House Budget Committee Republicans Potential Offsets

In January, House Budget Committee Republicans assembled a menu of options and cost estimates for the Republicans' reconciliation package that spans 11 committees. This document identifies proposals from the 50-page document that could impact colleges and universities. Click here to see the full document.

Ways and Means

Energy

Repeal Title I of IRA (Excluding: 45Q Carbon Sequestration, 45U Nuclear Power, 45Z Clean Fuels, and EV Tax Credit) ***(Page 6)***
$404.7 billion in 10-year savings
Reducing 45Q, 45U, and 45Z would streamline and reduce government intervention in the energy industry that props up the green energy sector and distorts market competition.

Close the EV credit leasing loophole ***(Page 6)***
$50 billion in 10-year savings
Closing the EV credit leasing loophole ensures that only EV buyers, not lessees, receive tax credits, preserving integrity of the program and preventing misuse of taxpayer dollars.

Repeal Green Energy Tax Credits ***(Page 7)***
Up to $796 billion in 10-year savings
This option would repeal credits created and expanded under the Inflation Reduction Act. These credits are related to clean vehicles, clean energy, efficient building and home energy, carbon sequestration, sustainable aviation fuels, environmental justice, biofuel, and more. The full cost of the IRA provisions is about $329 billion, which becomes about $800 billion when paired with the tailpipe emission rule designed to dramatically increase the uptake of EVs and EV credit use. Based on political will, there are several smaller reform options available (starting as low as $3 billion) that would repeal a smaller portion of these credits.

Endowments

Endowment Tax Expansion to 14 Percent Rate ***(Page 8)***
$10 billion in 10-year savings
The 2017 Tax Cuts and Jobs Act (TCJA) imposed a new tax on a small group of private nonprofit colleges and universities. Institutions enrolling at least 500 students that have endowment assets exceeding $500,000 per student (other than those assets which are used directly in carrying out the institution's exempt purpose) pay a tax of 1.4 percent on their net investment income. In 2022, the tax raised $244 million from 58 institutions. This would raise that rate to 14%.

H.R. 8913, Increase Applicability of Endowment Tax ***(Page 8)***
$275 million in 10-year savings

H.R. 8913 adjusts the criteria for which students are counted when determining whether a private college or university is subject to an excise tax on its net investment income. This bill incentivizes universities that receive generous U.S. federal tax benefits to either enroll more American students or spend more of their endowment funds on those students to avoid being subject to the endowment tax. This bill would subject roughly 10 to 12 additional schools to the Endowment Tax, all of which could avoid the tax by admitting more American students or spending down their endowments.

H.R. 8914, University Accountability Act *(Page 8)*
No budgetary effects
H.R. 8914, marked up by the Ways and Means Committee on July 9, 2024, would enact penalties for colleges and universities that violate students' rights under Title VI of the Civil Rights Act (which applies to educational institutions and protects against discrimination). It was ordered reported favorably by a vote of 24 yeas (you and 23 other Republicans) and 12 nays (all Democrats).

Nonprofits and Charitable Giving

Repeal SALT Deduction *(Page 8)*
$1.0 trillion in 10-year savings relative to TCJA extension
This option would eliminate both the individual and business State and Local Tax deduction. Currently, the cap is $10,000. After 2025, this limitation will expire.

Make $10k SALT Cap Permanent, but Double for Married Couples *(Page 9)*
$100-$200 billion cost relative to TCJA extension
This option would extend the $10k SALT cap but double it for married couples.

$15k/$30k SALT Cap *(Page 9)*
$500 billion cost relative to TCJA extension
This option would cap the SALT deduction at $15k for individuals and $30k for married couples.

Eliminate Income/Sales Tax Deduction Portion of SALT *(Page 9)*
$300 billion cost relative to TCJA extension
This option would eliminate deductibility of state and local income or sales taxes from the SALT deduction, making only property taxes SALT deductible. The $10k SALT cap would expire as scheduled in current law.

Eliminate Nonprofit Status for Hospitals
$260 billion in 10-year savings (Page 9)
More than half of all income by 501(c)(3) nonprofits is generated by nonprofit hospitals and healthcare firms. This option would tax hospitals as ordinary for-profit businesses. This is a CRFB score.

