



The Commission on
INDEPENDENT
Colleges & Universities
in New York

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Office of the President

October 11, 2019

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives

The Honorable Bobby Scott
Chairman
Committee on Education and Labor
U.S. House of Representatives

The Honorable Virginia Foxx
Ranking Member
Committee on Education and Labor
U.S. House of Representatives

The Honorable Brendan Boyle
Pennsylvania's 2nd District
U.S. House of Representatives

The Honorable Bradley Byrne
Alabama's 1st District
U.S. House of Representatives

Dear Speaker Pelosi, Minority Leader McCarthy, Chairman Scott and Ranking Member Foxx, Congressman Boyle, and Congressman Byrne:

On behalf of the 100+ private, not-for-profit colleges in New York State, I write to you today in support of the H.R. 4438 Don't Tax Higher Education Act, sponsored by Representatives Boyle and Byrne. This legislation would repeal the excise tax on investment income of private colleges and universities.

Under current law, certain private colleges and universities are subject to a 1.4 percent excise tax on net investment income. This provision applies to private colleges and universities that have endowment assets of \$500,000 per Full Time Equivalent (FTE) student. State colleges and universities are not subject to this provision even though many enjoy very strong endowments.

H.R. 4438 would correct the ill-conceived decision to tax higher education that was made in 2017. Endowments are used prudently to support the higher education mission of an institution, and a tax on them invariably lessens what can be spent on students and on providing access to a high-quality education. Typically, endowments consist of hundreds – and, in many cases, thousands – of individual funds provided as charitable gifts, as well as some institutional funds that are invested to support an institution's mission in perpetuity. A significant portion of an endowment is legally restricted by donors for specific educational or research purposes. At private institutions, an average of 55 percent of endowment assets were restricted. While some may mistakenly believe institutions "hide" or "hoard" money in restricted accounts to avoid spending it, that is simply not true.

I ask for your support of this legislation and hope to see it passed. If you have any questions, please do not hesitate to contact me.

Sincerely,

Mary Beth Labate
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