



September 30, 2021

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Ron Wyden
Chairman
Committee on Finance
U.S. Senate
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member
Committee on Finance
U.S. Senate
Washington, DC 20510

RE: Community Foundation Support for Tax-Free Scholarships

Dear Chairman Neal, Ranking Member Brady, Chairman Wyden, and Ranking Member Crapo:

Community foundations are grantmaking public charities that mobilize the assets of past and current donors to improve the lives of people in a defined geographic area. They bring together the financial resources of individuals, families, and businesses to support effective nonprofits in their communities. Every Congressional district and state, including those represented on the Ways and Means and Finance committees, is served by at least one community foundation.

There are approximately 800 community foundations throughout the United States, representing communities of all sizes, from statewide foundations down to smaller ones representing rural counties and small towns. Each foundation is independent, has its own community-based mission, involves community members in its grantmaking decisions, and uses a variety of philanthropic instruments – including endowments, donor-advised funds, giving circles, and other gifts – to support its grantmaking and community leadership activities. In fact, donor-advised funds are just one tool in our toolkit for building local philanthropy and meeting the needs of the community.

More than 100 community foundations nationwide participate in the Community Foundation Public Awareness Initiative and are represented by the Philanthropy Practice at Van Scoyoc Associates.

One type of giving vehicle offered by nearly all community foundations is a scholarship fund, where local donors set up permanent funds to fund secondary school and college scholarships. Some of these are merit-based, but the majority are need-based, supporting lower-income students. Providing scholarships is a core component of a community foundation's mission. Often, the local community foundation is the largest non-university or non-college provider of scholarship resources in an area.

Just to provide a few examples from your own districts and states, from their most recent fiscal years:

- **Community Foundation of Western Massachusetts** awarded \$1.3 million to 734 students from 146 scholarship funds, with 46 percent of those recipients being the first generation to attend college;
- **Greater Houston Community Foundation** awarded 656 scholarships worth \$3.2 million from 43 scholarship funds for the 2021-22 academic year;
- **Oregon Community Foundation** awarded \$11.5 million in scholarships in 2020 to over 3,200 students from 543 funds, with 51 percent of those recipients being the first generation to attend college and 66 percent being low-income students (i.e., Pell grant-eligible); and
- **Idaho Community Foundation** gave out 227 educational scholarships to individuals in its most recent fiscal year, totaling more than \$520,000, and another \$252,000 directly to educational institutions to supplement their own scholarship programs.

Since 1986, scholarships and grant aid used on non-tuition expenses like room and board have been taxable to the recipient as a form of unearned income. This impacts many students in our communities as non-tuition expenses as a share of total education costs have increased steadily over the past 35 years. Today, approximately three million students receive aid subject to taxation. In the 2020-21 academic year, taxable higher education expenses make up over 70 percent of the expenses for two-year institutions and over 50 percent for four-year public institutions. Repealing the taxability of scholarship and grant aid would permit low- and middle-income students to retain more of this aid.

Addressing this problem is vital, given how the COVID-19 pandemic has only exacerbated the financial challenges faced by these students and their families. Many students have been forced to suspend their pursuit of a college education, particularly at community colleges, where enrollment declined nearly 10 percent last year.

As Congress negotiates the final reconciliation package, the below foundations in the Community Foundation Public Awareness Initiative wanted to offer our support for making non-tuition scholarships and grant aid tax-free. Repeal of

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the taxability of Pell grants is one provision in the House's reconciliation package; we support going further and repeal the taxability of all scholarship and grant aid under Sec. 117(b) so all such aid wouldn't count in gross income. This change is broadly supported by major education groups like the American Council on Education, the American Association of Community Colleges, and Scholarship America.

Thank you for your attention, and any of us would be pleased to discuss our local scholarship programs with you in more detail.

