



TO: Consortium of State School Boards Association

FROM: Bose Public Affairs Group

DATE: July 2, 2025

RE: Latest Budget Reconciliation Updates & Advocacy Steps

LATEST UPDATE – TUESDAY, JULY 2

After a marathon 27 hour vote-a-rama the [Senate approved the reconciliation package in a 51-50 vote](#). Vice President Vance cast the tie-breaking vote. Three Republicans voted against the measure: Sens. Rand Paul (R-KY), Thom Tillis (R-NC) – who announced this weekend he would not seek re-election in 2026 – and Susan Collins (R-ME). Senator Murkowski (R-AK) had been holding out but ultimately voted for the reconciliation package after revised language was approved by the parliamentarian that softens the impacts of Medicaid and food assistance cuts to Alaska.

The final language in the Senate passed bill, no longer officially called the One Big Beautiful Bill Act, makes even deeper cuts to Medicaid. Overall, the cuts total roughly \$909 billion, from the new work requirements, much more severe limitations on provider taxes and state-directed payments, and increased eligibility checks. While a rural hospital support fund was added, it still does not cover what this bill is expected to cut from hospitals that depend on Medicaid payments to provide services. Changes to the SNAP program are marginally improved in the Senate bill, with a lower cost share for states and a delayed implementation. Work requirements remain and these coupled with new expenses for states will likely have a dramatic impact on the program. Some states have already cut back on state nutrition programs in anticipation of the cuts – including Texas where Governor Greg Abbott [vetoed a \\$60 million budget measure for a summer lunch program](#) for low-income kids.

The Senate bill also further modified a proposed federal tax credit program to support donations to state-based scholarship or private school voucher programs after the original proposal was ruled out of order by the Senate parliamentarian. The Senate bill makes the program permanent but the cap was significantly lowered to \$1700 per filer and also no longer requires states to participate. It also removed a provision that would have prohibited state regulatory action on private schools or groups that could receive the scholarships. While this is ultimately an improvement from the original policy, COSSBA is opposed to any federal program that diverts public dollars to private education and is concerned that permanence and lack of an overall cap on the program could lead to a significant new cost to the federal government. Ultimately, according to the [University of Pennsylvania Wharton Budget Model](#) and the [Congressional Budget Office](#), the bill is likely to add between \$3



trillion and \$4 trillion to the national debt over the next 10 years when calculating the cost based on a “current law baseline” that takes into account the 2017 tax cuts expiring at the end of the year.

The bill is now pending in the House of Representatives, which will likely attempt to move it this afternoon, though the vote count is still up in the air with many House Republicans expressing extreme displeasure over the current product. Speaker Johnson and the White House are intensely whipping members of the House to support the bill since they can only afford to lose 3 votes -- *Punchbowl News* is tracking the whip count [here](#).

If you are opposed to the bill, there is still one last opportunity to contact members of the House, particularly if you are represented by one of the members on the whip list. Advocacy actions are included below and can be found on the [COSSBA toolkit](#) – including contact information for relevant House staff (updated July 2). Please reach out to the COSSBA DC team if you need anything else and we’ll keep you updated as things move forward.

Last week, Senate Republicans released additional drafts of their proposals for the One Big Beautiful Bill Act (OBBA), which is the reconciliation package we have been tracking since early this year. Most importantly, for issues tracked by COSSBA, the Senate Agriculture Committee released its draft section that focuses heavily on the Supplemental Nutrition Assistance Program (SNAP or “food stamps”), and the Senate Finance Committee released its draft section that impacts the tax code and Medicaid. We’ll get into more of those details below.

As you may know, the [House passed](#) its version of the OBBA late in May, just days before the Memorial Day recess, by a vote of 215-214. The vote was mostly party line with two Republican members joining all the Democrats in voting “no,” one Republican member voting “present,” and two Republican members were absent from the vote entirely. Several of the members who were missing or “present” said they were withholding their vote over policy issues with the bill but they did not want to prevent the bill from moving forward. With three current vacancies in the Democratic caucus from members who have died while in office, House Republicans can only afford to lose three votes on any legislation.

Senate Majority Thune (R-SD) has expressed a goal of moving the Senate version of the bill out of his chamber by July 4th, though given the policy disagreements, that seems overly optimistic. With their slim majority, Senate Republicans can only afford to lose three votes, and right now, there is significant opposition to the proposed policies. Whatever version comes out of the Senate will then have to go back to the House for approval, given that the Senate version will be significantly different from the House-passed version.

As we will explore below, COSSBA remains deeply concerned over many of the provisions in the draft Senate bill, some of which are better and some are worse than the House-passed version. The remainder of this memo will explore the three policy areas that we have focused our advocacy on including SNAP, Medicaid, and federal tax credits for state scholarship programs.

SNAP

The [House legislation](#) would cut nearly \$290 billion from SNAP by shifting significant costs to state budgets. The House bill requires at a minimum, a new 5 percent cost share from state governments, but that share could

be as high as 25 percent, depending on error rates. This means state governments will now be responsible [for hundreds of millions of dollars](#) in additional spending on annual food assistance, which we know many cannot afford. Faced with this new fiscal burden, states will most likely lower eligibility or reduce enrollment in SNAP to cover costs. They may also eliminate school meal expansion programs that have been incredibly helpful in addressing hunger. If your state has created a universal free meals program or a universal breakfast program, these would be at risk.

