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CONGRESS HAS INCREASED THE TAX ON COLLEGE AND UNIVERSITY ENDOWMENTS: HOW SHOULD WE THINK ABOUT THIS POLICY CHANGE?

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The One Big Beautiful Bill Act reduces the number of institutions subject to the tax on the investment incomes of selected private nonprofit colleges and universities but significantly increases the tax rate on others. The tax on this income marks a departure from the historical approach to the tax treatment of these institutions. This brief examines the rationale for the tax exemption, evaluates proposed and implemented increases in the rate and scope of the tax, and assesses the potential implications for higher education institutions, their students, and the broader public interest.

The 2017 Tax Cuts and Jobs Act imposed a 1.4 percent tax on the net investment income of wealthy private colleges and universities—a first-time levy on institutions historically exempt from federal income tax. The One Big Beautiful Bill Act (OBBBA) increased that tax, raising the top rate to 8 percent, a major increase albeit lower than the 21 percent in the original House version of the bill.

Versions of this policy have circulated for years across the political spectrum, with varying motivations. But the income tax system has always included a tax exemption for charitable institutions, the definition of which clearly includes colleges and universities. For affected colleges and universities, a significant tax on income from endowments and other financial assets will limit the ability to carry out their missions, which include educating undergraduate and graduate students, performing research, and engaging in other activities benefiting their communities. In addition, because Congress has not clearly stated the goals of the tax, its effectiveness will be difficult to measure.

This brief examines the rationale for exempting endowment income from taxation; reviews current, proposed, and newly enacted policy structures; and explores the potential effects on institutional behavior, student aid, and access to higher education. It further explores whether changes to the endowment tax align with broader goals for equity, efficiency, and educational opportunity.

PRIVATE NONPROFIT COLLEGE AND UNIVERSITIES AS TAX-EXEMPT ORGANIZATIONS

The tax exemption for charitable organizations has been in effect since the inception of the income tax (Arnsberger et al. 2008). The criteria for tax exemption are defined under Section 501(c)(3) of the internal revenue code, which states that such organizations operate for purposes defined as “charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals.”¹

The basic idea behind the tax exemption, and for allowing donors to receive tax deductions for charitable contributions, is that these organizations serve the public good and are not organized for the purpose of enriching any individuals. These tax-exempt organizations can retain some revenues, but all must be dedicated to their charitable purposes. There is no limit to the amount of money and other assets they can accumulate, but the funds must further their mission, not become gains to individuals. Educational institutions do pay tax on unrelated business income from activities not connected to their educational missions. In contrast, for-profit entities, whether publicly or privately held, that produce goods and services similar to tax-exempt nonprofits are subject to taxation because the nature of the goods and services is only one aspect of the qualifying criteria—the absence of private profits is critical. In addition to the absence of owners standing to benefit, there are strict limits on political activity for private colleges and universities and other tax-exempt entities, as well as some modest restrictions on executive compensation.

Defining the “public good” is not simple. Policymakers on the left and the right of the political spectrum have questioned whether highly selective colleges and universities adequately serve the public good. For example, questions may arise because these institutions serve disproportionately affluent student bodies. They tend to have generous financial aid programs and charge low-income students lower net prices than less wealthy institutions, but they enroll relatively small shares of low-income students (Baum 2019).

While this may be a problem worthy of attention, it does not disqualify these institutions from being charitable organizations. Colleges and universities educate graduate students, produce and disseminate research, promote intellectual inquiry and cultural engagement, and contribute to their communities. Their educational mission alone defines colleges and universities as charitable organizations. In addition, many other charitable organizations disproportionately serve affluent people. Public subsidies to museums, orchestras, operas, and other cultural organizations serve an important purpose, but generally do not reach the neediest members of society.