Sincerely,

Alabama

Christopher Nanni, Community Foundation of Greater Birmingham, Birmingham

Arizona

Steve Seleznow, Arizona Community Foundation, Phoenix

Jenny Flynn, Community Foundation for Southern Arizona, Tucson

Arkansas

Heather Larkin, Arkansas Community Foundation, Little Rock

California

Ashley Swearingin, Central Valley Community Foundation, Fresno

Elizabeth Brown, Community Foundation Sonoma County, Santa Rosa

James Head, East Bay Community Foundation, Oakland

Kristen Beall, Kern Community Foundation, Bakersfield

Rhea Suh, Marin Community Foundation, Novato

Shelly Hoss, Orange County Community Foundation, Newport Beach Jennifer Fleming

DeVoll, Pasadena Community Foundation, Pasadena

Linda Beech Cutler, Sacramento Region Community Foundation, Sacramento

Mark Stuart, San Diego Area Foundation, San Diego

Nicole Taylor, Silicon Valley Community Foundation, Mountain View

Colorado

Tatiana Hernandez, Community Foundation Boulder County, Boulder

Gary Butterworth, Pikes Peak Community Foundation, Colorado Springs

Connecticut

William Ginsberg, Community Foundation for Greater New Haven, New Haven

Juanita James, Fairfield County's Community Foundation, Norwalk

Delaware

Stuart Comstock-Gay, Delaware Community Foundation, Wilmington

District of Columbia

Tonia Wellons, Community Foundation for the National Capital Region, Washington, DC

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Florida

Mark Brewer, Central Florida Foundation, Orlando
Theresa Grimison, Community Foundation for Brevard, Melbourne
Jennifer O'Flannery Anderson, Community Foundation of Broward, Ft. Lauderdale
Eileen Connolly-Keesler, Community Foundation of Collier County, Naples
Nina Waters, Community Foundation for Northeast Florida, Jacksonville
Danita Dias, Community Foundation for Palm Beach and Martin Counties, West Palm Beach
Roxie Jerde, Community Foundation of Sarasota County, Sarasota
Marlene Spalten, Community Foundation of Tampa Bay, Tampa
John Attaway, GiveWell Community Foundation, Lakeland and Winter Haven
Mark Pritchett, Gulf Coast Community Foundation, Sarasota
Jeffrey Pickering, Indian River Community Foundation, Vero Beach
Duggan Cooley, Pinellas Community Foundation, Largo
Sarah Owen, Southwest Florida Community Foundation, Fort Myers

Georgia

Kathryn Dennis, Community Foundation of Central Georgia, Macon
Betsy Covington, Community Foundation of the Chattahoochee Valley, Columbus
Frank Fernandez, Community Foundation for Greater Atlanta, Atlanta
Randy Redner, Community Foundation of Northeast Georgia, Duluth
David Carlton, Community Foundation of South Georgia, Thomasville

Hawaii

Micah Kane, Hawaii Community Foundation, Honolulu

Idaho

Judy Ramos and Cara Nielsen, Idaho Community Foundation, Boise

Illinois

Helene Gayle, Chicago Community Trust, Chicago

Indiana

Brian Payne, Central Indiana Community Foundation, Indianapolis
Rose Meissner, Community Foundation of St. Joseph County, South Bend
Stephenie Overbey, Kosciusko County Community Foundation, Warsaw

Iowa

Kristi Knous, Community Foundation of Greater Des Moines, Des Moines
Les Garner, Greater Cedar Rapids Community Foundation, Cedar Rapids
Randy Moore, Quad Cities Community Foundation, Bettendorf

Kansas

Shelly Prichard, Wichita Community Foundation, Wichita

Louisiana

John Davies, Baton Rouge Area Foundation, Baton Rouge
Raymond Hebert, Community Foundation of Acadiana, Lafayette
Andy Kopplin, Greater New Orleans Foundation, New Orleans

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Maryland

Shanaysha Sauls, Baltimore Community Foundation, Baltimore

Massachusetts

Peter Taylor, Berkshire-Taconic Community Foundation, Great Barrington

Lee Pelton, Boston Foundation, Boston

Katie Zobel, Community Foundation of Western Massachusetts, Springfield

Beth Francis, Essex County Community Foundation, Danvers

Carolyn Stempler, Greater Worcester Community Foundation, Worcester

John Vasconcellos, SouthCoast Community Foundation, New Bedford

Michigan

Mariam Noland, Community Foundation for Southeast Michigan, Detroit

Isaiah Oliver, Greater Flint Community Foundation, Flint

Carrie Pickett-Erway, Kalamazoo Community Foundation, Kalamazoo

Minnesota

R. T. Rybak, Minneapolis Foundation, Minneapolis

Eric Jolly, Minnesota Philanthropy Partners (St. Paul Foundation and Minnesota Community Foundation), St. Paul

