



## House Reconciliation Bill Would Hurt Students, Patients, Higher Education May 2025

### Overview

As currently drafted, the House reconciliation bill would impose significant costs on universities and medical enterprises, and make higher education and health care coverage less affordable and accessible for our students and patients. Below is an overview of provisions in the bill that are of greatest concern, along with some provisions that would have a positive impact.

### Education

- **Imposes new “risk-sharing” requirements** on universities based on a student outcome formula that disadvantages schools that enroll many low- and moderate-income students. While some universities would receive PROMISE grants, according to data from the Association of Public and Land-grant Universities, the net impact of these provisions would cost Illinois colleges and universities \$90.6 million annually, making the state the fourth-biggest “loser.”
  - *These provisions would cost the U of I System roughly \$6.2 million annually.*
- **Limits Pell Grant eligibility** by defining “full-time” as 30 semester credit hours (up from 24 in current law) per academic year of enrollment. In addition, rather than receiving a pro rata reduction in their award, students with <15 credit hours would no longer be eligible for Pell (unless they qualify for new workforce Pell Grants). The Congressional Budget Office estimates that raising the full-time enrollment threshold for Pell Grants will result in more than half of students receiving smaller grants.
  - *20,800 students U of I System students received Pell Grants totaling \$116.3 million in AY2023-24.*
  - *We estimate that these changes would result in a roughly \$4M Pell reduction for U of I System students in fall semester alone (\$1.6M for UIUC, ca. \$2M for UIC, \$445K for UIS).*
- **Eliminates Grad PLUS loans and restricts Parent PLUS loans.** The Grad PLUS program allows graduate and professional students (e.g. business, medical, dental, or law) to finance their education without turning to more costly private loans that offer fewer borrower protections.
  - *In AY2023-24, 4,491 U of I System students received \$111.4 million in Grad PLUS loans.*

- **Eliminates subsidized direct Stafford student loans.**
  - **12,681 U of I System students received \$52 million in subsidized loans in AY2023-24.**
- **Limits need-based federal aid** to the median cost of college – which would be determined on a program-by-program basis across all institutions offering that program – instead of the actual cost of attendance at a specific institution.
- Positive provision:
  - Provides \$10.51 billion to address Pell shortfall.

More information on education provisions in the House reconciliation bill can be found [here](#).

### **Health Care and Coverage**

The legislation includes a **major reduction in healthcare spending and substantial changes to the Medicaid program**. As 50% of UI Health’s patients are Medicaid enrollees, the proposed changes would be harmful to our patients and would result in significant financial and administrative burdens on UI Health, including more uncompensated care. Medicaid patients typically experience high medical acuity, and any changes to their eligibility or financial obligation could result in patients choosing to delay or forgo care, exacerbating their condition and leading to poor health outcomes.

### **Agriculture and Nutrition**

- **Eliminates the SNAP-Education program.** This program provides vital support for nutrition education and food access across the state and country.
  - ***The U of I System (Extension and UIC) received \$19.8 million last year to implement [IL’s SNAP-Education program](#); the funding supported 327 employees/225 FTEs.***
- Positive provision:
  - Provides \$1.125 billion over nine years for the Research Facilities Act to support agricultural research infrastructure needs.

### **Taxation**

The bill would impose new taxes on university operations, and limit students’ access to education tax credits:

- Removes Unrelated Business Income Tax (UBIT) exemption for **nonprofit parking/transportation benefits**.
- Removes UBIT exemption for **income from non-publicly available research**.

- Limits the **American Opportunity Tax Credit and the Lifetime Learning Credit** to students with a Social Security number.
- Increases **endowment taxes** for private universities and philanthropic foundations. While these provisions would not directly impact public universities, they would disincentivize charitable giving and make higher education less accessible.
- Positive provisions:
  - Restores a temporary (three year) deduction for non-itemizing taxpayers up to \$150 for individuals and \$300 for couples.
  - Indexes to inflation the current cap of \$5,250 on the amount of tax-free educational benefits employers can provide under Sec. 127.