

Office of the President

November 21, 2012

The Honorable Barack Obama  
President  
United States of America  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Mr. President:

As you know, this nation's colleges and universities are affected by federal actions on a broad array of issues and policies. I am writing today on behalf of the higher education associations listed below regarding one policy that is receiving significant attention in the "fiscal cliff" negotiations as a means of reducing federal tax expenditures—the federal income tax deduction for charitable donations.

We recognize the need for a major, balanced, long-term deficit-reduction agreement, and we are mindful that this likely will result in sacrifice shared broadly across the country. We understand that reforming the tax code in the coming months will be a critical element of addressing our nation's fiscal woes. While we continue to be concerned about a number of expired or expiring tax provisions that enhance access to higher education, we urge you to proceed cautiously when considering changes to the current charitable deduction, which helps generate needed private support for thousands of organizations and institutions, including colleges and universities and the students they serve.

Enacted in 1917, the charitable contribution deduction is a long-standing feature of the federal income tax. The deduction was created in recognition that funds voluntarily given away to support a charitable or educational purpose were no longer available to the donor for their personal consumption or, for that matter, to pay taxes to the Treasury. As a result, the charitable deduction is unique in recognizing that this income has been foregone, transferred to support public purposes and advance the common good.

The charitable deduction has long served as an important and effective incentive for charitable giving. It benefits not only specific endeavors and causes, but also society in general. While donors make charitable gifts for many reasons, it is well established that the charitable deduction helps generate and sustain donations. The benefit to society of a donation far exceeds the financial benefit received by a donor. For every dollar a typical donor receives in tax relief for his or her gift, the public gains approximately three dollars of benefit.

According to the Council for Aid to Education, colleges and universities in 2011 received \$30.3 billion in charitable gifts. Private charitable donations work in concert with federal and state investments to ensure access to higher education through student financial aid. They also support

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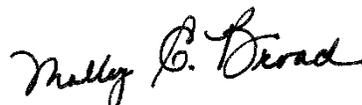
teaching, groundbreaking research and technological innovation, and the public service activities of colleges and universities. This partnership has delivered enormous economic benefits to our society, but unfortunately, it is a partnership undergoing severe stress.

Higher education is facing great challenges. As a result of the Great Recession, state support for public higher education is at a 20-year low. Private and public institutions experienced historic declines in the value of their endowments during the height of the recession from which they have not completely recovered. While increased Pell grants and institutional financial aid have softened the blow from the economic downturn for many students, particularly low-income students, we recognize that federal funding for financial aid is under tremendous pressure. In the face of this reality, charitable gifts help to sustain student financial aid and minimize tuition increases. Without significant charitable contributions, many colleges and universities could not maintain their core missions, including ensuring access to their institutions, particularly for low-income students.

For all of these reasons, we strongly urge you to preserve strong federal tax incentives for charitable giving and avoid measures that could significantly affect charitable giving and thereby harm students, as well as the colleges and universities that serve them and our nation.

As efforts to address the federal deficit and reform the tax code move forward, we stand ready to work with you on this issue and in support of other tax provisions that affect higher education students and institutions.

Sincerely,



Molly Corbett Broad  
President

MCB/ldw

cc: The Honorable Tim Geithner

On behalf of:

American Association of Collegiate Registrars and Admissions Officers  
American Association of Community Colleges  
American Association of State Colleges and Universities  
American Council on Education  
Association of American Universities  
Association of Community College Trustees  
Association of Jesuit Colleges and Universities  
Association of Public and Land-grant Universities

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Council for Advancement and Support of Education

Council of Graduate Schools

Hispanic Association of Colleges and Universities

National Association for Equal Opportunity in Higher Education

National Association of College and University Business Officers

National Association of Independent Colleges and Universities

National Association of Student Financial Aid Administrators

UNCF