

**Testimony of Yale University  
Opposing HB 5868,  
“An Act Authorizing Municipalities to Impose a Tax  
on Endowment Funds of Private Institutions of Higher Education”**

Dear Members of the Committee on Planning and Development, thank you for the opportunity to testify on HB 5868, “An Act Authorizing Municipalities to Impose a Tax on Endowment Funds of Private Institutions of Higher Education.” Yale University strongly opposes this bill.

HB 5868 would tax charitable donations that support teaching, research on priority areas such as cancer, scholarships that help to make college affordable and reduce student debt, and capital investments that drive local economies. The bill would take resources away from colleges and universities at a time when increasing global economic competition, as well as the growing political confrontation among world powers, places greater demands on colleges and leading research universities to educate future leaders and make the discoveries that enable innovation in industry. It is incongruous for the state to call for greater investment in workforce development and human capital and, at the same time, to consider taxing institutions with exemplary records on graduation rates and job placement of graduates. Similarly, it is self-defeating, when Congress has promised to step up funding for research to foster high-tech domestic industries, to develop strategies to manage climate change and accelerate the creation of new therapies, for the state to tax the charitable assets that enable schools in Connecticut to compete for federal funding.

An endowment is a collection of charitable gifts made with the donors’ explicit instruction that the gifts be managed to ensure that they maintain their purchasing power indefinitely into the future. Most of these charitable gifts are legally restricted to be used for specific purposes, such as faculty salaries, libraries, or student aid, among other purposes. Public universities as well as private universities have endowments, and some of the largest university endowments are owned by public universities.

The benefits of the charitable gifts that comprise Yale’s endowment are evident throughout Yale. They are the foundation for the many ways Yale contributes to a better New Haven and a better Connecticut. Revenue from the endowment represents the single largest source of income for the university at 32% of total revenue. In contrast, net tuition and fees across all 15 schools that comprise Yale accounts for 9% of total revenue. The endowment enables Yale to:

**Provide an Economic Anchor**

- Yale contributes an estimated \$7 billion annually to the state economy (enclosure).
- The university is the largest employer in New Haven and offers wages and benefits to unionized employees well above prevailing levels for comparable positions in Connecticut. For example, hourly wages for most unionized clerical and technical positions at Yale (about 3,600 employees) start at rates between \$26.46 per hour to \$33.17 per hour, depending on the job level. Yale will spend \$3.2 billion on salaries and benefits for its employees in the current year, including faculty and academic roles as well as staff – that’s 64% of Yale’s operating budget.

- Yale makes an annual voluntary payment of \$23 million to New Haven, the largest payment by any private college or university in the country.
- The university also provides a voluntary payment of \$607,965 to West Haven and \$151,991 to Orange. The payments are indexed to inflation.
- Yale pays taxes on commercial properties and is one of the top three taxpayers in New Haven.

#### **Make the World's Best Education Affordable**

- Yale is one of just several colleges or universities that adhere to a need-blind admissions policy and also commit to meeting the full financial need of all students (domestic, international, or undocumented) admitted to Yale College. Under this policy, Yale awarded \$210 million in institutional aid to undergraduates in academic year 2021-22.
- Yale College is effectively free for parents earning less than \$75,000 annually. For families earning less than \$110,000, Yale is the least expensive four-year school in Connecticut.
- Low-income and first-generation students now represent about 20% of first-year students at Yale, which is roughly comparable to profiles of other leading public and private research universities.
- Yale College does not include loans in financial aid packages, and in 2020 85% of graduates left Yale with no debt. The average debt among those who borrowed was around \$14,000. Only 1% of Yale graduates default on their student loans.
- The university invests in student success – the six-year graduation rate in Yale College is 98%, including 93% for Pell Grant recipients.

#### **Promote Opportunity in New Haven**

- The University works in partnership with public schools in New Haven and nearby towns to offer on-campus programs to foster academic and social development. These include the Pathways to Science program, which enables students to explore first-hand the frontiers of scientific research. The Pathways to Arts and Humanities program offers a wide variety of programs in the arts and humanities.
- Yale provides \$5 million annually for New Haven Promise, which enables graduates of New Haven Public Schools to attend a public college or university in Connecticut tuition-free. It is the only Promise program in the country that is funded primarily by a university.
- In December, the University announced the Pennington Fellowship program, which will support New Haven public school students who choose to attend a Historically Black College or University. Participating students will receive \$20,000 a year for four years. It will support 10 to 12 students in each college-bound cohort.
- Yale is a founding partner of New Haven Works, a jobs pipeline for New Haven residents. The University's New Haven Hiring Initiative connects qualified New Haven residents to open positions at the University.
- Over the past 29 years, Yale has provided cash supplements to employees who purchase and occupy a home in designated neighborhoods of New Haven, such as West Rock, Beaver Hills, or Newhallville, among others. Yale has committed over \$35 million to assist over 1,300 employees in purchasing homes valued at approximately \$268 million.

**Leverage Yale's Strengths to Grow the Economy**

- The University invests in research facilities and faculty development, enabling Yale faculty to secure \$962 million in research grants and contracts, primarily from sponsors outside of the state. This research holds promise for improving health, well-being, and national security; it also represents a significant annual infusion of funds into the state economy.
- Yale encourages entrepreneurs to develop new products based on Yale discoveries. Over the past seven years, 70 new ventures have raised \$5.4 billion in capital flowing to these companies.
- The University attracts close to 200,000 visitors to its museums, sporting events, and campus each year.
- Yale's continuing investments to improve its physical plant to better support students and faculty are an economic engine in their own right – Yale will spend \$630 million on construction and renovation in the current fiscal year, supporting many jobs in the construction industry.

The independent colleges and universities in Connecticut are a remarkable asset to the state. They are assets because their core missions of teaching, research, and public service build human capital, foster economic mobility, and contribute to the vitality of our culture and civic life. All of the independent colleges and universities are deeply enmeshed in their communities, and they create many “spinoff benefits,” such as being significant employers, supporting jobs in construction, enriching the curriculum of local schools, and creating inventions that fuel entrepreneurs who wish to launch high-growth companies in Connecticut. Colleges and universities wish to be partners with their hometowns; that is the most promising way forward, not taxes on charitable giving.

Enclosure

# Yale University

**Economic Impact \$ 6,981,564,893**

*The total economic impact of a university can be measured in terms of the direct and induced economic impact of a university's activity on the local economy.*

**TOTAL DIRECT SPENDING**  
**\$ 4,278,706,192**

*Direct spending is defined as the amount of money spent directly by the university, university employees, students, and visitors.*

**INDUCED SPENDING**  
**\$ 2,702,858,701**

*The induced economic impact is the additional employment and expenditures of local industries that result because of direct spending.*



Direct Spending  
by Employees  
**\$ 2,537,879,998**



Direct Spending  
by Students  
**\$ 202,419,126**



Direct Spending  
by Visitors\*  
**\$ 8,203,283**



University  
Purchases  
**\$ 927,346,710**



Investment  
Spending  
**\$ 437,000,000**



**Yale  
University**  
brings opportunity  
to the region  
**55,906**  
**JOBS CREATED**



Connecticut is home to  
**13,792** **ALUMNI**

Prepared by: *The Connecticut Conference of Independent Colleges*

Source: Connecticut Independent College and University Institute for Research and Public Service, Inc., Economic Impact Study, 2023

\*Due to the COVID-19 pandemic, visitor traffic to CCIC institutions declined significantly since the last study was conducted. Although visitor spending is typically substantial for most institutions, it is a minor component of direct spending so, this reduction had minimal overall impact.