

# AD HOC COMMITTEE TO REVIEW MIT GIFT PROCESSES

## REVISED FINAL REPORT

December 18, 2020

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## 1 EXECUTIVE SUMMARY

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In response to concerns over the nature and motivation of gifts from certain outside sources of funding, and the potential effects of MIT's associations with such sources, on October 15, 2019, MIT Provost Martin Schmidt charged the Ad Hoc Committee to Review MIT Gift Processes ("the Committee") with understanding MIT's current gift processes and recommending changes to ensure MIT's process is aligned with the Institute's values. (See [Appendix 10.1](#) for the full charge and [Appendix 10.2](#) for Committee membership.) At the same time, the Ad Hoc Faculty Committee on Guidelines for Outside Engagements ("Principles Committee") was formed to develop and formally articulate those values. The Committee has met weekly since then; consulted widely across MIT and with peers; and, working closely with the Principles Committee, produced a set of recommendations to align MIT gift processing practice with MIT values.

The Committee produced an Interim Report dated February 14, 2020,<sup>1</sup> detailing the importance of fundraising to enable MIT to fulfill its mission. The Interim Report also detailed the operation of MIT Advancement<sup>2</sup> and stakeholder views of the fundraising enterprise and its success. As described in [Section 3](#) of our report, we heard about the need to support the success of MIT's fundraising enterprise while ensuring transparency, resilience, and alignment with MIT's values. These views inform our recommendations, listed on the next page.

Importantly, it all begins (Recommendation 1) with ensuring that MIT's approach to fundraising—the values that drive the Institute's acceptance and use of gifts; as well as the process of data collection, analysis, and review of all gifts prior to acceptance—be as transparent as possible. We recommend that MIT leadership facilitate this goal by developing and requiring training for all who may be involved in fundraising activities—from students to faculty, heads of labs and centers, and Advancement staff. Recommendation 2 asks that MIT continue to engage in a self-examination of its values and encourage support of the Values Committee, a new committee announced to be formed in Spring 2021.<sup>3</sup> Key process-related recommendations (Recommendations 3, 4, and 5) introduce new tools developed by the Principles Committee; call for development of a Gift Acceptance Committee (GAC) to review all individual gifts of \$50k or more and to conduct periodic reviews of the process; and suggest changes to the current process to ensure that all gifts, whether they come in through Advancement or through the independent efforts of faculty members, will at some point in the process follow the same workflow en

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<sup>1</sup> [https://facultygovernance.mit.edu/sites/default/files/2020-02\\_ProcessesCommitteeInterimReportFinal.pdf](https://facultygovernance.mit.edu/sites/default/files/2020-02_ProcessesCommitteeInterimReportFinal.pdf)

<sup>2</sup> "Advancement" refers to the collective set of MIT salaried professionals dedicated to the work of fundraising for the Institute, spanning Resource Development (RD); the Office of the Recording Secretary; the MIT Alumni Association; the schools and college; the departments, labs, and centers (DLCs); the Office of the Chancellor for Academic Advancement; the Office of Corporate Relations (including the Industrial Liaison Program); and other groups at MIT. Advancement does not include faculty, principal investigators (PIs), students, and volunteers who may contribute to the work of fundraising on an unpaid basis.

<sup>3</sup> Provost Schmidt and Chancellor Cynthia Barnhardt announced a committee to develop values for MIT in a letter to the MIT community on February 2, 2020. Formation of the Values Committee has been delayed by the Covid-19 pandemic. It is anticipated to begin work in Spring 2021.

route to being considered for acceptance. Recommendation 6 seeks to assure members of the MIT community that they can raise concerns about specific gifts directly with the GAC or through the MIT [hotline](#), either of which will elicit an institutional response. Finally, Recommendation 7 reinforces the goal of transparency in fundraising by asking that a formal Gift Policy Guide be developed to ensure the MIT community understands the need for fundraising and to educate everyone involved about best practices that must be followed.

## Recommendations

Recommendation 1: MIT's approach to fundraising—both the values that inform gift solicitation and acceptance, and the process itself—should be as transparent as possible so that everyone is clear about what the Institute can and cannot accept (and why). To support that goal, MIT leadership should develop explanatory and training materials targeted to students, faculty, and staff who may be involved in fundraising.

Recommendation 2: MIT as a whole—including leadership, administration, faculty, staff, and students—should commit to engage in examination of the Institute's culture to ensure that all processes—in particular, for the purposes of this committee's report, fundraising—reflect MIT's values. This should be a top priority and an ongoing commitment of the Institute. The Senior Team<sup>4</sup> must consider how this self-reflection is initiated and sustained. Beginning the process in concert with development of the Values Committee, planned for Spring 2021, may be a good starting point.

Recommendation 3: The tools developed by the Principles Committee for gift evaluation are to be used throughout the gift process as a means of assessing and recording a proposed gift's alignment with MIT's values and mission. Completing these tools also provides a good indication of how well MIT's fundraising practices align with its own values. In this report, the Committee recommends where and how in the process the tools can be used.

Recommendation 4a: A standing committee of the faculty, called the Gift Acceptance Committee (GAC)—composed with a balance between students, faculty, and staff—will replace the Interim Gift Acceptance Committee (IGAC) formed in 2019<sup>5</sup>. Recommended composition of this standing committee is provided in [Section 5.1](#). The GAC acts as an advisory committee to the Provost, who acts as the GAC Chair.

Recommendation 4b: Until the GAC is convened, the IGAC will continue to serve in its present role. We recommend the addition of two faculty to the IGAC, appointed by the faculty officers, and one student appointed by student leadership, all to be approved by the administration.

Recommendation 5: The administration shall adhere to the principle that all fundraising, irrespective of the source of the potential gift or the fundraisers involved, will follow the same workflow pattern of

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<sup>4</sup> Senior Team: President, Chancellor, Vice President (VP) for Research, VP for Open Learning, Provost, Executive VP and Treasurer, VP and General Counsel, VP and Secretary of the Corporation, VP for Communications, and VP for RD.

<sup>5</sup> The IGAC currently reviews the cases of all domestic donors who have the capacity to make gifts of \$5M+, and of international donors who have capacity to make gifts of \$1M+.

proposal, data collection, analysis, and review. Compliance with these procedures will be as essential for faculty who develop relationships with prospective donors in the course of their work as it is for the members of the Advancement team.

Recommendation 6: The General Counsel and faculty governance will review MIT's reporting rules and procedures to ensure that everyone involved in fundraising is able to raise concerns about a gift without fear of retaliation. Any member of the MIT community will be able to raise a concern about a gift to the GAC. Members of the community who wish to maintain anonymity can report concerns about a gift through the MIT Reporting Hotline, which is maintained by Ethicspoint, a third-party vendor. Concerns raised in either of these ways will be deliberated on by the GAC and receive a response from that committee. The Provost will make the final decision, which will be final, unless new information comes to light.

Recommendation 7: MIT Advancement, working with the IGAC and administration, should create a Gift Policy Guide oriented toward the MIT community and prospective donors.

## 2 INTRODUCTION

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This report is in response to the charge from Provost Martin Schmidt issued October 15, 2019 (detailed in [Appendix 10.1](#)) that the Committee understand MIT's and its peers' gift processes, study the circumstances surrounding donations from Jeffrey Epstein (the "Epstein case") and other potentially problematic gifts to MIT, and recommend changes to MIT's current processes. The Committee has 18 members (listed in [Appendix 10.2](#)) who broadly represent MIT faculty, Advancement staff, postdoctoral fellows, and students. The Committee has met 38 times, beginning November 4, 2019 (meetings listed in [Appendix 10.3](#)), with the addition of several subgroup meetings. We released an Interim Report on February 14, 2020, that described what we had learned about the way fundraising takes place at MIT, MIT's finances, and stakeholder views on both topics. The Interim Report serves as a companion to this Final Report of the Committee.

MIT Advancement and individual faculty, staff, and student fundraising efforts have been highly successful, and those efforts have become essential to MIT's well-being and growth. The current system, described in our Interim Report, allows both centralized fundraising from MIT Advancement and more decentralized fundraising efforts by students, faculty, and staff. Both have been crucial to our success. The Epstein case, and other community concerns about MIT's fundraising, led to an effort by MIT to develop and formally articulate a set of Institute values,<sup>6</sup> to ensure our fundraising (and other) operations align with those values, and to educate the MIT community about the importance of our fundraising efforts and how to engage effectively and responsibly with them. This report is a part of that effort.

The intent of our recommendations is to increase awareness of the importance and complexity of fundraising, especially for those operating outside the MIT Advancement network, and to align our fundraising with MIT's values. The Committee highlights that the sooner anyone involved in fundraising can make assessments about a given prospect, the better and faster the subsequent decision-making

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<sup>6</sup> Reference to MIT Values Committee, to be convened in Spring 2021.

will be. The hope of the Committee is that our proposed changes will make fundraising better aligned with our values and more transparent to our entire community, both donors as well as everyone at MIT, by providing up-front guidance that removes uncertainty from the process.

