WEBINAR

The Impact of OBBB on Student Basic Needs Security

How will policy changes affect student basic needs security and college affordability?

October 28
3 P.M. EST

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Today’s Context

- Ongoing federal government **shutdown** nearing record length
- November **SNAP** benefits not being disbursed
- Open enrollment for ACA health insurance marketplace begins this Saturday; **without subsidies,** 5 million could lose coverage
- Federal agencies differ greatly in their progress toward **implementing OBBB** and activities during the shutdown
- Many provisions come online over the next **two years**

What is "Reconciliation" anyway?

- ❑ Legislative maneuver to avoid the Senate filibuster, pass a bill with only **50 votes** in the Senate – a tool for partisan policymaking
- ❑ In recent history, mostly used to **increase** benefits without large cuts to other spending (e.g. 2017, 2017, 2021)
- ❑ The *One Big Beautiful Bill Act* (Public Law No. 119-21) is a **stark departure** from this pattern
- ❑ The bill cut **$1.1 trillion** from education, health, and nutrition programs while adding **$3.4 trillion** to the deficit through tax cuts

The OBBB

- OBBB was primarily a **tax bill** with “offsets”
- Permanently extended most of the 2017 *Tax Cuts and Jobs Act*
- Largely centered around cuts for wealthier taxpayers
- However, **nearly every Committee in Congress** was “reconciled” meaning broad impacts across, education, health, nutrition, defense, border/immigration, and more
- For higher education—has been called a “mini” reauthorization of the Higher Education Act

3 in 5 students experience basic needs insecurity related to **food and/or housing**.

41%

experience **food insecurity**.

48%

experience **housing insecurity**.

14%

experience **homelessness**.

Source: The Hope Center 2023-2024 Basic Needs Survey

Beyond Food & Housing

44% of students face mental health challenges

18% face transportation challenges

12% face internet/technology challenges

18% of parents face childcare challenges

Source: The Hope Center 2023-2024 Basic Needs Survey

Food costs remain high—and could rise further with tariffs

Electricity prices are climbing more than twice as fast as inflation

Rent Price Growth Still Outpacing Inflation — What That Means For You

After years of quietly falling, college tuition is on the rise again

Paying more for child care than your mortgage? You’re not alone.

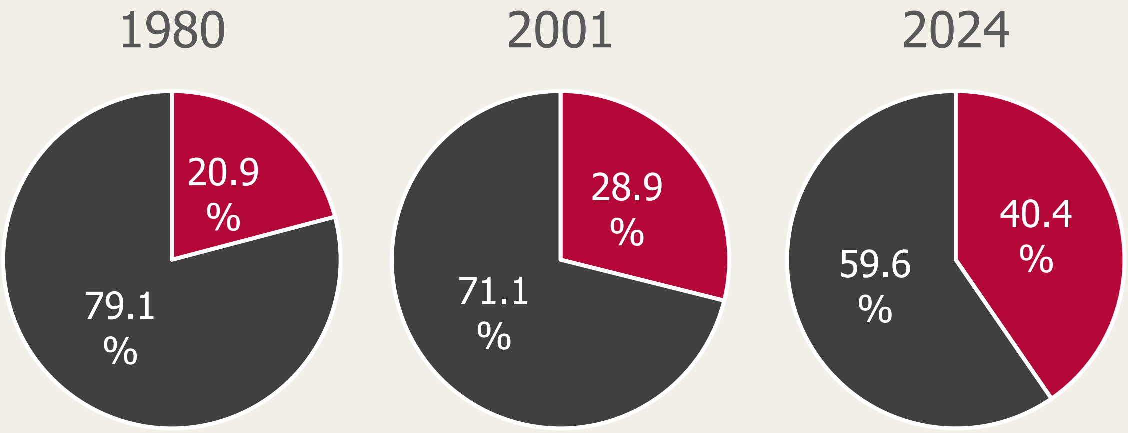
Student Housing Affordability Setting Records

Your health insurance costs are rising at the highest level since 2010. Here's why.

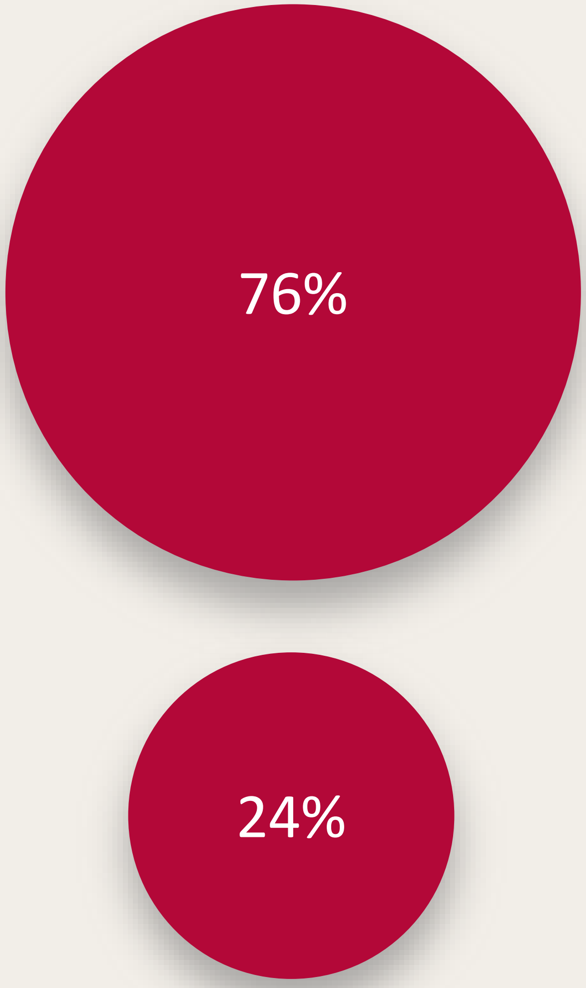
The U.S. Car Market Could Cool This Year as Tariffs Push Prices Even Higher

