

Written Testimony of
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Before the Connecticut General Assembly, Joint Finance, Revenue and Bonding Committee
Hearing on An Act Concerning A Tax On Certain Endowment Funds Of Institutions Of Higher
Education (General Assembly Raised Bill No. 413)
March 22, 2016

Thank you, Co-Chairs, Ranking Members, and members of the Committee, for inviting me to speak today, and for holding this hearing.

SB 413, An Act Concerning A Tax On Certain Endowment Funds Of Institutions Of Higher Education, correctly seeks to incentivize increased educational spending and economic stimulation by keeping the endowment gains of large endowments tax free, while leaving the portion of endowment gains not spent on charitable purposes subject to a 7 percent Unrelated Business Income Tax (UBIT). The expected effect of this important Bill is that an institution of higher learning seeking to limit the amount it owes, as a result of the proposed tax, will strategically set aside more of its endowment gains for appropriate university concerns, such as student financial aid and faculty research, than is currently its practice.

The concern with maximizing the good that can result from large university endowments has a long history dating to the founding of our nation's first universities. In the last decade the federal government, several states, policymakers and researchers have sought to lessen endowment hoarding either by legislating the percentage of endowment funds that institutions must spend annually¹ or by taxing the gains or revenue generated by the endowments.² As recently as last month, the Chairmen of the Senate Committee on Finance, the House Committee on Ways and Means, and the House Committee on Ways and Means Oversight Subcommittee sent a letter to the 56 private universities and colleges with endowments of more than \$1 billion inquiring into their "activities related to the numerous tax preferences they enjoy."³ Meanwhile, U.S. Congressman Tom Reed (NY-23) continues to revise his Reducing Excessive Debt and Unfair Costs of Education (REDUCE) act, that calls on colleges with more than a \$1 billion dollar endowments to spend more of their earnings on "tuition relief for students from working middle class families" or risk a tax penalty or the loss of their tax exempt status.⁴

Clearly, revising the tax code to help make more effective use of large university and college endowments is in the air. And this is a most welcomed public policy movement as the nation rethinks how best and more equitably to educate its millions of low-income and middle class students.

Along with my co-author Mark Schneider, a former U.S. Commissioner of Education Statistics at the National Center for Education Statistics, last year we published a widely discussed study (see Appendix), *Rich Schools, Poor Students: Tapping Large University Endowments to Improve Student Outcomes* (available at www.nexusresearch.org), which examines why a tax on endowments is a tax whose time has come.

Using widely available USDOE and tax data, we explore in our report a number of issues that are germane to the rationale behind Bill 413.

First, we show that ***not all private universities are private***. By comparing the level of tax exemptions and appropriations received per student in highly endowed institutions, along with the amount public flagship, regional, and community colleges receive, our study demonstrates the extent to which private universities are not necessarily private. In fact, many of the richest universities in the country—sitting on hundreds of millions, if not billions, of dollars in tax exempt endowments, and garnering tens of millions of dollars of tax deductible gifts every year—receive government subsidies through current tax laws that dwarf anything received by public colleges and universities, institutions that educate the majority of the nation’s low- and middle-class students.

For example, taking into account total federal, state and local appropriations and tax subsidies per full-time equivalent student, Yale University’s tax exempt status generates over \$69,000 per student each year in taxpayer subsidies. This compares to the \$23,300 per student taxpayer subsidy at the University of Connecticut, the state flagship; or the \$6,700 per student at the regional Central Connecticut State University; or the \$6,200 per student at Tunxis Community College (see Table 1 below). Put another way, Yale—an ostensibly private institution with an undergraduate enrollment of 5,500—receives a tax subsidy per student that is three times the per student subsidy at UConn, although UConn educates well over 3 times the number of undergraduates, and 11 times the per student subsidy at Tunxis Community College where the enrollment is only slightly smaller than Yale’s.

Second, our study analyzes ***the hidden public cost of “private” nonprofit colleges***. While our report recognizes that large endowments are of benefit to the faculties and students of the rich institutions and to those who can take advantage of the cultural events and facilities the schools sponsor, this does not mean that the status quo should be acceptable. Huge taxpayer subsidies to the wealthy result from a tax code that hides the flow of money to the rich while public colleges have to fight for appropriations in state legislatures, where they must compete against other legitimate public policy concerns.

