

Tulane's shame

University officials ignoring 'donor intent' to divert funds and close historic Newcomb

By ANITA REA TOLER

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Without the help of nonprofit organizations, the Gulf Coast's slow recovery from Hurricane Katrina would have been even slower.

While government officials fumbled and made excuses, nonprofit agencies offered their hands, their hearts and their treasure. Anyone who lives in this special part of the country, stretching from Mobile to New Orleans, should give thanks that in our hour of need, religious organizations and charities stepped into the breach.

Now, a prominent institution in this area is repaying the favor by giving charity a black eye. Tulane University — my alma mater — has decided there is one set of rules for other nonprofit organizations and different rules for the university.

At the heart of the controversy is a principle called "donor intent." What the term means is simply this: When a charitable organization accepts a gift for a specific purpose, it has an obligation to use the money as the donor intended.

The Tulane board of administrators and its president, Scott Cowen, apparently think otherwise.

More than a century ago, Josephine Louise Newcomb, a grieving mother, donated more than \$3.6 million — the equivalent of \$75 million-plus in current dollars — to establish and maintain a women's college at Tulane as a lasting tribute to

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her daughter, who had died at age 15.

In funding the college she wrote, "I have determined to entrust to your board the execution of my design." Today, the trust Mrs. Newcomb placed in Tulane's board is being violated.

Emboldened by the Katrina crisis, the university's administration decided to pull the plug on the H. Sophie Newcomb Memorial College and seize its \$45 million endowment, which the administration had stated was not needed for Tulane's post-Katrina recovery.

The university's governing board rubber-stamped the action.

Two descendants of Josephine Newcomb, with financial support from an organization of alumnae, The Future of Newcomb College Inc., have asked the courts to stop Tulane's money grab.

You don't have to care about Newcomb College to understand that an important principle is involved. This principle lies at the heart of America's generous soul.

As Alexis de Tocqueville ob-

served more than 170 years ago, the nonprofit sector has been among the bedrocks of U.S. society from our country's beginning. Today, an estimated 1.4 million nonprofit organizations are incorporated in America. And while doing good — as we have seen firsthand in Mobile, Biloxi, Gulfport and New Orleans — many nonprofits also do well, receiving more than \$260 billion a year in donations.

But as the issue at Tulane shows, all is not well in the nonprofit world, calling into question the stewardship practices of certain organizations. Some of America's most prominent institutions have been embroiled in controversy, from the New York Metropolitan Opera to Princeton University. Princeton is accused of diverting some \$200 million from a charitable foundation set up to train students for diplomatic careers with the federal government.

Tulane's decision to renege on a solemn promise threatens to further undermine the public's confidence in the nonprofit sector.

As billionaire philanthropist Warren Buffet put it in a March 19 Fortune magazine story: "When

people see donor intent get ignored or twisted, it has to discourage philanthropy."

And without philanthropy, America wouldn't be America.

Mrs. Newcomb's fortune was donated in good faith to establish and maintain a women's college as a memorial to her daughter — a purpose that is just as valid today as it was in 1886 when she gave her initial \$100,000 gift.

If Tulane felt it could no longer abide by the terms of Mrs. Newcomb's gift, it could have returned the money, asked the donor's descendants for permission to "repurpose" the funds, or asked the courts for permission to divert the money to other uses.

Instead, it chose to walk away from its obligations, claiming that Hurricane Katrina had changed everything.

Well, the hurricane *didn't* change everything. And honorable people don't look to disasters to pursue dishonorable ends.

Tulane temporarily may have pocketed \$45 million, but it has tarnished its good name, embarrassed many of its alumni and hurt the nonprofit sector.

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