

ISSUE BRIEF

Now the Reconciliation Bill Passed, What is Next?

Its official title is the “One Big, Beautiful Bill Act” (OBBBA) but that title does not accurately describe the legislation. It is branded as a way to cut wasteful government spending. In reality, the OBBBA provides massive tax breaks to corporations and extremely wealthy families by severely reducing federal investments in programs that provide basic needs to individuals like health care and food assistance. At a time when family budgets are stretched to cover rising costs of groceries, healthcare, student loans, transportation, rent and more, Congress chose to force families to choose between basic needs instead of supporting them.

Almost every community will suffer negative impacts of this bill in at least one area of their lives. The effects will be felt at dinner tables, schools, hospitals, and at work. Older adults, families with young children, student loan borrowers and prospective social workers, small business owners, and families of immigrants are just some of the communities who will feel the effects most acutely.

OLDER ADULTS

For those over 65, the OBBBA will decrease access to Medicaid, Medicare, Health Insurance Marketplace plans, and SNAP, while weakening the Social Security program and further marginalizing older immigrants and refugees. These changes will be made even harder to navigate as they will be implemented at different times with different rules for each program change over the next three years.

According to the AARP, more than 11 million adults 50 and older rely on SNAP to keep nutritious food on the table, and more than 17 million adults in the same age group rely on Medicaid for essential health care like affording prescription medications, long-term care, and routine doctor visits. New work requirements will severely limit benefits for Medicaid and SNAP for adults up to age 64. Dependents will be required to work, volunteer or attend training to apply for and maintain food assistance.

In addition, the new law's tax savings provisions do not actually help older adults. These provisions will not provide tax benefits to lower-income workers, including many caregivers or older adults because few low-wage workers receive tips and those who do, do not pay federal income tax. In fact, exempting tips from taxation could cause workers to lose income and through that, eligibility for crucial tax credits.

In terms of the social security tax deduction, this bill does not—as the current administration states—cut taxes on Social Security. Instead, it

lowers taxable income for all income tax purposes. About half of all recipients will pay at least some income taxes on their benefits, meaning they will face higher tax liability than they would if benefits were not taxable.

The OBBBA also accelerates the insolvency of Social Security and Medicare programs. According to an analysis from the Office of the Chief Actuary at the Social Security Administration, implementation of the OBBBA would “result in net increased program cost.” The report stated that “the revenue from income taxation of Social Security benefits is directed to the Social Security and Medicare trust funds” which means that implementation of the OBBBA will affect the financial status the Social Security trust funds. According to the Committee for a Responsible Federal Budget, once Social Security becomes insolvent, benefits would shrink for all recipients by 24 percent while Medicare hospital benefits would be reduced by about 11 percent.

FAMILIES WITH YOUNG CHILDREN

The OBBBA will hit families with young children where it hurts, in their budget. According to a study by Lending Tree, the estimated cost of raising a child has risen 19 percent between 2019 and 2023. Inflation is forcing families to make difficult choices in how and where to stretch their paychecks. In health care, over the next decade, changes to Medicaid and the ACA marketplace will impact access and services offered to all individuals in the community, including those with private insurance.

This bill contains the largest cut to Medicaid in the program's history. Nearly \$1 trillion in cuts to the program along with attacks on the Affordable Care Act (ACA) Marketplace mean 17 million people will become uninsured over the next 10 years. Congress is creating a situation where hospitals and medical professionals will be unable to keep their doors open and serve their communities. With changes to the ACA Marketplace, those who are cut from Medicaid will not have affordable options for health care coverage. Reducing adult access to Medicaid will also affect children. We know that when parents and caregivers have health insurance, their children are more likely to be insured and to take advantage of preventative health care services. Healthier families mean healthier communities.