Also, while there are limitations on the political and lobbying activities of tax-exempt organizations, there are no limitations on the viewpoints of the institutions or their members. Direct or indirect support of individual candidates by an institution is disqualifying.² However, an organization may take positions on public policy issues, including those on which candidates and politicians have differing opinions.³

The Special Case of Private Foundations

Taxing investment income in the nonprofit sector is not unprecedented, but it has traditionally been applied narrowly and for specific reasons. The Tax Reform Act of 1969 made a clear distinction between private foundations and publicly supported charities. Private foundations typically have a single major source of funding, such as gifts from one family or corporation. Other charitable organizations generally have multiple sources of funding. Private nonoperating foundations distribute funds to other organizations to support their charitable work, while private operating foundations engage directly in this type of work.

The law implemented an excise tax on the investment income of private foundations; it was originally set at 4 percent, but it is now at 1.39 percent. Congress stated that the purpose of the tax was to have private foundations share in the cost of government oversight of the sector. But at least partly because the congressional committees appropriating funds do not

need to follow the intent of the tax-writing committees, revenues from the tax, which go to the general fund, are not earmarked for any specific purpose (Crandall-Hollick et al. 2018).

The Tax Reform Act of 1969 also required private nonoperating foundations to distribute at least 5 percent of their assets every year. The rationale was that without this spending requirement, a private foundation could accumulate unlimited wealth without spending any on charitable purposes.

Senator Charles Grassley (R-IA) has supported the same 5 percent payout requirement for college and university endowments.⁴ But educational institutions are more like private operating foundations than nonoperating foundations. There is no risk that colleges and universities will cease using their resources to provide education.

Whatever the intent behind the proposal, its practical application would be difficult. A university could easily apply 5 percent of assets to its operations and then retain some amount of operating funds in new reserves, effectively mitigating the purpose of the proposal. Although operating foundations must pay a 1.39 percent excise tax on net investment income, they are not subject to the 5 percent spending rule.

Is the Tax Exemption Equivalent to a Subsidy?

Different interpretations of the tax exemption for charitable contributions lead to different views about public policy. From an economist's perspective, the exclusion of some individuals, organizations, or activities from the taxation to which similar entities or activities are subject is a "tax expenditure" (Born and Looney 2022). The sacrifice of government revenues resulting from the exclusion is equivalent to a subsidy, with the same impact on the government budget as the government sending a check (Sammartino and Toder 2020).

The list of federal income tax expenditures for 2024 includes a diverse set of items, including \$29 billion for the deductibility of mortgage interest on owner-occupied homes, \$2 billion for the exclusion of reimbursed employee parking expenses, \$247 billion for the exclusion of employer contributions for medical insurance and medical care, and \$11 billion for tax credits for postsecondary education expenses (Treasury 2024, table 1). The deductibility of charitable contributions to educational institutions is a \$9 billion tax expenditure because it diminishes the tax receipts from individuals by this amount.

Only a few institutions will bear a significant cost from the new higher level of income taxation. This is because a small number of colleges and universities have large endowments, but most do not. At the end of fiscal year 2021, over 2,600 four-year postsecondary institutions, more than 1,500 of which were private nonprofit colleges and universities, held \$700 billion in endowment assets. But the 13 universities with the largest endowments held half and the top 4 universities held one-quarter of the assets.⁵

So viewing the exemption of charitable organizations from taxation as a subsidy implies large government subsidies for a few wealthy institutions. The institutions educating the vast majority of students benefit from the absence of property and sales taxes and the tax deduction for charitable giving, but they receive much less subsidy per student than those with large endowments.⁶

The constitutional separation of church and state prevents the government from subsidizing churches. This tax exemption is widely viewed as integral to this separation, not as a subsidy from the government to churches. The Supreme Court has found that the tax exemption of churches is necessary to ensure that the state does not infringe on individuals' religious freedom.⁷

From this perspective, the tax exemption for nonprofit organizations, including colleges and universities, might be thought of as the government distancing itself from the way charitable institutions carry out their missions, rather than as an active subsidy. There is a broad exclusion from taxation of the income generated by or used for the charitable activities of these organizations. This differs from the narrowly targeted tax exemptions for income from specific sources or income dedicated to specific types of expenditures of tax-paying individuals and organizations.