Our charge includes only gifts and not engagements; therefore, we only recommend process changes for gifts and not for engagements. Similarly, our charge does not cover the auditing of past gifts.

As described in the Interim Report, the Committee heard concerns over a lack of transparency about how gifts are used within MIT, perceived redirection of donors away from faculty and staff who cultivated them toward priority MIT projects, and the perception that independent fundraisers outside of Advancement were not sufficiently concerned with MIT's reputation. We note these concerns, although they are not part of our charge.

This report opens with a high-level view of the role of fundraising at MIT, extracted from our Interim Report, and summarizes the concerns around fundraising that led to the report. An overview of the changes we propose follows. Our recommended changes have three major elements: (i) the use of the tools developed by the Principles Committee<sup>7</sup>; (ii) the creation of a GAC that will work with MIT Advancement, faculty, and other fundraisers; and (iii) a means of triaging gift cases for the GAC. After summarizing our recommendations to the Provost, a final section responds to the other elements of our charge—in particular, we provide a summary of the stress tests of our proposed changes against problematic cases, as well as a section on our peers' efforts at codifying fundraising practices and gift acceptance criteria.

## 3 FUNDRAISING AT MIT

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### 3.1 FINANCE AND EDUCATION AT MIT

Between 1981 and 2019, MIT's net tuition revenue (as a fraction of total revenue) has remained constant at about 14%. In the 1980s, 56% of the Institute's annual operating revenue came from research (see **Figure 1**). The endowment and contributions together made up 18% of the Institute's annual operating revenue. In 2019, however, research revenue had shrunk to 26%, while support from contributions and the endowment had jointly increased to 45% of the Institute's annual operating revenue. As the Institute's endowment originates almost entirely from philanthropic funds, which grow over time mainly because MIT does not spend all the investment returns each year, and because new money is raised from donors each year, philanthropy clearly plays a significant and growing role in supporting MIT's annual operations and its mission.

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<sup>7</sup> Note that the Principles Committee was charged to create guidelines (and hence tools) that apply to both gifts and engagements, so their charge is broader than ours.

Figure 1. Breakdown of MIT's Annual Operating Revenue, 1981–2019

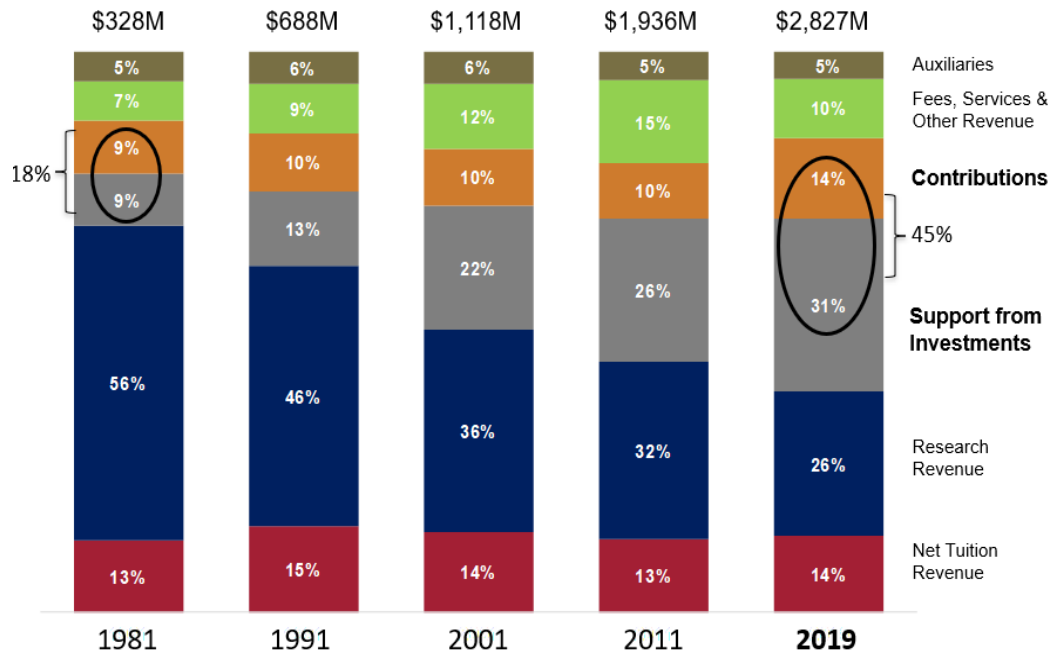
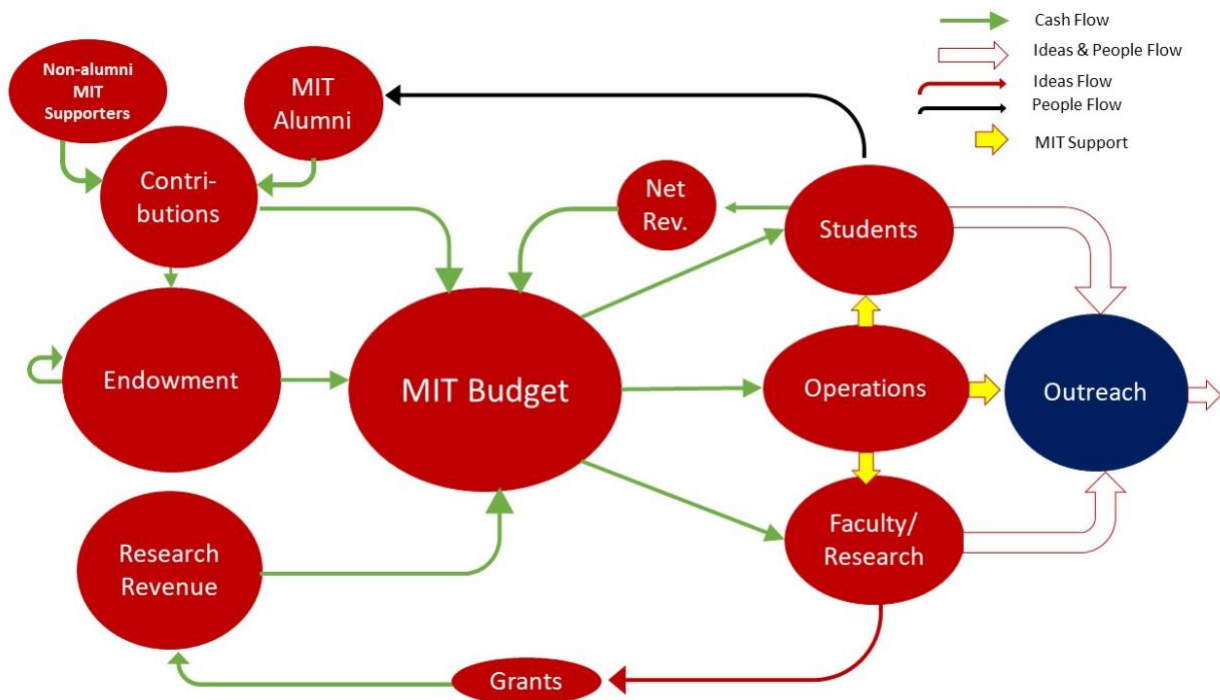


Figure 2 illustrates the virtuous cycle in fundraising at MIT, where students become alumni and, over a period of time, donate to the Institute to support its mission. Similarly, faculty and researchers bring in research revenue through grants, which contribute to MIT's annual operating revenue and further its mission.

Figure 2. Virtuous Cycle in Fundraising at MIT





It is also important to note that MIT's annual revenue supports the Institute's overall mission of education and research not just through cash flow, but also through a combination of the exchange of ideas and people flow (also depicted in the figure). This fits with MIT's mission of advancing science, knowledge, and technology to best serve the nation and the world in the 21st century, and to make the world a better place.

Upholding MIT's policy of need-blind admission requires a firm commitment each year to fundraising for undergraduate scholarship support. Gifts made to either endowed or expendable scholarship funds allow MIT to partially meet the calculated financial needs of its students and reduce the pressure to raise tuition. Often, the shortfall between available scholarship funds and tuition revenue draws upon the General Institute Budget to make up the full expense. "Net Tuition Revenue," in **Figure 1**, reflects the important role of philanthropy dedicated directly to financial aid support and unrestricted purposes<sup>8</sup>

### 3.2 CULTURE AND VALUES AT MIT

MIT has an admirable, well-articulated mission in which the accomplishments of our individual staff, students, and faculty are our greatest source of pride. We have, no doubt, benefited from having a clear mission, and many of the Institute's successes have stemmed from the passion of members of our community in pursuit of discovery, exploration, and invention. MIT prides itself on being an institution composed of individuals who comport themselves with integrity. At the same time, failing to explore a "culture of 'the commons'"<sup>9</sup> has meant that we have sometimes valued individual achievement too highly, compromising the greater good of our community. As a community, we have recently begun to articulate new values, most notably to be developed by the Values Committee (see [Footnote 3](#)). MIT is actively examining its principles of how we structure our work, our governance, and our system of rewards. Accomplishing the greater goal of achieving values-based results will require all members of the Institute to recognize and internalize the truth that individual-focused behavior can have a negative impact on the community at large.

