

Reconciliation Bill Impacts on Montana Higher Education

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Changes to Pell grants

Montana currently ranks 50th in the nation for state-appropriated financial aid per student¹. As a result, college access and affordability for low-income Montanans is particularly sensitive to changes in the Pell grant.

The reconciliation bill proposes to:

1. Define a full-time student (eligible for a full Pell award) as taking at least 15 credits. Under current law, students are considered full-time if they take 12 or more credits.
2. Eliminate eligibility for “less than half-time students”. Currently, less than half-time students are Pell eligible.

For the Montana University System and Montana’s three community colleges, **these cuts could lower aid to students by as much as \$5.3m per year, impacting more than 7,000 students’ annually and diminishing their ability to attend and pay for college.**

In practice, students will likely shift their enrollment patterns, lessening the impact. However, MUS two-year colleges would experience an outsized impact because they tend to serve working adults, who may struggle to increase their credit load.

CAMPUS	PELL STUDENTS <8 CREDITS	PELL STUDENTS 8-14 CREDITS	EST. LOSS IN PELL AWARD	SHARE OF TOTAL PELL \$
CITY COLLEGE	162	296	\$434,338	23%
DAWSON CC	14	35	\$35,287	6%
GALLATIN COLLEGE	60	112	\$159,086	21%
GREAT FALLS COLLEGE	291	434	\$706,779	25%
HELENA COLLEGE	102	149	\$191,024	24%
HIGHLANDS COLLEGE	10	95	\$53,241	7%
MSU-BILLINGS	157	569	\$550,075	14%
MSU-BOZEMAN	323	1372	\$1,101,554	7%
MSU-NORTHERN	54	190	\$183,069	9%
MT TECH	41	255	\$161,770	7%
MILES CC	60	113	\$154,700	16%
MISSOULA COLLEGE	130	327	\$397,996	18%
UM-MISSOULA	247	1272	\$1,002,969	9%
UM-WESTERN	56	223	\$162,518	6%

¹ Figure 3.3, State Higher Education Finance Report 2024, SHEEO. Accessed from:
https://shef.sheeo.org/report-2/?report_page=net-tuition-and-total-education-revenue#student-enrollment

TOTAL	5442	1707	\$5,294,405	11%
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*SOURCE: MUS STUDENT DATA WAREHOUSE. ESTIMATE BASED ON ACTUAL 2024-25 PELL AWARDS.

New risk sharing requirement

The House bill creates a new risk-sharing requirement, which imposes payments on colleges based on the share of federal loan volume not repaid by borrowers attending the college for loans disbursed after July 1 2027. The bill also creates “PROMISE Grants” that reward institutions for graduate low-income students at low-cost and within usual time and also agree to a maximum price guarantee.

Estimates provided by the House Committee on Education and the Workforce² suggest that risk sharing and promise grants would be very costly to public higher education in Montana. On net, these new rules would cost Montana public universities nearly \$7.5m annually, or \$220 per student. The table below summarizes the estimated impact by institution.

CAMPUS	NET IMPACT (PER STUDENT)	PROMISE GRANT	RISK-SHARING PAYMENT	NET IMPACT
DAWSON COMMUNITY COLLEGE	(\$107)	\$0	\$34,779	(\$34,779)
FLATHEAD VALLEY COMMUNITY COLLEGE	(\$101)	\$0	\$143,232	(\$143,232)
MILES COMMUNITY COLLEGE	\$72	\$57,878	\$23,443	\$34,435
MONTANA STATE UNIVERSITY	(\$166)	\$0	\$2,529,638	(\$2,529,638)
MONTANA STATE UNIVERSITY BILLINGS	(\$166)	\$833,559	\$1,368,411	(\$534,852)
MONTANA STATE UNIVERSITY-NORTHERN	\$137	\$235,801	\$101,574	\$134,227
MONTANA TECHNOLOGICAL UNIVERSITY	\$414	\$809,895	\$154,067	\$655,828
THE UNIVERSITY OF MONTANA	(\$550)	\$0	\$4,735,188	(\$4,735,188)
THE UNIVERSITY OF MONTANA-WESTERN	(\$189)	\$0	\$248,654	(\$248,654)
HELENA COLLEGE	(\$77)	\$202,126	\$259,957	(\$57,831)
TOTAL	(\$220)	\$2,139,259	\$9,598,943	(\$7,459,685)

*NO ESTIMATE AVAILABLE FOR GREAT FALLS COLLEGE - MSU

Changes to student loan eligibility

The legislation proposes major changes to the student loan program.

- Subsidized student loans would be eliminated, meaning that loans would accrue interest while students remain enrolled.
- Unsubsidized loans would have new loan caps, \$50k for undergraduates, \$100k for graduate students, and \$150k for students in professional programs.

² House Committee on Education and the Workforce. *Accountability under the CCRA: An Analysis*. May 2, 2024. Accessed at: <https://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=410507>

- GradPLUS loans would be eliminated and ParentPLUS loans substantially altered, reducing the amount able to be borrowed.
- Colleges would be required to prorate loans for part-time students.

Changes to Medicaid

The Kaiser Family Foundation³ estimates that changes to Medicaid in the House bill would:

- Lower Montana Medicaid enrollment by 21%, or 46,000 enrollees
- Lower federal Medicaid funding for Montana by \$276M
- Require a 6% increase in state taxes (or similar reallocation of state budget), should the state decide to maintain health coverage for those dropped from Medicaid.

These effects are mostly due to the addition of work requirements for the “Medicaid Expansion” population. Medicaid expansion legislation in Montana, first in 2019 and reauthorized in 2025, sought federal approval for Medicaid work requirements, which, to date, has been denied.

³ <https://www.kff.org/medicaid/issue-brief/state-level-context-for-federal-medicaid-cuts-of-625-billion-and-enrollment-declines-of-10-3-million/>