

Implementation of the One Big Beautiful Bill Act

SUMMARY

The One Big Beautiful Bill (OBBB) Act, signed into law on July 4, 2025, included a major overhaul of the nation's student loan and repayment systems, institutional accountability procedures, and how institutions package student aid. Some of the most impactful provisions for higher education include decreased federal student loan limits for graduate and professional students, part-time students, and parents; a new program-level accountability framework based on earnings outcomes; expanded use of Pell Grants for short-term workforce programs; and increased taxes on university endowments.

STATUS

On January 9, 2026, the Department of Education (ED) concluded its negotiated rulemaking process aimed at implementing the sweeping changes included in the OBBB Act. ED convened two rulemaking committees: one focused on changes to loan programs and another focused on short-term Pell and accountability. These major changes are poised to go into effect on July 1, 2026, so colleges and universities will only have a short period of time to make necessary changes before the beginning of the 2026–2027 academic year.

IMPACT

- In academic year 2024–2025, over **6.7 million** students used federal student loans to finance their postsecondary education, including over **3.9 million** who used subsidized student loans; over **5.4 million** who used unsubsidized loans; and over **980,000** who used PLUS loans.
- About **28 percent** of all student loan borrowers will need to borrow money for their programs that will exceed the new limits. This problem is most acute for professional programs in fields such as health, education, architecture, and business administration. Each year, a total of **39 percent** of students in master's-level health programs borrow an average of **\$28,500** more than the new limits, and **67 percent** of doctoral-level students in health programs borrow **\$26,700** more than the new limits.

REQUESTS

- We urge Congress to delay implementation of the OBBB until at least July 1, 2027 to align with the master calendar requirements in the Higher Education Act.
- Congress should consider working with ED to develop a more comprehensive list of professional degree programs and to support bills such as H.R.6718, the “Professional Student Degree Act,” which would expand the list of degrees considered professional.
- We urge Congress to work with ED to ensure new funds for student aid administrators are used by ED on proper staffing to ensure a sufficient workforce and provide a smooth transition to the newly overhauled federal student loan and aid system.