



August 1, 2025

GR 25-01 | Via Email

TO: Chief Executive Officers
Chief Student Services Officers
Financial Aid Directors and Administrators
Chief Instructional Officers

FROM: Linda Vazquez, Assistant Vice Chancellor of State and Federal Relations

RE: Overview of the One Big Beautiful Bill Act (H.R.1)
Signed into law on July 4, 2025 (Public Law 119-21)

Signed into law recently, [H.R.1, One Big Beautiful Bill Act](#), reflected a number of significant federal policy and programmatic reforms, including several provisions that directly impact our higher education community. This legislation could impact institutional operations, student services, and federal compliance requirements across the California Community Colleges system. The purpose of this memo is to provide an overview of the One Big Beautiful Bill Act. Further guidance and clarification may be issued following the release of this memorandum, including clarification anticipated to come from a U.S Department of Education negotiated rulemaking (“NegReg”) process. Accordingly, we strongly encourage relevant campus personnel to closely monitor updates from our office.

Financial Aid Eligibility

Pell Grant Eligibility

Under H.R. 1 § 83001, new conditions are set forth effective July 1, 2026 governing foreign income¹ and Federal Pell Grant eligibility for dependent and independent students, and Pell Grant ineligibility due to a student’s high Student Aid Index (SAI).² Below are four key changes to Pell Grant eligibility:

1. Adjusted Gross Income Determinations
 - a. For a dependent student, the law specifies adjusted gross income is to be determined by considering the second tax year preceding the academic year to establish the adjusted gross income of the student’s parents – plus, for Federal Pell Grant determinations made for academic years beginning on or after July 1, 2026, the foreign income of the student’s parents.

¹ Foreign earned income is income received for services performed in a foreign country in a period during which the earner’s tax home is in a foreign country.

² The Student Aid Index was introduced for the 2024-25 FAFSA to evaluate a student’s eligibility for financial aid. It replaced the Expected Family Contribution and is calculated based on the information provided in the FAFSA.

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- b. For an independent student, the law specifies that adjusted gross income is to be determined by considering the second tax year preceding the academic year to establish the adjusted gross income of the student and the student's spouse, if applicable – plus, for Federal Pell Grant determinations made for academic years beginning on or after July 1, 2026, the foreign income of the student and the student's spouse, if applicable.

2. Pell Grant Eligibility

- a. H.R. 1 § 83001 specifies conditions related to Federal Pell Grant ineligibility due to a high Student Aid Index. Students will not be eligible for a Federal Pell Grant for an academic year in which the student has a Student Aid Index that equals or exceeds twice the amount of the total maximum Federal Pell Grant for that academic year.
- b. H.R.1, § 83004*, specifies that beginning on July 1, 2026, a student will not be eligible for a Federal Pell Grant during any period in which the student receives grant aid from non-Federal sources, including states, institutions of higher education, or private sources, in an amount that equals or exceeds the student's cost of attendance for the same period (i.e., “full ride” scholarship). It is recommended for colleges to review and update their documented cost of attendance annually to ensure it is reflective of their local area, especially for living expenses including food, housing, transportation, and dependent care. Additional information about determining cost of attendance is available in the [Federal Student Aid Handbook](#) (Volume 3, Chapter 2 of the 2025-2026 Handbook).

*While revised § 83004 does not define “scholarship,” we anticipate that this will be further clarified through the negotiated rulemaking process.

Student Loans

H.R. 1 significantly revised loan repayments plans and the Federal Direct Student Loan program, and established new accountability measures for institutions issuing loans. Although not exhaustive, below is a helpful breakdown of the most notable changes. Colleges should also refer to [this linked resource grid](#) that was developed by the National Association of Student Financial Aid Administrators (NASFAA).

New Accountability Measures

Institutions of higher education will be prohibited from issuing loans for undergraduate programs where most graduates earn less than the median high school graduate in their state. H.R. 1 indicates the Secretary of Education will make a determination regarding median earnings. As such, additional guidance from the Secretary of Education will be needed before the impact of this provision can be determined.

Workforce Pell Grants

H.R.1 § 83002 authorizes Workforce Pell Grants (also known as short-term Pell). Beginning on July 1, 2026, undergraduate students who are enrolled, or accepted for enrollment at postsecondary

institutions, may receive Federal Pell Grants for attendance in an eligible workforce program. Eligible programs must meet the following criteria:

- Be an undergraduate program;
- Be a program requiring at least 150 clock hours of instruction and not more than 600 clock hours of instruction, or an equivalent number of credit hours;
- Be offered at least 8 weeks in length and not more than 15 weeks in length.
- An undergraduate program;
- A program of at least 150 clock hours of instruction, but less than 600 clock hours of instruction, or an equivalent number of credit hours; and
- Offered during a minimum of 8 weeks, but less than 15 weeks.