In any case, singling out individual organizations or groups of organizations for change raises numerous issues. A recent analysis from the Tax Foundation proposed subjecting all noncharitable income of charitable organizations to the 21 percent corporate tax rate. The author is clear, however, that there would have to be a “principled, rules-based approach” to the tax structure—one that could not be arbitrarily designed or applied to organizations.⁸

In summary:

- Concerns about the disproportionate share of students from affluent families at elite colleges and universities are valid but not disqualifying for exemption from taxation.
- The restrictions on political activity by tax-exempt organizations do not extend to the viewpoints or ideologies of the organizations or their members.
- Colleges and universities are fundamentally different from private foundations.
- The tax exemption is generally viewed as a “tax expenditure,” which has the same effect on the federal budget as a direct subsidy, but it might also be thought of as a way to maintain separation between the government and charitable organizations, as is the case for churches.

COLLEGE AND UNIVERSITY ENDOWMENTS AND THEIR PURPOSES

Like some other private nonprofit and public entities, educational institutions build and maintain endowments to subsidize their activities. Colleges and universities use their endowments to support a wide range of activities with social benefits, from educating undergraduates from diverse socioeconomic backgrounds to subsidizing research, public service, and graduate students—activities that are central to the charitable mission of higher education. Endowments offer a source of annual revenue, allowing institutions to spend more in current and future years than would otherwise be the case given tuition and other revenue sources. Endowments also ensure that institutions can maintain their operations over the long run, enabling them to subsidize the education of successive generations of students. If universities were to spend down their endowments, these supplementary revenues would no longer be available (Baum, Hill, and Schwartz 2018).

These purposes do not support a specific optimal level for an endowment or necessarily lead to the conclusion that endowments should grow indefinitely in real terms. Some skeptics would argue that a dollar spent today on the education of undergraduates might have a higher rate of return to society than a dollar invested in the financial markets and spent later. So underspending to grow the endowment could be counterproductive (Hansmann 1990). Economists differ on whether greater endowment spending today or preservation for future use yields higher social returns, and the optimal allocation likely varies by institution. Wherever one comes out on the issue of spending now versus in the future, some circumstances, likely including current pressures on institutional finances, may call for modifications of normal practice.

Measuring Endowments

The total size of the endowment can be misleading when comparing institutions (or defining a tax base). To take two prominent examples, Harvard’s endowment is about 44 percent larger than Princeton’s, but because it enrolls 2.7 times as many full-time equivalent students, its endowment per student is about half of Princeton’s.⁹ Moreover, two-thirds of

Harvard's students are graduate students, compared with less than half of Princeton's. And Princeton has virtually no part-time students, whereas about one-fifth of Harvard's undergraduate and one-third of its graduate students are part time. So Harvard deals with more students relative to its full-time equivalent enrollment than does Princeton. These issues put upward pressure on Harvard's cost of education per student relative to Princeton's.

Even the student-based calculations do not address differences in the range of fields of study, including whether there is a medical school; the research activities; or the public service commitments of the institutions. In addition, some institutions have debt levels equivalent to a sizeable share of their endowments, while others have not borrowed extensively. Two universities with the same level of endowment wealth could have quite different levels of net wealth. Certain institutions might consider using endowment funds to pay off some of their debt and reduce their liability from the endowment income tax.

Another perspective on endowments concerns its size relative to annual spending. What share of the budget comes from endowment earnings? How many years of spending could, in theory, be covered by the endowment? A 2019 analysis indicated that Princeton's endowment was about 12 times its annual budget, Harvard's was 7 times its annual budget, and MIT's was 4 times its annual budget. Under reasonable assumptions, an institution with a ratio of 20 might be able to cover all expenditures in perpetuity out of the income from an endowment. At an approximate payout rate of 5 percent, covering one-third of the annual budget with endowment income implies an endowment at least 7 times annual expenditures (Baum and Lee 2019, 11).

