Why do institutions with large endowments keep increasing tuition?
Institutions with endowments use them, along with other resources, to offer programs of greater quality than either the endowed funds or the institution's other resources could support by themselves. In many cases, donors explicitly direct their gifts toward expenditures that expand or enhance the institution's programs and may even make the institution more expensive to operate. It is not uncommon for a donor to pay for the construction of a building but not its maintenance or operation, or to seek assurance that the institution will not substitute endowment dollars for other funds. Even at the best-endowed institutions, endowment income represents only a small fraction of the overall operating budget. Tuition plays an important role in meeting other costs. At the same time, endowments help institutions provide financial aid to students who cannot afford full tuition. If institutions spent additional endowment earnings or principal rather than increasing tuition (thereby depleting the purchasing power of the endowment over time), tuition would have to rise more sharply in the future as endowment earnings declined, and there would be less funding available for financial aid.

Why shouldn't colleges and universities be required to spend a minimum amount from their endowments each year, much as foundations are required to meet minimum payout standards?
Foundations and universities are very different kinds of institutions. In the case of a foundation, the public has an interest in ensuring that, in return for the tax advantages granted to the donor, the foundation is adequately serving its charitable purposes, and the most effective way to ensure this may be through a minimum payout requirement. By contrast, funds donated to college and university endowments are given for the express purpose of supporting designated educational or scholarly activities over a long period of time. There are many constituencies that play a role in ensuring that these dollars are spent for their intended purposes, including students, faculty, alumni, local residents, and government agencies. If anything, the pressures on colleges and universities push in the direction of spending more of the endowment's earnings on current purposes, to the potential detriment of sustaining the purchasing power of the endowment for a future when the costs of high-quality education and research are likely to be even greater than they are now.