

# TAX REFORM AND HIGHER EDUCATION

## WHAT STUDENTS, FAMILIES, AND INSTITUTIONS NEED TO KNOW

### Bill Tracker: Endowment-Related Bills in the 118<sup>th</sup> and 119<sup>th</sup> Congresses

Bill	Introduced	Sponsor	Summary
<a href="#">H.R. 1128: Endowment Accountability Act</a>	2/7/2025	Rep. Michael Lawler [R-NY-17]	- Lowers per-student endowment threshold from \$500,000 to \$200,000 and raises the tax rate to 10 percent of endowment income
<a href="#">H.R. 1048: DETERRENT Act</a>	2/6/2025	Rep. Michael Baumgartner [R-WA-5]	- Private institutions of higher education (IHEs) with total endowments above \$6 billion or with “investments of concern” above \$250 million must report a list of investments in the activities of concern, including their value and the value of capital gains from their sales - Investments acquired through an investment company will be treated as owned
<a href="#">H.R. 1006: Higher Education Accountability Tax (HEAT) Act</a>	2/5/2025	Rep. David P. Joyce [R-OH-14]	- Increases the endowment tax on investment income from 1.4 percent to 10 percent - Doubles the annual tax on eligible endowments from 10 percent to 20 percent for institutions that raised the “price of attendance above rate of inflation over the preceding three years” <sup>1</sup> - Lowers endowment threshold from \$500,000 per student to \$250,000
<a href="#">H.R. 446: Endowment Tax Fairness Act</a>	1/15/2025	Rep. Troy E. Nehls [R-TX-22]	- Raises endowment tax to 21 percent and directs revenue to be used “to reduce the national deficit”
<a href="#">S. 5234: Protecting Endowments from Our Adversaries Act</a>	9/25/2024	Sen. Pete Ricketts [R-NE]	- Imposes a 50 percent excise tax (and after one year 100 percent) on endowment principal investments in certain entities on various lists maintained by the U.S. Department of the Treasury - Would impact private IHEs with endowments greater than \$1 billion
<a href="#">H.R. 9331: Higher Education Accountability Tax (HEAT) Act</a>	8/9/2024	Rep. David P. Joyce [R-OH-14]	- Increases the endowment tax on investment income from 1.4 percent to 10 percent - Doubles the annual tax on eligible endowments from 10 percent to 20 percent for institutions that raised the “price of attendance above rate of inflation over the preceding three years” <sup>2</sup> - Lowers endowment threshold from \$500,000 per student to \$250,000 for private colleges and universities

<sup>1</sup> “Joyce Introduces Bill to Hold Elite Universities Accountable for Ballooning Student Debt,” August 13, 2024. <https://joyce.house.gov/posts/joyce-introduces-bill-to-hold-elite-universities-accountable-for-ballooning-student-debt-2>.

<sup>2</sup> “Joyce Introduces Bill to Hold Elite Universities Accountable for Ballooning Student Debt.”

H.R.9213: Endowment Accountability Act	7/30/2024	Rep. Michael Lawler [R-NY-17]	- Raises endowment tax to 10 percent and lowers per-student threshold to \$200,000
H.R.8913: Protecting American Students Act	7/2/2024	Rep. A. Drew Ferguson [R-GA-3]	- Expands institutions subject to the excise tax on investment income by excluding international students and undocumented students from the definition of tuition-paying students used to calculate the institutions subject to the tax.
S. 4295: Encampments or Endowments Act	5/9/2024	Sen. JD Vance [R-OH]	- Bars IHEs from receiving Title IV funds if the U.S. Department of Education (ED) determines they “failed to disestablish any permanent encampment on the institution's campus” that interferes with IHE’s functions or obstructs students - Establishes a 50 percent tax of an IHE’s assets for IHEs that do not remove encampments as defined in this act
H.R.8316: American Workforce Act	5/8/2024	Rep. Max L. Miller [R-OH-7]	- Adds a 1 percent tax on the value of endowments of private IHEs with endowments greater than \$2.5 billion and worth at least \$500,000 per FTE student
H.R.8224: No Subsidies for Wealthy Universities Act	5/2/2024	Rep. Ben Cline [R-VA-6]	- Bans indirect cost reimbursements on federal research grants for IHEs with at least a \$5 billion endowment, caps it at 8 percent for IHEs with endowments between \$2-5 billion, and caps it at 15 percent for all other IHEs
S.3514: College Endowment Accountability Act	12/14/2023	Sen. JD Vance [R-OH]	- Increases the endowment tax on applicable educational institutions (not religious in nature with endowments of at least \$10 billion) from 1.4 percent to 35 percent
S. 3465: Woke Endowment Security Tax (WEST) Act	12/12/2023	Sen. Tom Cotton [R-AR]	- Imposes a 6 percent excise tax of the assets of specified IHEs - IHEs that would be impacted are those with endowments greater than \$12.2 billion and publics with endowments of at least \$9 billion (except for ones that are religious in nature)
H.R. 5933: DETERRENT Act	10/25/2023	Rep. Michelle Steel [R-CA-45]	- Private IHEs with total endowments above \$6 billion or with “investments of concern” above \$250 million must report a list of investments of concern activities, including their value and the value of capital gains from their sales
H.R. 5109: Dump Investments in Troublesome Communist Holdings (DITCH) Act	8/1/2023	Rep. Mike Gallagher [R-WI-8]	- Denies organizations a tax exemption if they hold any interest in a “disqualified Chinese company” - A disqualified Chinese company is any corporation incorporated in China, or one that invests more than 10 percent of its stock in certain Chinese entities - Treasury may grant waivers under specified circumstances - Organizations that hold interest in any disqualified Chinese company must file annual reports describing their investments
H.R. 4405: Endowment Transparency Act	6/30/2023	Rep. Emanuel Cleaver [D-MO-5]	- Would require colleges to report and ED to make public on a website the total investments of each institution managed by an investment adviser, a

			minority- or woman-owned investment adviser, and additional disaggregated data on advisers
H.R. 4380: Protecting Endowments from Our Adversaries (PEOAA) Act	6/27/2023	Rep. Gregory F. Murphy [R-NC-3]	<ul style="list-style-type: none"> <li>- Imposes a 50 percent excise tax (and after one year 100 percent) on endowment principal investments in “adversarial entities” on various lists maintained by Treasury</li> <li>- Would impact private IHEs with endowments greater than \$1 billion</li> </ul>
H.R. 3453: Higher Standards for Higher Education Act	5/27/2023	Rep. Beth Van Duyne [R-TX-24]	- Requires ED to annually report default data for certain programs from institutions with endowments greater than \$1 billion