Insufficient State Support and Grant Aid

Share of College Costs covered by:
State Support vs. **Tuition Revenue**



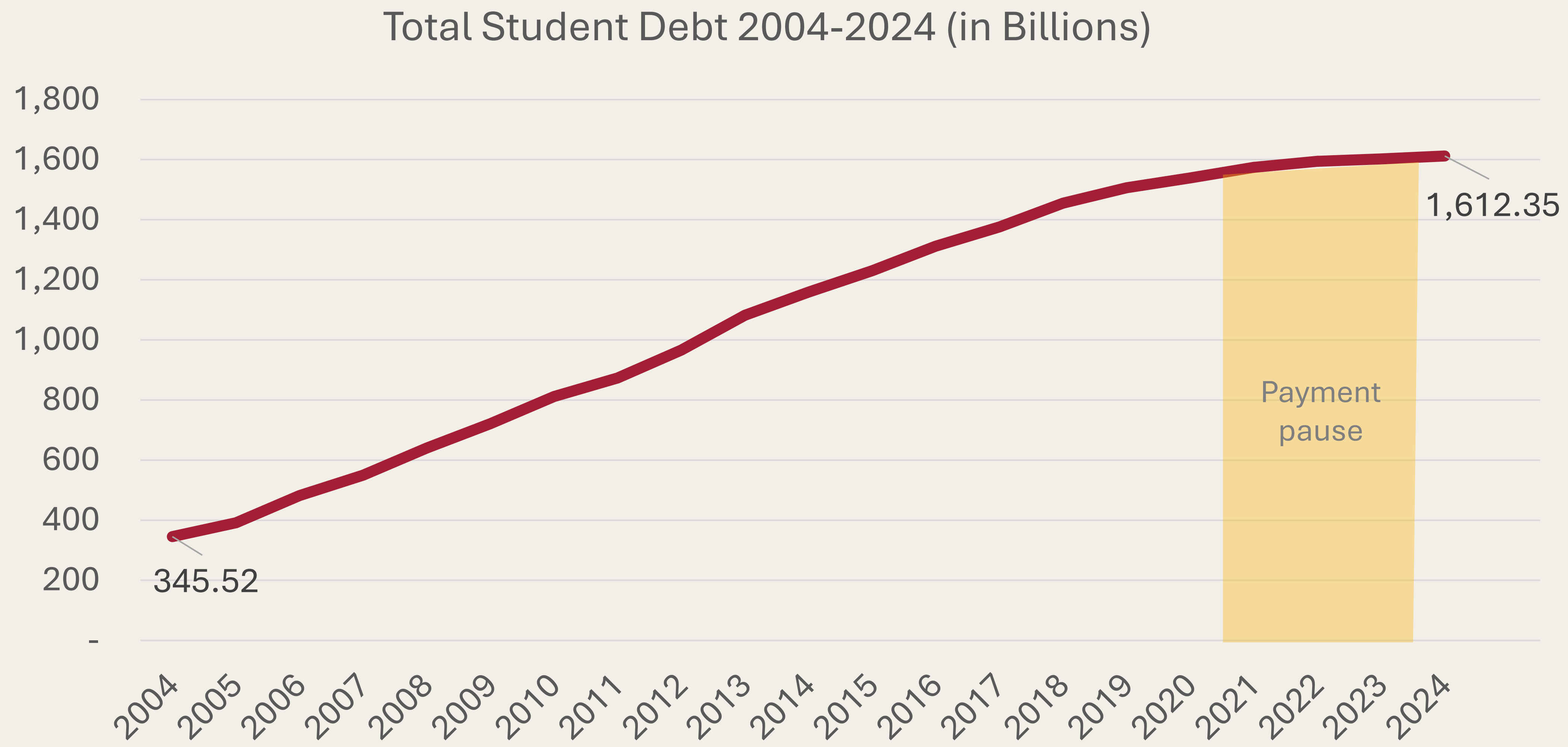
32 states are funding higher education at **lower** per-student levels than **2001**