As the members of this Committee know, appropriations for the operating and capital expenditures of postsecondary institutions are part of a budgetary process in which legislators

and elected officials consider the fiscal health of their jurisdictions and balance competing constituency demands on their treasury.

In contrast, far less visible is the extent to which taxpayers support private colleges and universities.⁵ For these schools, taxpayer subsidies at the institutional level flow mostly from their being exempt from local, state, and federal taxes, including property taxes, and from the donations made to their endowments. Their investment income, generated from endowments or other initiatives, is also not taxed as are investment earnings at a private company. But unlike state appropriations, these tax expenditures are rarely itemized and tabulated.

These tax subsidies, being mostly invisible, are rarely the subject of political discussion.⁶ Given the nature of the U.S. tax system, the bigger the gifts to a private not-for-profit institution, the greater their investment income is likely to be. Besides the tax exemption on income, private colleges are also exempt from property taxes.⁷ Given the size of some of these tax exemptions, ***a significant part of the education of students attending the best-endowed private colleges is supported by federal, state, and local taxpayer subsidies that can dwarf the total per-student allocations that governments appropriate to public colleges.***

Third, our study shows, ***rich schools receive large tax-generated subsidies but enroll a disproportionately small share of low-income students.*** This leads to a perverse pattern wherein the richer the school, the lower the percentage of low-income students served (see Figure 1 below). For example, in the case of Yale only 13 percent of full-time first-time undergraduates receive Pell grants, whereas 18 percent of UConn students and 34 percent of Central Connecticut State University receive Pell grants, meanwhile nearly 50 percent of those enrolled at Tunxis Community College receive these grants for low-income students.

In effect, given that affluent private schools educate a far lower percentage of low- and middle-income students than public institutions,⁸ the distribution of taxpayer subsidies is inversely related to the distribution of low-income and middle-class students. Consequently, in many cases average taxpayers are subsidizing the education of students in the well-endowed and more selective schools to a far greater extent than they are supporting the education of their own children, most of whom attend broad-access public institutions.⁹ ***In other words, the majority of taxpayers are poorly served by the tax-exempt status of large college endowments. And providing a public benefit is the purpose of granting tax-exempt status to private not-for-profit institutions.***

Fourth, our study examines ***how a more equitable tax code could tap large university endowments to improve student outcomes.*** Although Bill 413 does not address how public institutions could be improved through the judicious use of tax revenue drawn from wealthy endowments, our study investigates this point in detail.

While it is perhaps unfair to suggest, as was said of Harvard, that Yale is only “a hedge fund with an educational institution attached,” it is only fair that Yale (and its wealthy peers across the nation) step up and pay back a part of what the taxpayers have granted them through tax exemptions. Today Connecticut’s need for adequately educated students cannot be met without significant additional financial support, and a reasonable source for that support could be a reallocation to underfunded public institutions of a percentage of the tax-exempt subsidy that the taxpayers provide America’s second wealthiest university.

Based on our research, we posit that providing free community college tuition by taxing rich *individuals*—as at least one presidential candidates suggest—is neither politically feasible nor the best use of limited resources. On its own, such a program would unfortunately result in yet more subsidies to the wealthy and would drive more students into schools that are already having difficulty leading students to successful academic and workplace results.¹⁰

Instead, in our study we suggested that a more politically viable approach would be to impose a low excise tax on private universities with endowments of over \$500 million (see Table 2 below) and investing the revenue in evidence-based student support services proven to get more students successfully through community colleges. The tax we proposed is modest (0.5 to 2 percent) aligning, as it does, with the range of tax rates to which private foundations are already subject. To help minimize the impact of the proposed tax, we recommended that the proposed tax be offset annually by the amount the school appropriates for financial aid to low-income, Pell eligible students.

Lastly, following much discussion with tax specialists, we reasoned that through a charitable tax credit process the revenue raised from the excise tax would be able to be used for the benefit of students attending community colleges—institutions that are seriously under resourced yet responsible for training much of the nation’s workforce. We noted that this could be done in a revenue neutral manner that incentivizes corporations to strengthen their support of local community colleges.

The taxing arrangement we proposed is revenue neutral because the revenue from the excise tax would match the amount offset by the tax credit gained by participating individuals or corporations. In effect, if a taxpayer gave, for example, \$1 million to a community college the taxpayer would gain a percentage of credit against taxes owed. The total amount of extra tax credit allowed by the program would offset the amount of revenue raised by the excise tax on the large endowments.

