



June 11, 2025

The Honorable John Thune
Majority Leader
United States Senate
511 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, DC 20510

RE: Council for Advancement and Support of Education Comments on H.R. 1

Dear Senators Thune and Schumer,

On behalf of the Council for Advancement and Support of Education (CASE), I write to share our concerns about the House-passed budget reconciliation bill (H.R. 1). We urge Senators to make the following changes to key tax provisions the House-passed bill:

- Eliminate the draconian tax hikes on private college and university endowments.
- Permanently extend and expand the charitable deduction for non-itemizers.
- Remove the new limitation on the value of itemized deductions that would limit the value of the charitable deduction.
- Eliminate the parking tax on tax-exempt organizations.

This letter will focus on key tax provisions included in the House-passed bill that impact advancement offices at independent schools, colleges, and universities. We urge the Senate to make changes to H.R. 1 to ensure that the final bill supports educational institutions and the millions of students they serve.

About CASE

Headquartered in Washington, D.C., with offices in London, Singapore and Mexico City, CASE is the global nonprofit membership association for advancement professionals in educational institutions at all levels who work in alumni relations, communications, fundraising, marketing, and other areas. Today, CASE's membership includes more than 3,000 colleges, universities, independent elementary and secondary schools, and educational associates in 80 countries around the world. 2,345 of our members are located in the United States. CASE helps the nearly 100,000 professionals at our member institutions worldwide to build stronger relationships and advance education to transform lives and society. We support their work, in myriad ways, with their alumni and donor engagement, to raise funds for campus projects and institutional priorities, produce recruitment materials, market their institutions to prospective students, and foster public support of education.

Opposition to Private College and University Endowment Tax

The United States is fortunate to have a broad and diverse base of generous donors from across the political spectrum, all of whom share a belief in the transformative power of education. The diversity of educational opportunities in the United States have, historically, been the envy of the world. These

donors demonstrate their commitment through charitable gifts that support students, teaching, and research at colleges and universities across the country. Their philanthropic investment provides institutions with additional resources to fulfill their missions, particularly at a time when state and federal budgets are constrained.

Many of these donors make endowed gifts to institutions. College and university endowments are made up of hundreds of charitable funds that serve an institution's current and future needs. Endowments are not savings accounts or rainy-day funds, rather they are durable and long-term funding streams that consistently supports students, research, and teaching, among several other programs that would otherwise need to be paid for by tuition or a different funding source.

The most recent [CASE Insights on Voluntary Support of Education](#) survey (a survey of philanthropy in US higher education spanning over 60 years) found that **virtually half (48 percent) of all gifts to endowment are earmarked by donors for student financial aid.** When adding gifts restricted for academic divisions and faculty and staff positions, **the percentage of gifts to endowment underwriting the price of an education for students is 87.2 percent.**¹ The generosity of donors through gifts to endowment directly enhances student access and affordability.

The House-passed reconciliation bill puts this generosity at risk. By significantly increasing the current 1.4 percent tax on private college and university endowments to rates of 7 percent, 14 percent, and even 21 percent, the bill would impose a heavy burden on the very charitable contributions that fuel the success of the American higher education system and would directly impact the potential students who most need financial aid and the research that transforms and saves lives. The tax rate increases are nothing short of draconian and they will undoubtedly have a chilling effect on the invaluable philanthropic investment that has been vital in supporting American educational institutions, their students, and their contributions to society.

Students would bear the brunt of this scholarship tax. The tax hike would ultimately result in higher costs for students and reduced access to colleges and universities across the country. Congress should not pay for this bill on the backs of students.

For these reasons, we urge the Senate to eliminate the private college and university endowment tax and tax hikes, allowing these charitable funds to be used for their intended charitable purpose.

Support for Expanding the Charitable Deduction for Non-Itemizers

Instead of imposing burdens on charitable giving, Congress should encourage more Americans to contribute to support students, teaching, and research at educational institutions. We were pleased to see that the House-passed bill included a modest restoration of a charitable deduction for non-itemizers, something that CASE has championed with many others across the charitable sector as an incentive for all Americans, regardless of income, to give to schools, colleges, universities, and other charitable organizations.

