

September 19, 2014

The Honorable Arne Duncan
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Secretary Duncan:

We are writing on behalf of the American Association of Community Colleges (AACC), American Indian Higher Education Consortium (AIHEC), Asian American & Pacific Islander Association of Colleges and Universities (APIACU), Hispanic Association of Colleges and Universities (HACU), and UNCF (United Negro College Fund), which collectively educate millions of students annually at community colleges and MSIs throughout the nation. We are seeking your assistance in resolving a pressing policy matter involving the use of earned interest generated from authorized use of grant funds under Titles III and V of the Higher Education Act.

In recent weeks we have received numerous contacts from our member campuses regarding a new policy interpretation from the U.S. Department of Education (Department) that our college and university leaders find deeply troubling. The new policy would prohibit the longstanding practice of using the interest income, not the corpus of the funds, from Titles III and V endowment challenge grants to match donor funds that provide scholarships to disadvantaged students. For decades, colleges have used endowment income to attract donors to make scholarships and have documented this practice in annual reports to the Department. This new policy has not been precipitated either by statutory changes or new regulations. Therefore, it is baffling to us as to why this harmful change is arbitrarily being imposed now.

With our institutions working so hard to increase college attendance and completion, especially by historically underrepresented populations that these programs help support, it is hard to understand why the Department would suddenly disrupt a longstanding practice and impose new restrictions on the use of the interest income from the Title III and Title V endowment funds. Our institutions generally have much smaller endowments and significantly less wealth than other colleges and universities.

We respectfully ask the Department to reconsider its new position on this issue and allow the continued use of endowment income to leverage private donor funds to make scholarships to very deserving, low-income students. We look forward to hearing from you on this matter, and appreciate the Administration's continued commitment to our students and institutions. Thank you for your serious consideration of this important matter.

Sincerely,

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cc: Under Secretary Ted Mitchell