Eliminate Exclusion of Interest on State and Local Bonds
$250 billion in 10-year savings (Page 9)
Interest earned on municipal bonds is currently excluded from taxable income.
This option

End Tax Preferences for Other Bonds (Page 9)
$114 billion in 10-year savings

This option would eliminate the exclusion of interest earned on private activity bonds, Build America bonds, and other non-municipal bonds.

Eliminate Deduction for Charitable Contributions to Health Organizations ***(Page 10)***
$83 billion in 10-year savings
Taxpayers can deduct contributions to qualifying health organizations (patient advocacy groups, professional medical associations, and other U.S.-based charitable organizations with 501(c)(3) tax status) from their taxable income. This option would remove the deduction for contributions to health organizations, generating $83 billion in savings over 10 years.

Eliminate the Death Tax ***(Page 14)***
$370 billion in 10-year costs
Estates exceeding a certain value are subject to federal tax. The TCJA doubled the estate tax exclusion. The 2023 exclusion amount is $12.9 million per person ($25.8 million for married couples). This option would eliminate the federal estate tax.

Higher Ed Tax Credits and Other Incentives

Eliminate the American Opportunity Credit
$59 billion in 10-year savings (Page 9)
The American opportunity tax credit (AOTC) is a credit for qualified education expenses paid for an eligible student for the first four years of higher education. Taxpayers can get a maximum annual credit of $2,500 per eligible student. This option would repeal the credit.

Eliminate the Lifetime Learning Credit ***(Page 10)***
$26 billion in 10-year savings
The Lifetime Learning Credit ("LLC") provides a nonrefundable tax credit equal to 20 percent of qualified tuition and related expenses of the taxpayer that do not exceed $10,000. This option would repeal the credit.

Eliminate Exclusion of Scholarship and Fellowship Income ***(Page 10)***
$54 billion in 10-year savings
Qualified scholarships and fellowships are generally excluded from taxable income if used for tuition and related expenses. This option would make all scholarship and fellowship income taxable, increasing revenue by $54 billion over 10 years.

Eliminate Deduction of Interest on Student Loans ***(Page 10)***
$30 billion in 10-year savings
Taxpayers can deduct up to $2,500 of interest paid on student loans from their taxable income. This option would eliminate the deduction for student loan interest.

Education and the Workforce

Higher Education

Repeal Biden's "SAVE" plan, streamline income-driven repayment plans
$127.3 billion in 10-year savings (Page 28)

Under this option, the Department of Education (ED) would offer borrowers two repayment plans for loans originated after June 30, 2024: the currently available 10-year repayment plan and a new income-driven repayment (IDR) plan.
This option would eliminate all other plans, including the Saving on a Valuable Education (SAVE) Plan, which is the IDR plan that was created administratively in 2023.

Limit the ED's regulatory authority ***(Page 28)***
$30 billion in 10-year savings
This option would limit the authority of the ED to issue regulations that would increase the cost of federal student loans or that would have economically significant effects (have an annual effect on the economy of $100 million or more or that would adversely affect the economy in a material way).
Establish risk-sharing requirements for federal student loans, PROMISE grants ***(Page 28)***
$18.1 billion 10-year savings
Under this policy option, postsecondary institutions would be required to make annual payments, called risk-sharing payments, in order to participate in the federal student loan program.
Those payments would be the main source of funding for the Promoting Real Opportunities to Maximize Investments and Savings in Education (PROMISE) grants, which would be made to eligible postsecondary education institutions to help improve affordability and promote success for students.

Reform Gainful Employment ***(Page 28)***
TBD 10-year savings
This policy option would establish minimum levels of performance (i.e. expanding Gainful Employment) for programs to participate in Title IV federal student aid programs.

Repeal Biden closed school discharge regulations ***(Page 29)***
$4.9 billion in 10-year savings
This option would repeal a Biden administration rule that established a standard process for discharging loans made to borrowers who attended schools that closed, thus increasing the likelihood of loan discharge for those borrowers.

Repeal Biden borrower defense to repayment discharge regulations ***(Page 29)***
$9.7 billion in 10-year savings
This option would partially repeal a Biden administration rule that made it easier for a borrower to discharge loans as a result of a school's misconduct, including, for example, misrepresentation of student outcomes.

Repeal 90/10 rule ***(Page 29)***
$1.6 billion in 10-year costs
This option would repeal the requirement that for-profit institutions receive no more than 90 percent of their revenue from federal financial aid, including veterans' education benefits.

