

# IS FOREIGN SOFT POWER SHAPING TEXAS UNIVERSITIES?

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## KEY POINTS

- Foreign nations wield financial gifts as a form of soft power over Texas universities.
- Current reporting standards under Section 117 are insufficient, as the law only captures foreign funds valued at \$250k or more, thus allowing smaller, unreported donations to influence universities without transparency.
- Three countries on the U.S. Department of State's "watch list" are some of the biggest donors to Texas universities.
- More than 40% of money coming from hostile nations is given in the form of contracts to medical centers and cancer centers.
- Texas universities are receiving foreign funding through contracts, which involve the exchange of intellectual property.

## INTRODUCTION

Foreign nations are quietly buying influence in Texas universities. Over the past 22 years, Texas universities have received nearly \$2 billion in foreign funding, with more than \$130 million originating from countries designated as hostile by the United States government, including China, Russia, and Saudi Arabia. Critical to note is that this money comes with strings attached. A significant portion of this funding is provided through contracts, which often involve the exchange of intellectual property, thereby raising concerns about the security of sensitive information. In addition to the potential of intellectual property theft, this money triggers risks related to espionage and undue foreign influence on academic institutions. In 2023, Congresswoman Michelle Steel introduced the "Defending Education Transparency and Ending Rogue Regimes Engaging in Nefarious Transactions (DETERRENT) Act," which aimed to address these issues by bringing transparency to foreign gift reporting requirements for colleges and universities nationwide. This legislation would have closed reporting loopholes, slashing the reporting threshold for foreign gifts from \$250,000 to \$50,000 (and to \$0 for countries of concern), and required disclosure of gifts to individual faculty at research heavy institutions—those often targeted by adversarial nations. It also proposed fines and Title IV funding loss for noncompliance. Unfortunately, this legislation failed, leaving a pressing need for increased transparency in foreign donations, particularly as a large portion of funding for U.S. institu-

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tions, including those in Texas, comes from nations that pose national security threats ([Committee on Education & the Workforce, 2023](#)). This paper examines the extent of foreign funding in Texas universities, particularly focusing on gifts and contracts from nations on the U.S. Department of State’s watch list and concludes with recommendations to increase accountability and transparency in foreign funding. Foreign influence through these funds raises serious concerns about the soft power these nations wield over Texas institutions—an issue that Texas must address to safeguard the future of its students and universities.

## DEFINITIONS

**Contract:** A formal agreement between a university and a foreign entity in which the university agrees to undertake specific research or activities in exchange for funding. Contracts often involve the exchange of intellectual property and require the university to adhere to the funder’s conditions, including providing progress reports and not altering the project without approval.

**Gift:** A charitable donation that is provided to a university without the expectation of specific benefits to the donor ([Committee on Education & the Workforce, 2023](#)). Gifts can be either unrestricted, allowing the university to use the funds as it sees fit, or gifts can be restricted, meaning the funds must be spent in specific ways, such as scholarships or the construction of facilities.

**Restricted Gift:** A restricted gift is a financial contribution, endowment, award, or any property given to an institution with specific conditions on its use. These conditions may dictate aspects such as the hiring, assignment, or termination of faculty members; the establishment of departments, research programs, or faculty roles; criteria for the selection or admission of students; or limitations on financial aid allocations, such as scholarships or fellowships, based on criteria like nationality, religion, gender, ethnicity, or political views. Such stipulations limit the institution’s discretion over resource allocation, thus

directing its policies and practices in alignment with the donor’s specified requirements ([20 U.S.C., 2021, Section 1011f](#)).

**Section 117:** Under Section 117 of the Higher Education Act of 1965 (HEA), universities are required to report any contracts, gifts, and grants they receive from foreign countries to the U.S. Department of Education (DOE) ([Federal Student Aid, 2023](#)). This provision, added to the HEA in the 1986 amendments, was aimed at addressing concerns over increasing foreign influence on college campuses. Universities must report all foreign donations from a single source that total \$250,000 or more within a calendar year. These disclosures also apply to gifts funneled through affiliated entities, such as university foundations.