The first step is to articulate a set of values to guide our behavior and evaluate how it impacts the community. This would allow us to better align our broader community, donors, alumni, and partners around these values. The next step is for MIT is to continue to come to grips with the incentive structures that have led to our prizing a narrow definition of the success of the individual over the good of the whole. It is time to define and more fully reward behaviors that have positive consequences for, or are direct investments in, the community. The Principles Committee created a set of values that should underlie our gifts and fundraising, one of which is this kind of service. We encourage the Values Committee to build on these and create values that epitomize who we, as a community, want to be moving forward.

In concert with the Principles Committee, we believe that simply creating a list of values is not enough. We must take a deep look at our entire organizational structure and objectively analyze whether all parts of this structure are consistent with upholding those values. The Committee offers substantial

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<sup>8</sup> See <https://sfs.mit.edu/undergraduate-students/the-cost-of-attendance/how-much-it-costs/>

<sup>9</sup> See the Principles Committee Report.

recommendations to improve MIT's ability to ensure that we accept gifts from people/entities who uphold our values. The Institute's task, however, does not end there. Examining our own values and ensuring that the processes and structures at MIT uphold them is a bigger charge, and one that needs continual self-reflection and assessment. We encourage MIT to invest in this endeavor, as value-based decisions and gifts will culminate in a vigorous, flourishing institution.

Philanthropy, and the investment return it generates, has become an increasingly important component of MIT's revenue over the past 20 years. This is a result of donors supporting MIT with remarkable and important philanthropy, but also from MIT investing in central fundraising efforts housed in Resource Development (RD) and the Alumni Association; as well as from MIT's schools, the college, departments, and programs hiring fundraisers or empowering faculty and staff to engage in soliciting donors. While this decentralized model has grown organically and generated strong results in terms of dollars raised in support for MIT, it also has contributed to poor communication between different units, challenges in sharing important information, and inconsistencies in training and understanding of fundraising best practices from unit to unit. While outside the Committee's charge, we believe that our recommendation for community-wide education on the fundraising process will allay these concerns over time.

## 4 VALUES AND TOOLS FROM THE PRINCIPLES COMMITTEE

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The Principles Committee was charged with creating a set of values, principles, and guidelines for all gifts and external engagements at MIT. The Principles Committee recommends the use of two tools for implementing their recommended guidelines. These tools are a practical illustration of the values developed by that committee through an extensive "bottom-up" process. The Principles Committee also recommends a "Standing Committee" to aid in deliberating the outcomes from the tools. We recommend this be the GAC, whose aim and structure is described in [Section 5](#).

The Principles Committee articulated a set of values and principles that they hope the community will use in all aspects of their professional lives. The values are:

- Academic integrity
- Academic freedom
- Education and mentorship
- Service
- Diversity, equity, and inclusion
- Transparency
- Professional integrity
- Respect
- Courage to act on our convictions

Surrounding these values are the key principles of striving for excellence and respecting and building MIT's reputation across the world.<sup>10</sup>

The Principles Committee then developed a set of guidelines and tools that represent these values and principles to be used in the fundraising process. The Principles Committee hopes that "the guidelines

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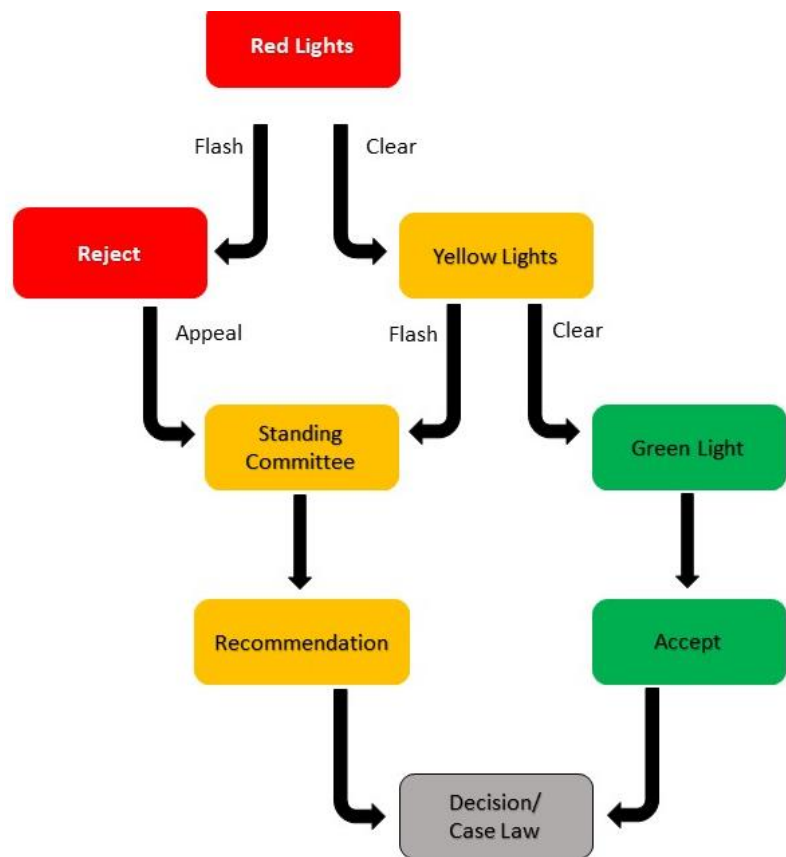
<sup>10</sup> See the Principles Committee's report for a more detailed explanation of these values and principles.

and associated tools become fully internalized among all members of the MIT community and acquire a ‘taken for granted’ quality” to become a part of the MIT community’s DNA.

The Principles Committee created two tools: one to vet gifts from private individuals and foundations that are endowed with money from one individual, and a second to vet gifts from organizations (such as companies, non-profits, governments, foundations where the money comes from many individuals, etc.). The aim of these tools is to provide clear guidelines, focus, and counsel to our faculty and staff in their fundraising efforts. By articulating processes predicated on the use of value-based tools, we hope to build trust with those not involved in fundraising activities.

The basic structure of the tools is depicted in **Figure 3** and is based on the analogy of traffic lights. The tools consist of two sets of questions: a set of red lights and a set of yellow lights. The red lights are meant to stop action, and they result in the automatic rejection of a gift. If the red lights clear, the tool proceeds to a set of yellow lights, which, if they flash, send the gift to the GAC for deliberation and adjudication. If no yellow lights flash, the gift gets a green light and can be accepted. The GAC also will deliberate on appeals to red lights that come from mitigating circumstances. Over time, the Principles Committee envisions creation of case law from a body of precedents from the recommendations of the GAC that can be used for future adjudication to improve the efficiency and speed of decisions.

Figure 3. Basic Structure of the Tools from the Principles Committee Report



The red lights address:

- Violations of U.S. national security;
- Gross violations of political, civil, or human rights; or serious violations of the laws of war;
- Attempts to restrict academic freedom; and
- Violations of U.S. law.

The yellow lights cover:

- Conflicts with MIT's core values (including damage to our reputation),
- Transparency about the gift acceptance decision, and
- Correspondence with MIT's mission.

The detailed questions in the tools can be found in [Appendix 10.4](#).

## 5 THE GIFT ACCEPTANCE COMMITTEE (GAC)

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The Committee deliberated the full range of issues associated with fundraising and gift acceptance policies at MIT. Three main takeaway criteria emerged that will provide guidance to the MIT Administration, RD, and the Advancement community who will, in turn, design, test, and implement future processes.

1. Ensure gift alignment with MIT values.  
Processes involving prospect identification, due diligence, and risk assessment need to confirm goodness-of-fit with MIT and its values. The tools offer a structural path to track these evaluations and prepare for any debate at the GAC level.
2. Conduct the business of fundraising in a transparent manner.  
Processes must be better publicized and understood to ensure a wider engagement of stakeholders, including faculty, staff, students, and other members of the MIT community. Transparency will go a long way to building trust.
3. Establish clear lines of accountability.  
Processes should clarify and distinguish fundraising roles, decision-making authority, and accountability of the decision-makers. Direction along these lines will make it easier for all those outside of MIT Advancement to know where to turn for assistance and how to engage with donors. All those involved in fundraising—faculty, staff, students, and alumni—will follow these new processes.

Incorporating these elements in process design will improve the overall caliber of MIT's fundraising enterprise.

