



## Impact of Executive Branch and Legislative Actions October 3, 2025

The University of Illinois System (System) and its three universities are facing an unprecedented array of federal challenges this year:

- Agencies are terminating and suspending existing federal grants, issuing fewer new awards and attempting to cap reimbursements for indirect research costs.
- H.R. 1, the reconciliation bill enacted in July, cut student loan and nutrition programs and imposed new costs on academic health systems.
- Changes to student and worker visas will result in new fees and burdens for the System and deter future students and faculty from coming to the United States.

Below is a summary of some of the challenges facing the System. Please note that (1) this is not a comprehensive list of the impacts of federal actions—it does not address tariffs, for example—and (2) the data below are subject to change:

### Grant Terminations

- At the University of Illinois Urbana-Champaign (Urbana), dozens of federal awards have been terminated; the total anticipated (remaining) balance of those terminated awards exceeds **\$21 million**.
- At the University of Illinois Chicago (UIC), dozens of federal awards have also been terminated; the total anticipated balance of those terminated awards is approximately **\$9.3 million**.
- Other awards have been suspended or paused, and it is unclear if or when they will recommence.

### Reductions in New Awards

- Comparing Jan. 20 to the present with the same time period a year ago:
  - The number of new federal awards Urbana has received has **dropped by more than 41%** (362 to 212) and the total obligated amounts awarded has **dropped by \$157 million (36%)**.
  - UIC has seen an **\$11 million (7%)** drop in issued National Institutes of Health (NIH) funding.

### Caps on Reimbursement for Indirect Research Costs

- Federal agencies have announced 15% caps on how much they reimburse universities for the costs incurred in supporting research grants. Those indirect costs include investments in state-of-the-art labs, high-speed data processing, hazardous waste disposal, regulatory compliance staff, patient safety protocols and maintenance, to name a few examples.

- To date, litigation and court orders have prevented agencies from implementing those caps on indirect cost recovery. Should the caps go into effect, we estimate the following impacts:
  - **\$67 million reduction** to the System’s NIH funding.
  - Greater than **\$23 million reduction** to Urbana’s National Science Foundation funding.
  - **\$16 million reduction** to the System’s Department of Defense funding.
  - **\$15.8 million reduction** to Urbana’s Department of Energy funding.

#### **H.R. 1 Cuts to Student Aid, Health Spending and Nutrition Education**

- The reconciliation bill:
  - Eliminated the Grad PLUS loan program and put limits on Parent PLUS loans, which will make graduate and professional programs less affordable and accessible.
  - Included major reductions in healthcare spending and substantial changes to Medicaid. 50% of UI Health patients are enrolled in Medicaid and these provisions will result in significant financial and administrative burdens on UI Health, including more uncompensated care. Potential lost reimbursement for UI Health in IL FY2027 could exceed **\$43 million** with full year impact of **\$80 million** in IL FY2028.
  - Eliminated funding for the SNAP-Education program, which provides vital support for nutrition education and food access. The System (Extension and UIC) received **\$19.8 million** last year to implement IL’s SNAP-Education program through a contract with IDHS. The program has now been shut down, **eliminating over 200 jobs**.

#### **Visa Fees and Changes**

- DHS’ recent decision to impose a \$100,000 fee for H-1B petitions would impose huge costs on universities. The System has around 800 active H-1B visas at any given moment and processes around 350 H-1B petitions annually. To sustain these numbers, at \$100,000 per petition, would cost the System roughly **\$35M annually**.
- DHS has also proposed to eliminate “duration of status” for F-1 and J-1 visa holders. This change will not only discourage international students and exchange visitors from coming to the US – it will also impose new administrative burdens and costs on universities. Based on USCIS estimates, the proposed rule would require **13 full-time positions, one part-time position and close to \$2 million** in spending across the System for the first year alone.

#### **Cuts to Public Media**

- The rescission bill enacted in July eliminated funding for public broadcasting, wiping out 20% (**\$1.5M annually**) of the budget for Illinois Public Media operated by Urbana and 12% (**\$200,000 annually**) of the budget for WUIS, and contributing to more news deserts across Illinois.