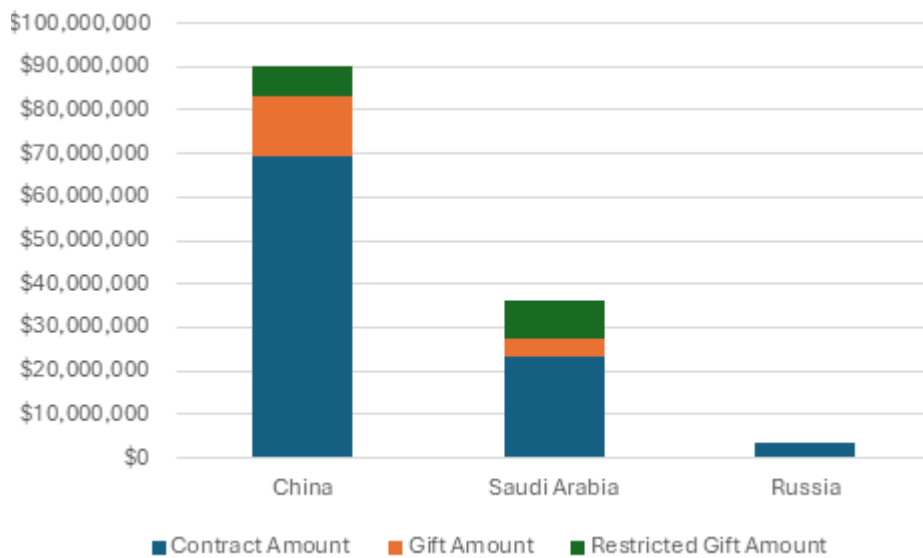
**Countries of Particular Concern:** Nations designated by the U.S. Department of State as engaging in severe violations of religious freedom. These violations include acts such as “(1) torture; (2) prolonged detention without charges; (3) forced disappearance; or (4) other flagrant denial of life, liberty, or security of persons” ([U.S. Department of State, n.d.](#)). Countries frequently on this list include China, Russia, and Saudi Arabia, who are also significant donors to Texas universities.

## PROBLEM

For years, universities neglected their reporting obligations on foreign gifts, leading to a 2019 investigation by the Department of Education (DOE) under the Trump administration. This investigation uncovered over \$6.5 billion in unreported foreign funding, much of it from authoritarian countries such as China and Qatar. In response, the DOE updated its guidance and created an online disclosure portal to improve transparency. However, despite these measures, many universities still have not disclosed funds received before 2020, and critical information—such as donor identities and the intended purposes of these gifts—remains incomplete. In the summer of 2024, the situation worsened when the online portal was abruptly shut down due to a “contract change,”

**Figure 1**

*Funding of Texas Universities by Particular Concern*



**Source:** Federal Student Aid. (2024, June 26). *Section 117 foreign gift and contract data*. U.S. Department of Education. <https://fsapartners.ed.gov/knowledge-center/topics/section-117-foreign-gift-and-contract-reporting/section-117-foreign-gift-and-contract-data>

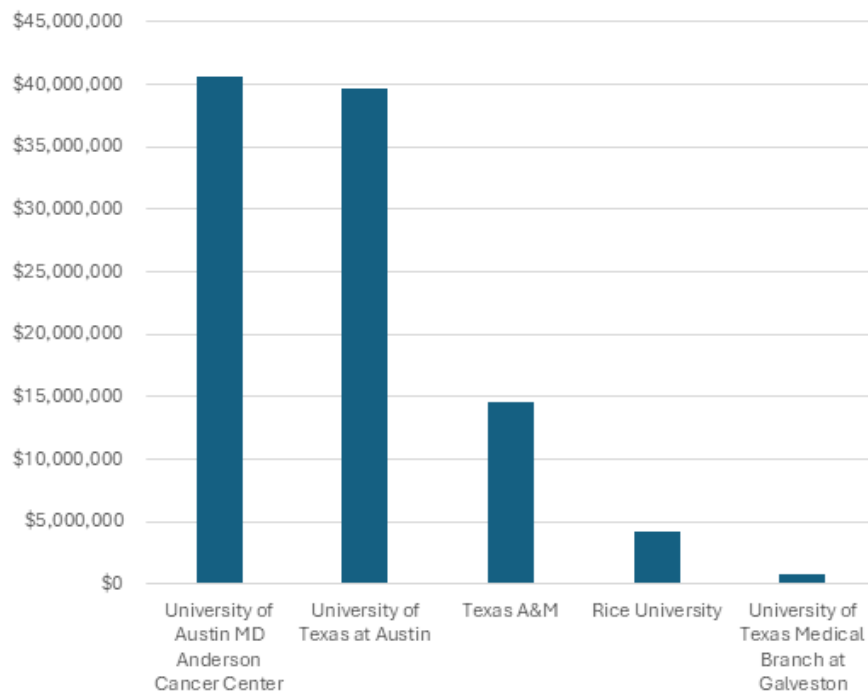
leaving Americans with limited visibility into foreign funding at U.S. universities and how foreign entities might be influencing higher education. **Appendix A** presents a chart detailing the funds that receive the most foreign contributions, breaking down totals by grand total and by countries of particular concern, highlighting the potential risks associated with these funding sources.

