

Practice Update

Illinois Court Ruling Affects State Tuition and Aid for Undocumented Students

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By LaKeisha C. Marsh and Jamel A.R. Greer

Re: *United States v. Illinois*, No. 25-cv-1691-DWD (S.D. Ill. July 24, 2026); ISAC guidance for the 2026–27 academic year

Overview

A federal court in Illinois ruled that several current Illinois laws cannot be used to provide certain tuition and state financial-aid benefits to undocumented students for the 2026–27 academic year. The affected laws are Illinois’ current in-state tuition provisions for public universities and community colleges and the Illinois DREAM Act.

Key Takeaways

- **The ruling applies to current Illinois law.** The court enjoined enforcement of the current Illinois in-state tuition provisions, the community college provision, and the Illinois DREAM Act as applied to undocumented students.
- **ISAC payments are stopped for affected 2026–27 awards.** ISAC states it cannot accept payment claims or issue MAP or other state scholarship and grant payments for undocumented students who were eligible under the RISE Act for 2026–27.
- **The 2026–27 Alternative Application is closed.** ISAC will not accept further submissions for that year.

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- **The RISE Act (HB 5093) is not affected by this order.** The ruling does not apply to HB 5093 / Public Act 104-0511, which takes effect for the 2027–28 academic year.
- **This is not a blanket ban on every form of aid.** Institutions should evaluate specific programs with counsel based on funding source, legal authority, and eligibility criteria.

What Happened

The United States challenged Illinois laws that allowed certain undocumented students to receive postsecondary tuition or financial-aid benefits based on Illinois ties. The court held that those laws conflict with 8 U.S.C. § 1623(a), which bars a state from giving undocumented students a residence-based postsecondary education benefit unless U.S. citizens can receive the same benefit regardless of where they live. The court stayed its order for 14 days, and the injunction took effect on August 7, 2026.

Immediate Action Steps

- **For boards and senior leadership:** Assess all affected students on your campuses, expected financial impact, student communications, and any institutional or private support options.
- **For legal counsel:** Review affected tuition, aid, waiver, promise, foundation, donor-funded, and state-funded programs. Focus on the source of authority, funding source, and eligibility criteria.
- **For financial aid teams:** Update 2026–27 aid packages as needed, stop or hold affected ISAC payment activity, and watch for ISAC processing guidance.
- **For student-facing offices:** Prepare clear communications before students incur avoidable costs for tuition, housing, or enrollment-related commitments.

Practical FAQ

Does it affect private institutions?

The ruling does not directly control private institutions' own tuition or institutional-aid policies. However, ISAC states that it cannot issue MAP or other state scholarship and grant payments for affected undocumented students for 2026–27, regardless of whether the student attends a public or private institution.

Can institutions still provide institutional or donor-funded aid?

Possibly, depending on the program. The court did not decide every form of institutional aid, merit aid, foundation scholarship, donor-funded award, promise program, or private support. Institutions should review each program with counsel before making changes.

What about HB 5093 and 2027–28 aid?

The court expressly did not decide the validity of HB 5093 / Public Act 104-0511. ISAC states that the 2027–28 Alternative Application will open October 1, 2026, but institutions should engage with legal counsel and monitor both the status of this litigation on appeal and new/updated guidance from ISAC.

What should institutions tell students?

Use plain, consistent messaging: the court ruling affects state-law tuition and aid benefits for 2026–27; ISAC cannot process affected state aid payments; students should contact the financial aid office to understand their individual package; and the institution is reviewing all available options.

Does the ruling apply to DACA recipients?

Yes. DACA recipients are covered by the court's ruling. Deferred action does not confer lawful immigration status or eligibility for postsecondary education benefits. DACA recipients should contact

their college financial aid office to understand the impact on their individual charges and financial aid package.

Does the ruling apply to lawful permanent residents?

No. Lawful permanent residents (green card holders) continue to be eligible for in-state tuition and state financial aid. This ruling concerns only individuals who are not lawfully present.

Does the ruling distinguish between currently enrolled students and new students?

No. The ruling applies to all undocumented students regardless of when they enrolled. The ruling is applied prospectively — the order does not direct colleges to collect additional amounts for semesters or courses completed before the injunction became effective on August 7, 2026.

What should institutions do if tuition or aid issues are unresolved when classes begin?

In these extraordinary circumstances, institutions are strongly encouraged to adopt student-friendly policies to minimize harm, such as providing extended grace periods or creating pathways for students to exit housing agreements and other institutional contracts when their enrollment status changes.

Is there an expectation that institutions proactively identify undocumented students?

The court's order does not specify what steps institutions must take to comply with the injunction. Institutions should review information already collected and reasonably available to make required tuition determinations in compliance with the ruling. Privacy obligations under FERPA regarding immigration or citizenship status information must be carefully observed.

Should institutions update webpages, catalogs, and award letters to reflect this ruling?

Yes. Institutions will need to update affected students' financial aid packages to reflect this change. To provide students accurate information and realistic expectations, institutions should also review other materials — including websites — to ensure accuracy. ISAC has prepared FAQs for students and parents that institutions are encouraged to share.

Does this ruling affect state-funded adult education programs?

The court's ruling does not address state-funded adult education programs. These programs are generally considered secondary education, not a "postsecondary educational benefit" under 8 U.S.C. § 1623(a).

Does this ruling apply to all AIM HIGH funds, including state dollars and institutional matching dollars?

The ruling prohibits ISAC from issuing state-funded payments on all grant programs for undocumented students under the RISE Act for 2026–27, including AIM HIGH. The court's reasoning likely also applies to funds provided as part of the university's required match. Institutions should consult legal counsel to ensure compliance.

Akerman is available to help institutions assess affected programs, develop student communications, and coordinate implementation steps with counsel and financial aid teams.

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