Reform Public Service Loan Forgiveness (PSLF) ***(Page 29)***
TBD 10-year savings
This option would allow the Committee on Education and the Workforce to make much-needed reforms to the PSLF, including limiting eligibility for the program.

Sunset Grad and Parent Plus loans ***(Page 29)***

TBD 10-year savings
This option would eliminate parent PLUS loans, which are offered to parents of dependent undergraduate students, and grad PLUS loans, which are offered to graduate students and students enrolled in professional programs.
This option would generally eliminate such loans to new borrowers beginning on July 1, 2025, and would eliminate the program altogether by 2028.

Establish new annual and aggregate loan limits for unsubsidized undergraduate and graduate loans *(Page 30)*
TBD 10-year savings
Accompanying the above option, beginning on July 1, 2025, this option would amend loan limits for unsubsidized graduate and undergraduate loans.
In total, CBO estimates this and the former option would reduce direct spending by $18.7 billion.

Amend the need analysis formula used to calculate federal student aid eligibility
TBD 10-year savings (Page 30)
This option would amend the need analysis formula to calculate federal student aid eligibility using the median cost of attendance of similar degree programs nationally instead of the cost of attendance of a student's individual program.

End in-school interest subsidy *(Page 30)*
TBD 10-year savings
Currently, the government pays the interest that accrues on a student loan while the borrower is still enrolled in school full-time, essentially meaning the student does not have to pay interest on their loan while actively studying. This policy option would eliminate this arrangement.

Allow borrowers to rehabilitate their loans a second time *(Page 30)*
$138 million in 10-year costs
This option would allow borrowers who default on their loans to be eligible for a second rehabilitation loan, which allows borrowers to exit default by making nine one-time payments.
Under current law, borrowers can rehabilitate their loans just once.

Eliminate interest capitalization *(Page 31)*
$3.8 billion in 10-year costs
Interest capitalization is when unpaid interest is added to the principal balance of a federal student loan. This good governance option would eliminate interest capitalization.

Reform Pell Grants *(Page 31)*
TBD 10-year savings
This option would allow the Committee on Education and the Workforce to make reforms to the Pell program, such as capping grants at the median cost of attendance and/or expanding Pell grant eligibility to short-term credential programs.

Health

Improve Uncompensated Care (Page 1)
Up to $229 billion in 10-year savings

Medicare currently provides additional financial support to hospitals that serve a disproportionate share of low-income patients related to uncompensated care. These payments are limited to hospitals, which fails to acknowledge the amount of uncompensated care delivered in non-hospital settings. This policy reforms uncompensated care payments by removing the payment from the Medicare Trust Fund and establishing a new uncompensated care fund that will equitably distribute payments to providers based on their true share of charity care and non-Medicare bad debt.

Reform Graduate Medical Education (GME) Payments (Page 2)
Up to $10 billion in 10-year savings
Reform Medicare graduate medical education (GME) payments. Enact H.R. 8235, Rural Physician Workforce Preservation Act reported out of the Ways and Means Committee on May 8, 2024. The bill would ensure that 10 percent of newly enacted GME slots would go to truly rural teaching hospitals. Also include a policy that would decrease excess GME payments to "efficient" teaching hospitals.

Repeal DACA Obamacare Subsidies Final Rule (Pages 2-3)
$6 billion in 10-year savings
In May 2024, the Biden Administration finalized a rule that would allow DACA recipients to enroll in subsidized marketplace and basic health program (BHP) plans. The rule expands eligibility by modifying the definition of "lawfully present" to include DACA recipients.

Block Grant GME at CPI-M (Pages 4-5)
Up to $75 billion in 10-year savings
The Federal Government spends more than $20 billion annually in the Medicare and Medicaid programs to train medical residents with little accountability for outcomes. GME reform has been recommended by the independent Medicare Payment Advisory Commission (MedPAC) and included in past presidential budgets. This policy streamlines GME payments to hospitals, while providing greater flexibility for teaching institutions and states to develop innovative and cost-effective approaches to better meet our nation's medical workforce needs.

Judiciary

Immigration Fees *(Page 44)*
$5-20 billion in 10-year savings
Judiciary is open to dialing up any and all immigration related fees in their jurisdiction to hit a desired reconciliation target.

Extend and Increase Customs User Fees *(Page 44)*
$25 billion in 10-year savings
The Customs User Fees are collected by CBP for inspecting cargo and people. This option would extend the fees through the 10-year window and increase them by 25 percent.