Pell Grant as a percentage of college costs in the **1970s**

Pell Grant as a percentage of in-state public college costs **today**

Student Debt is the Consequence of the Affordability Crisis



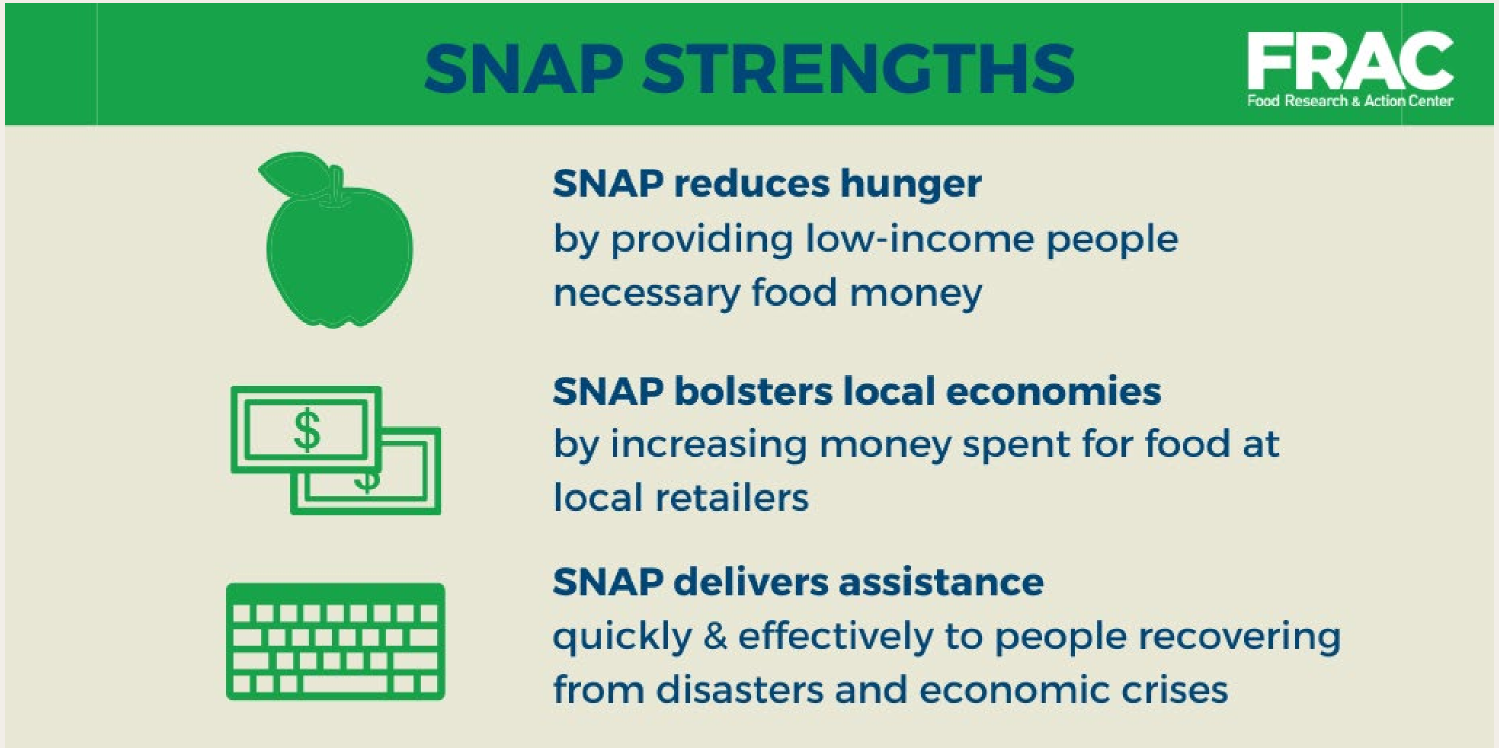
A safety net that penalizes students

- ❑ Student **SNAP** rules are complex, outdated, harmful
- ❑ **Emergency aid** is insufficient
- ❑ **Housing** supports are minimal and students are locked out
- ❑ **Child care** is expensive while availability declines
- ❑ Students face hidden **tax penalties**
- ❑ Expansions of federal support have expired (**Affordable Connectivity Program, CTC, Emergency Aid, UI, SNAP, Student Loan Payment Pause**)

SNAP Matters

Nation's first line of defense against hunger

Helped 42 million individuals with low incomes put food on the table in an average month in 2023