We recommend replacing the current IGAC with a GAC (referred to as the "Standing Committee" in the Principles Committee report), as described below. The role of the GAC will be to advise the Provost,

who will chair the GAC, and MIT leadership regarding gift acceptance and naming, and to record the recommendations to create a body of precedents that can be consulted as case law for future deliberations and decisions, ensuring fairness and consistency, and streamlining the decision-making process.

The daily functioning of the GAC is centered around two key activities: (i) the deliberation and adjudication of gifts that raise issues, based on the tools; and (ii) the deliberation of any appeals to the committee from the community. The GAC should be guided by the values, principles, and guidelines (hence, use of the tools) created by the Principles Committee. [Appendix 10.4](#) provides the tools the GAC will use in their deliberations, and [Appendix 10.6](#) lists the sources the Office of Prospect Identification, RD uses to collect the information that goes to the GAC. We emphasize that RD has been using information collected from these sources for some time, and they appear sufficient for continued use by the GAC.

## 5.1 GAC COMPOSITION

Currently, the IGAC has the following members: the Provost, the General Counsel, the VP for Finance, VP for Research, VP for Resource Development, and the Associate Provost for International Activities.

We recommend the following composition for the GAC, with all serving as voting members except the staff to the committee:

- Provost (chair);
- Six faculty members, chosen through faculty governance, one acting as co-chair of the GAC;
- One graduate student (appointed by the Graduate Student Council);
- One undergraduate student (appointed by the Undergraduate Association);
- One postdoctoral fellow or associate (appointed by the Postdoctoral Association);
- Chief Executive Officer of the Alumni Association (or her/his appointed representative);
- General Counsel (or her/his appointed representative);
- VP of RD (or her/his appointed representative);
- VP of Research (or her/his appointed representative);
- VP for Finance (or her/his appointed representative); and
- Recording Secretary – staff to the committee (non-voting).

The GAC should be composed with at least equal numbers of faculty and administration/Advancement staff. There will be occasions when the GAC will need outside expertise to inform its decisions, and the GAC should consult experts across MIT as necessary. In particular, as gifts from outside the United States have become more important in recent years, the Associate Provost for International Activities

may need to be a full-time member of the GAC. The Committee has a flexible view of such changes, so long as the number of faculty representatives is equal to the number of administrative representatives.

We have included students on the GAC, which makes some on the Committee uncomfortable. The Committee had several lengthy discussions about the best role for students, ultimately finding that students could bring value to the GAC. [Appendix 10.7](#) details our reasoning.

The Administration should consider including a Corporation Advisory Group for the GAC to bring the Corporation and donor perspective to GAC operation. Additionally, the Corporation's Risk and Audit Committee could interact with the GAC.

GAC members must keep all information concerning cases that go before the GAC confidential. The rules surrounding confidentiality of the GAC should be developed in consultation with the General Council and the Administration. MIT already has processes in place to handle breaches of confidentiality for faculty (Policies and Procedures, Section 3.4.2), students (the Committee on Discipline), and staff (Human Resources) that can impose appropriate punishments.

## 5.2 GAC FUNCTIONS

The GAC will have four primary functions.

1. Review gifts above threshold (see below) and advise Provost on whether or not each should be accepted.
2. Annual review of the gift process and recommendation of any needed changes.
3. Periodic review and updating of the tools.
4. Advice or guidance to MIT Advancement, senior administration, or DLC heads about potential gifts.

While the GAC will spend most of its time reviewing gifts, it also will oversee the gift process and applicability of the tools. In considering the gift process, the Committee's view is that the GAC will act in concert with Advancement and other fundraisers by sharing its perspective on how well the process is working.

As one of the primary users of the tools, the GAC will be in a good position to know how well aligned the tools are with MIT values. While the GAC can recommend changes to the tools, changes will need to be made by the MIT community, perhaps through an Ad Hoc Faculty Committee process, in consultation with the GAC, other fundraising stakeholders, and the MIT community at large.

With time, the GAC will develop a broad view of MIT values relating to gifts and will be well positioned to help those raising funds through gifts. The Committee believes this is best done by giving guidance, when asked, about major gift efforts. Research on prospective donors should come from RD's Office of Strategic Information Management and public sources, such as those listed in [Appendix 10.6](#).

### 5.3 GAC OPERATIONS

The GAC is considerably larger than the IGAC or similar committees at MIT's peer institutions. Two considerations defined the scope of the GAC as proposed: (i) the need for a wide array of staff experts on the committee to ensure all aspects of a gift are considered, and (ii) the need for a balance between the student-faculty perspective and the staff-administration perspective. The size of the GAC should ensure a good flow of information between the GAC and the various constituencies at MIT. We expect the GAC will organize itself in such a way as to balance the depth of consideration needed for some gifts with the need to sustain a high throughput of gifts.

In terms of specific GAC operations, proposed gifts over the threshold amount (see below) will come to the GAC with their supporting documentation. For especially large or unusual gifts, the chair may ask for the lead fundraiser or faculty advocate to meet with the GAC to respond to questions. We expect that each member of the GAC will complete the appropriate tool for each gift (individuals or organizations), and results will be aggregated and available to the committee before deliberation. This record of all member viewpoints, and their ensuing votes, will provide the background for development of precedent/case law, so that the rationale behind the GAC's decision-making grows increasingly clear. The GAC shall strive to operate by consensus; however, when this is not possible, it should memorialize both majority and minority views in its records, highlighting which questions led to divided opinions. The GAC should give feedback on rejected cases to the gift's advocates, if appropriate. A fundraiser or donor may appeal a GAC decision to reject a gift if there is new information or if GAC processes were not followed. Similarly, members of the community with concerns about a gift may follow procedures described in [Section 6.4](#) to request a review.

Managing workload, at least in the early years, may present challenges. First, there may be a large volume of cases brought to GAC attention as the community learns how to apply the tools; and there may be an aversion to making mistakes initially, especially given the Institute's recent history. Additionally, there is no body of precedents yet. To build this, the GAC will need to consider a range of cases and carefully document its recommendations. Maintaining the record of decisions must be handled by the GAC so that confidentiality is maintained. Over time, as the case law grows, the GAC will be able to streamline decision-making, perhaps often reaching decisions without extensive deliberations.

If the Provost and the President proceed with a gift acceptance or naming against the majority recommendation of the GAC, they should provide the GAC with a written justification to add to the record of the GAC case law.

The Committee recommends that the GAC know the names of donors, including those who wish to be anonymous<sup>11</sup>, and be provided with as much information on the donor as possible from the Office of Prospect Development, RD, Strategic Information Management office, prior to deliberation. No member of the GAC may discuss or report on the deliberations of the GAC, or on the details of any

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<sup>11</sup> One exception to the rule concerning anonymity is the case of MIT faculty or staff who make substantial gifts to MIT and do not want their colleagues to know of their philanthropy. These cases are comparatively rare and will have to be handled on an ad hoc basis by the GAC chair.

cases, with anyone outside the GAC without the prior approval of the GAC chair. Further, we recommend that information on prospective gifts be held on a need-to-know basis until the gift is accepted by MIT or goes to the GAC to adjudication. Holding ongoing gift information in this way protects the donor and fundraiser from embarrassment should a gift not be accepted, and it allows the fundraiser to cultivate a prospective donor without fear of another fundraiser's interference. After gift acceptance or rejection, donor names should not appear in the case law.

The chair will present a report of the GAC's activities at least once a year at the meeting of the MIT faculty. In addition to reporting on the volume of cases and their outcomes, the GAC should report on any changes it makes to the tools. Further, as with all standing committees of the faculty, the GAC will contribute to the annual President's Report, shared with the Corporation.

The Committee's charge did not include audit of all past gifts, as that would be an impossible undertaking. Our charge was to use cases to help highlight the process changes needed for the solicitation and acceptance of gifts. However, there may be instances where past gifts egregiously violate MIT values (as articulated by the Principles Committee) or the guidelines in the tools. The GAC can choose to deliberate and revisit these cases, as appropriate.

Working with MIT Advancement, the GAC also will review the gift workflow each year to ensure that MIT's processes are not unduly hindering fundraising operations. The GAC and MIT Advancement should jointly make recommendations to the Provost concerning any needed process changes.

Similarly, the tools will need periodic review. The barrier for making changes to the tools must be high, and the Chair of the Faculty may form by an Ad Hoc Faculty Committee to consider any changes suggested by the GAC.

Finally, the GAC will provide high-level guidance to Advancement, senior administration, and DLC heads about exceptional gifts. Standard questions will go to Advancement, school fundraisers, or departmental development directors as they do now, and mechanisms must be established to ensure consultation with the GAC only happens in cases when usual channels of advisement are insufficient.