The bill also expands work and administrative requirements for adults with dependent children as young as eight years old, which could ultimately lead to millions of school-aged children and their parents going without food aid. The [Congressional Budget Office \(CBO\)](#) estimates that 420,000 children each month will see decreased National School Lunch Program and School Breakfast Program assistance due to the state cost shifts, because of interconnections between SNAP and school meals. This also means less federal reimbursement money for schools, making it harder in an already difficult environment to properly fund school meal programs.

The initial [Senate Agriculture \(Ag\) Committee draft](#) makes positive changes when compared to the House-passed bill. For example, the state cost share program is smaller, though still significant, and the slightly more generous exemptions for the new work requirements will impact fewer families than the House version. While the initial Senate Ag draft contained a modified state cost share proposal, after going through the detailed Senate Parliamentary review known as the “[Byrd Bath](#)” to ensure the legislation meets the special rules of budget reconciliation, the Parliamentarian ruled that the state cost share [violates reconciliation rules](#) and it must come out of the bill. This provision was estimated to save nearly \$130 billion over 10 years and it is a major blow to Senate Republicans fiscal plans to have it removed from the overall package.

While having the state cost share removed is a major positive development, given the large amount of savings that will now have to be replaced, we expect changes to be made that will resurrect this type of proposal. A cost share proposal and the new work requirements could ultimately impact millions of families who could lose access to food assistance. The loss of SNAP could also affect the number of schools that qualify for community eligibility in federal nutrition programs, which could have a cascading impact through entire communities and create a renewed administrative burden for school systems and school personnel. For more detailed analysis on the nutrition program changes you can read this [analysis from Share Our Strength](#).

Medicaid

Unlike with SNAP, the [Senate Finance draft](#) addresses Medicaid with deeper cuts in funding than the version that passed the House. The House bill contains language that places a strict limit on hospital and other types of provider taxes, which every state but Alaska uses to finance their Medicaid programs. The House bill would lock current rates in place; however, the Senate version actually goes deeper, requiring those provider taxes to be cut, in some cases nearly in half. This would again shift tremendous costs back onto state budgets, putting other school funding and school-based health funding at risk.

The House bill created significant new administrative requirements for states that will likely add new expenses that will have to be covered. Additionally, like with SNAP, both the House and Senate create new work requirements in order to be eligible for Medicaid as part of the expansion that 41 states have implemented through the Affordable Care Act. While the House exempted parents from these requirements completely, the Senate exemption is only for parents with children 14 years old or younger.

Finally, the Senate draft has a few other changes that will [impact how states administer](#) Medicaid programs. These changes include requiring eligibility checks every six months instead of annually, cutting funding for reimbursement of emergency services for certain populations and certain types of coverage for “qualified immigrants,” and blocking implementation of new rules to simplify and streamline enrollment for families and children.

Overall, while these changes may not directly or immediately impact schools, these policies mean that many states will likely not have enough money to continue current benefits and will be forced to either end Medicaid coverage for certain populations or significantly reduce benefits to cover their rising costs. This includes potentially deep cuts to school-based health and mental health services that have been greatly expanded over the last decade. Deep cuts to health systems that serve large Medicaid populations may also put hospitals in rural communities at risk of closure. For more detailed analysis, you can visit [First Focus Campaign for Children](#).

Other Tax Provisions

COSSBA was also monitoring several tax provisions including a proposed federal tax credit program to support donations to state-based scholarship or private school voucher programs and possible changes to the tax deductibility of municipal bonds. The House bill included a new federal tax credit program that would be available for four years from 2026-2029 and would allocate \$5 billion annually. The Senate draft modifies the House legislation, instead creating a permanent \$4 billion annual program that takes effect beginning in 2027. COSSBA is opposed to any federal program that diverts public dollars to private education. On a positive note, neither the House nor Senate bill included any provisions impacting the deductibility of municipal bonds.

What’s Next & What Can You Do

As mentioned above, the Senate hopes to pass its version of the OBBA by July 4th, but that timeline could slip depending on internal negotiations and disagreements among Senate Republicans. Regardless, whatever bill passes the Senate will need to go back to the House where passage is also not guaranteed. That means there are still plenty of opportunities for you and your colleagues to take action if you oppose any of the provisions in this bill.

While it is important to communicate with all members of Congress, the reconciliation process allows Republicans to pass this bill without any Democratic votes. Therefore, if you have limited time, primary outreach efforts should be directed at Republican members of Congress.

You can take action by:

- Visiting the [COSSBA advocacy page](#), which has links to sample letters you can send to Congress, sample board resolutions you can pass to highlight the importance of Medicaid and SNAP, and a host of other resources to help you engage with your members of Congress on this bill.
- Taking the [COSSBA advocacy survey](#) to help us better advocate for your needs with DC policymakers.
- Visiting the [Food Research and Action Center \(a COSSBA partner\) action page](#) that will allow you to send a direct email to your members of Congress specifically opposing SNAP cuts. As mentioned earlier



while the current Parliamentary ruling against the state cost share is a major positive development, it is critical that members of Congress hear about the necessity of investments in SNAP.

Our team continues to engage with members of Congress and advocate for changes to this package. If you have any additional questions or need support on your advocacy efforts, feel free to contact Jared Solomon at Bose Public Affairs Group: jsolomon@bosepublicaffairs.com