SNAP by the Numbers $$$

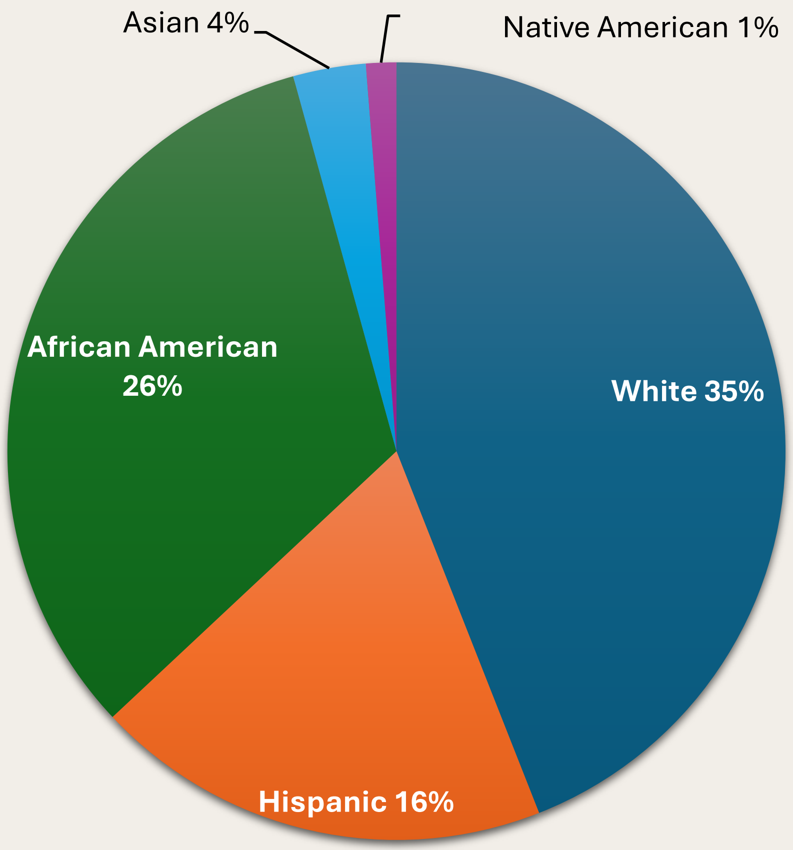
NATIONAL GROCERS ASSOCIATION

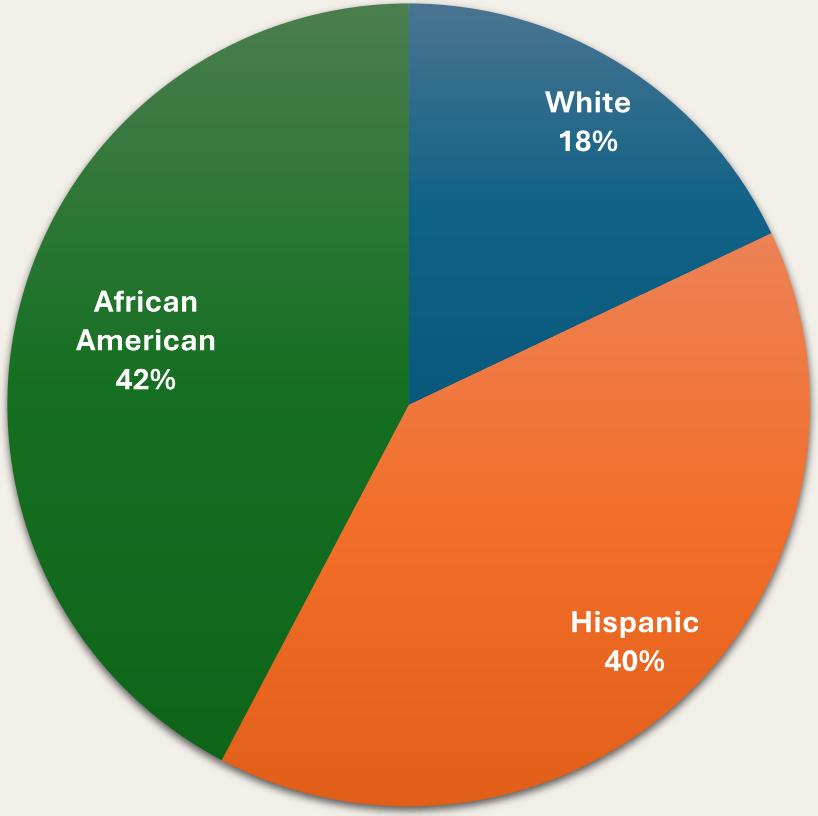
Scale of SNAP

The charitable sector can't solve hunger alone.

