

Louisiana Senate Testimony: SB 229

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Chairwoman Mizell and other members of this committee, thank you for the opportunity to speak with you today. It is a privilege to offer testimony on Senate Bill 229. My name is Neetu Arnold and I am a Paulson Policy Analyst at the Manhattan Institute, where I research education. Senate Bill 229 covers a lot of different issues, so I will focus my remarks on university disclosure of foreign funds – a topic I have researched extensively.

For years, there have been growing concerns about the flow of foreign money into American universities and the potential for foreign actors, including adversarial regimes, to influence research, administrative decisions, and curriculum. Transparency is a critical first step to expose and prevent influence campaigns. At the federal level, Section 117 of the Higher Education Act requires universities to report foreign gifts or contracts totaling \$250,000 or more in a calendar year. But federal law is insufficient– from a high reporting threshold to weak enforcement mechanisms. As a result, many foreign gifts go unreported. Several states, on the other hand, have enacted additional reporting laws that are much stronger.

[Louisiana is one of 13 states](#) with its own foreign gift disclosure requirements for universities, and there are several commendable elements in the current law: a lower reporting threshold of \$50,000, a requirement to disclose donor names, and provisions for regular audits. But a major weakness of the current law is that disclosure of gifts is limited based on a narrow list of “foreign adversaries,” defined by 15 CFR 7.4. That list includes China, Cuba, Iran, North Korea, Russia, and Venezuelan politician Nicolas Maduro.

SB 229 addresses this limitation by expanding the scope of reportable countries to include all foreign sources, not just designated adversaries. This change is essential because other foreign actors, or proxies for adversaries, end up flying under the radar.

For instance, Xavier University of Louisiana was one of 10 schools to receive a \$1 million scholarship gift from TikTok. The University of South Dakota was the only recipient to report

its gift from TikTok to the federal government. When I contacted other recipients, some said they would report the gift; Xavier did not respond to my email.

Xavier likely would not need to report this gift to the Louisiana government because TikTok's corporate structure obscures its ties to China. While TikTok's parent company ByteDance is headquartered in China, the gift came through TikTok Ltd., which is incorporated in the Cayman Islands. When you look at the University of South Dakota's federal reporting of the TikTok gift, the country of origin listed is the Cayman Islands.

But just because ByteDance is incorporated in the Cayman Islands doesn't mean ownership or control has changed. ByteDance is subject to Chinese law, including a 2017 National Intelligence Law which compels Chinese companies to cooperate with state intelligence operations, which essentially turns private organizations into tools for the Chinese government's surveillance state. Even former TikTok employees revealed that the lines between ByteDance and the American subsidiary were nonexistent. Xavier's case is an instructive example of why we can't rely on foreign origin of a gift alone.

Senate Bill 229 ensures these kinds of loopholes are closed and ensures greater transparency. Thank you for your time.