## Grassley addresses college tuition, tax-favored asset hoarding

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Sen. Chuck Grassley of Iowa today made the following comment on recent interest from <a href="President Obama">President Obama</a>
and his
<a href="education secretary">education secretary</a>
in the cost of higher education.

"It's good to see the Administration is at last recognizing the problem of high college tuition, at least verbally. If the Administration wanted to take action, it could have taken seriously the mandate to study colleges' use of tax-preferred arrangements to house their assets. The Treasury Department's study on donor-advised funds and supporting organizations, released this week, highlighted that colleges heavily use these vehicles, yet the study stopped there. The Administration could and should find ways to get educational institutions to help the people they're supposed to help instead of hoarding assets at taxpayer expense. In addition to the benefit of income tax exemption, private, tax-exempt colleges and universities are able to raise capital through tax-exempt bonds and tax-deductible contributions. It's important to understand whether these tax benefits are fueling the tuition increases by subsidizing high salaries for college leaders and rock-climbing walls and other non-educational amenities to try to attract students. The Administration should follow through on the proposal to require new disclosures for tax-exempt colleges and universities, similar to the schedule required for tax-exempt hospitals. Additional transparency related to revenues and expenses would give us all a better handle on how tuition is set. Colleges that have well-funded endowments, including money housed offshore to avoid taxes, should tap more of those resources before raising tuition."

Grassley's comment on the Treasury Department's study on donor-advised funds and supporting organizations is available <a href="here">here</a>.