While foreign funding provides universities with valuable resources, contributions from hostile nations come with significant risks. As outlined in the introduction, Texas universities alone have received nearly \$2 billion in foreign funding over the past 22 years, with more than \$130 million from nations designated as hostile by the U.S. government. Specifically, China has provided over \$90 million, Saudi Arabia more than \$36 million, and Russia over \$3.5 million. Most of these contributions, including all from Russia, are structured as contracts, involving the exchange of intellectual property, raising concerns about data security and influence. **Figure 1** shows the receipts of these funds categorized into contracts, gifts, and restricted gifts.

The involvement of foreign entities in academic funding raises national security concerns, particularly related to intellectual property theft and espionage. In August 2020, Texas A&M professor Zhendong Cheng was charged with conspiracy, making false statements, and wire fraud in connection with his undisclosed affiliations with a Chinese university and a Chinese-owned company (U.S. Department of Justice, 2020). Cheng led a team conducting research for NASA and, according to the criminal complaint, he actively concealed his connections to Chinese entities, thus violating the terms of his NASA grant, which explicitly prohibited any collaboration with China. The U.S. Department of Justice has emphasized the criminal implications of such disclosed participation in China's talent programs, highlighting the risks posed to U.S. research institutions. This case is one of many that shows the ongoing concerns about foreign influence and intellectual property theft in American universities.

Texas A&M University ranks 5th among U.S. universities receiving the most Section 117 foreign funding, with nearly \$500 million from Qatar alone (Federal

**Figure 2**  
*Funds from Countries of Particular Concern*



**Source:** Federal Student Aid. (2024, June 26). *Section 117 foreign gift and contract data*. U.S. Department of Education. <https://fsapartners.ed.gov/knowledge-center/topics/section-117-foreign-gift-and-contract-reporting/section-117-foreign-gift-and-contract-data>

Student Aid, 2024). In Texas, the top recipients of foreign funding are the University of Texas MD Anderson Cancer Center, Texas A&M University, and the University of Texas at Austin. The chart below outlines the received foreign funding amount over the past 22 years. While funding from countries designated as “of Particular Concern” is documented, it is important to note that many nations posing threats to the United States are not included in this category. For example, Texas A&M University may have received only \$14.5 million from “Countries of Particular Concern,” but \$500 million of their total came from Qatar (Federal Student Aid, 2024).

## LIMITATIONS

The National Association of Scholars conducted a study by submitting Public Information Requests (PIRs) to universities nationwide, and these PIRS

revealed significant discrepancies between data received from universities and what universities reported under Section 117 regarding foreign funding (National Association of Scholars, n.d.). The National Association of Scholars exposed nearly \$1 billion worth of underreporting of foreign funds from China, Qatar, and Russia by comparing Section 117 data with data from public records requests. Their findings uncovered tens of millions of dollars in previously unreported Qatari funds flowing to the Texas A&M University System, ultimately leading Texas A&M to announce in February 2024 the closure of its Qatar branch campus. Highlighting the inadequacy of Section 117 data, the Association noted, “by 2017, Texas A&M had reported \$131 million in Qatari funds,” which increased to over \$600 million following the U.S. Department of Education’s 2020 investigation into foreign funds underreporting (Arnold, 2024).

Notably, the revised data showed \$244 million in Qatari funds to Texas A&M before 2017—nearly double the university’s initial reports ([Arnold, 2024](#)).

This study is based solely on data reported by the U.S. Department of Education, which introduces several limitations. The reliance upon a single data set restricts the scope of analysis, potentially lacking the breadth and depth that could be achieved through multiple data sources. Section 117 of the Higher Education Act mandates reporting only for foreign gifts or contracts valued at \$250,000 or more, which creates a significant gap in the data, as contributions below this threshold are not required to be disclosed. These smaller amounts, while individually are under the reporting limit, could cumulatively exert substantial influence on universities.

