



# AMERICA'S PARENTS AND STUDENTS WIN BIG IN THE ONE BIG BEAUTIFUL BILL

July 18, 2025

## A BEAUTIFUL EDUCATION REFORM PACKAGE TO EMPOWER PARENTS AND STUDENTS

### INTRODUCTION

The One Big Beautiful Bill Act (OBBB) delivers bold, structural K–12 education reforms that shift power from bureaucrats and rightly return it to families, beginning the formidable work to restore common sense to our Nation's universities and colleges. The OBBB marks a historic step toward universal educational choice, parent-directed funding, and freedom from failing systems. It also increases confidence in America's investment in higher education by bringing sky-high costs under control, increasing accountability and transparency, and opening new avenues to train and equip the American workforce of the future. Below is a summary of the major education wins in the OBBB.

#### 1. CREATES FEDERAL SCHOLARSHIPS FOR K–12 STUDENTS

For the first time in U.S. history, the federal government is offering tax credits for donations to K–12 Scholarship Granting Organizations (SGOs). For over 25 years, [tax credit scholarship \(TCS\) programs](#) have helped families access better educational opportunities. The bill allows states to voluntarily participate in the federal tax credit scholarship program by submitting a list of approved SGOs to the U.S. Treasury. This provision opens the door for more students to leave the public system for customized learning options, including private schools, faith-based programs, and hybrid microschools. It establishes a federal baseline that could work in tandem with state scholarship programs already in place across America.

#### The OBBB establishes the first-ever federal tax credit scholarship program.

- « Taxpayers can receive a **\$1,700** federal income tax credit for contributions to non-profit SGOs that provide scholarships for private school tuition, tutoring, or homeschool expenses, online courses, dual enrollment, and special education services.
- « The program is uncapped and permanent, creating the largest education choice investment to date.
- « Scholarship recipients must be under 300% of area median income (a U.S. Housing and Urban Development formula covering 85-90% of families).
- « The provision promotes educational opportunity by empowering local donors, nonprofits, and grassroots networks—not Washington bureaucrats.

#### 2. EXPANDS 529 PLANS FOR PARENT-CONTROLLED EDUCATION SPENDING

The bill dramatically expands what families can cover with their 529 education savings accounts, expanding them from a college savings account into a K–12, career education, *and* college savings account freedom tool. Parents now have a single savings vehicle to support K–12, career, and credentialing pathways. This provision will unlock greater flexibility and innovation in how students learn and prepare them for real-world success without federal strings attached. In the future, 529 plans could be used to distribute federal or state funds into parent-directed accounts, which will behave similarly to Health Savings Accounts.

**Newly eligible 529 uses now include:**



- « Curriculum and books for K–12 learners
- « Online learning materials
- « Tutoring and extracurricular educational services
- « Dual enrollment fees
- « Educational therapies for students with disabilities
- « Credentialing programs and workforce certifications, including Workforce Innovation and Opportunity Act and Veterans Administration-approved training
- « Homeschool resources and materials

### 3. BRINGS COLLEGE COSTS & DEBT UNDER CONTROL

Controlling for inflation, college attendance costs have [more than tripled](#) over the last 60 years. The culprit? A defective funding system that places the burden of irresponsible college spending (e.g., [lazy rivers](#) and [administrative bloat](#)) on families and taxpayers. The result is an unsustainable student debt increase ([\\$1.8 trillion](#) and counting), widespread loan defaults, and underhanded efforts by [unscrupulous politicians](#) to force hard-working American taxpayers to bail out this failing system.

**The OBBB addresses the college cost and debt crises by limiting [unsustainable borrowing](#).**

- « Unsubsidized graduate loans are capped at \$20,500/year with a new lifetime limit of \$100,000.
- « Unsubsidized professional loans are capped at \$50,000/year with a new lifetime limit of \$200,000.
- « Parent PLUS loans [are capped \(per student\) at \\$20,000/year with a lifetime limit of \\$65,000 per student](#).
- « New Graduate PLUS loans are eliminated.