## **5.4 CREATING THE GAC**

The GAC should be convened as soon as possible—we recommend no later than July 1, 2021. Until the GAC is created, the IGAC will continue to serve in its current role. However, the Committee recommends the current IGAC membership be supplemented by the addition of two faculty members appointed by the Chair of the Faculty (in consultation with the President, Provost, Chancellor, and Associate Provost for International Activities), and one student representative (selected by the student leadership, with the approval of the Chair of the Faculty and the Provost). We recommend that the two faculty members appointed have experience with fundraising and be deeply familiar with the issues at stake.

## **6 FUNDRAISING PROCESS CHANGES**

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To enable the GAC to review the appropriateness of incoming gifts to MIT, those soliciting the gifts will need to disclose certain pieces of information about the gift. The Committee sought to identify a



means to collect this information that would not be administratively burdensome, especially for those outside the Advancement community, but would ask those soliciting gifts to engage thoughtfully in understanding the impact of fundraising at MIT.

## 6.1 GIFT WORKFLOW

The Committee recommends a process, or gift workflow, aimed at ensuring that the GAC receives all information necessary for it to make an informed decision about a prospective gift (see *Figure 4*). In the initial stages, the gift may be shepherded through the workflow by a fundraiser outside Advancement—student, faculty, or staff acting in concert with a school fundraiser—or a member of the Advancement team. In any case, a donor's identity should be kept in confidence, shared strictly on a need-to-know basis at this stage.

Describing all possible process elements, decision trees, and decision points is challenging because the decisions surrounding review of a gift are difficult. People work hard to cultivate a donor and ask for a gift, and they want to see the resulting benefits of their work. However, the system, in the form of other people, is responsible for ensuring each gift aligns with MIT's values. Documenting this alignment may require a back-and-forth between data collection and analysis that cannot be fully captured in a flow chart. We recommend that MIT Advancement present and discuss a detailed workflow with decision points specific to each gift that comes through them to the GAC, once it is convened. It is envisioned that the focus and scope of discussions will evolve over time as process changes are implemented.

The nature of MIT's hybrid fundraising approach also makes describing the process difficult. Advancement has an excellent record of fundraising with integrity, and we do not want to put barriers in place that hamper their efforts. MIT also has developed a cadre of faculty, students, and staff who operate outside of Advancement; and they, too, have been very successful at raising funds. The Epstein case demonstrated, however, that MIT needs to provide guardrails for the fundraising effort. The Committee believes the process we recommend does just that, while allowing the entrepreneurial spirit to flourish, not hampering the work of professional fundraisers on which the Institute relies.

In *Figure 4*, "PI or gift solicitor" refers to anyone who wants to ask for a gift, has been offered a gift, or has received a gift, regardless of whether they are working with Advancement, as a school fundraiser, or on their own. The first thing they do is fill out a Gift Notification Webform that captures the basic information about the gift: how much it is, its purpose, who the donor is, and so on. This Webform is used for tracking the gift during solicitation.

Figure 4. Recommended Gift Workflow



Data collection occurs next, the aim of which is find the necessary information to work through the appropriate tool as completely and accurately as possible. The data collection may be carried out by the individual soliciting the gift, a member of Advancement, or others involved in the gift discussion.

Once the tool is complete, the analysis stage determines whether there is a potential problem with the gift. In the case of a small gift from a well-known donor who has been vetted previously, the analysis may be simple and result in a decision to present the gift to the GAC. If the gift is complex, or if the donor is new to MIT, the analysis may result in the need to gather more information, not to proceed with the gift, or to forward the gift to the GAC. In some cases, a second analysis by the DLC head (in the case of a PI fundraiser) or supervisor (if the gift came through Advancement) may be helpful. Some schools or departments may have their own gift committees who also could provide an independent analysis. Faculty, staff, and students fundraising outside of MIT Advancement must have filled in the Webform and the appropriate tool before they can access (i.e., make use of) a gift.

Advancement has a Standing Working Group (SWG) that currently oversees the progress of gifts to the IGAC. In the new process, the SWG would continue to hold responsibility for ensuring that gifts, including gifts developed by those outside of Advancement, move through the process in a timely fashion.

## 6.2 OPERATING PRINCIPLES

All involved in the fundraising process must adhere to MIT's standards for handling confidential and sensitive information, as well as respecting The Donor Bill of Rights.<sup>12</sup> Donors should feel that they are a part of the MIT community, part of building and growing the Institute. As such, we owe them as much transparency around our processes, our values, and our standard of conduct as any other member of

<sup>12</sup> <https://www.case.org/resources/donor-bill-rights>

our institute. Fundraisers outside of Advancement will need to be trained in handling these discussions in a positive and affirming way.

The ability to reference MIT's values and other issues related to the acceptance of gifts will grow with time. Prospects and donors should be honored and respected for their expressions of philanthropy, which should not be seen as mere transactions. This will necessitate regular refresh training for fundraisers, volunteers, faculty, and staff. The Committee recommends that a training program be established and led by MIT Advancement staff and faculty, described in more detail in [Section 7](#).

The Committee understands that incorporation of the tools and discussion of values in the fundraising processes is designed to mitigate, but not necessarily eliminate, future risk. Annual review of MIT's processes will mitigate deviations over time. Some operating assumptions will need to be made to determine appropriate thresholds that allow MIT to process gifts in a timely and efficient way and in a manner that does not discourage donors wishing to support MIT's critical mission.

The Committee recommends regular review of the effectiveness of the new processes, with allowance for improvements and enhancements along the way.

### **6.3 GAC GIFT REVIEW**

The overarching rationale for the workflow process recommended is to help address the practical limitation of time and resources, as the GAC cannot review every gift and must prioritize the review of certain gifts. In addition, the operation of the GAC must not present a bottleneck for the fundraising process.

MIT receives a multitude of gifts below \$50,000; and for a large share of these, we know little about the donor. Filling in the tools for all gifts would be simply impossible. We therefore recommend, as a start, that the tools be required for gifts larger than \$50,000 and donors with a lifetime giving history above \$100,000. At the same time, the Committee strongly encourages use of the tools for smaller gifts, where possible, as a continuing reminder of the importance of gift alignment with MIT values.

The information submitted for use by the GAC in reviews is collected by the Office of Prospect Identification, Research (OPIR) from the sources listed in [Appendix 10.6](#). These are the same sources OPIR has been using for some time, and information from them has been used by the IGAC over the past months.

The GAC will review any gift that flashes a yellow light in the tools, any appeals for gifts that flash a red light, and any appeals from the community, as described in [Section 6.4](#). Soon after the GAC is established, once it has an initial base of precedents and case law, we recommend convening a subcommittee (the "Subcommittee") to help expedite reviews. The Subcommittee should be composed of at least the GAC chair, a representative from MIT Advancement, a faculty member, and a student. All gift reviews will first pass through the Subcommittee, and the Subcommittee will have the authority to recommend (based on a consensus view) that a gift be rejected without review by the full GAC, based on the case law. Notably, the Subcommittee will not be able to accept any gifts without review by the full GAC, nor will it be able to establish any new precedents by rejecting a gift without existing precedent for such a decision.

## 6.4 OUTSIDE THE WORKFLOW

The Committee envisions opportunities for community members to appeal a gift or request a review by the GAC. We recommend that the relevant community member email the GAC (which should have a dedicated email address for this purpose) providing information, comments, or concerns to be added to the gift's review. The Committee recommends that community members who wish to report information and concerns anonymously use the [MIT hotline](#), which will similarly trigger a review of a gift by the GAC. Finally, the General Council should review MIT's whistle-blower provisions to ensure they are workable in the situation described above.

With the passage of time, new information that would have led the GAC to make a different decision about a previously accepted gift may come to light. When this happens, the GAC should review the case with an eye toward suggesting changes in gift processing or requesting changes to the tools that would have captured the conditions making the gift unfavorable, if needed (note that changes to the tools can only be made by an Ad Hoc Faculty Committee).

The Committee hopes the emergence of new information or community concerns are rare, but building them into the GAC process, allowing continuous self-improvement, will make recovery and correction easier and more natural.

## 7 EDUCATION AND PROCESS TRANSPARENCY

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Interviews the Committee conducted in the Fall of 2019 with students, staff, and faculty revealed an appetite for information about MIT's fundraising. The process appeared opaque to many and exclusionary to others. Some people involved in fundraising were viewed as operating with bad manners, and some with questionable values; some were thought to be redirecting donors' gifts to pressing Institute projects, and others considered to show a disregard for the Institute at large. To a large degree, the principles that guided decision-making were often unknown.

This will no longer be the case, given the set of guiding values and tools to test alignment with those values developed by the Principles Committee, as well as the new process for doing so. It is crucial for all stakeholders—from individuals new to the Institute to those who have been here for decades, and from faculty to MIT Advancement staff—to have a shared understanding of the fundraising process. The recommended process offers greater clarity at each step as well as greater responsibility for conscientious choices, whether individuals are identifying prospective donors, carrying out due diligence, or soliciting funds. Disseminating this information requires an educational component.