¹ <https://www.case.org/resources/case-insights-voluntary-support-education-2024-key-findings>

Colleges and universities, as with all nonprofit organizations, are facing a challenging charitable giving environment. Charitable giving in the U.S. experienced the largest year-over-year decline in 2022 since Giving USA began tracking donations in 1956.² In 2023, giving did not keep pace with inflation, marking the second consecutive year real giving declined.³ We are still awaiting Giving USA data for 2024, but some preliminary numbers find giving levels were relatively flat when adjusting for inflation.⁴ These declines have made it difficult for all nonprofits, including educational institutions, to carry out their missions and serve their communities.

In comments submitted on the TCJA back in 2017, CASE raised concerns that the increased standard deduction could lead to dramatic declines in the number of taxpayers who itemize and have access to the charitable deduction. The data has borne out this concern. Recent research has found that the number of taxpayers who itemize fell from a pre-TCJA average of 30 percent to just 7.5 percent in the years that followed.⁵ That decline represents tens of millions of Americans losing access to any federal tax incentives for their generosity and highlights an unintended consequence of the TCJA. With H.R. 1 set to permanently increase the standard deduction, the percentage of Americans itemizing tax returns will likely fall further next year.

A charitable deduction for non-itemizers would address this concern by providing all taxpayers with access to the deduction, incentivizing them to give more to educational institutions and other charitable organizations. Aside from helping to ensure all nonprofit organizations can secure the resources they need to best serve their beneficiaries, providing all taxpayers with a tax benefit for their giving, regardless of their income level, would send a signal that all charitable gifts are valued and important.

CASE is proud to be a strong supporter of the bipartisan and bicameral Charitable Act (S. 317, H.R. 801), legislation that would allow non-itemizing taxpayers to deduct charitable donations up to one-third of the standard deduction threshold (\$5,000 for individuals, \$10,000 for joint filers) annually. Senators James Lankford (R-OK) and Chris Coons (D-DE) are the lead sponsors and champions of the Charitable Act in the Senate, which is supported by 22 Senators (12R, 10D). CASE, through our leadership on and participation with the Charitable Giving Coalition⁶, has been working closely with Sens. Lankford and Coons to make the case for the need to democratize the charitable deduction.

² [https://philanthropy.indianapolis.iu.edu/news-events/news/_news/2023/giving-usa-total-us-charitable-giving-declined-in-2022-to-49933-billion-following-two-years-of-record-generosity.html#:~:text=Giving%20by%20individuals%20totaled%20an,percent%2C%20adjusted%20for%20inflation\).](https://philanthropy.indianapolis.iu.edu/news-events/news/_news/2023/giving-usa-total-us-charitable-giving-declined-in-2022-to-49933-billion-following-two-years-of-record-generosity.html#:~:text=Giving%20by%20individuals%20totaled%20an,percent%2C%20adjusted%20for%20inflation).)

³ https://philanthropy.indianapolis.iu.edu/news-events/news/_news/2024/giving-usa-us-charitable-giving-totaled-557.16-billion-in-2023.html

⁴ Fundraising Effectiveness Project <https://publications.fepreports.org>

⁵ <https://www.aei.org/wp-content/uploads/2024/07/How-the-2017-Tax-Law-Made-Itemized-Charitable-Giving-a-Luxury-Good.pdf?x85095>

⁶ The Charitable Giving Coalition is a broad coalition of public charities, private and community foundations, faith communities and other faith-based charities, nonprofit associations and other organizations dedicated to preserving and expanding the charitable tax deduction. <https://charitablegivingcoalition.org/>

We know that the restoration of a charitable deduction for non-itemizers modeled on the Charitable Act will increase giving. According to a recent study conducted by Capitol Policy Analytics, a charitable deduction for non-itemizers modeled on the Charitable Act would boost charitable donations by \$40 billion annually, a 7 percent increase over the \$556 billion donated to charity in 2023.⁷

CASE strongly urges you to permanently extend and expand the charitable deduction for non-itemizers in the House-passed bill.

