

Jan. 25, 2018

Who Might Pay the New University Endowment Tax?

An annual list of the largest university endowments, compiled by the National Association of College and University Business Officers, suggests that dozens of schools could potentially be subject to a new tax included in the recently-passed “Tax Cuts and Jobs Act.”

The law creates a new 1.4 percent excise tax on the investment income of private U.S. colleges and universities with at least 500 students and assets exceeding \$500,000 per full-time equivalent student. The IRS has not yet issued regulations defining which assets are counted according to the provision, which excludes assets used for “carrying out the institution’s exempt purpose.”

Top 50 universities by endowment value per full-time equivalent student

Limited to private colleges and universities with at least 500 students, fiscal 2017

INSTITUTION	STUDENTS (FTE)	ENDOWMENT (BILLIONS)	ENDOWMENT VALUE PER STUDENT (THOUSANDS)
Princeton University	8,069	\$23.8	\$2,951
Yale University	12,402	\$27.1	\$2,191
Princeton Theological Seminary	534	\$1.1	\$1,996
Stanford University	16,082	\$24.8	\$1,541
Harvard University	23,666	\$36.0	\$1,522
Pomona College	1,640	\$2.2	\$1,321
Mass. Institute of Technology	11,376	\$15.0	\$1,315
Amherst College	1,791	\$2.2	\$1,255
Swarthmore College	1,619	\$2.0	\$1,207
Williams College	2,111	\$2.5	\$1,188
Calif. Institute of Technology	2,240	\$2.6	\$1,163
Grinnell College	1,671	\$1.9	\$1,119
Rice University	6,662	\$5.8	\$872
The Cooper Union	938	\$0.8	\$851
Wellesley College	2,392	\$1.9	\$807
Bowdoin College	1,806	\$1.5	\$806
Dartmouth College	6,335	\$5.0	\$782
University of Notre Dame	12,266	\$9.4	\$762
Baylor College of Medicine	1,563	\$1.2	\$746
The Medical College of Wisc.	1,220	\$0.9	\$717
Washington and Lee University	2,156	\$1.5	\$717
Berea College	1,638	\$1.2	\$702
University of Richmond	3,745	\$2.4	\$633
Smith College	2,869	\$1.8	\$616
Claremont McKenna College	1,343	\$0.8	\$584
Northwestern University	18,357	\$10.4	\$568
Washington Univ. in St. Louis	13,968	\$7.9	\$562
University of Pennsylvania	22,559	\$12.2	\$541
Bryn Mawr College	1,658	\$0.8	\$510
Duke University	15,535	\$7.9	\$509
Trinity University	2,368	\$1.2	\$504
\$500,000 per student cutoff			
Emory University	13,989	\$6.9	\$493
The University of Chicago	15,427	\$7.5	\$487
Hamilton College	1,873	\$0.9	\$483
Berry College	2,137	\$1.0	\$449
Middlebury College	2,515	\$1.0	\$427
Vassar College	2,411	\$1.0	\$415
Colby College	1,879	\$0.8	\$412
Carleton College	2,045	\$0.8	\$404
Wabash College	843	\$0.3	\$403
Haverford College	1,268	\$0.5	\$403
Davidson College	1,796	\$0.7	\$398
Earlham College	1,087	\$0.4	\$391
Columbia University	25,697	\$10.0	\$389
Reed College	1,397	\$0.5	\$386
Harvey Mudd College	832	\$0.3	\$359
Whitman College	1,465	\$0.5	\$353
Colorado College	2,101	\$0.7	\$353
Macalester College	2,121	\$0.7	\$352
Brown University	9,283	\$3.2	\$349

Because the IRS has not yet issued regulations defining how investment assets will be counted, the cutoff shown here is only a rough approximation.

Endowment value can change dramatically year-to-year due to school spending, gifts or investment returns. Some institutions could attempt to stay just under the cutoff by changing their enrollment or investment plans.

Sources: POLITICO staff reports; National Association of College and University Business Officers and Commonfund, “2017 NACUBO-Commonfund Study of Endowments”

By Tucker Doherty, POLITICO Pro DataPoint

Click here for more information about DataPoint, and an Account Manager will follow up shortly.