The Pre-OBBA Endowment Tax

Colleges and universities, like other charitable organizations, were not subject to income taxation until 2017, when the Tax Cuts and Jobs Act imposed a 1.4 percent tax on the net investment income of a small group of private nonprofit colleges and universities. Institutions were subject to the tax only if they enrolled at least 500 tuition-paying students (at least half of whom are in the US) and had financial assets exceeding \$500,000 per tuition-paying full-time equivalent student. Net investment income excludes the expense of managing endowment and other assets, but includes income from investments, even if it is spent on the educational mission.

The base for the tax is income from funds in the endowment and other financial assets, with an exclusion for a small amount of cash balances needed to fund upcoming expenditures for a period of about three months. Income from real estate assets other than dormitories is included in the tax base.

The endowment tax raised approximately \$380 million from 56 universities in 2023.¹⁰ Despite the small number of institutions affected and the low level of revenue generated, some observers at the time argued that the tax could be a foot in the door to broader efforts to reduce or eliminate the tax exemption for colleges and universities.¹¹

In summary:

- There is no clear optimal size for an endowment.
- Endowment per student is a better metric than total endowment size for comparing wealth across institutions, but it is far from a perfect indicator.
- The pre-OBBA 1.4 percent tax on net investment income affected fewer than 100 institutions and raised relatively modest revenue in the context of the federal budget.

POTENTIAL AND RECENT ENDOWMENT TAX CHANGES

The OBBBA introduced a tiered tax, ranging from the current rate of 1.4 percent on the income from endowments between \$500,000 and \$750,000 per student, to 4 percent for those with endowments between \$750,000 and \$2,000,000 per student, to 8 percent for those with endowments exceeding \$2,000,000 per student.¹² This structure, introduced by the Senate, is less harsh than the original House version of the bill, which would have imposed a tax rate as high as 21 percent on institutions with the largest per student endowments and excluded international students from the count in measuring endowment per student. The new legislation exempts colleges enrolling fewer than 3,000 students, a significant change from the 500 student minimum in the existing tax.

A range of earlier proposals have recommended other increases to the tax, some of which introduced incentives to change institutional behavior or raised revenues to fund increased educational opportunity. Such ideas would reward institutions for spending a higher share of their endowment income on financial aid or for keeping tuition levels down. More recent proposals from Congress and the legislation enacted are straightforward about raising revenues to reduce the federal deficit.

Creating Incentives

A 2016 proposal, which focused on the unequal distribution of endowment wealth across institutions and viewed the tax exemption as a subsidy, would have taxed endowments exceeding \$500 million at a progressive rate between 0.5 and 2.0 percent, offset annually by the amount the school spends on financial aid to its Pell-eligible students. And the revenue collected would be distributed to community colleges (Schneider 2016).

Also in 2016, Representative Tom Reed (R-NY) proposed legislation that would affect colleges and universities with endowments of more than \$1 billion. His proposal would have required those institutions to use 25 percent of the amount they earn from their endowments annually on grants for students. Institutions not meeting this target would face a 30 percent tax on net investment income, which could potentially rise to 100 percent. In addition, failure to comply would result in the school losing its ability to receive charitable contributions.