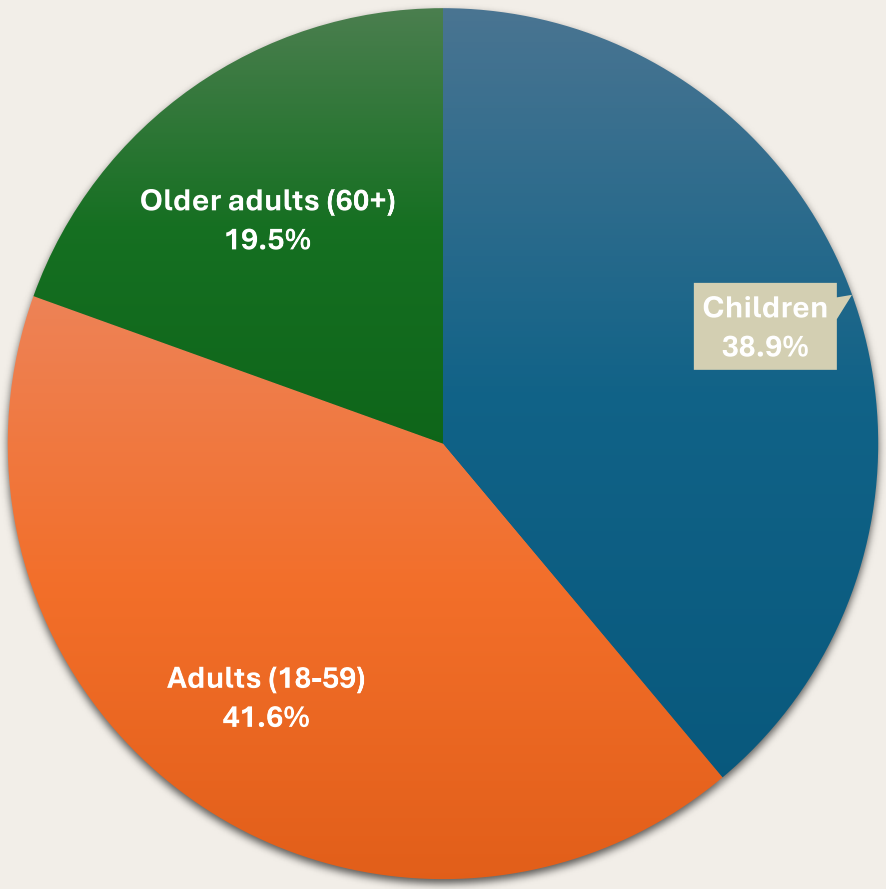
For every one meal that a food bank provides, SNAP provides 9 meals.

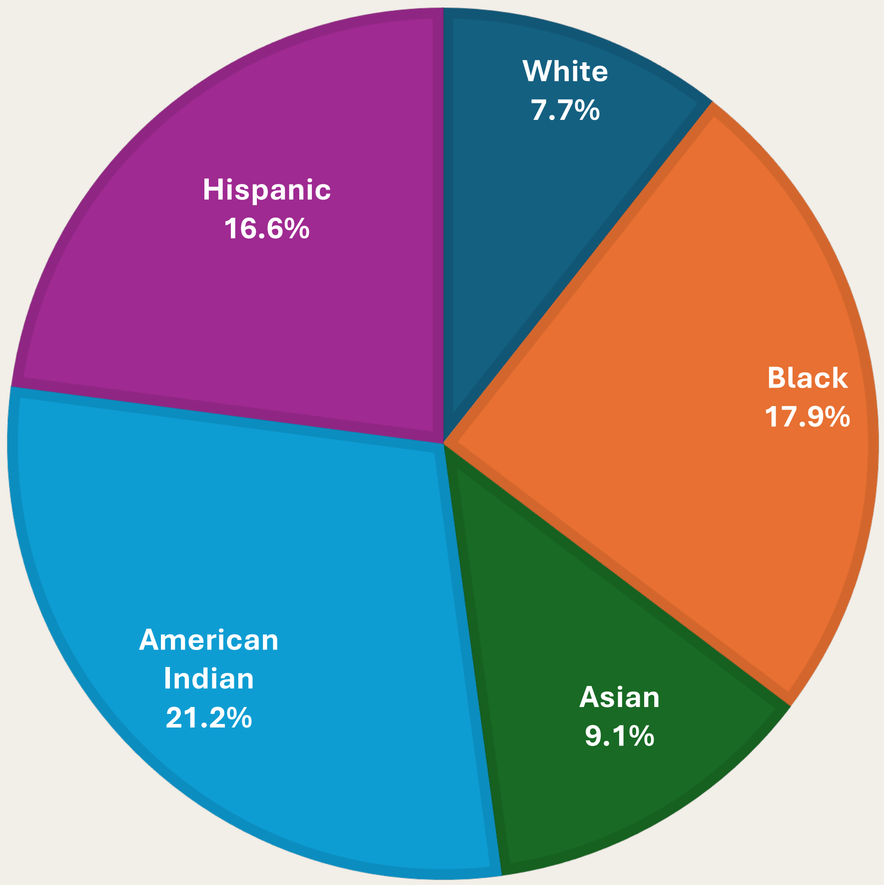
SNAP Demographics | Food Insecurity Rate





SNAP Participation Rate | Poverty Rate





New SNAP Cuts

SNAP-Ed Defunding	FY 2026 (Oct. 1, 2025)- Guidance Posted- 8/13
Expanded Time Limits & End of Waiver	July 4, 2025- Guidance Posted- 10/3
Internet Cost Exclusion	July 4, 2025- Guidance Posted- 8/15
Utility Deduction Limits	July 4, 2025- Guidance Posted- 8/15
Noncitizen Eligibility Cuts	July 4, 2025
Thrifty Food Plan Limits	July 4, 2025
Administrative Cost-Sharing	Starting FY 2027 (Oct. 1, 2026)
Cost-Sharing Shift	Effective Date: FY 2028 (Oct. 1, 2027)

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Increases administrative costs =
💵 **Funding:** More funds required
⏰ **Time:** Greater staff time
👥 **Staff:** Increased staffing needs time, more need for funds