In turn, the value of the tax credits would match the annual flow of money available to community colleges for qualified purposes. A competitive grant process would be used to ensure

that selected community colleges applied the funds to support practices proven effective in promoting student success—measured by indicators such as increased student progression, retention, completion, and/or job placement.

Interested community colleges would help identify taxpayers interested in the tax credits. This effort would help promote links between colleges and corporations that are critical to resolving the current gaps between what is taught and the workplace skills and competencies that industries need. Meanwhile, these charitable tax credits could provide an attractive opportunity for corporations or others seeking to reduce their tax burden in a socially responsible manner.

In sum, we believe access without success is not opportunity. And welfare to the wealthy through hidden subsidies is not good policy. Our study sought to shine light on the latter and proposes a revenue neutral way to apply money generated by reforming existing tax policy to provide real opportunities for success to community college students.

While this fourth point is not directly germane to Bill 413 as introduced, I offer it as an additional point for reflection as the Act Concerning A Tax On Certain Endowment Funds Of Institutions Of Higher Education moves through the deliberation process. Bill 413 is reasonable in its scope, fair in its goals, and represents a legislative advancement that is well within the current public policy thrust aiming to reassess the tax codes to help address America’s need for an educated and qualified citizenry and workforce.

Table 1: Total Federal, State, and Local Appropriations and Tax Subsidies* Per FTE Student, Endowment Size, and Institution Type**

State	Private - High Endowment	Private - Midlevel Endowment	Private - Low Endowment	Public Flagship	Public Regional	Community College
CA	Stanford University \$63,100	Biola University \$1,300	Holy Names University \$700	U. of Calif., Berkeley \$10,500	Cal State U.- Fullerton \$4,000	Fullerton College \$8,100
CT	Yale University \$69,000	Connecticut College \$5,700	U. of St. Joseph \$900	University of Connecticut \$23,300	Central CT State U. \$6,700	Tunxis Community C. \$6,200
IL	University of Chicago \$19,300	North Central College \$1,200	Olivet Nazarene University \$300	U. of IL, Urbana-Champaign \$7,500	Western Illinois University \$12,600	Waubonsee Community C. \$8,000
IN	Notre Dame University	Indiana Wesleyan University	St. Mary-of-the-Woods College	Indiana U., Bloomington	Indiana State U. Terre Haute	Ivy Tech Community C.

	\$26,900	\$600	\$400	\$7,000	\$7,200	\$3,100
MA	Harvard University	Bentley University	Labouré College	U. MA, Amherst	Bridgewater State U.	Massasoit Community C.
	\$48,000	\$2,200	\$200	\$9,900	\$4,600	\$4,100
NC	Duke University	Guilford College	High Point University	UNC, Chapel Hill	UNC, Charlotte	Central Piedmont C.C.
	\$13,400	\$1,000	\$400	\$24,400	\$8,800	\$5,100
NJ	Princeton University	Rider University	Centenary College	Rutgers University	Montclair State U.	Essex County College
	\$105,000	\$500	\$900	\$12,300	\$4,700	\$2,400
NY	Columbia University	Alfred University	Keuka College	Stony Brook University	CUNY, Queens	Queensborough Community C.
	\$14,500	\$2,000	\$300	\$16,800	\$5,300	\$5,300
PA	University of Pennsylvania	Robert Morris U.	Keystone College	Pennsylvania State U.	IN U. of Pennsylvania	Westmoreland Co. C. C.
	\$27,000	\$300	\$100	\$9,000	\$8,400	\$2,700
TX	Rice University	U. of the Incarnate Word	Texas College	University of Texas, Austin	Texas State U., San Marcos	Austin C.C., San Marcos
	\$24,500	\$400	\$100	\$32,500	\$4,400	\$6,400
AVERAGE	\$41,100	\$1,500	\$400	\$15,300	\$6,700	\$5,100

* Does not include subsidies based on property tax exemptions.

**Based on 2013 endowments: High endowments (HE) average, \$1,570,000,000; medium endowments (ME), \$15,000,000; low endowments (LE), \$2,000,000.

