

Support for Higher Education

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“In the mid-20th Century deliberate public policy changed the whole idea of earning a college degree from a leisure time occupation for children of privilege to a necessity for preparing citizens of many ages and backgrounds for work..” President Patricia A. McGuire, Trinity Univ., Washington DC

- In 2004, total U.S. post-secondary enrollment for fall was 17.7 million students.
- In 2005 83% of private colleges and universities had endowments less than \$100 million.
- In 2004, private colleges and universities employed nearly a million people nationwide, and had a cumulative impact of more than \$340 billion on their local economies.

Maintain tax-exempt status. We support the continued tax-exempt status of higher education to enable valuable support from individuals, donor-advised funds and foundations. The federal tax exemption for education recognizes the essential public good that schools, colleges and universities contribute to the nation; higher education is one of the drivers of economic productivity and lifelong economic security for citizens.

The tax exemption is essential to enable the nation’s 1600 private colleges and universities to raise the charitable gifts that provide an important percentage of the operating costs at most institutions. A change in tax status for private institutions could result in less access and affordability for those in need by making it impossible for smaller institutions to continue their operation.

Role of Philanthropy. Giving to higher education in 2006 increased 9.4 percent to over \$28 billion. Giving from individuals, whether they are alumni, non-alumni, or represented by family foundations or donor-advised funds, remains a mainstay of giving to higher education. It is notable, however, that giving to education from all sources, including corporations, foundations and other organizations, increased in 2006 and contributed to the \$28 billion total.

Private gifts account for less than 10 percent of expenditures for higher education, so they do not replace the need for other forms of support from tuition and government funding. And because most donors restrict their gifts for specific purposes, such as scholarships or facilities, many gifts do not support the general operation of a college or university. However, private gifts are a critical and valued source of support that allow our educational institutions to excel as they serve students and contribute to the American economy.

Information sources:

Testimony before the Senate Finance Committee, December 5, 2006. Report Card for Tax Exemption and Incentives for Higher Education.

The Foundation Center

Council for Aid to Education, Rand Corporation

Council for the Advancement and Support of Education