March 7, 2018

Dear Mr. Speaker, Leaders McConnell, Schumer, and Pelosi, Chairmen Hatch and Brady, and Ranking Members Wyden and Neal:

We write together to express our deep objections to Section 4968 of P.L. 115-97, the Tax Cuts and Jobs Act, which will impose an unprecedented and damaging tax on the charitable resources at our and other American colleges and universities. We urge Congress to repeal or amend the tax to preserve resources that support students, teaching, and research.

We serve as presidents and chancellors of diverse higher education institutions – medical schools, research universities, women’s colleges, liberal arts and performing arts colleges, among others – which represent a range of academic fields and research interests. Nonetheless, we share a dedication to excellence in education and developing talent, as well as a commitment to affordability for students from all backgrounds, and a responsibility to serve our communities and the country.

The net investment income tax will impede our efforts to help students, improve education, expand the boundaries of knowledge, advance technological innovation, and enhance health and well-being. Each year we spend funds from our endowments to support this critical work. Endowments are not kept in reserve to be drawn on only occasionally or on a rainy day. In fact, across our institutions, endowments support a significant and growing portion of our operations; for many, endowments provide almost half of annual revenues.
Students are the leading beneficiary of these resources with each of us committed to significant efforts to enhance affordability. Yet this tax will not address the cost of college or student indebtedness, as some have tried to suggest. Instead, it will constrain the resources available to the very institutions that lead the nation in reducing, if not eliminating, the costs for low- and middle-income students, and will impede the efforts of other institutions striving to grow their endowments for this very purpose.

At the same time, the new tax establishes a precedent that threatens all charities. This is not simply an extension of policy from private foundations to colleges and universities. Colleges and universities are entirely unlike those private foundations that are subject to an investment income tax. Only non-operating foundations – which carry out their missions mainly through grant making – are required to pay an excise tax. Where foundations have their own operations, like an art museum or library, they are exempt from taxation. Colleges and universities, by definition and like other public charities, have significant operations, and that is to the benefit of us all.

Taxing college and university resources will reduce not just these resources, but also the impact of our institutions, and the impact of our students. We will each have less to give in aid, less for research and less to support public engagement in the lives of our communities.

We urge you to revisit this misguided policy in the near term and look forward to working with you to advance the goals of access, affordability and success for students across the country.

Sincerely,

Biddy Martin
President
Amherst College

Paul Klotman
President and CEO
Baylor College of Medicine

Stephen R. Briggs
President
Berry College

Clayton S. Rose
President
Bowdoin College

Christina H. Paxson
President
Brown University

Kimberly W. Cassidy
President
Bryn Mawr College
Thomas F. Rosenbaum  
President  
California Institute of Technology

Hiram E. Chodosh  
President  
Claremont McKenna College

David A. Greene  
President  
Colby College

Jill Tiefenthaler  
President  
Colorado College

Laura Sparks  
President  
The Cooper Union for the Advancement of Science and Art

Martha E. Pollack  
President  
Cornell University

Philip J. Hanlon  
President  
Dartmouth College

Adam S. Weinberg  
President  
Denison University

D. Mark McCoy, Ph.D.  
President  
DePauw University

Vincent E. Price  
President  
Duke University

Claire E. Sterk  
President  
Emory University

Daniel R. Porterfield, Ph.D.  
President  
Franklin and Marshall College
Raynard S. Kington
President
Grinnell College

David Wippman
President
Hamilton College

Drew Gilpin Faust
President
Harvard University

Kimberly W. Benston
President
Haverford College

Dennis S. Charney, MD
Anne and Joel Ehrenkranz Dean,
Icahn School of Medicine at Mount Sinai
President for Academic Affairs,
Mount Sinai Health System

Ronald J. Daniels
President
Johns Hopkins University

Joseph W. Polisi
President
The Juilliard School

L. Rafael Reif
President
Massachusetts Institute of Technology

John R. Raymond, Sr., MD
President and CEO
Professor of Medicine
Medical College of Wisconsin

Laurie L. Patton
President
Middlebury College

Morton O. Schapiro
President
Northwestern University

G. Gabrielle Starr
President
Pomona College
Elizabeth H. Bradley  
President  
Vassar College

Gregory D. Hess, Ph.D.  
President  
Wabash College

Will Dudley  
President  
Washington and Lee University

Mark S. Wrighton  
Chancellor  
Washington University in St. Louis

Paula A. Johnson  
President  
Wellesley College

Protik K. Majumder  
Interim President  
Williams College

Peter Salovey  
President  
Yale University