An endowment tax proposal that aimed to reduce inequality and increase social mobility by providing incentives for wealthy institutions to be more inclusive would have imposed a tax that exempted institutions enrolling large shares of Pell-grant recipients and possibly those that abandon practices such as admission preferences for legacy students. It would exclude the share of endowments restricted to financial aid for low-income students and direct tax revenues toward increasing educational attainment among disadvantaged populations.¹³

It would not be easy to ensure that any revenue from an endowment tax would go to specified discretionary expenditures rather than to the general budget. Moreover, while it may seem appealing to design such a tax to reward institutions that alter their behavior to achieve social goals, most proposals would be unlikely to constructively address this issue. One way to illustrate the potential limitations of requiring that a specified share of endowment income be devoted to financial aid is to view the impact of raising both tuition and financial aid. For example, suppose a college charges tuition of \$20,000 per year and awards an average of \$4,000 in financial aid to their 2,000 students, lowering the average net price to \$16,000. The \$8 million in total financial aid is 10 percent of their \$80 million in investment income. If they raise their tuition to \$22,000 and their average aid to \$6,000, the average net price will remain \$16,000. But the \$12 million aid budget will now be 15 percent of their \$80 million in investment income. They have increased the share of their investment income devoted to financial aid without having any impact on the net price students pay.

Designing effective incentives for lowering published tuition presents additional challenges. If institutions that meet the full documented financial need of their students—like Harvard, Yale, and Williams College—were to reduce their sticker prices, they would also reduce the aid they provide to students with financial need. Only students who pay full price, who come from affluent families, would pay less than they now do. This change would have limited impact on the educational opportunities available to students with limited resources.

Increasing the Cost of the Tax for Institutions

There are multiple ways to increase the impact of the tax on institutions, primarily by raising the tax rate and/or increasing the number of colleges and universities subject to the tax. If the legislation had included the House provision excluding international students from the count, additional institutions would have been subject to the tax. Increasing the minimum number of students required to trigger the tax has the opposite effect. Congress could have reduced the size of the endowment triggering the tax to below \$500,000 per full-time equivalent student. Instead, its primary strategy was to raise the tax rate on a small number of institutions.

Improving the structure of the net investment income tax on endowments did not appear to be on the agenda in this Congress, but it would not be difficult. One problem is the all-or-nothing nature of the tax. The personal income tax is designed to exclude low incomes from taxation, just as the endowment tax excludes small endowments. The income tax exempts the first dollars of all incomes from taxation. The 2025 standard deduction of \$30,000 for joint filers makes the first \$30,000 exempt from taxation for all filers, taxing only income above that level.

However, as opposed to taxing endowment income above a certain endowment or earnings threshold, the TCJA endowment tax imposed a 1.4 percent tax on *all* the net income from endowments when the total endowment exceeds a specified threshold. For example, a university with an endowment of \$499,999 per student would pay \$0 in tax. A university with an endowment of \$500,001 per student would pay 1.4 percent tax on all investment income. The new tax adds two additional brackets, with each of the three rates imposed on all net income, rather than on the income above the threshold for the applicable rate.

Setting a single threshold of a fixed number of tuition-paying students is problematic, because enrolling one additional student could subject the institution to a large tax bill. Moreover, if an institution enrolling 4,000 tuition-paying students decides to use its endowment income to fully cover tuition for 500 students to increase access and affordability, the number of tuition-paying students will decline, increasing its endowment per student and potentially subjecting it to the endowment tax.

Congress could have lowered the endowment threshold level. In February 2025, Representative Mike Lawler (R-NY) introduced the Endowment Accountability Act, which would have increased the tax rate from 1.4 to 10 percent and lowered the per-student endowment threshold from \$500,000 to \$200,000, subjecting additional institutions, many of them small undergraduate colleges, to the tax.¹⁴ In 2014, then Congressman Dave Camp, a Republican who chaired the House Ways and Means Committee, included as part of his tax proposals a 1 percent tax on the investment earnings of college and university endowments, which would have applied to colleges with endowments larger than \$100,000 per student.

In 2025, Representative Troy Nehls (R-TX) introduced the Endowment Tax Fairness Act, which would raise the tax rate from 1.4 to 21 percent.¹⁵ In 2023, former Ohio Senator and current Vice President JD Vance proposed a bill that would have increased the tax rate to 35 percent.¹⁶ Most of these proposals would have had more direct consequences for many colleges and universities than the recently passed tax.