To date, MIT's decentralized approach to fundraising saw faculty and staff directly engaging in all aspects of fundraising without working with Advancement. They identified and cultivated prospects, negotiated gifts, and stewarded their donors after receiving gifts, all on their own. Following the new process, once a gift is offered, about to be solicited, or received through such individual channels, it will get the same attention and analysis as a gift that comes through Advancement. If at these junctures there is a failure on the part of the fundraiser to comply with the application of the tools, filing the findings, and completing the Gift Notification Webform, they will not receive the gift. This is a major message to communicate to the MIT community: From students to staff, and from Advancement to

faculty, implementation of this process is essential if MIT is to conscientiously align itself with its mission and its principles.

Going forward, first and foremost, the newly identified principles and process, and their rationale, should be made as transparent to the public as possible. They should be shared with individuals, departments, and school councils. In addition, all of the following should be made available on a fundraising page on the MIT Atlas Service Center website, or on a fundraising site as visible as MIT's Policies site:

1. A tutorial on the evaluative tools developed by the Principles Committee that addresses the underlying meaning and nuance of each of the tools' questions.
2. A clear, chronological timetable of the fundraising process, which designates when the tools should be applied by the principals involved.
3. A "Fundraising Fundamentals" video, created in cooperation with RD, that will provide guidance to faculty and staff new to fundraising, emphasizing that support and help are available to anyone who engages in the activity. It will show how to work collaboratively with MIT Advancement, and what to do when an individual independently initiates a relationship with a donor.

These materials must be subject to annual analysis and revision as our understanding of the process evolves. Further, the work of the soon-to-be-appointed Values Committee certainly will impact our collective understanding of MIT's shared principles and how they speak to the relationships between donors and MIT students, staff, and faculty.

At the broadest level, the educational message about fundraising should be that it both enables and is crucial to MIT's mission, it is carried out consistently and in alignment with MIT's values, and it aims to benefit MIT and—by enabling MIT to accomplish its mission—the greater world community.

## 8 RECOMMENDATIONS TO THE PROVOST

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Recommendation 1: MIT's approach to fundraising—both the values that inform gift solicitation and acceptance, and the process itself—should be as transparent as possible so that everyone is clear about what the Institute can and cannot accept (and why). To support that goal, MIT leadership should develop explanatory and training materials targeted to students, faculty, and staff who may be involved in fundraising.

Recommendation 2: MIT as a whole—including leadership, administration, faculty, staff, and students—should commit to engage in examination of the Institute's culture to ensure that all processes—in particular, for the purposes of this committee's report, fundraising—reflect MIT's values. This should be a top priority and an ongoing commitment of the Institute. The Senior Team<sup>13</sup> must

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<sup>13</sup> Senior Team: President, Chancellor, VP for Research, VP for Open Learning, Provost, Executive VP and Treasurer, VP and General Counsel, VP and Secretary of the Corporation, and VP for RD.

consider how this self-reflection is initiated and sustained. Beginning the process in concert with development of the Values Committee, planned for Spring 2021, may be a good starting point.

Recommendation 3: The tools developed by the Principles Committee for gift evaluation are to be used throughout the gift process as a means of assessing and recording a proposed gift's alignment with MIT's values and mission. Completing these tools also provides a good indication of how well MIT's fundraising practices align with its own values. In this report, the Committee recommends where and how in the process the tools can be used.

Recommendation 4a: A standing committee of the faculty, called the Gift Acceptance Committee (GAC)—composed with a balance between students, faculty, and staff—will replace the Interim Gift Acceptance Committee (IGAC) formed in 2019.<sup>14</sup> Recommended composition of this standing committee is provided in [Section 5.1](#). The GAC acts as an advisory committee to the Provost, who acts as the GAC Chair.

Recommendation 4b: Until the GAC is convened, the IGAC will continue to serve in its present role. We recommend the addition of two faculty to the IGAC, appointed by the faculty officers, and one student appointed by student leadership, all to be approved by the administration.

Recommendation 5: The administration shall adhere to the principle that all fundraising, irrespective of the source of the potential gift or the fundraisers involved, will follow the same workflow pattern of proposal, data collection, analysis, and review. Compliance with these procedures will be as essential for faculty who develop relationships with prospective donors in the course of their work as it is for the members of the Advancement team.

Recommendation 6: The General Counsel and faculty governance will review MIT's reporting rules and procedures to ensure that everyone involved in fundraising is able to raise concerns about a gift without fear of retaliation. Any member of the MIT community will be able to raise a concern about a gift to the GAC. Members of the community who wish to maintain anonymity can report concerns about a gift through the MIT Reporting Hotline, which is maintained by Ethicspoint, a third-party vendor. Concerns raised in either of these ways will be deliberated on by the GAC and receive a response from that committee. The Provost will make the final decision, which will be final, unless new information comes to light.

Recommendation 7: MIT Advancement, working with the IGAC and administration, should create a Gift Policy Guide oriented toward the MIT community and prospective donors.

## 9 ADDITIONAL COMPONENTS OF OUR CHARGE

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### 9.1 THE EPSTEIN CASE

The Committee decided that, although its charge included a discussion of the Epstein case, there is enough in the public record that we could not add value through further deliberation of the details.

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<sup>14</sup> The IGAC currently reviews the cases of all domestic donors who have the capacity to make gifts of \$5M+, and of international donors who have capacity to make gifts of \$1M+.

Instead, we used what is known about the case to inform many of our recommendations. The Committee used a number of cases and accompanying information provided by the Recording Secretary and RD to stress test our recommendations. Such stress testing of cases was crucial to ensure the process would not allow values in opposition to those of MIT to fall through the cracks, while also demonstrating that the process is not so onerous as to prevent or hinder gift acquisition.

## **9.2 STRESS TEST AGAINST ACTUAL CASES**

### **9.2.1 CASE MATERIALS REVIEWED**

A subcommittee applied the tools to three cases involving prospective MIT donors. Though the identities of the prospective donors were not revealed, we reviewed general research conducted on the prospects, including brief biographical sketches and news findings from publicly available sources. We also reviewed contextual information, such as timelines of when individual MIT administrators/staff met or engaged with the prospective donors, their particular philanthropic interests, etc.

### **9.2.2 OUR PROCESS**

The subcommittee purposely requested not to know the IGAC's decision on each of the cases so that we could apply the questions in the tools without prejudice. For each case, each subcommittee member independently applied the tools' questions—first after having read just the brief bio and initial general prospect research materials, and then again after review of a more in-depth research report. Subcommittee members then discussed and reviewed our responses to the questions for each case.

### **9.2.3 OUTCOMES**

In general, individual responses to the tools' red and yellow light questions were nearly always identical. It is worth mentioning that one question in particular—could the association with this individual damage MIT's reputation?—often gave us the most pause, with some answering "maybe" in certain cases. Our answers to the questions did not change significantly after reading the more in-depth prospect research materials; although in some cases, we did discuss how comfortable we would be taking a gift from an individual for a particular initiative as compared to putting the donor's name on a campus building.

For two of the cases reviewed, each member of the group came to the same conclusions: to move forward with engaging in philanthropic conversation with the prospective donor/accepting the gift. In the third case, only two members of the group concluded that the gift process could move forward/MIT should accept the gift.

Concern had been expressed that having the tools' questions answered by staff/faculty/PIs, etc., will slow things down. Our review of actual cases brought to light that the cadence of the process is driven by the speed with which information is gathered and delivered, and by the promptness of scheduling a deliberative meeting; the actual process of filling out the tools, and the ensuing discussion, was neither onerous nor time consuming. Rather, it was illuminating and brisk.

Two of the cases revealed how challenging it can be to come to a values-based conclusion when considering a donor's history during deliberations around accepting a gift. When the GAC evaluates a gift, history plays a role, raising inevitable questions about whether present or past standards should be

applied, given changing community views about wealth and the benefits it brings, and how gifts help MIT fulfill its mission.

Collectively, the questions in the tools the Principles Committee developed, the process changes our committee recommends, and the composition of the GAC seek to help MIT navigate these occasionally difficult waters and treat our prospective and continuing donors with the respect they deserve. It is noted that the focus is on evaluating the gifts, rather than judging people. At the same time, these structures place guardrails around the process that aim to align the interests of MIT's donors with MIT's values. The Committee expects these discussions to be quite rare but wants to make sure the structures are in place when they do occur. Having these structures will ultimately benefit everyone involved.

### 9.3 PEERS' FUNDRAISING POLICIES

The Committee reviewed publicly available fundraising policies from our peer schools and interviewed leaders of gift processing at 12 other colleges and universities. Very few peer institutions make their gift policies publicly available, and there is little available specifically regarding the evaluation criteria for gift acceptance. Of the 12 schools reviewed, only 6 publicly articulate criteria by which gifts are valued, and 3 have formal committees to review gifts.

