. We should build mechanisms and processes to monitor and prevent any occurrences but cannot overly restrict it. We already do involve faculty and Deans. We are going to start looking at faculty directed gift agreements wherein faculty inform us of where to go.

- Hope has been looking at building a consultation process.

Moving forward

While it would be best to be 100% publicly funded with no strings attached, the reality is that public funds only pay for 42% of our operations and these funds come with strings: we are restricted to the number of students and types of programs we can offer. We need to find the rest of the funding we need and we need to think of other ways to generate revenue in addition to these donor agreements.

This is the start of a good conversation and we will work toward developing policies and protocols for the development of Donor Agreements. We will look at best practices in Canada, distribute some of the information gleaned from that, and have further conversations. If faculty want to bring this discussion to a wider audience it could be put on Faculty Councils' agendas.