Furthermore, Section 117 does not clarify whether the \$250,000 threshold applies to the cumulative total of multiple donations or contracts from a single foreign source over time. This ambiguity allows for strategic structuring of donations in smaller increments to avoid the reporting requirement. While some universities voluntarily report smaller gifts and contracts, the lack of consistency across institutions complicates efforts to fully understand the extent of foreign funding.

## RECOMMENDATIONS

The best way for Texas to increase public trust in its universities while minimizing the risk of intellectual property theft is to increase transparency and accountability through an act like the DETERRENT Act. The Department of Education’s investigation into

university compliance with Section 117 revealed concerning information, noting that “institutions vigorously pursue foreign money, on the one hand, but provide generally ineffective or nonexistent oversight of foreign source activities” ([U.S. Department of Education, 2020, p. 34](#)). Given this context, it is imperative to ask schools to accurately track and report funding—especially when they manage to report most of the money within the legal timeframe.

Texas universities should be shielded from the influence of soft power and secure their intellectual contributions. Transparency and accountability will provide a clear framework to hold the appropriate individuals accountable. Enacting a bill like the DETERRENT Act in Texas would ensure that schools receiving taxpayer dollars are not aiding dangerous countries.

## CONCLUSION

The influx of foreign funding into Texas universities, particularly from nations deemed hostile by the United States, poses significant risks. This funding, often associated with contracts involving the exchange of intellectual property, raises serious concerns regarding national security and potential espionage. The current reporting mechanisms under Section 117 of the Higher Education Act are insufficient to capture the full scope of foreign influence, especially given the limitations in transparency and the potential for underreporting smaller donations. To protect Texas higher education, it is crucial to implement stricter oversight to mitigate risks associated with foreign contributions. ■

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## APPENDIX A

School	Grand Total	Total from Countries of Particular Concern
University of Austin MD Anderson Cancer Center	\$536,240,994	\$40,660,255
Texas A&M University	\$522,953,721	\$14,565,532
University of Texas at Austin	\$354,676,249	\$39,698,205
Rice University	\$196,202,854	\$4,190,889
University of Texas Medical Branch at Galveston	\$34,690,273	\$827,000
University of Texas Southwestern Medical Center	\$31,872,818	\$3,000,009
Houston Community College	\$30,963,060	\$352,397
University of Texas at Dallas	\$29,551,096	\$2,487,194
Baylor College of Medicine	\$21,941,006	\$0
Texas Tech University	\$18,837,166	\$1,250,932
Baylor University	\$16,973,395	\$232,756
University of Texas Health Science Center at Houston	\$16,346,533	\$1,434,421
University of Texas at Arlington	\$10,900,984	\$8,519,521
Texas Tech University Health Sciences Center	\$9,558,078	\$3,920,000
University of Houston	\$8,905,832	\$2,162,521
University of North Texas	\$6,858,425	\$300,000
Southern Methodist University	\$5,599,975	\$1,000,000
William Marsh Rice University	\$5,003,659	\$330,129
University of Texas at San Antonio	\$4,406,980	\$611,955
Midwestern State University	\$4,200,000	\$0
University of Texas Health Science Center at San Antonio	\$4,183,936	\$3,298,546
Lamar University	\$2,308,232	\$0
University of North Texas Health Science Center at Fort Worth	\$1,832,008	\$0
University of Texas of the Permian Basin	\$1,351,000	\$1,351,000
University of Texas at El Paso	\$993,360	\$0
University of Dallas	\$565,524	\$0



## ABOUT THE AUTHORS



**Kate Bierly** is a Higher Education Policy Analyst at Next Generation Texas at the Texas Public Policy Foundation. Originally from California and now a proud Texan, Kate is dedicated to advancing policies that promote freedom and opportunity in higher education. She holds an undergraduate degree from UC Berkeley and two master's degrees from Stanford University—the first in Elementary Education and the second in Education Policy. With a focus on crafting solutions that align with Texas values, Kate's work aims to ensure that higher education institutions contribute to making Texas a model of liberty and innovation. During her time at UC Berkeley and Stanford, Kate also competed on the beach volleyball team.



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