



May 19, 2025

The Honorable Buddy Carter
U.S. House of Representatives
2432 Rayburn House Office Building
Washington, DC 20515

Dear Representative Carter,

I write to express Emory's concerns about the impact of the Reconciliation package currently moving through the U.S. House of Representatives. We very much appreciate the goal of returning tax dollars to the pocketbooks of hard-working Americans. However, the revenue raisers contained in this Reconciliation package would have profound negative consequences for Emory's mission. In addition to impacting our students and patients, this legislative package is likely to result in constrained growth, or even reductions, at Emory. This would have state-wide economic impacts because Emory is a major employer in Georgia.

Emory has been a good steward of the American taxpayer dollars we receive to support education, research, and healthcare. We look forward to working with Members of Congress to improve the package as it moves through the legislative process.

Tax Provisions

Sec. 11201, Modification of the endowment tax

The net investment income excise tax, the so-called endowment tax, undermines Emory's philanthropic efforts to support scholarships and research by diverting resources from mission-critical activities. The legislation would make substantial changes to the endowment tax, impacting certain private universities like Emory, *as well as our healthcare system*. The proposed increase in the tax could result in a four-fold increase in the tax liability Emory pays — from a rate of 1.4 percent to 7 percent which, in FY2025, would result in a \$36 million tax bill. That equates to 395 full scholarships that Emory would not be able to award each year.

While tax policy is often meant to incentivize behavior, this legislation advances a punitive approach to higher education. It penalizes the donor-university relationship and will result in fewer institutional resources available for financial aid and scholarships and a decrease in funding to conduct innovative biomedical research.

Instead of this current provision, we have proposed that Congress leverage the tax to motivate universities to meet annual metrics related to access, affordability and loan debt. We support efforts to count all students (medical, resident, international, etc.) in the calculation of the tax, modify the newly proposed tax brackets, and index those brackets to inflation.

In addition, we urge eliminating the inclusion of royalty income — defined as royalty income from intellectual property developed with any federal funds — even if such income would otherwise be exempt. This provision is a significant disincentive to what research universities need to be doing more of: increasing the return-on-investment of federal tax dollars for research. Taxing royalty income decreases the incentive to develop, and bring to market, life-saving medical treatments, such as Emory’s invention of Molnupiravir (treatment for COVID-19), Sofosbuvir (treatment for hepatitis C), and Emtricitabine and Lamivudine (treatments for HIV/AIDS) among many others.

Emory continues to be concerned about the impact of this tax on our healthcare system, the most comprehensive academic health system in the state of Georgia. A significant portion of Emory’s endowed funds are dedicated to healthcare research and patient care. In meetings across the Hill, we have been assured that this is an unintended consequence. We know it was not the intent of the late Senator Johnny Isakson, who sought to remove Tier 2 endowed funds from the tax. Unfortunately, the IRS had a different interpretation. We continue to believe that we have a case for exclusion from the tax.

Federal Student Aid Provisions

Access to Federal Student Loans

For almost 20 years, Emory has been committed to reducing student debt, and with the expansion of our Emory Advantage program in 2022, we eliminated need-based loans and replaced them with endowment-supported grants and scholarships for our students most in need of financial aid. However, when those students move into graduate and professional programs, they rely on federal loans. Grad PLUS has been a pathway for students from modest means to access Emory’s world-class graduate and professional programs. With a very low default rate of about 1.4%, our students have used Grad PLUS as a springboard to excellent careers. Eliminating Grad PLUS will cut off this vital pathway for our students who become doctors, nurses, and ministers. Both Emory and our students have been responsible stewards of federal taxpayer dollars, but the provisions laid out in the reconciliation package would work to undo decades of our commitment to reducing student debt and preparing students to give back to the state of Georgia.

Median Cost of each program

Despite implementation of net price calculators and other cost calculators, we know that understanding the net cost vs. the sticker price of higher education takes time. However, creating a “median cost” for every program of similar description will complicate this beyond nearly everyone’s ability. Lost in the conversation around cost are the hundreds of millions of dollars Emory spends to meet each student’s full demonstrated need and eliminate need-based loans.

Put simply, while Emory’s median sticker price for some programs is high, Emory’s actual cost (net cost) for low-income students is lower than public universities and community colleges in the University System of Georgia.

Risk-sharing

Emory's students benefit from a world-class education. They learn, graduate, and move into rewarding careers at some of the highest rates in the country. Despite a default rate of 1.4%, the cost of covering those defaults will be in the millions of dollars — funds that would otherwise be spent on providing need-based aid to our students.

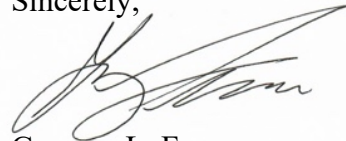
Medicaid Provisions

As Georgia's most comprehensive academic health system, we care for all who walk through our doors. In addition to our DSH hospitals like Emory University Hospital Midtown, Emory Decatur Hospital, and Emory Hillandale Hospital, we are proud that Emory partners with and provides physician staffing and training at Grady Memorial Hospital, which operates one of the busiest Emergency Departments in the country. As an academic health system, we treat the sickest patients in Georgia, and we offer services that no other provider in the state does. Without Emory Healthcare, Georgians would have to leave the state to receive care when they are at their sickest.

As Congress considers changes to the Medicaid program, we ask you to ensure that Georgia's record of responsible and efficient Medicaid funding does not place us at a disadvantage compared with other states. Emory and over 20 other teaching hospitals were grateful to have received support from a bipartisan majority of the delegation as Georgia applied for the directed payment program, Georgia STRONG. Portions of this program are being reinvested in the future of the healthcare workforce across the entire state. The currently proposed freeze on provider taxes will disadvantage Georgia because we have one of the lowest provider taxes in the country. We also want to ensure that programs like Georgia STRONG can continue beyond the current annual renewal based on performance outcomes — not artificial spending caps. We look forward to working with Congress to implement changes to help make sure we can continue to care for Georgians no matter their ability to pay.

In conclusion, we know the package includes many provisions but appreciate your attention to those highlighted above, which would have a detrimental impact on Emory, our students and patients, and, ultimately, Emory's ability to serve Georgia. We look forward to working with you and your colleagues to improve this bill as it moves forward.

Sincerely,



Gregory L. Fenves
President
Emory University



May 19, 2025

The Honorable Raphael Warnock
United States Senate
717 Hart Senate Office Building
Washington, DC 20510

Dear Senator Warnock,

I write to express Emory's concerns about the impact of the Reconciliation package currently moving through the U.S. House of Representatives. We very much appreciate the goal of returning tax dollars to the pocketbooks of hard-working Americans. However, the revenue raisers contained in this Reconciliation package would have profound negative consequences for Emory's mission. In addition to impacting our students and patients, this legislative package is likely to result in constrained growth, or even reductions, at Emory. This would have state-wide economic impacts because Emory is a major employer in Georgia.

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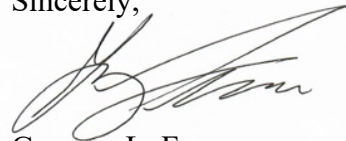
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