**The OBBB simplifies student loan repayment and prevents future illegal bailouts.**

- « Loan repayment plans are consolidated into either a “standard” plan with fixed payments over 10–25 years or a flexible income-based repayment plan (the Repayment Assistance Plan).
- « Deferment and forbearance processes are simplified, and additional loan rehabilitation options are added to encourage repayment.

### 4. CREATES ACCOUNTABILITY FOR DEGREE VALUE

Today, the value proposition of a college education is no longer given. More than a third of [bachelor's degrees](#) and 40% of [master's degrees](#) produce zero or *negative* returns on students' educational investments. Moreover, for low-income students, the average bump in lifetime earnings provided by a college degree has [shrunk](#), causing them to fall further behind their more affluent counterparts.

**The OBBB holds universities accountable for offering degrees that do not [provide a return on investment](#).**

- « The OBBB withdraws federal grant and loan support for bachelor's programs whose graduates earn, on average, less than high school graduates in the same state.
- « Likewise, the OBBB withdraws federal grant and loan support for master's programs whose graduates earn, on average, less than bachelor's degree holders in the same field and state.
- « If a program fails either of these reviews in two out of any three consecutive years, it will lose access to federal funding for at least two years (or until it passes review).

### 5. ENHANCES ACCOUNTABILITY FOR FAR-LEFT COLLEGE ADMINISTRATORS



On far too many college campuses, the “open marketplace of ideas” has given way to open discrimination against anyone—[faculty, students, or visitors](#)—who departs from the reigning progressive monoculture. This atmosphere of intolerance has bred a dangerous climate for [Jewish students](#); yet, university elites refuse to reform. They would rather lose billions of federal dollars than protect their students from [violence, harassment, and intimidation](#) or give up on discriminatory and [illegal DEI policies](#).

**The OBBB revisits these benefits by adjusting the endowment tax.**

- « High-endowment institutions often operate like hedge funds, [earning more from their investments than they do from net tuition](#).
- « The OBBB adds two tax tiers to the current 1.4% tax on wealthy universities whose endowments are valued at over \$500,000 per student. Endowments valued at more than \$750,000 per student are taxed at 4% and endowments valued at more than \$2,000,000 per student are taxed at 8%.
- « By narrowing this lucrative tax loophole, the OBBB sends a clear signal to nonprofit universities that their business activities must also align with the public's interests and priorities.

## 6. SUPPORTS AND EXPANDS WORKFORCE DEVELOPMENT

The college-for-all paradigm is outdated. Today, salaries in the [skilled trades](#) have, in many cases, surpassed salaries for [bachelor's degree holders](#). Skilled trades are also uniquely resilient to emerging advancements in technology that may replace traditional jobs, and demand for them [continues to increase](#) as the Nation replenishes its manufacturing base; yet, postsecondary education funding continues to favor four-year degrees over workforce certificates.

**The OBBB brings needed balance and certainty to postsecondary education funding.**

- « The OBBB establishes the [Workforce Pell program](#), which allows students to access funds to pay for shorter, nontraditional educational programs that align with high-skill, high-wage jobs, similar to how other students access funds to pay for associate and bachelor's degree programs.
- « The OBBB provides the additional funds necessary to cover the shortfall in the Pell Grant program—the primary program that ensures low-income Americans can access higher education—while prudently enacting changes that limit eligibility to students in need.

## CONCLUSION

The OBBB is a turning point in the fight for parental rights in education. Instead of propping up bloated bureaucracies, this bill puts money back in the hands of families. It marks a clear shift away from the public school monopoly toward a pluralistic, parent-directed education system where every child can thrive.

The OBBB represents a powerful step in the right direction to ensure that the hundreds of billions of dollars invested in the Nation's universities rightfully represent American values, priorities, and law. When combined with the considerable work plan laid out in the Trump Administration's many executive orders regarding education opportunity and postsecondary education, Congress has set the stage to continue delivering on its promise to restore greatness and opportunity in American education.