Figure 1: Median Percentage of Federal Pell Grant Participation Versus Average Taxpayer Subsidy by Type of Institution, 2013

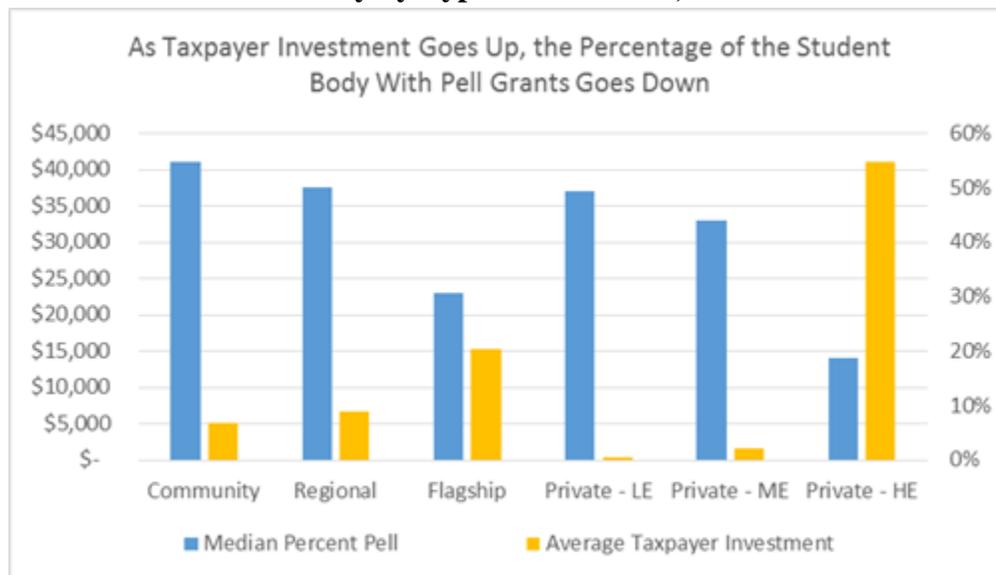


Table 2: Proposed Annual Excise Tax Rates, Number of Colleges Affected and Expected Tax Revenue Based on 2014 Endowment Size

Size of Endowment	Number of Private Colleges Affected	Tax Rate	Total Endowment	Expected Tax Revenue
>\$3 Billion	20	2.0%	\$210,621,635,000	\$4,212,433,000
>\$2+ Billion	8	1.5%	\$18,057,573,000	\$270,864,000
>\$1 Billion	28	1.0%	\$39,003,557,000	\$390,036,000
>\$0.5 Billion	39	0.5%	\$27,816,551,000	\$139,083,000
TOTAL	95	~1.36%	\$295,499,316,000	\$5,012,416,000

Source: 2014 NACUBO-Commonfund Study of Endowments. NACUBO. (2015). *U.S. and Canadian institutions listed by Fiscal Year (FY) 2014 endowment market value and change in endowment market value from FY2013 to FY2014*. Retrieved from http://www.nacubo.org/Documents/EndowmentFiles/2014_Endowment_Market_Values_Revised.pdf

APPENDIX

Selected media discussing/referencing the content of the report *Rich Schools, Poor Students: Tapping Large University Endowments to Improve Student Outcomes*.

- 04/06/15 “Are Harvard, Yale, and Stanford really public universities?” <http://www.washingtonpost.com/news/grade-point/wp/2015/04/06/are-harvard-yale-and-stanford-really-public-universities/?postshare=6461428331337734>
- 04/06/15 “Tax-Exempt Status of Large College Endowments Hurts Taxpayers, Report Argues” http://chronicle.com/blogs/ticker/tax-exempt-status-of-large-college-endowments-hurts-taxpayers-report-argues/96775?cid=pm&utm_source=pm&utm_medium=en
- 04/06/15 NAICU reporting on Nexus study <http://www.naicu.edu/search/?q=Klor+de+Alva&x=9&y=7>
- 04/07/15 “Report: Institutions With The Fewest Low-Income Students Get The Most Taxpayer Support” <http://www.highereducationforall.com/fewest-low-income-most-taxpayer-support/#.VSRvzIr3anN>
- 04/09/15 “ARE HARVARD, YALE, AND STANFORD REALLY PUBLIC UNIVERSITIES?” See *Thru EDU*, Center for Higher Education, Texas Public Policy Foundation <http://seethruedu.com/are-harvard-yale-and-stanford-really-public-universities/>
- 04/14/15 “‘Belling the Cat’ of Investments in Higher Education” http://rethinkinghighered.blogspot.com/2015_04_01_archive.html
- 04/14/15 “Study examines U.’s tax-exempt status, proposes excise tax on U. endowment” <http://dailyprincetonian.com/news/2015/04/study-examines-u-s-tax-exempt-status-proposes-excise-tax-on-u-endowment/>
- 04/22/15 “It’s time to target rich tax breaks for private colleges” <http://www.sacbee.com/opinion/op-ed/soapbox/article19247469.html>
- 04/22/15 “Study Proposes Excise Tax on Harvard’s Endowment” <http://www.thecrimson.com/article/2015/4/22/study-harvard-excise-tax/>
- 04/24/15 “The rich get richer in higher ed: 40 colleges hold two-thirds of the wealth, and growing” <http://www.washingtonpost.com/news/grade-point/wp/2015/04/24/the-rich-get-richer-in-higher-ed-40-colleges-hold-two-thirds-of-the-wealth-and-growing/>
- 05/05/15 “A tax whose time has come” <http://www.ccdaily.com/Pages/Funding/A-tax-whose-time-has-come.aspx>