Oppose New Limitation on Value of Itemized Deductions

H.R. 1 includes a new provision that would effectively cap the value of itemized deductions, including the charitable deduction, at 35 percent. This provision, a back-door tax increase on high-income taxpayers, would also increase the cost of giving for taxpayers in the 37 percent marginal tax bracket.

CASE has consistently opposed limitations such as caps on the charitable deduction. When the Obama Administration first proposed a 28 percent cap on itemized deductions in 2009, we opposed this provision because it increased the cost of giving for generous higher-income taxpayers. We continue to oppose such caps because they disincentivize taxpayers to give additional dollars above the cap.

Unlike other deductions, the charitable deduction is a benefit taxpayers receive for giving more of their money to support charitable purposes. It also is the most discretionary of the itemized deductions since most taxpayers will have set amounts of state and local taxes and mortgage interest. This means that any behavioral change induced by the 35 percent cap would ultimately affect a taxpayer's charitable donations.

Due to declines in the number of donors to charity, which has fallen from roughly two-thirds of households in 2000 to under 50 percent in 2020, more and more of the resources nonprofits rely on are coming from fewer and fewer donors.⁸ While this is a concerning trend we hope a permanent and robust non-itemizer charitable deduction enacted in this bill can help address, this cap would impact the larger donors nonprofits have come to rely on. The 35 percent cap would target the most generous higher-income donors, individuals and families who want to make large gifts to educational institutions or other charitable organizations. Why would Congress want to penalize individuals who want to give more of their wealth away?

Unfortunately, some have mislabeled the charitable deduction as a tax break for the wealthy. A cap on the charitable deduction would not hurt high-income donors, many of whom would decide to give less if a cap was enacted. Students and others served by charitable organizations would feel the brunt of this policy change.

For these reasons, CASE urges you to remove the new limitation on the value of itemized deductions provision from the reconciliation bill or exempt the charitable deduction from the cap.

⁷ https://charitablegivingcoalition.org/docs/reports/Capital_Policy_Charitable_Act_3-21-25_12pm.pdf

⁸ <https://scholarworks.indianapolis.iu.edu/server/api/core/bitstreams/b16c6238-189b-4e86-8324-dfbd4d828ab1/content>

Oppose Parking Tax on Tax-Exempt Organizations

The House-passed bill includes a new tax on parking and transportation fringe benefits that tax-exempt organizations, including schools, colleges, and universities, provide to their employees. This tax would subject amounts paid to provide employees with transportation benefits to the 21 percent unrelated business income tax rate, imposing an income tax on an expense.

In addition to being incredibly complicated and difficult to administer, this tax would put tax-exempt organizations like educational institutions at a disadvantage when compared to for-profit companies that cannot deduct expenses for parking and transportation fringe benefits provided but can reduce their taxable income through numerous other deductions. The purpose of the unrelated business income tax may have been to ensure tax-exempt organizations and for-profit entities are treated equally. However, there is a significant difference in denying a deduction against business income that would ultimately go to a shareholder versus imposing a tax on a nonprofit's charitable resources for benefits it provides to its employees. Thus, the imposition of the parking tax to tax-exempt organizations is contrary to the purpose of unrelated business income tax rules.

This provision was first enacted in the 2017 Tax Cuts and Jobs Act but was retroactively repealed on a bipartisan basis due to the widespread, negative impact it was having throughout the nonprofit sector. For those reasons, we urge you to remove the parking tax provision from the reconciliation bill.

We appreciate your consideration of our concerns with the House-passed reconciliation bill. As the Senate considers changes to the bill, CASE stands ready to work with you to ensure that the final bill strengthens the ability of schools, colleges, and universities to raise the charitable resources necessary to continue transforming lives and society.

Yours sincerely,



Sue Cunningham
President and CEO

cc: Members of the U.S. Senate