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MEMORANDUM

To: Reporters and editors
Re: Harvard announcement on tuition assistance
Da: Monday, Dec. 10, 2007

Sen. Chuck Grassley, ranking member of the Finance Committee, with jurisdiction over tax policy, has a long-standing interest in tax-exempt policy. In September, the committee held a hearing that focused in part on the size of college endowments, at Grassley's urging. Grassley made the following comment today on Harvard University's announcement that it is reducing tuition costs for families below certain income levels.

"This is big news. Universities hold at least \$340 billion in endowments. Harvard has the biggest endowment of all. This could inspire other expensive colleges to make tuition more affordable. Choosing a college should be based more on brain power than bank account size. As a society, we need to avoid saddling families with tuition they can't afford and students with sky-high debts. I hope the colleges that are taking steps to reduce tuition will make the costs known upfront, so families can comparison-shop ahead of enrollment and don't get any rude surprises afterward. I hope Congress is motivated by Harvard's action to continue a discussion of whether to impose a mandatory endowment pay-out requirement on well-funded colleges. Colleges are tax-exempt, and other tax-exempt entities, such as most private foundations, have a mandatory pay-out requirement of 5 percent a year. Tax-exempt organizations are supposed to provide public benefit in exchange for their special status. Helping the next generation afford college is a public benefit. It's good to see a top college recognize that."

For the Finance Committee hearing testimony on college endowment size, please see:
<http://finance.senate.gov/sitepages/hearing092607.htm>.