



# Understanding the Election Results and the Economic Implications for Higher Education



The Council of  
Independent Colleges

**ENGAGING  
COMMUNITIES**

**2025 Presidents Institute**

January 4–7, 2025 ● JW Marriott San Antonio Hill Resort & Spa ● San Antonio, Texas



## Thank you to our sponsors





# Presenters

**Barbara K. Mistick**, President, National Association of Independent Colleges and Universities (NAICU)

**Nayef Samhat**, President, Wofford College (SC)

**Chris Spence**, Managing Director, Federal Government Relations, TIAA



# Setting the Stage

- **The Missing Mandate**
- **A Crisis of Confidence**
- **Cultural Divides**
- **Policies and Projects**



# Large-Scale Tax Bill in 2025

---

- New taxes on nonprofits generally and expansion of **taxes on endowments**
- 17 bills in the last session of Congress to expand the endowment tax
  - Sen. JD Vance bill would increase the percentage of the tax formula from 1.4% to 35%
- Student and family benefits could be at risk

# High-Risk: Endowment Tax

---

- Passed into law in 2017
- 1.4% tax on the net investment income of eligible institutions

## **Institutional eligibility conditions**

- Private college or university (public institutions exempted)
- Enroll at least 500 tuition-paying students, >50% located in USA
- Endowment/net investment assets of \$500,000/student or greater

## **No official government list of affected institutions**

- 2021: 33 institutions, \$68.1 million paid to IRS
- 2023: 56 institutions, \$381 million paid to IRS

# Tax Bill Opportunities

---

- Expansion of IRC Sec. 127, employer-provided education assistance
- NAICU co-chairs the 127 Coalition with SHRM
- 5 bipartisan bills introduced in the last session of Congress to increase the annual benefit amount and make the student loan expansion piece permanent
- May be additional opportunities to consolidate student and family benefits and make Pell grant amounts not used for tuition tax-free

# What Institutions Should Be Prepared For

---

**Expansion of the endowment tax could change the formula to include many additional smaller private colleges.**

- Tell your endowment story to your members of Congress, even if they do not sit on Ways & Means Committee.
- Focus on how you have used your endowment over the past 10 years (institutional aid, operations, etc.).
- Emphasize that these are charitable gifts that help support your institution, students, employees, local jobs and community.



# Registration Now!

---



***Advocacy Amidst Upheaval:  
Thriving in an Uncertain Political Era***

## Numerous individual tax provisions are expiring

### Expiring Tax Provisions: What's at Stake?

Tax rate/brackets revert (39.6% top rate)

Itemized deductions restored

Standard deduction cut in half

Increased child tax credit expires

SALT deduction limitation ends

Individual AMT expands

Estate-tax exemption reverts

Section 199A deduction expires

## What's on the GOP tax reform wish list?

### GOP Desired Outcomes



- ✓ Make TCJA provisions permanent
- ✓ Repeal/increase limitations on SALT deduction
- ✓ Index capital gains rates to inflation
- ✓ Mortgage Interest Deduction reform (\$500k cap)
- ✓ Eliminate "death taxes"
- ✓ Not taxing Social Security, overtime pay, and tips
- ✓ Scale back IRS enforcement

## Potential cost of extending/adding tax proposals is significant



TCJA Expiring  
Provisions



**~\$4 Trillion**



Proposed  
Corporate  
Tax Rate Cuts



**~\$500 Billion**



No tax on tips,  
overtime and Social  
Security



**~\$3 Trillion**

## What are some potential “pay-fors”?



University  
endowment taxes



Recission of IRS funding



Deferred  
compensation changes



Employee Retention Tax  
Credit cut-offs



Inflation Reduction Act  
modifications



Tariffs

## Retirement tax incentives could also be in play

Rank	Tax expenditure	JCT	OMB
1	Tax benefits for employer defined contribution plans	\$251.4	\$117.8
2	Reduced rates of tax on dividends and long-term capital gains	\$225.1	\$156.3
3	Tax exclusion for employer-sponsored health insurance	\$199.8	\$252.4
4	Tax benefits for defined benefit plans	\$122.1	\$70.0
5	Credit for children and other dependents	\$119.9	\$109.5
6	Subsidies for insurance purchased through health exchanges	\$79.9	\$47.3
7	Earned income credit	\$73.0	\$66.9
8	Exclusion of capital gains at death	\$59.7	\$51.9
9	20-percent deduction for qualified business income	\$59.3	\$50.8
10	Deduction for charitable contributions	\$55.4	\$82.2
11	Exclusion of untaxed social security and railroad retirement benefits	\$50.6	\$31.7
12	Reduced tax rate on active income of controlled foreign corporations	\$46.3	\$35.1
13	Exclusion of capital gains on principal residences	\$42.1	\$52.3

<https://taxpolicycenter.org/briefing-book/what-are-largest-tax-expenditures>



**Donald J. Trump** ✓  
@realDonaldTrump

Follow

There will be NO change to your 401(k). This has always been a great and popular middle class tax break that works, and it stays!

7:42 AM - 23 Oct 2017

8,500 Retweets 36,936 Likes



6.1K

8.5K



37K



SECURE 3.0: The next phase of retirement reform

Access to Workplace Plans	Access to Savings Options	Access to Income Options	Access to Investment Options
<p><b>The Problem</b></p> <p>57 million Americans work for an employer that doesn't offer a retirement plan.</p>	<p><b>The Problem</b></p> <p>Not enough American workers participate, save or take advantage of employer match.</p>	<p><b>The Problem</b></p> <p>The decline of DB plans leaves workers concerned they'll run out of money in retirement.</p>	<p><b>The Problem</b></p> <p>Regulatory challenges hinder the availability of certain investments on plan menus.</p>
<p><b>The Solution</b></p> <p>A <b>Retirement for All</b> plan (similar to what many states have enacted), such as the <b>Automatic IRA Act</b>, which would establish a federal automatic savings plan to increase coverage.</p>	<p><b>The Solution</b></p> <p>Increase the use of <b>automatic features</b> within retirement plans to increase workers ability to save for retirement and seek solutions for <b>caregivers</b>.</p>	<p><b>The Solution</b></p> <p>Integrate the best features of DB plans into DC plans through proposals such as the <b>Lifetime Income for Employees Act</b> and our own <b>Q-PON proposal</b>, which would require employers offer a menu of payout/income options.</p>	<p><b>The Solution</b></p> <p>Enact legislation that would allow 403(b) plans to offer <b>Collective Investment Trusts (CITs)</b> (Retirement Fairness for Charities and Educational Institutions Act).</p>

Internal Use Only (I)

# Retirement Bill of Rights

1

Every worker in America has the right to save for and achieve a financially secure retirement.

2

Every worker should have access to low-cost investment options that help provide ample income for a dignified retirement.

3

Every worker deserves clear information that allows them to compare saving and income options, make informed choices, and meet their retirement goals.

4

The public and private sectors share responsibility for helping every worker access retirement income that will last the rest of their lives.



## Litigation and regulatory updates



### Cunningham v. Cornell

- Supreme Court will hear the appeal
- What's the issue?
- DOL has weighted in



### Department of Labor

- New leadership
- Fiduciary Rule
- ESG policy





# Q&A



The Council of  
Independent Colleges



**Thank you for attending  
this session!**



The Council of  
Independent Colleges