The Principles Committee carried out a systematic analysis of peers'<sup>15</sup> fundraising policies, where publicly stated, and presented a summary of the policies in tabular form in their report. That information is included herein as [Appendix 10.5](#).

Gift acceptance criteria for higher education is an area still in the early stages of definition and for which many peer institutions are just beginning to develop policies and processes. With the implementation of the GAC and a current articulation of our campus values, MIT would be well poised to be a leader among our peers on how to thoughtfully and transparently process and accept gifts.

Two members of the Committee (Julia Topalian and Peter Fisher) had a conversation with the Senior Director of Alumni & Development Services at Harvard, Julia Cavanaugh. Harvard just completed approval of a Gift Policy Guide that states Harvard's principles in accepting gifts and describes the gift solicitation and acceptance process, what kinds of recognition of donors are (and are not) possible, how gift funds are managed, and how their Gift Policy Committee operates. The guide is written at a publicly accessible level and with prospective donors in mind. The Harvard University Gift Policy Guide may be found [here](#).

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<sup>15</sup> The University of Edinburgh, Brown University, The University of Kent, Cornell University, California Institute of Technology, Columbia University, Duke University, The University of Leicester, Princeton University, Smith College, Stanford University, and The University of Cambridge.



## 10 APPENDICES

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### 10.1 CHARGE – OCTOBER 15, 2019

The charge to the Ad Hoc Committee to Review MIT Gift Processes (“the Committee”) was as follows:

The Institute is committed to furthering MIT’s mission through the fostering of relationships with individuals and organizations that result in goodwill and philanthropic engagement. The size, scale, and complexity of the philanthropic landscape has increased in recent years, as well as societal expectations for greater operational transparency.

The Institute has recently installed a new process to support the assessment of risk in international engagements, as well as a new office (the Office of Strategic Alliances and Technology Transfer), to support the development of non-federal proposals and agreements. However, as revealed by the recent events surrounding Jeffrey Epstein’s donations to MIT, a review of the Institute’s processes surrounding gifts is called for.

In this regard, a new committee, the Ad Hoc Committee to Review MIT Gift Processes, is charged with reviewing MIT’s current processes for soliciting, processing, and accepting gifts to the Institute, including policies, practices, and organizational roles and responsibilities related thereto, and with recommending improvements to facilitate efficient, transparent, and responsive decision-making with respect to gifts.

Specifically, the Committee should:

- Become familiar with MIT’s current processes for soliciting, processing, and accepting gifts to the Institute, including due diligence practices;
- Study processes of peer institutions for the solicitation, processing, and acceptance of gifts;
- Use the Institute’s receipt and acceptance of gifts from Jeffrey Epstein and other gifts as case studies to identify areas for improvement; and
- Recommend changes to MIT’s current gift solicitation, processing, and acceptance processes.

The Committee will work in conjunction with the Ad Hoc Faculty Committee on Guidelines for Outside Engagements, which is charged with defining a set of values and principles to guide the assessment of outside engagements. Several members of that committee will sit as voting members of the Committee.

The Committee is encouraged to solicit input and advice from community members (staff, students, and faculty). The Committee’s final product is a report with findings and recommendations to the Provost and Chair of the Faculty due June 1, 2020. The committee should provide an interim report by January 15, 2020, which could contain initial recommendations.

The Committee will work closely with the Ad Hoc Faculty Committee on Guidelines for Outside Engagements to consider how principles being developed might impact processes under consideration.

## 10.2 COMMITTEE MEMBERSHIP

The membership of the Committee is as follows (listed alphabetically, after the chair), with Peter Fisher serving as chair.

Committee Member	Affiliation	Email Address
Peter Fisher, Chair	School of Science	fisherp@mit.edu
Anish Antony	Postdoctoral Association	anishp@mit.edu
Mariana Arcaya	School of Architecture and Planning	marcaya@mit.edu
Mahi Elango	Undergraduate Association	melango@mit.edu
Heather Kispert Hagerty	School of Engineering Development	hkispert@mit.edu
<i>Dan Hastings (Princ.)</i>	School of Engineering	<i>hastings@mit.edu</i>
Sarah Hendrick	Alumni Association Office	hendrick@mit.edu
<i>Chap Lawson (Princ.)</i>	School of Humanities, Arts and Social Sciences	<i>clawson@mit.edu</i>
Fiona Murray	Sloan School of Management	fmurray@mit.edu
Larry Sass	School of Architecture and Planning	lsass@mit.edu
Glen Shor	VP for Finance	glenshor@mit.edu
Janet Sonenberg	School of Humanities, Arts and Social Sciences	json@mit.edu
Peter Su	Graduate Student Council	peterxsu@mit.edu
<i>Tavneet Suri (chair, Princ.)</i>	Sloan School of Management	<i>tavneet@mit.edu</i>
Julia Topalian	Recording Secretary	topalian@mit.edu
Li-Huei Tsai	School of Science	lhtsai@mit.edu
Anne White	School of Engineering	whitea@mit.edu
David Woodruff	Resource Development	daw@mit.edu

Note that three members of the Committee are also members of the Principles Committee, indicated in italics and with "(Princ.)," including the chair of the Principles Committee.

## 10.3 LIST OF MEETINGS

The Committee met a total of 38 times, as detailed in the following table.

No.	Date	Purpose
1	Nov. 4, 2019	Initial meeting
2	Nov. 14, 2019	Scheduling, "Giving at MIT" from Julia Topalian
3	Nov. 27, 2019	Group discussion
4	Dec. 4, 2019	MIT International Science and Technology Initiatives from Chap Lawson, VP for Finance, Glen Shor, et al.
5	Dec. 11, 2019	International, Richard Lester
6	Dec. 17, 2019	RD from David Woodruff
7	Jan. 8, 2020	School fundraising, Heather Kispert Hagerty
8	Jan. 15, 2020	Interview team reports

No.	Date	Purpose
9	Jan. 22, 2020	Team reports, drafting
<b>Reset</b>		
10	Feb. 5, 2020	Reset discussion
11	Feb. 10, 2020	Schedule discussion
12	Feb 19, 2020	Scoping final report
12	Feb. 26, 2020	Scoping final report
<b>Cycle 2</b>		
13	Mar. 3, 2020	Cycle 2 teams form
14	Mar. 10, 2020	MIT Office of the General Counsel, Larry Sass
15	Mar. 17, 2020	Where to from here?
<b>Pandemic</b>		
16	Apr. 1, 2020	Planning meeting, team reports
17	Apr. 8, 2020	Group discussion
18	Apr. 14, 2020	Meet with Principles Committee
19	Apr. 21, 2020	Discussion of tools
20	Apr. 28, 2020	Report organization and scope
21	May 6, 2020	Standing committee
22	May 13, 2020	Draft planning
23	May 19, 2020	IGAC, Richard Lester
24	May 26, 2020	Standing committee
25	June 3, 2020	When to review a gift?
26	June 11, 2020	Standing committee (again)
27	June 17, 2020	Standing committee, needs statement
28	June 23, 2020	Whistleblowers, David Singer
29	July 9, 2020	Draft report, unsettled questions
30	July 22, 2020	Writing committee meeting
31	July 27, 2020	Flow charts, omnibus bill
32	Aug. 7, 2020	Review of first draft
33	Aug. 12, 2020	Review of second draft
34	Aug. 18, 2020	Review of copyedited draft
35	Aug. 28, 2020	Los Endos
36	Nov. 13, 2020	Review/discussion of changes from community input
37	Nov. 18, 2020	Review/discussion of changes from community input
38	Dec. 11, 2020	Final review of report

## 10.4 TOOLS QUESTIONS

The tools address four to six red light issues (depending on which tool is being used) and three yellow light topic areas (which each contain multiple questions). Note that the yellow light questions address equally important issues as the red light questions—they are yellow because they are areas where it is harder to draw clear distinctions for decision-making. The Principles Committee report details what each question aims to flag. Here, we list the questions in the individuals tool from the Principles Committee as an example (please see that committee’s report for more detail on this and the

organizations tool). Note that the Principles Committee was charged with developing guidelines for consideration of both gifts and engagements, so references to both may appear in the questions.

#### **10.4.1 RED LIGHTS**

There are four red light questions, in distinct areas. Any violation of these red lights automatically rejects the gift or engagement, unless there is an appeal to the Standing Committee (or GAC, for the purposes of our committee's recommendations), as described in earlier sections.

