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Allison Garrett Examines Proposed University Endowment Tax Changes for University Business

Spencer Fane attorney Allison Garrett's article, Snares in the Proposed Endowment Tax, was recently published in *University Business*, a preeminent publication for higher education leadership.

In the piece, Allison examines a proposed amendment to Internal Revenue Code Section 4968 to increase the excise tax on net investment income for certain university foundations. She outlines the tax rates for institutions that meet the criteria, included vs. excluded assets, and how to calculate endowment per student.

"Taxing endowment income hurts college and university students," Allison opines. "A recent [National Association of College and University Business Officers] study of endowments found that about half of the $30 billion spent in fiscal year 2024 went to students. A reduction in student support, combined with higher prices as institutions struggle to maintain buying power, will result in fewer students receiving the aid they need to complete degrees."

A recent addition to Spencer Fane, Allison plays a critical role in the firm's higher education practice, resolving complex regulatory, administrative, operational, and transactional issues specific to public and private universities. Supported by a decadeslong track record of success in legal, educational, and leadership roles, she has held prominent positions in government, at a multinational retail corporation, and at the highest levels of several higher education institutions.

Read Allison's full article here.