12. 05/15/15 “Rich Schools, Poor Students” A “Must Read” in CEO to CEO American Association of Community Colleges, Issue #038
13. 05/15/15 “Malcolm Gladwell at the 95th Annual AACC Convention” speaks about Nexus report. A “Must Watch” in *CEO to CEO American Association of Community Colleges*, Issue #038
14. 05/21/15 “Widening Wealth Gap” <https://www.insidehighered.com/news/2015/05/21/rich-universities-get-richer-are-poor-students-being-left-behind>
15. 05/22/15 “Financial gap growing in American higher ed” <http://www.educationdive.com/news/financial-gap-growing-in-american-higher-ed/399675/>
16. 05/27/15 “Tax Harvard! President Barack Obama wants to make college more affordable. Here's a way to do it” <http://www.politico.com/agenda/story/2015/05/obama-tax-harvard-affordable-college-000028>
17. 05/28/15 “Addressing the Inequity Gap” <https://www.insidehighered.com/news/2015/05/28/report-calls-extending-k-12-funding-model-high-need-community-colleges#.VWb1afx-xiE.mailto>
18. 05/28/15 “How Higher Education Funding Shortchanges Community Colleges” <http://www.tcf.org/blog/detail/how-higher-education-funding-shortchanges-community-colleges>
19. 06/04/15 “Do community colleges deserve better funding?” <http://www.cbsnews.com/news/do-community-colleges-deserve-better-funding/#postComments>
20. 06/08/15 Ed Rogers, speaking about Hillary’s quandary of past acts versus what the Democratic base wants, asked “Will she work with Sen. Charles Grassley (R-Iowa) on reforming tax-free organizations?” <http://www.washingtonpost.com/blogs/post-partisan/wp/2015/06/08/the-insiders-how-will-clinton-reconcile-her-past-with-her-platform/>
21. 06/08/15 An article referencing our study while asking “Elite Colleges Have Public Funds For Low-Income Students, So Why Aren’t They Enrolling More Of Them?” <http://genprogress.org/voices/2015/06/08/37013/elite-colleges-have-public-funds-for-low-income-students-so-why-arent-they-enrolling-more-of-them/>
22. 06/09/15 The National Journal’s event on The Next America: Taking Stock 50 Years of the Higher Education Act, the moderator, Ronald Brownstein (Atlantic Media’s Editorial Director for Strategic Partnerships, in charge of long-term editorial strategy), referencing the Nexus study, asked Ted Mitchell to respond to it (see <https://www.youtube.com/watch?t=336&v=0ovSJREgrLA> beginning at 1:02:18).
23. 08/20/15 Malcolm Gladwell Tweet: A fascinating look at how taxpayer subsidies for higher Ed vary by institution. http://nexusresearch.org/wp-content/uploads/2015/06/Rich_Schools_Poor_Students.pdf See <https://twitter.com/Gladwell/status/634434466484781056>.
24. 08/22/15 In Elite Schools’ Vast Endowments, Malcolm Gladwell Sees ‘Obscene’ Inequity. <http://www.npr.org/2015/08/22/433735934/in-elite-schools-vast-war-chests-malcolm-gladwell-sees-obscene-inequity>
25. 8/24/15 Critics Take Aim (Again) at Rich University Endowments <http://chronicle.com/article/Critics-Take-Aim-Again-at/232555/>
26. 08/25/15 Should College Endowments Be Taxed? <http://www.forbes.com/sites/beltway/2015/08/25/should-college-endowments-be-taxed/>
27. 09/07/15 Is It Time to Tax Harvard’s Endowment? http://www.slate.com/articles/business/moneybox/2015/09/harvard_yale_stanford_endowments_is_it_time_to_tax_them.2.html
28. 09/08/15 Should nonprofit Harvard’s \$36B endowment be taxed to pay for public colleges? http://www.nola.com/education/index.ssf/2015/09/taxing_harvards_endowment_univ.html
29. 09/08/15 Let’s Consider Taxing Elite Colleges’ Huge Endowments <http://www.newser.com/story/212529/lets-consider-taxing-elite-colleges-huge-endowments.html>
30. 09/09/15 Malcolm Gladwell has a huge problem with a government handout given to America’s Ivy League <http://www.businessinsider.com/elite-private-colleges-dont-have-to-pay-taxes-on-their-endowments-2015-9>
31. 09/10/15 Yale, Harvard, and Princeton have billions in endowment money but still get a huge boost from the government <http://www.businessinsider.com.au/elite-private-colleges-dont-have-to-pay-taxes-on-their-endowments-2015-9>
32. 09/14/15 Should Stanford’s Endowment Be Taxed? NPR’s “Forum with Michael Krasny” <http://www.kqed.org/a/forum/R201509140930> [Download audio \(MP3\)](#)
33. 10/22/15 GOP targets Harvard-sized college endowments