1. Has this individual directly engaged in, funded, or otherwise supported any activities that compromise U.S. national security?
2. Has this individual directly engaged in, funded, or otherwise supported any gross violations of political, civil, or human rights; or serious violations of the laws of war?
3. Does this gift or engagement restrict the academic freedom or autonomy of MIT faculty, students, or staff?
4. A. Has this individual engaged in conduct that constitutes a felony under U.S. federal and/or state law?  
  
B. If yes, are there mitigating circumstances? If no → red light, if yes → yellow light.

#### **10.4.2 YELLOW LIGHTS**

There are nine yellow light questions, categorized into three distinct areas: (i) a conflict with our core values, (ii) transparency around the decision (which forces us to reflect on the court of public opinion), and (iii) alignment with our mission. Again, these yellow lights are as important as the red lights, but it is more difficult to draw a clear line around some of the possible violations, and they will therefore require deliberation. Any violation of these yellow lights sends the gift or engagement to the relevant Standing Committee (for the purposes of our committee, the GAC) for a decision.

##### ***Conflict with MIT's Core Values***

5. Does engaging with this individual or accepting this gift negatively impact our ability to promote MIT's core values on our own campus or in our own community?
6. Could the association with this individual damage MIT's reputation for excellence in research and teaching; and thus, ultimately, its core mission?
7. If the gift or engagement involves naming, will using their name in such a public way on our campus negatively impact our ability to promote MIT's core values on our own campus or in our own community?

##### ***Transparency about the Decision***

8. If you were a representative of MIT, would you be willing to publicly disclose taking money from or engaging with this individual?

9. If you were a representative of MIT, would you be willing to publicly defend taking money from or engaging with this individual?
10. If you were a representative of MIT, would you be willing to allow this individual to visit our campus and meet faculty, students, or staff?

***Correspondence with MIT’s Mission***

11. Does this gift explicitly advance MIT’s fundamental mission for education or basic and applied research?
12. Could this gift or engagement impede our ability to best serve the nation and the world?
13. Could this gift or engagement have the effect of committing MIT to promote a specific dogma or political agenda in a way that is inconsistent with maintaining our academic integrity or our commitment to our core mission to promote knowledge creation and education?

**10.5 POLICIES FROM PEER SCHOOLS**

The Principles Committee collated all the publicly available gift policies by other universities in the United States and the United Kingdom. Twelve such policies were available, from The University of Edinburgh, Brown University, The University of Kent, Cornell University, California Institute of Technology, Columbia University, Duke University, The University of Leicester, Princeton University, Smith College, Stanford University, and The University of Cambridge. The conditions mentioned in the gift policies were summarized under three different categories: (i) the process for review, (ii) any overall criteria, and (iii) specific risk criteria to consider. The numbers in the summaries that follow refer to the number of schools that mentioned the relevant item in their gift policies, out of a total of 12.

The summaries are as follows:

<b>Process</b>	<b>Total [out of 12]</b>
Review process based on dollar amount or risk level	6
Review process based on type of donation	3
Acceptance authority lies with corporation or special committee	1
<b>Overall Criteria</b>	<b>Total [out of 12]</b>
Must support aims of university	6
Not impinge on academic freedom	5
Not damage integrity or reputation	1
<b>Specific Risk Criteria</b>	<b>Total [out of 12]</b>
Reputational costs for university (or its constituents) disproportionate to donation	8
Conditions imposed counter to university practice/objectives/are too onerous	7
Illegal activities by donor (crime, bribery, anti-terror) or funds acquired illegally	5
Accepting donation (or use of donation) would be unlawful/counter to public interest	5

Specific Risk Criteria	Total [out of 12]
Has the potential to create unacceptable conflicts of interest	4
From a source that is counter to university's public interest <sup>16</sup>	3
Activities of donor conflict with university objectives	3
May deter future support	3
From parents/guardians with a student applying to the university	2
Will cause unacceptable damage or injury to third parties	1

## 10.6 INFORMATION SOURCES USED BY RESOURCE DEVELOPMENT

The Office of Prospect Identification, Research currently uses the data sources list below in both their decision making and as input to the IGAC.

- [EMIS](#): information on emerging markets/companies (cost share with MIT libraries)
- [Capital IQ](#): a platform for global market intelligence
- [iWave](#): fundraising intelligence software
- [PrivCo](#): private company research (one shared license)
- [NOZA](#): a charitable donations database
- [Relationship Science](#): information on interconnections between entities
- [DonorSearch](#): information on existing/prospective donors
- [Kaleidoscope](#): securities research, intelligence, and analytics
- [Nexis for Development Professionals](#): LexisNexis resource with information from public records
- [LinkedIn Premium](#): information on individuals, companies, organizations, and professional networks
- [Wealth-X](#): donor information
- [Ancestry.com](#): donor/family interconnections (one shared license)
- [PropertyShark](#): data on real estate properties (one shared license)
- [Foundation Directory Online](#): data on foundations (one account split with the Office of Foundation Relations and MIT Libraries)
- [Inside Philanthropy](#): online publication with news on philanthropy/donors (two shared licenses)

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<sup>16</sup> One university phrased it specifically as follows: explicit environmental damage; manufacture and sale of armaments to military regimes; institutional violations of human rights, including exploitation of the work force; discrimination in any shape or form; manufacture and sale of tobacco products.

- [Chronicle of Philanthropy](#): magazine covering news/issues related to philanthropy (hard copy subscription)
- [Chronicle of Higher Education](#): magazine covering news/issues related to higher education (hard copy subscription)
- [The Boston Globe](#) (print and online)
- [The New York Times](#) (print and online)
- [The Wall Street Journal](#) (print and online)
- [Bloomberg](#) (three licenses)
- [Descartes Visual Compliance](#): suite of “export, trade and financial compliance solutions” (per website) (enterprise MIT license)
- [Dow Jones](#) (shared license between Office of Resource Development, Office of the Recording Secretary, Industrial Liaison Program)
- [Risk Advisory](#): firm used for enhanced due diligence, as needed

## 10.7 RATIONALE FOR INCLUDING STUDENTS ON THE GAC

The Committee was cognizant of the risks associated with enlarging the IGAC to make it more representative of the MIT community, including the fact that some information handled by the GAC is likely to be highly sensitive. The Committee devoted significant time to discussion of these risks and how best to mitigate them.

The Committee believes that anyone serving on the GAC, as a matter of principle, accepts a special obligation to safeguard the information to which they become privy. The Committee discussed several approaches to ensure that all GAC members are fully aware of and abide by this obligation, such as having GAC members sign special documents, requiring training for some or all members of the GAC, communication from MIT senior leadership to the GAC to remind members of their special obligations, and various combinations of the above. However, the Committee believes it should be up to the Provost and the faculty chair of the GAC, in consultation with the General Counsel’s office, to choose which specific mechanisms to use and to revise those mechanisms as they deem appropriate.

Some members of the community saw the inclusion of a student on the GAC as the biggest risk to confidentiality and (conceivably) the quality of deliberation on the GAC. However, the Committee identified many important benefits to including a student, such as:

- The fact that students engage in fundraising themselves and are often brought into fundraising efforts by others;
- The fact that students, as future alumni, will be a major source of giving to the Institute in the future;

- the distinctive and valuable perspective that students offer, including with respect to helping other members of the GAC anticipate risks to MIT’s reputation and articulating to other members of the GAC the special value of certain gifts intended for the student community;
- The importance of building broad trust in the gift acceptance process, for which the inclusion of a student on the GAC is essential; and
- The fact that students participate in virtually all aspects of life at the Institute, including serving in the faculty governance system and on this committee.

Our recommendation to include a student on the GAC was also influenced by proven records of students who have served on other committees that handle confidential information. In particular, committee members noted student participation in the Committee on Discipline, which considers allegations of serious misconduct (including actions that could result in felony charges) by fellow students and other members of the MIT community. The Committee also notes that students who participate in Institutional Review Board approval regularly have access to highly sensitive human subjects data, and that many students have access to highly dangerous or deadly materials in labs. Finally, committee members noted that some students have security clearances from the U.S. government at very high levels, including those to which some members of the MIT community would not be admitted.

The Committee did not believe that just *any* student would be an appropriate candidate for membership on the GAC, any more than just *any* member of the MIT faculty or staff would necessarily be appropriate. Nor does the Committee believe that the process for selecting student leaders for student government would necessarily provide the vetting necessary to reassure all members of the community about the risks to confidentiality. However, the Committee did believe that students approved by the Provost and the Chair of the Faculty would make highly valuable additions to the GAC.

## 10.8 VERSION HISTORY

Version No.	Date	Description
1	August 31, 2020	Submitted to the Provost, designated "Final Report."
2	September 10, 2020	Corrections to title, footnote 4, to be posted for public comment. Redesignated "Draft Report."
3	November 25, 2020	Revisions made based on community comments, redesignated "Revised Report."
4	December 18, 2020	Redesignated "Revised Final Report" version of report.
5	February 5, 2021	Corrected Julia Cavanaugh title