

# Recent History

- Congressional committees asked 56 colleges and universities with large endowments for information in February.
- New York Rep. Tom Reed proposed new spending requirements for colleges and universities with endowments over \$1 billion.
- House Ways and Means Subcommittee on Oversight scheduled a hearing on endowments for Tuesday, Sept. 13.

# Context

- Broadly, scrutiny centers on the idea that colleges and universities have raised tuition sharply even as their endowments rise in value.
- Endowment spending is often being compared to foundation spending.
  - College, university and foundation endowments are not taxed.
  - Generally, private foundations have to charitably spend at least 5 percent of their investment assets every year.
  - College and university endowments aren't bound by that rule.

# The Education Trust Report

- Broke down 67 private, nonprofit institutions with more than \$500 million in endowment assets.
- Found 35 institutions didn't meet the 5 percent endowment spending benchmark in 2013.
- Ran the numbers to see what would happen if those institutions boosted spending to 5 percent, then put the extra money toward low-income students.
  - It would free up \$418 million.
  - That's tuition for 2,376 students or an average net price cut of \$8,000 per year.