



ONE BIG BEAUTIFUL BILL

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Learning Objectives

- Describe key provisions of the One Big Beautiful Bill Act as they relate to higher education policy.
- Explain the differences between current regulations and new regulations established by the One Big Beautiful Bill.
- Identify potential implications of the One Big Beautiful Bill for institutions of higher education and students.

A wooden gavel with a brass band is positioned diagonally across an open book. The book's pages are filled with text, and the gavel's handle extends towards the right side of the frame. The entire scene is set against a dark, muted background.

Key Pieces of Legislation

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H.R. 6951, the College Cost Reduction Act—Virginia Foxx (R-NC)

S. 1972, Lowering Education Costs and Debt Act—Senator Bill Cassidy (R-LA)

H.R. 6585, the Bipartisan Workforce Pell Act—Rep. Elise Stefanik (R-NY)

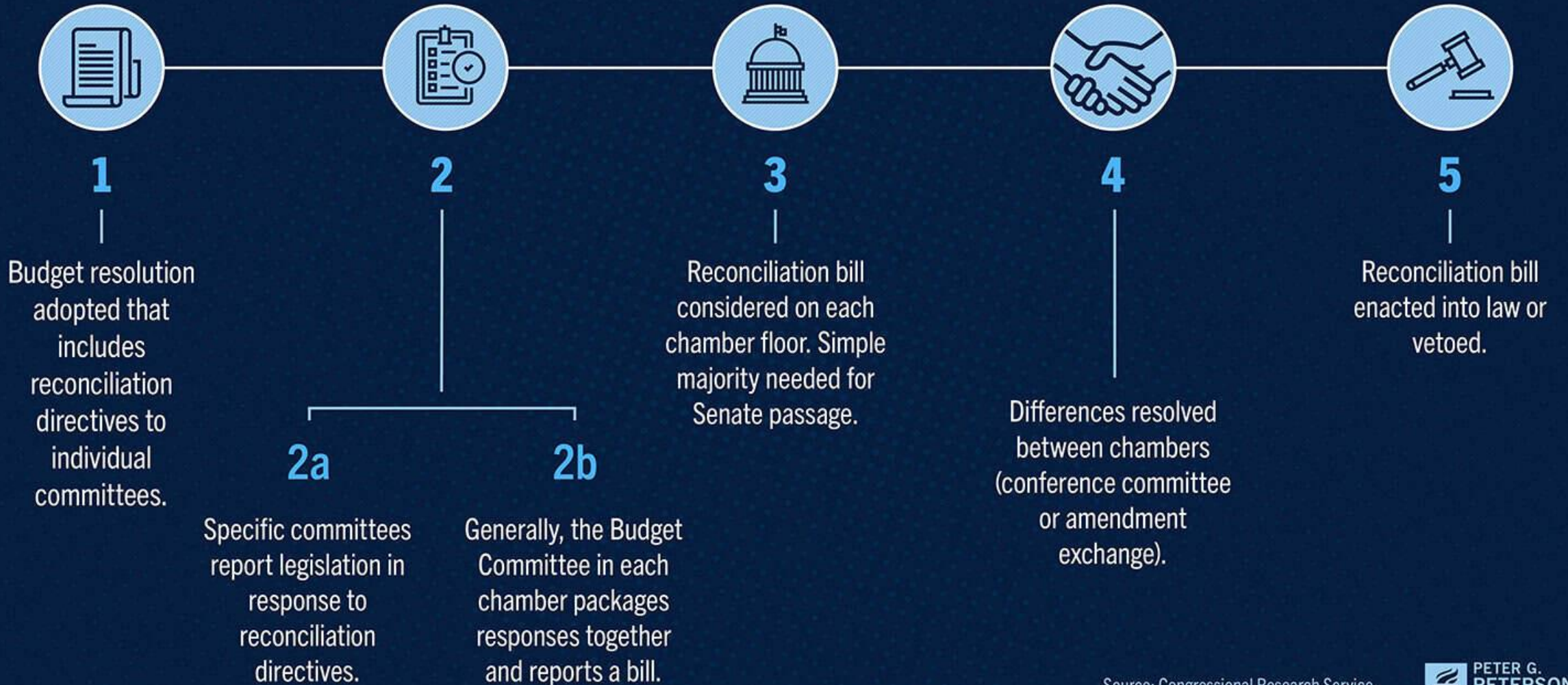
H.Con.Res. 14 (House Budget Resolution)

S.Con.Res. 7 (Senate Budget Resolution)

A wooden gavel with a dark handle and a rounded head, resting on a thick stack of yellowed, aged papers. The papers are piled high, and the gavel is positioned diagonally across the top. The background is a dark, textured surface, possibly a wooden table.