Because of the increase in the minimum number of students institutions must enroll to be subject to the new tax, from 500 to 3,000, fewer institutions will pay. The new tax affects Harvard, Yale, Stanford, Princeton, and a small number of other institutions currently facing other federal funding pressures. For them, the tax burden will be 4 or 5 times higher than before.¹⁷

Corporate Income Tax

The 21 percent top tax rate included in the original House bill would effectively have been higher than the 21 percent corporate tax. Corporations pay taxes on profits—receipts less deductions, including cost of goods sold, wages and other employee compensation, interest, most other taxes, depreciation, and advertising. In contrast, such deductions are not allowed in the net investment income calculation of colleges and universities. Since the colleges and universities spend their revenue from student charges plus a portion of the income from their endowments on producing their services, the tax base would be lower under the corporate tax than under the endowment tax. These institutions, however, do remain exempt from property and sales taxes.

How Are Institutions Likely to Respond to an Increased Endowment Tax?

One estimate of the impact of a 14 percent tax rate on endowments suggested tax burdens as high as \$566 million for Harvard and \$461 million for Yale. On a per-student basis, the tax would be highest for Princeton (\$49,000) and Yale (\$42,000). The tax would be equivalent to 19 percent of total expenditures for Princeton and 18 percent for Grinnell College, compared with 11 percent for Harvard and 7 percent for Stanford.¹⁸ The bill originally passed by the House would have had an even larger impact on some institutions. Harvard, which now pays about \$57 million in tax, would have seen its tax bill rise to \$849 million with a 21 percent tax. Yale would have paid close to \$700 million. The exclusion of international students would have raised Columbia's tax from \$0 to \$79 million.¹⁹ The impact of the OBBBA tax will be significantly smaller.

The differences in spending patterns across institutions make it difficult to predict how high-endowment institutions will respond to an increased tax rate and the resulting reduction in the funds available to further their missions (Baum and Lee 2019, 37). In response to the income declines from the 2008 stock market crash, institutions reduced spending on financial aid and other parts of their missions and sought different sources of income to increase revenue.²⁰

If the endowment generates less income post-tax, institutions might respond by attempting to increase their endowments. They might work harder to solicit donations and add them to the endowment, because they now need a larger endowment to generate the same after-tax income on which they have been relying to supplement their institutions' annual budgets. They are likely to reduce the contribution of endowment income to their current expenditures, paying the tax with dollars that might otherwise have gone to financial aid or other activities. And they might consider options for increasing revenues, including increasing tuition, fees, and room and board charges, which could have implications for affordability.

Institutions could also employ a number of strategies to diminish their tax burdens.²¹ They might move some of their endowment funds into assets that do not generate immediate income, use endowment funds to pay off debt, or modify the legal status of hospitals or other auxiliary enterprises to separate their endowments from those of the university.

In summary:

- The goal of taxing endowments might be to change institutional behavior or simply to transfer funds from colleges and universities to the federal government.

- Many provisions designed to modify institutional behavior could lead to avoidance tactics and unintended consequences.
- Congress has raised the tax rate on net investment income to 8 percent, significantly higher than the current 1.4 percent. It did not, however, adopt the higher rates included in other proposals or exclude international students in its measure of endowment per student. It also excluded colleges with fewer than 3,000 students from the tax.
- Institutions could respond to a higher tax on their net investment income by reducing spending on financial aid and other activities integral to their missions.

CONCLUSION

Judgments about the recent increase in the tax rate on the endowment incomes of colleges and universities should be rooted in a clear understanding of the tax's purpose, its consistency with the nonprofit status of affected institutions, and its likely effects on these institutions' capacity to serve the public interest. Institutions are surely relieved that Congress rejected the more extreme proposals for expanding the tax. But the basic issue of undermining the principle of the tax exemption for charitable organizations, including educational institutions, remains.

