



Impact of Recent Federal Legislation on Higher Education Update

July 18, 2025



UTAH
SYSTEM OF
HIGHER
EDUCATION

Workforce Pell Grants

H.R. 1: One Big Beautiful Bill Act

- Will provide Pell Grants to eligible students in workforce-aligned programs lasting 150-600 hours (or credit equivalent), delivered over the course of 8-15 weeks
- Process for approval involves Governor and Board assessing workforce alignment and industry demand to recommend programs for consideration by the Department of Education
- Initial internal analysis estimates that approximately 30 programs across USHE could be newly eligible

Other Pell Grant and FAFSA Changes

H.R. 1: One Big Beautiful Bill Act

- Prevents students from receiving Pell Grant if scholarship(s) cover the full cost of attendance (direct and indirect costs)
- Reinstates small business and family farm exceptions in FAFSA need calculation
- Adds \$10.5 billion in mandatory funding to avoid Pell Grant shortfall
- House's proposed changes to enrollment-based Pell Grant eligibility were **not** included in the final version of the bill

Federal Student Loan Changes: Borrowing

H.R. 1: One Big Beautiful Bill Act

- Eliminates Graduate PLUS Loans
- Introduces new caps on graduate student, professional student, and Parent PLUS Loan borrowing
- Sets a \$257,500 lifetime student aggregate borrowing cap
- Institutions may set their own program-level loan limits

	Undergraduate Student Loans	Graduate Student Loans	Professional Student Loans	Parent PLUS Loans
Annual Limit	No change, varies by academic year and loan type.	\$20,500	\$50,000	\$20,000 per dependent student
Aggregate Limit	No change, varies by academic year and loan type.	\$100,000	\$200,000	\$65,000 per dependent student

Federal Student Loan Changes: Repayment

H.R. 1: One Big Beautiful Bill Act

- Consolidates federal student loan repayment into two options

Repayment options for loans starting 7/1/2026	Repayment options grandfathered-in for existing loans	Repayment options eliminated
<p>Loans issued 7/1/2026 or later must be repaid using one of these options:</p> <ul style="list-style-type: none">• Standard Repayment Plan• Repayment Assistance Plan (RAP)	<p>Borrowers on these repayment plans may remain enrolled in their plan or can opt into RAP:</p> <ul style="list-style-type: none">• Standard• Income-Based• Graduated• Extended	<p>Borrowers on these repayment plans must select a different repayment plan by July 1, 2028, otherwise they will be automatically moved onto RAP:</p> <ul style="list-style-type: none">• Income-Contingent (ICR)• Pay as You Earn (PAYE)• Saving on Valuable Education (SAVE)

Institutional Accountability Measures

H.R. 1: One Big Beautiful Bill Act

- “Do no harm” standard will measure outcomes of program-completing students to determine if the majority of completers:
 - In a given undergraduate program, earn more than the median high school graduate in the state (25-34 years old)
 - In a given graduate program, earn more than the median bachelor’s degree recipient in the same field in the same state (25-34 years old)
- Consequences for failing to meet these standards:
 - **For one year**, program must provide certain disclosures to students
 - **For two years in a three-year period**, program loses federal student loan eligibility, with the option to reapply for eligibility after two years

“Trump Accounts”

H.R. 1: One Big Beautiful Bill Act

- Index fund investment accounts parents can open at a bank of their choice on behalf of minor children
- \$1,000 seed contribution from federal government for U.S. citizens born between 2025 and the end of 2028
- Becomes a traditional IRA when the child turns 18, money can be withdrawn for certain eligible expenses, including higher education

Tangential Impacts for Higher Education

H.R. 1: One Big Beautiful Bill Act

Changes to Medicaid and the Supplemental Nutrition Assistance Program (SNAP) will result in significant new cost burdens for states starting over the next several years— examples include:

- States are required to cover up to 75% of SNAP administrative costs
- States are required to contribute 5% - 25% of SNAP benefit payments
- States must track, verify, and enforce new Medicaid work requirements (administrative costs)
- Restrictions on states' ability to use provider taxes

Assessment of **Signed Version** Budget Reconciliation Act

Impacts on U of U Health Medicaid Payments

(H.R. 1: “*The One Big Beautiful Bill*”)

	Effective Date	UUHC	UUMG	UUSOD	UUHP
Work Requirements for select Medicaid members (Section 71119)	January 1, 2027 (Utah is seeking work requirement waiver that could begin as soon as Jan. 1, 2026)	<ul style="list-style-type: none"> Slight Reduction in Medicaid coverage Additional support to help members keep coverage. <p>\$1 million annually</p>	Same as UUHC <\$250k annually	Same as UUHC <\$250k annually	Same as UUHC <\$250k annually
Retroactive Coverage reduced from 3 months to 1 or 2 months based on group (Section 71112)	January 1, 2027	<ul style="list-style-type: none"> Slight Reduction in Medicaid coverage Additional support to get on-site applications done sooner <p>\$600k annually</p>	Minimal, if any	No impact	No impact
State Directed Payments (SDPs) New SDPs limited to Medicare payment level Existing payments gradually reduced to Medicare level (Section 71116)	Date of Enactment for new SDPs January 1, 2028 for the reduction of current SDPs based on rating period (July 1 in Utah)	<ul style="list-style-type: none"> Prevents payments from growing over time Grandfathers existing payments for 3 years Reduces payments 10% every year until Medicare payment level is reached <p>\$269 million through 2035 \$50 million annually thereafter</p>	Same as UUHC \$76 million through 2035 \$15 million annually after	No impact	No impact

Beyond H.R. 1: Federal Research Funding

- **Grant cancellations:** National Institutes of Health (NIH) terminated at least 777 grants to U.S. institutions, totaling \$1.9B
- **Proposed budget cuts:** President's FY26 Discretionary Budget Request calls for cuts to federal agencies that provide research grant funding, including a proposed \$17.9 billion cut from NIH
- **Indirect cost caps:** Several agencies announced 15% indirect cost caps for research grants which, if enforced, would create significant impacts on higher education research

Indirect Cost Caps

Examples of entities that proposed 15% indirect cost cap	Status of enforcement
<u>National Institutes of Health</u> (NIH)	Not currently in effect, permanent injunction
<u>Department of Energy</u> (DOE)	Not currently in effect, preliminary injunction
<u>National Science Foundation</u> (NSF)	Not in currently effect, challenged in court and implementation deferred
<u>Department of Defense</u> (DOD)	Not currently in effect, temporary restraining order

University of Utah Research Update

Grant Cancellations

77 Grant Cancellations
\$15.5M Loss this year
\$12.9M loss in future years
Total: \$28.4M*

*Luckily, many of the terminations were grants in their last year of funding.

Proposed Agency Cuts

- NSF/NASA proposed to remain same as last year
- DOD slight increase
- NIH/HHS proposed \$17.9B budget cut
- UU research awards are ~40% by NIH
 - Total NIH for 2025 is \$294.7M

Proposed 15% Indirect Caps

- 15% Indirect Rate would result in a \$110M loss annually
- JAG group proposing new model
 - 15% plus new direct charges
 - Still modeling financial impact but estimated between \$10-\$50M