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Federal Update: House Passes One Big Beautiful Bill Act [1]

June 10, 2025 by Natalie Barry [2]

Dear Colleagues,

As you know, there is much news coming daily out of Washington D.C. One item we wanted to specifically report on is the U.S. House of Representatives passed the *One Big Beautiful Bill Act (H.R. 1)* [3] on May 22. H.R. 1 is comprehensive legislation impacting higher education, health care, tax, science, and agriculture. H.R. 1 passed via budget reconciliation, a process the majority in Congress often uses to enact large-scale legislation. The legislation advanced in the House by a vote of 215-214 [4]. The Colorado delegation voted on party lines with Reps. Hurd, Boebert, Crank and Evans voting in favor, and Reps. DeGette, Neguse, Crow and Pettersen voting against it.

The legislation now moves to the Senate for consideration, where *Politico* reports [5] Republicans expect to make substantial changes. The Senate started to release reconciliation language at the committee level last week. As a reminder, all provisions in budget reconciliation must have a positive or negative impact on the federal budget, and whether they do so is determined by the Senate Parliamentarian.

President Saliman and Chancellors Elliman, Sobanet, Schwartz and Christiansen sent letters to our Colorado House [6] and Senate [7] members regarding budget reconciliation. CU's leadership and federal relations team will continue to work with members of our delegation as this important legislation evolves and advances. We will also continue to provide our campus communities with updates on the reconciliation process and new policy proposals in the coming days and weeks.

Below is a summary of the provisions of relevance to CU included in the House-passed bill:

Higher Education

- Includes approximately $350 billion in federal education program reductions, $20 billion more than directed in the joint budget resolution.
- Increases the number of credit hours required to be considered full-time for Pell Grant eligibility from 12 to 15 credit hours per semester.
- Eliminates Pell Grants for students enrolled less than half-time,
- Sunsets subsidized loans for undergraduate students, the Grad PLUS loan program and restricts Parent PLUS loans to a $50,000 aggregate limit per parent borrower.
- Repeals income-contingent repayment plans, including the Pay-As-You-Earn (PAYE) and Saving on a Valuable Education (SAVE) plans. Establishes two repayment options: an Income-Contingent Repayment plan and a 10-year standard repayment plan, effective July 1, 2026.

- Limits graduate and professional student loan borrowing to $150,000.
- Limits the maximum amount a student can borrow over their lifetime to $200,000.
- Uses the “median cost of college” to calculate student need on a program-by-program basis. The change is expected to cap need at a figure lower than the actual cost of attendance for approximately half of institutions in the country, explains the National Association of Student Financial Aid Administrators.
- Implements a risk-sharing model that would require colleges and universities to pay for student loan defaults, a change expected to cost CU institutions more than $8 million annually.

For more information: Congressional Research Service report [8], “Amendments to the Higher Education Act in FY2025 Budget Reconciliation Legislation.”

Health Care

- Implements a moratorium on new or increased provider taxes, which would prevent states from modifying the amount, rate, or base of existing provider taxes or imposing new provider taxes.
- Establishes limits on state-directed payments (SDPs), which would cap new SDPs at Medicare levels (as opposed to the commercial rate).
    - SDPs that were submitted to or approved by CMS prior to the enactment of the legislation may continue to use the ACR as the ceiling, provided that the total payment amount under such arrangements does not increase.
- Restricts Medicaid eligibility and enrollment, including mandatory work requirements for able-bodied adults without dependents, more frequent eligibility checks for Medicaid expansion enrollees and cost-sharing for the expansion population, among other policies, effective Dec. 31, 2026.
    - Reduces the enhanced federal medical assistance percentage (FMAP) for states such as Colorado that use state-only funds to provide coverage to undocumented immigrants from 90% to 80%.

Tax

- Increases the unrelated business income tax (UBIT) tax on nonprofits, including on qualified transportation fringe benefits and executive compensation.
- Treats income generated by tax-exempt research organizations from non-public research as unrelated business income, which is subject to taxation.
- Phases out some clean energy tax credits enacted as part of the Inflation Reduction Act (P.L. 117-169).
- Rescinds $400 million in unobligated base appropriations from the Department of Energy’s Office of Energy Efficiency and Renewable Energy.
- Expands the size and scope of the endowment excise tax for private nonprofit institutions of higher education.

Other provisions

- Provides $500 million to the Department of Commerce to modernize artificial intelligence (AI) capabilities. Bans enforcement of state and local AI laws for 10 years.
- Eliminates the SNAP Nutrition Education Program (SNAP-Ed) at the Department of Agriculture.

CU's Federal Relations team is closely monitoring and strategically engaging in the budget reconciliation process. Our team works closely with the President and the Chancellors, as well as the Colorado congressional delegation and the national higher education associations. Please visit the CU System Federal Relations Legislation and Appropriations Updates [9] page for up-to-date communications.

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