Components of the One Big Beautiful Bill

HOW DOES BUDGET RECONCILIATION WORK?



H.R. 1, the One Big Beautiful Bill Act

H.R. 1, One Big Beautiful Bill, is the bill that was passed by both the House and Senate and signed into law on July 4, 2025.

Elimination of Grad PLUS Loans

- The bill eliminates Grad PLUS Loans, impacting over 440,000 students who borrowed these loans in Award Year (AY) 2023-2024.
 - Borrowers take out ~\$19 billion annually in Grad PLUS loans and eliminating these loans will remove a major financing tool for graduate education.
 - CBO estimates graduate unsubsidized loan borrowing will increase by 25% due to the termination of Grad PLUS, but this won't be enough to offset loss for many students in high-cost programs.

H.R. 1, the One Big Beautiful Bill Act

Caps on Graduate and Parent PLUS Loans

- The bill proposes to cap Parent PLUS at \$65,000.
 - Using AY 2023-2024 data, this will impact over 560,000 parents who borrowed on behalf of their child.
- Annual loan limits are \$20,500 for graduate students and \$50,000 for professional students.
- Aggregate loan limit is \$100,000 for a first-time graduate student; \$200,000 for a first-time professional student; and \$200,000 for a second-time graduate/professional student minus what they previously borrowed.

Student Loan Repayment Changes

- The current student loan repayment plans are phased out and a new standard repayment plan, and an income-based repayment assistance plan, are created.
- The new income-based repayment assistance plan ranges from a minimum payment of \$120 to 10% of the borrower's discretionary income for a repayment term of 30 years before forgiveness and the standard repayment plan.
- Allows students to rehabilitate their loans twice but with a minimum payment amount of \$10 beginning July 1, 2027.

H.R. 1, the One Big Beautiful Act

Pell Grant Restrictions

- The bill requires all non-Title IV grant aid to be considered first in packaging aid before the Pell Grant can be considered.
 - This reduces the reliance on the Pell Grant program as a first-dollar program in packaging aid.
- Students with a high SAI will not be able to access the Pell Grant.

Gainful Employment for All

- This bill creates an accountability framework using the earnings of students who enroll. Institutions are penalized if the earnings are less than a person 25-34 years-old with either a high school diploma or a bachelor's degree.

Modification of Endowment Tax

- The 1.4 percent excise tax on net investment income (“endowment tax”) is replaced with a three-tiered system.
 - 1.4 percent for institutions with an endowment of \$500,000 to less than \$750,000 per student;
 - 4 percent for institutions with an endowment of more than \$750,000 and less than \$2,000,000 per student; and
 - 8 percent for institutions with an endowment of more than \$2,000,000 per student.



Implementation of the One Big Beautiful Bill Act

Implementation Timeline


- July 2025
 - Intent to establish negotiated rulemaking committees
 - Reimagining and Improving Student Education (RISE) Committee
 - Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) Committee
- September – October 2025
 - RISE Committee convenes
- December 2025 – January 2026
 - AHEAD Committee convenes

Implementation Timeline

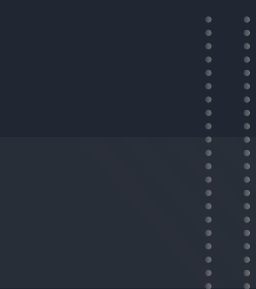
- January 30, 2026
 - RISE Proposed Rule
- March 9, 2026
 - AHEAD Proposed Rule (Workforce Pell and Pell Grant Changes Only)
- TBD
 - AHEAD Proposed Rule on Institutional Accountability

Problematic Provisions in Implementation

- Master Calendar Adherence
- Definition of Professional Student
- Recalculation of Federal Pell Grant Award
- Job Completion Rate determination in Workforce Pell
- Governor's Discretionary Appeals Process



<https://www.acenet.edu/Policy-Advocacy/Pages/National-Engagement/Economic-Impact-Higher-Ed.aspx>



Questions