Families are also going to feel the \$186 billion in cuts to the Supplemental Nutrition Assistance Program (SNAP). Millions of working families rely on SNAP to provide healthy food for their kids. OBBBA not only imposes work

requirements that are proven to act as a barrier to services instead of helping to raise employment numbers, but also puts the future of SNAP in trouble thanks to changes to programmatic cost sharing. States have always been responsible for 75 percent of the administrative costs for SNAP, but this bill shifts 15 to 25 percent of food costs to states for the first time in history. No state can make up the difference of lost federal investment, so some states will be forced to drastically reduce SNAP services while others will opt out of the program altogether.

The cuts to SNAP will not only hurt families who rely on the program, but more than 27,000 grocery stores are at risk of financial instability due to their reliance on SNAP recipients.

The OBBBA also will eliminate the Child Tax Credit (CTC) for many families. Congress chose to withhold the benefit from 17 million children by not ensuring it is available to children in families who don't make enough to pay taxes. The new CTC structure also penalizes children from receiving any credit due to their parents' immigration status.

STUDENT LOAN BORROWERS AND PROSPECTIVE SOCIAL WORKERS

At a time when the cost of college and professional graduate degree programs are at an all-time high and the need for mental health professionals and educators is critical, Congress cut \$300 billion to higher education and financial aid programs as well as student loan repayment programs. The OBBBA will make it harder for millions of Americans to afford to start or continue going to college.

Borrowers who are currently paying back their loans will also see changes to their repayment options. Many people will be forced out of the SAVE plan, where their loans have been in forbearance, and severely reduce the number of income-driven repayment options available. This will spike monthly student loan payments for millions of families who live paycheck to paycheck.

This bill also eliminated the Graduate PLUS loans and as of July 1, 2026, graduate students will no longer be able to apply for this federal assistance. The maximum PLUS loan amount is the cost of attendance minus any other financial assistance, and it helps 1.8 million individuals afford graduate programs. In the midst of a growing mental health crisis, Congress chose to eliminate one pathway to ensuring educated professionals will be available to support their communities' needs. Many social work students rely on Graduate PLUS loans to finance their graduate degrees.

Another way this bill impacts future social workers is by endangering their ability to apply federal student loans to programs based on low earning outcomes. This provision, entitled the "do no harm" standard, seeks to prohibit the use of federal loans for paying for undergraduate degree programs where the majority of former students earn less than the median

high school graduate in the same state, as well as for graduate programs where the majority of former students earn less than the median bachelor's degree recipient in the same field in the same state. Judging programs by their earning potential will impact helping professions such as social work. While NASW has continued to advocate for increasing pay rates at the state and federal level, Congress is specifically targeting these professions instead of offering solutions to increase pay to these roles that are critical to healthy communities.

IMMIGRANT FAMILIES

The OBBBA seeks to further destabilize immigrant families and communities. Not only does it strip many lawfully present immigrants from access to health insurance and nutrition assistance, but it also cuts off access to the CTC by punishing citizen children for their parents' immigration status, and balloons detention and enforcement efforts that dehumanize and endanger immigrants—regardless of immigration status, family connection, and incorporation into community.

According to the National Immigration Law Center, the OBBBA gives the current administration maximal flexibility to use the expanded funds with little oversight. It is clear that the current approach to immigration has been violent and fear-inducing. With billions more available in funding, the Trump administration will continue to rip parents from their children and avoid due process to indefinitely detain individuals in inhumane conditions.

LOOKING AHEAD

It is clear that no one is safe from the negative effects of this bill. As NASW works with coalition partners and members of Congress to make legislative changes, members and chapters will be leading the fight in the states. Cuts to federal investments for state run programs mean state budgets have to either make up the difference or cut programs and services.

Social workers are trained to see the interconnected outcomes of massive bills like these and how individuals, families, and communities will need strategic support and opportunities to resist the worst impact. When basic human rights are threatened, social workers have a responsibility to seek out the resources available and connect them with the people who need support. NASW will continue to fight for and support individuals, families, and communities.

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