H.R. 1 – SNAP Benefit Cost Share to States

Error Rate Range	Percent Cost Share	# of States
<6%	0%	8
6% - 7.99%	5%	6
8% - 9.99%	10%	16
>10%	15%	21

9 HSMFA States have SNAP Error Payment Rates >6%
5 HSMFA States >10%

https://www.fns.usda.gov/snap/qc/per

Top 5 Most Populous States

State	Cost-Shift Percentage	Estimated Annual Benefits (FY 2025)	State Share of Benefits	Share of Administrative Expenses	Expected Budgetary Impact
California	15%	$12.7 Billion	$1.9 Billion	$661 Million	$2.6 Billion
New York	15%	$7.9 Billion	$1.2 Billion	$745.7 Million	$1.9 Billion
Florida	15%	$7.2 Billion	$1.1 Billion	$205.1 Million	$1.3 Billion
Texas	10%	$7.6 Billion	$760.9 Million	$285.4 Million	$1 Billion
Pennsylvania	15%	$4.3 Billion	$643.5 Million	$338.7 Million	$982.2 Million

OBBBA and SNAP

No major changes to student rules/exemptions for students enrolled half-time or more, **though students will be indirectly impacted**

- Limits updates to Thrifty Food Plan (TFP), requires cost neutrality creating a **de facto cut** to future benefits
- Increases work reporting requirements from age 54 to up to age 65, impacting **older students** enrolled less-than-half-time
- Institutes new work requirements on SNAP participants with children over 14 (formerly 18), impacting **parenting students** enrolled less-than-half-time, as well as **veterans**, those experiencing **homelessness**, and **former foster youth.**
- **Increase in reporting/verification,** lack of alignment with SNAP student rules will lead to even more administrative burdens

New Burdens on State Budgets

SNAP Payment Error Rate	State Share	Number of States Impacted
Error rate below 6%	No benefit cost share requirement	8
6%-8% error rate	State required to pay 5% of SNAP benefits	6
8%-10% error rate	State required to pay 10% of SNAP benefits	16
10% or higher error rate	State required to pay 15% of SNAP benefits	20 (+ DC)

Imposes **larger administrative costs** on states (to 75% from 50%), forces states to **pay a portion of SNAP benefits** determined by error rate for the first time.

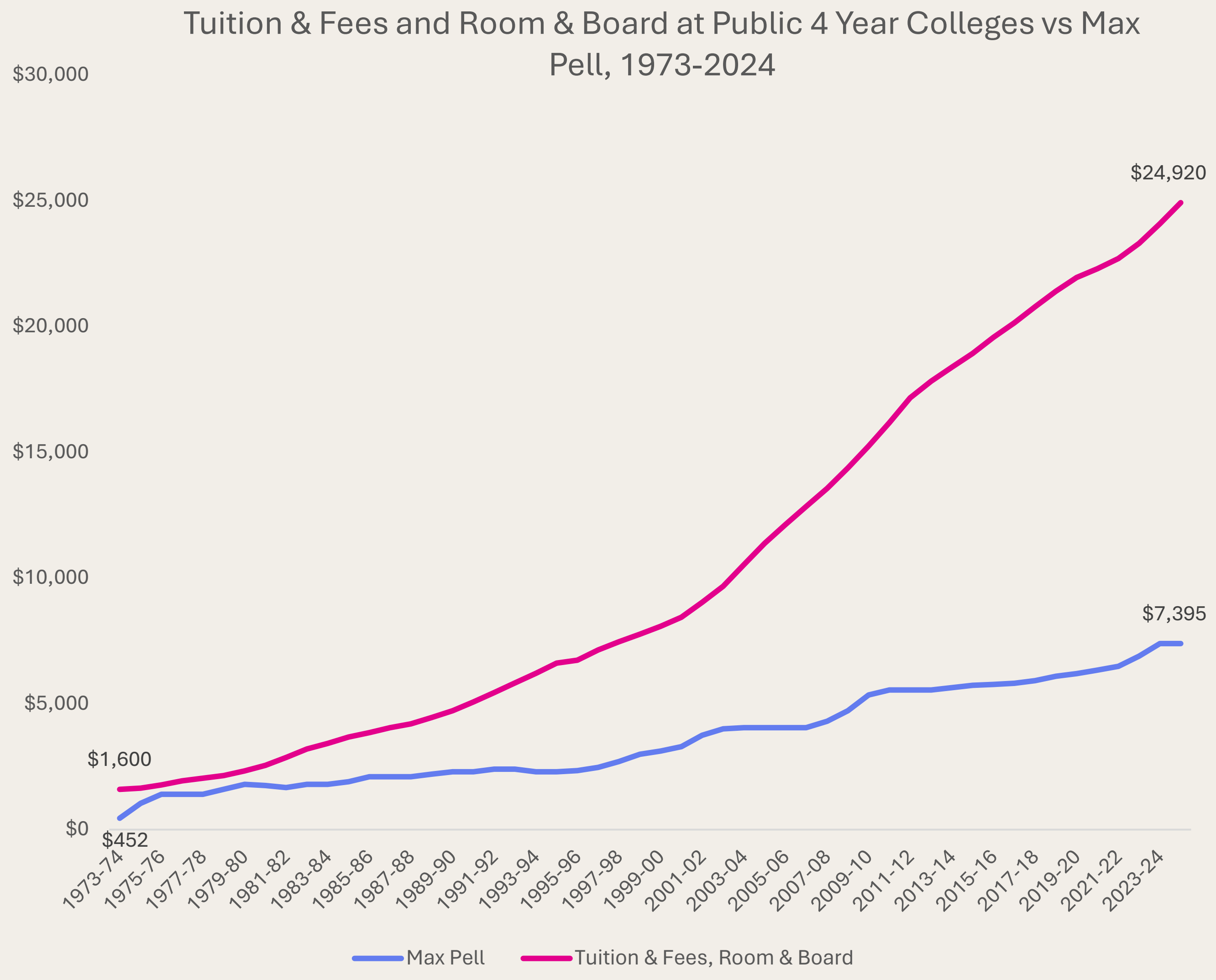
In **16** states, new SNAP cost share would be the equivalent of **over 10%** of annual higher education funding.

