

Understanding the Election Results and the Economic Implications for Higher Education

 The Council of
Independent Colleges

**ENGAGING
COMMUNITIES**

2025 Presidents Institute

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Presenters

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

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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

Form **1040** Department of the Treasury—Internal Revenue Service (99)
U.S. Individual Income Tax Return
For the year Jan. 1–Dec. 31, 2016, or other tax year beginning
Your first name and initial Last name
If a joint return, spouse's first name and initial Last name
Home address (number and street). If you have a P.O. box, see instructions
City, town or post office, state

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

The Problem
57 million Americans work for an employer that doesn't offer a retirement plan.

The Solution
A **Retirement for All** plan (similar to what many states have enacted), such as the **Automatic IRA Act**, which would establish a federal automatic savings plan to increase coverage.

The Problem
Not enough American workers participate, save or take advantage of employer match.

The Solution
Increase the use of **automatic features** within retirement plans to increase workers ability to save for retirement and seek solutions for **caregivers**.

The Problem
The decline of DB plans leaves workers concerned they'll run out of money in retirement.

The Solution
Integrate the best features of DB plans into DC plans through proposals such as the **Lifetime Income for Employees Act** and our own **Q-PON proposal**, which would require employers offer a menu of payout/income options.

The Problem
Regulatory challenges hinder the availability of certain investments on plan menus.

The Solution
Enact legislation that would allow 403(b) plans to offer **Collective Investment Trusts (CITs)** (Retirement Fairness for Charities and Educational Institutions Act).

Retirement Bill of Rights

-  Every worker in America has the right to save for and achieve a financially secure retirement.
-  Every worker should have access to low-cost investment options that help provide ample income for a dignified retirement.
-  Every worker deserves clear information that allows them to compare saving and income options, make informed choices, and meet their retirement goals.
-  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



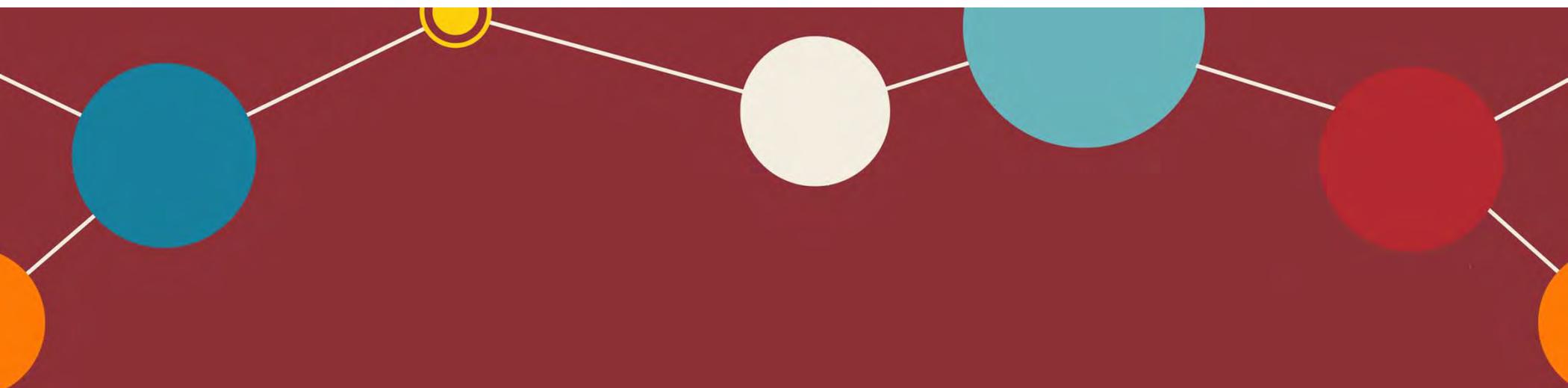
Cunningham v. Cornell

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



Department of Labor

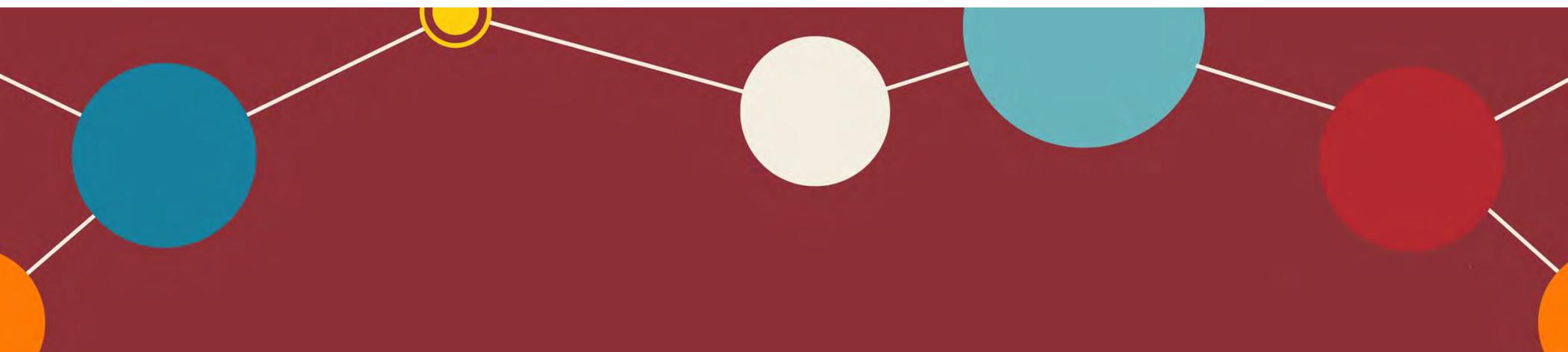
- New leadership
- Fiduciary Rule
- ESG policy



Q&A



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**Thank you for attending
this session!**



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