Mississippi

Jane Alexander, Community Foundation for Mississippi, Jackson

Missouri

Brian Fogle, Community Foundation of the Ozarks, Springfield

Debbie Wilkerson, Greater Kansas City Community Foundation, Kansas City

Amelia Bond, Greater St. Louis Community Foundation, St. Louis

Nebraska

Donna Kush, Omaha Community Foundation, Omaha

Nevada

Gian Brosco, Nevada Community Foundation, Las Vegas

New Hampshire

Richard Ober, New Hampshire Charitable Foundation, Concord

New Jersey

Hans Dekker, New Jersey Community Foundation, Morristown

New Mexico

Christopher Goett, Santa Fe Community Foundation, Santa Fe

New York

Cali Brooks, Adirondack Foundation, Lake Placid

Clotilde Dedecker, Community Foundation for Greater Buffalo, Buffalo

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John Eberle, Community Foundation for the Greater Capital Region, Albany
Sally Cross, Community Foundations of the Hudson Valley, Kingston and Poughkeepsie
Peter Dunn, Central New York Community Foundation, Syracuse
Jennifer Leonard, Rochester Area Community Foundation, Rochester

North Carolina

Elizabeth Brazas, Community Foundation of Western North Carolina, Asheville
Michael Marsicano, Foundation for the Carolinas, Charlotte
Jennifer Tolle Whiteside, North Carolina Community Foundation, Raleigh
Lori O'Keefe, Triangle Community Foundation, Durham
Lisa Purcell, Winston-Salem Foundation, Winston-Salem

Ohio

John Petures, Akron Community Foundation, Akron
Douglas Kridler, Columbus Foundation, Columbus
Cynthia Andrews, Community Foundation Lorain County, Elyria
Mike Parks, Dayton Foundation, Dayton
Ellen Katz, Greater Cincinnati Foundation, Cincinnati
Keith Burwell, Toledo Community Foundation, Toledo

Oklahoma

Nancy Anthony, Oklahoma City Community Foundation, Oklahoma City
Phil Lakin, Tulsa Community Foundation, Tulsa

Oregon

Max Williams, Oregon Community Foundation, Portland

Pennsylvania

Ralph Serpe, Adams County Community Foundation, Gettysburg
McCrae Martino, Community Foundation of Westmoreland County, Greensburg
Frances Sheehan, Foundation for Delaware County, Media
Susannah Frigon, Erie Community Foundation, Erie
Sam Bressi, Lancaster County Community Foundation, Lancaster
Charles Barber, Luzerne Foundation, Luzerne
Pedro Ramos, Philadelphia Foundation, Philadelphia
Lisa Schroeder, Pittsburgh Foundation, Pittsburgh

Rhode Island

Neil Steinberg, Rhode Island Foundation, Providence

South Carolina

JoAnn Turnquist, Central Carolina Community Foundation, Columbia
Darrin Goss, Coastal Community Foundation, North Charleston

South Dakota

Stephanie Judson, South Dakota Community Foundation, Pierre

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Tennessee

Robert Fockler, Community Foundation of Greater Memphis, Memphis
Michael McClamroch, East Tennessee Foundation, Knoxville

Texas

Mike Nellis, Austin Community Foundation, Austin
David Scullin, Communities Foundation of Texas, Dallas
Matthew Randazzo, Dallas Foundation, Dallas
Kyle Penney, East Texas Communities Foundation, Tyler
Stephen Maislin, Greater Houston Community Foundation, Houston
Rose Bradshaw, North Texas Community Foundation, Fort Worth
Guy McCrary, Permian Basin Area Foundation, Midland
Matt Lewis, San Angelo Area Foundation, San Angelo
Marjie French, San Antonio Area Foundation, San Antonio
Ashley Allison, Waco Foundation, Waco

Vermont

Dan Smith, Vermont Community Foundation, Middlebury

Virgin Islands

Dee Baecher-Brown, Virgin Islands Community Foundation, St. Thomas

Virginia

Heather Peeler, ACT for Alexandria, Alexandria
Jennifer Owens, Arlington Community Foundation, Arlington
Eileen Ellsworth, Community Foundation for Northern Virginia, Oakton
Sherry Armstrong, Community Foundation for a greater Richmond, Richmond
Debbie DiCroce, Hampton Roads Community Foundation, Norfolk

Washington

Beth Stipe, Community Foundation of North Central Washington, Wenatchee
Shelly Quinn, Innovia Foundation,
David Bley, Seattle Foundation, Seattle
Mauri Ingram, Whatcom Community Foundation, Bellingham

CC: Members of the House Ways and Means Committee
Members of the Senate Finance Committee
Speaker of the House Nancy Pelosi
House Majority Leader Steny Hoyer
House Minority Leader Kevin McCarthy
Senate Majority Leader Chuck Schumer
Senate Minority Leader Mitch McConnell