New Medicaid **cost-sharing provisions** on enrollees, severely decreases states’ ability to fund Medicaid through provider taxes.

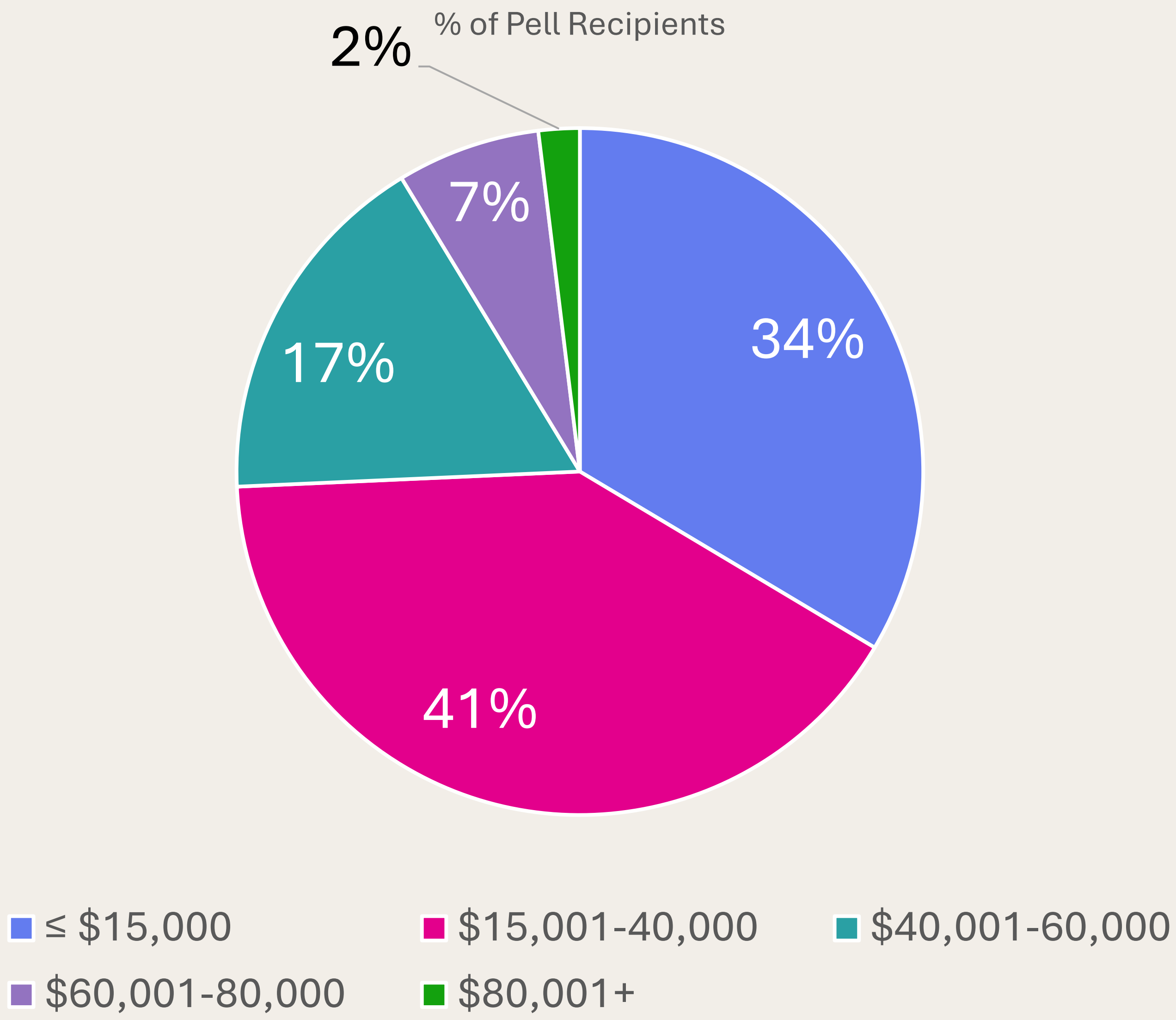
OBBBA Pell Grant Program Changes: Effective July 1, 2026