- http://www.washingtonexaminer.com/gop-targets-harvard-sized-college-endowments/article/2574646?custom_click=rss
34. 11/12/15 How Much Is Spent Per Student?
<https://sites.google.com/site/universityfacultysenatecuny/UFS-blog/howmuchisspentperstudent>
 35. 12/1/15 College Endowments Are Flourishing Again — and Critics Are Taking Note
https://philanthropy.com/article/College-Endowments-Are/234363?cid=pm&utm_source=pm&utm_medium=en&elq=11c7c36fb87b4f51b47c4051f10871e4&elqCampaignId=1961&elqaid=7063&elqat=1&elqTrackId=0d265e71776c4231a36887fa2774b0ef
 36. 2/16 “College Endowments Are Flourishing Again — and Critics Are Taking Note” in *ENDOWMENTS: Amid Booming Growth, A Look at What’s Next*
http://images.results.chronicle.com/Web/TheChronicleofHigherEducation/%7B19866a45-27c4-4395-a013-f643d19a5526%7D_COP_endowment_survey2015_v8.pdf.

¹ Large endowments, those over \$500 million, emerged as an item of interest to the Senate Finance Committee in 2008. The United States Senate Committee on Finance. (2008). *Grassley urges continued look at college endowment growth, student affordability*. Retrieved from <http://www.finance.senate.gov/newsroom/ranking/release/?id=38a762b5-0fc7-4a9c-a130-3ddf23812279> ; Arenson, K. W. (2008, January 25). Senate looking at endowments as tuition rises. *The New York Times*. Retrieved from http://www.nytimes.com/2008/01/25/education/25endowments.html?_r=0 Some municipalities are also beginning to publicly explore estimating the foregone property tax revenue of nonprofits, including colleges and universities; see: Povich, E. S. (2015). *Should nonprofits have to pay taxes?* Retrieved from <http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2015/3/05/should-nonprofits-have-to-pay-taxes>

² For example: Stein, B. (2008). *Taxing the Harvard endowment*. Retrieved from <http://www.felixsalmon.com/2008/05/taxing-the-harvard-endowment/> and Salmon, F. (2008). *Why do universities have tax-exempt endowments*. Retrieved from <http://www.felixsalmon.com/2008/05/why-do-universities-have-tax-exempt-endowments/> As recently as 2014, the Massachusetts legislature once again addressed a proposal to impose an excise tax on large college endowments: Boston Bar Association College and University Law Section. (2014). *2014 Legislative year in review*. Retrieved from <http://www.bostonbar.org/docs/default-document-library/2014-6-11---higher-ed-2014-legislative-year-in-review.pdf?sfvrsn=2> See also Salmon, F. (2013). *Universities shouldn't be tax exempt*. Retrieved from <http://blogs.reuters.com/felix-salmon/2013/07/08/universities-shouldnt-be-tax-exempt/>

³ See “Congress Again Scrutinizes Colleges With Big Endowments,” which includes link to the letter. Retrieved from http://chronicle.com/article/Congress-Again-Scrutinizes/235238?cid=at&utm_source=at&utm_medium=en&elq=19fdec74defe46f2a1d9b96513256109&elqCampaignId=2398&elqaid=7830&elqat=1&elqTrackId=90f248f1dbb943d69f520e210a92ab95

⁴ See “Reed Demands Lower College Costs.” Retrieved from <https://reed.house.gov/media-center/press-releases/reed-demands-lower-college-costs>

⁵ In our study we do not including federal or state research grants or property tax exemptions in our estimates of subsidies to colleges and universities, both of which would drive up even further our estimates of the amount of per-student subsidy to private not-for-profit institutions.