If the motivation for taxing the endowment income of wealthy colleges and universities is to increase access for low-income students, more targeted policy approaches, such as expanded grant aid or support for college preparation, are likely to be more effective. If the concern is the unequal distribution of institutional resources, direct subsidies to underresourced colleges and their students could better promote educational opportunity.

Below are additional key questions to guide the evaluation of current and potential future endowment tax policies:

- Does the tax respect or erode the long-standing principle that nonprofit educational organizations serving the public good should be exempt from income taxation?
- Is the tax applied consistently across similar types of charitable institutions?
- Does the tax address disproportionate subsidies to a few wealthy institutions or interfere with the educational missions of these universities?
- Is the tax intended to improve outcomes, reduce the deficit, or achieve other goals? And are revenues used accordingly?
- Does the structure of the tax encourage efficient, equitable behavior or create perverse incentives?
- Will the tax diminish institutions' ability to support students or produce socially valuable research?
- What are the most effective ways to ensure that institutions with substantial endowments use their resources in a socially constructive manner?

Whatever comes next, an endowment tax should be guided by a clear articulation of public goals and a careful assessment of whether this policy tool is the best way to achieve them.

NOTES

- ¹ Internal Revenue Service, "Exempt Purposes—Internal Revenue Code Section 501(c)(3)," updated June 5, 2025, <https://www.irs.gov/charities-non-profits/charitable-organizations/exempt-purposes-internal-revenue-code-section-501c3>.
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candidates to their congregations. David A. Fahrenthold, “IRS Says Churches Can Endorse Candidates from the Pulpit,” *New York Times*, July 7, 2025, <https://www.nytimes.com/2025/07/07/us/politics/irs-churches-politics-endorse-candidates.html>.

- ³ Internal Revenue Service, “Frequently Asked Questions about the Ban on Political Campaign Intervention by 501(c)(3) Organizations: Organization Position on Issues,” updated February 27, 2025, <https://www.irs.gov/charities-non-profits/charitable-organizations/frequently-asked-questions-about-the-ban-on-political-campaign-intervention-by-501c3-organizations-organization-position-on-issues>.
- ⁴ Doug Lederman, “The Tax Bill Cometh,” *Inside Higher Ed*, February 26, 2014, <https://www.insidehighered.com/news/2014/02/27/gop-tax-plan-would-combine-tuition-tax-breaks-end-popular-deductions-colleges>.
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- ⁸ Scott Hodge, “Reining in America’s \$3.3 Trillion Tax-Exempt Economy,” Tax Foundation, January 18, 2024, <https://taxfoundation.org/research/all/federal/501c3-nonprofit-organization-tax-exempt/>.
- ⁹ National Center for Education Statistics, *Digest of Education Statistics: 2022*, Table 333.90; and National Center for Education Statistics, College Navigator, accessed July 3, 2025, <https://nces.ed.gov/collegenavigator>.
- ¹⁰ Don Kramer, “University Endowment Tax Receipts Rise Again,” *Nonprofit Issues*, December 19, 2024, <https://www.nonprofitissues.com/article/university-endowment-tax-receipts-rise-again>.
- ¹¹ See, for example, Michael Katz, “Is the Endowment Tax a Trojan Horse?” Chief Investment Officer, December 7, 2017, <https://www.ai-cio.com/news/endowment-tax-trojan-horse/>.
- ¹² Estimates suggest that Princeton, Yale, MIT, and possibly Stanford would pay this rate. One Big Beautiful Bill Act, H.R. 1, 119th Cong. (2025), <https://www.congress.gov/bill/119th-congress/house-bill/1/text>; and James S. Murphy, “The Impact of the Proposed Increase of the University and College Endowment Tax,” James S. Murphy, May 10, 2025, <https://jamesmurphy.com/2025/05/10/the-impact-of-the-proposed-increase-of-the-university-and-college-endowment-tax/>.
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