- Cuts off eligibility for students with an SAI that equals or exceeds 2x the maximum Pell award
- Includes foreign income in the calculation of a student's eligibility
- Exempts assets from family farms, small businesses, and family-owned commercial fisheries from eligibility
- Expands eligibility to short-term training programs
- Renders a student ineligible for Pell if they are receiving other non-Title IV grant aid (e.g., aid from non-federal sources, including states, colleges, or private scholarship providers) that, taken together, equals or exceeds the student's full cost of attendance
- Added $10.5 billion in mandatory funding for the Pell Grant program for FY 2026 to avert a looming program funding shortfall

Pell Grant Purchasing Power Continues to Decline



Pell Grant is Strongly Targeted to Low-Income Households



OBBBA Changes to Title IV eligibility

Program	Requirement/Change
Undergraduate Degree Programs	Median earnings of completers must exceed earnings of high school graduates in the same state; does not apply to undergraduate certificate programs
Graduate Degree and Certificate Programs	Median earnings must exceed those of bachelor’s holders in same state (ages 25–34); applies to graduate certificate programs
Short-Term Certificate Programs	Pell available for 150- to 599-hour programs and run at least 8 weeks but less than 15 weeks, with additional details to be determined via federal negotiated rulemaking process or by states

Projected Impact Title IV Eligibility Changes

If degree and grad certificate programs do not meet these new metrics, they risk losing loan access

Creates uncertainty for long-time Gainful Employment Rules

This could protect students from low-value programs, but lack of data and applicability to certificate programs makes enforcement

Although Workforce Pell Grants could support adult learners and workforce transitions, the lack of strong guardrails raises oversight and quality concerns

OBBBA Also Delayed Borrower Protections

Borrower Defense and Closed School Discharge rules delayed 10 years. Reverts to Trump-era standards, limiting borrower relief, will lead to:

- Defrauded students lose easier access to relief
- School closures more likely to harm students that do not transfer
- Reinstating older, restrictive rules reduces institutional accountability and borrower trust in federal protections

OBBBA Put New Limits on Graduate & Parent Borrowing Effective July 1, 2026

- Eliminates the Graduate PLUS loan program; Imposes new annual and lifetime limits on graduate and professional borrowing
- Imposes new annual and lifetime limits on Parent PLUS borrowing
- Establishes new aggregate lifetime loan limit of $257,500 for all borrowers, regardless of any amounts repaid or forgiven (excluding Parent PLUS loans)
- Exempts existing borrowers enrolled in a program by June 30, 2026, from new borrowing caps for three years
- Allows institutions to set lower annual loan limits for students and parents, provided the policy is applied consistently to all students within the same program of study
- Makes no changes to undergraduate borrowing limits or the subsidized student loan program

Projected Implications of New OBBBA Loan Limits

- Likely to increase reliance on expensive and risky non-federal loans. Private student loan borrowing among grad students hit its peak (15-20%) around 2007-08 and has generally declined since, falling to just 1.3% for PhD students and 5.4% for MA students.
- Likely to create financial pressure on colleges and universities due to lost revenue and enrollment.
- Likely to limit access to high-cost programs and increase financial barriers for lower- and middle-income students

OBBBA Higher Ed Related Tax Changes

Endowment Tax Changes

Student-Adjusted Endowment	Tax Rate
$500,000 – $750,000	1.4%
$750,001 – $2 million	4%
Over $2 million	8%

Other Tax Provisions

- 529 accounts expansion
- Taxation of discharged student loan debt

Student Loan Repayment

- OBBBA **overhauled student loan repayment** to be less affordable, less flexible, and with fewer protections
- Gutted all existing income-based plans for new borrowers and created the **Repayment Assistance Plan (RAP)**
- RAP: $10 minimum payment, based on gross (not discretionary) income, 30-year repayment period, payment is 1-10% of income based on AGI
- Taking effect July 1, 2026, the plan will **increase monthly payments** for the median U.S. household from $36 in Biden's SAVE Plan to $440 under RAP (+$404/mo)
- IBR changes: no longer requires a partial financial hardship and certain consolidated Parent PLUS loans are eligible

Risks

- ❑Delinquencies and defaults could spike
- ❑**Implementation challenges** are possible, given the diminished capacity of the U.S. Department of Education
- ❑An overall harm to American households, who are seeing other safety net programs diminished

THE CUMULATIVE IMPACT

- Financial aid becoming **more scarce** (esp. loans)
- Repayment challenges will **discourage borrowing**
- Food benefits **tightening**
- **Health care cliff** on the horizon
- Tax policy will be **squeezing** students
- **State budget pressures** will be astronomical

Student basic needs insecurity will increase **dramatically**

Discussion

The Hope Center for Student Basic Needs

Thank you for attending!