⁶ However, as previously noted, large endowments, those over \$500 million, emerged as an item of interest to the Senate Finance Committee in 2008. The United States Senate Committee on Finance. (2008). *Grassley urges continued look at college endowment growth, student affordability*. Retrieved from <http://www.finance.senate.gov/newsroom/ranking/release/?id=38a762b5-0fc7-4a9c-a130-3ddf23812279> ; Arenson, K. W. (2008, January 25). Senate looking at endowments as tuition rises. *The New York Times*. Retrieved from http://www.nytimes.com/2008/01/25/education/25endowments.html?_r=0 Some municipalities are beginning to publicly explore estimating the foregone property tax revenue of nonprofits, including colleges and universities; see: Povich, E. S. (2015). *Should nonprofits have to pay taxes?* Retrieved from <http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2015/3/05/should-nonprofits-have-to-pay-taxes>

⁷ See, for example, Humphreys, J., & Solomon, A. (2012). *Public investment in private higher education: Estimating the value of nonprofit college and university tax exemptions*. Boston: Tellus Institute. Retrieved from <http://tellus.org/publications/files/college-tax-exemption.pdf>

⁸ According to the calculations of Mark Kantrowitz (personal communication), the percentages of low-income students (Adjusted Gross Income [AGI] < \$50,000) by selectivity using the 2011–12 National Postsecondary Student Aid Study (NPSAS): very

selective, 41.5%; moderately selective, 51.8%; minimally selective, 59.2%; open admission, 70.5%; for-profit four-year, 74.2%. See also Institute for Women's Policy Research (IWPR) analysis of U.S. Department of Education, National Center for Education Statistics, 2007–08 and 2011–12 (NPSAS:08 and NPSAS:12) presented in: Gault, B., Reichlin, L., & Román, S. (2014). *College affordability for low-income adults: Improving returns on investment for families and society*. Washington, DC: IWPR. Retrieved from <http://www.iwpr.org/publications/pubs/college-affordability-for-low-income-adults-improving-returns-on-investment-for-families-and-society/> On the need for students to work, see: Scott-Clayton, J. (2012) *What explains trends in labor supply among U.S. undergraduates, 1970–2009?* Cambridge, MA: National Bureau of Economic Research. Retrieved from <http://www.nber.org/papers/w17744.pdf>

⁹ See Klor de Alva, J., & Schneider, M. (2011). *Who wins? Who pays? The economic returns and costs of a bachelor's degree*. San Francisco: Nexus Research and Policy Center; Washington, DC: American Institutes for Research; p. 14. Retrieved from http://nexusresearch.org/pdf/Who_Wins_Who_Pays.pdf ; Schneider, M., & Klor de Alva, J. (2011). *Cheap for whom? How much higher education costs taxpayers*. Washington, D.C.: American Enterprise Institute. Retrieved from <http://www.aei.org/wp-content/uploads/2011/10/08-EduO-Schneider-Oct-2011-gnew.pdf>

¹⁰ Nelson, L. (2015, February 4). *The vast income gap in college degrees, in three charts*. Retrieved from <http://www.vox.com/2015/2/4/7978481/college-completion-charts>. The most recent national data available broken down by income quartiles show that among students in the lowest income quartile who started at a two-year college in 2003–04, only 13 percent completed an associate degree by 2009 and an additional 9.4 percent earned a certificate while 8.3 percent earned a bachelor's degree. Among students in the second-lowest income quartile, the results were only slightly better: 15.8 percent completed an associate degree, an additional 10.5 percent earned a certificate, and 10.8 percent were awarded a bachelor's degree. See: National Center for Education Statistics. (2013). *Digest of education statistics, 2013*. Retrieved from http://nces.ed.gov/programs/digest/d13/tables/dt13_326.40.asp?current=yes