Correspondence courses are not eligible for Workforce Pell Grants.

Additionally, under OBBBA § 83002, the State Governors, after consultation with relevant state agencies, must determine that the Workforce Pell program:

- Provides an education aligned with the requirements of high-skill, high-wage (as identified by the State pursuant to section 122 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342)), or in-demand industry sectors or occupations;
- Meets the hiring requirements of potential employers in these sectors or occupations; and
- Leads to a recognized postsecondary credential that is stackable and portable across more than one employer; **or** prepares students for employment in an occupation for which there is only one recognized postsecondary credential; and provides such students with such a credential upon completion of the program.

Eligible Workforce Pell programs must prepare students to pursue one or more certificate or degree programs at one or more institutions of higher education, including by ensuring that a student, upon completion of the program and enrollment in a related certificate or degree program, will receive academic credit for the Workforce Pell program that will be accepted toward meeting such certificate or degree program requirements. Eligible programs may include noncredit or certificate training in fields like healthcare, information technology, or skilled trades. H.R.1 does not change the current process of accreditation and approval by employers, but where information is unclear, the Secretary of Education and the State are expected to provide guidance.

After a Governor determines that a program meets Workforce Pell program requirements, the Secretary of Education must determine that:

- The program has been offered by the institution for not less than one year prior to such a determination;
- For each award year, the program has a verified completion rate of at least 70 percent, within 150 percent of the normal time for completion;

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- For each award year, the program has a verified job placement rate of at least 70 percent, within 180 days after completion; and
- For each award year, the total amount of the tuition and fees of the program is an amount that does not exceed the value-added earnings of students who received this Federal financial aid and who completed the program 3 years prior to the award year.

Changes to Medicaid and Supplemental Nutrition Assistance Program (SNAP)

Medicaid

Under H.R.1 § 71119, adults between the ages of 19 to 64, must engage in community service work, or other activities in order to qualify for Medicaid. Specifically, on a monthly basis, (1) work at least 80 hours, (2) complete at least 80 hours of community service, (3) participate in a work program for at least 80 hours, (4) be enrolled at least half-time in an educational program, or (5) engage in any combination thereof for a total of at least 80 hours, and are subject to 6-month eligibility checks. Individuals may also qualify if they have a monthly income (or, for seasonal workers, an average monthly income over six months) that is at least as much as the equivalent of minimum wage multiplied by 80 hours. The section excludes certain individuals from these requirements, including those with serious medical conditions or with dependent children aged 13 or younger.

SNAP

Under H.R.1 § 10102, able-bodied adults between the ages of 19-64 must meet work requirements to be eligible for SNAP (CalFresh for Californians). Those who are exempt from these requirements include those under the age of 18 or over 65, individuals who are medically certified as physically or mentally unfit for employment, parents of children under the age of 14, or those who are pregnant. In addition, previous work requirement exemptions are now eliminated for people experiencing homelessness, individuals under age 24 who aged out of foster care at 8, and veterans upon implementation of the OBBBA. Further H.R.1 amends the SNAP benefit time limit exemptions for certain areas by removing the waiver eligibility based on a lack of sufficient jobs and by requiring these areas to experience above a 10 percent unemployment rate.

Finally, prior to the passage of the H.R.1, certain lawfully present noncitizens, such as asylees, refugees, parolees, were eligible for federal SNAP benefits. The bill's changes to SNAP noncitizen eligibility now limits CalFresh eligibility to an individual who resides in the United States (U.S.) and is a:

- Citizen;
- Lawfully Permanent Resident (LPR);
- Cuban or Haitian Entrant;
- An individual who resides in the U.S. in accordance with a Compact of Free Association (COFA) agreement.

Any other individuals **not** explicitly included in the above list, including refugees and asylees, are no longer eligible for CalFresh.

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The Chancellor's Office anticipates the recent changes to Medicaid and SNAP eligibility criteria will lead to notable losses of access to these essential safety net programs for many Californians, and may disproportionately affect marginalized populations, including individuals with unstable employment, caregiving responsibilities, or health conditions. Therefore, the Chancellor's Office expects campuses ensure that our basic needs programs, health, and mental health services remain easily accessible for those who need it the most.

Next Steps

Section 492 of the Higher Education Act of 1965, as amended, requires the Secretary of Education to solicit public engagement in the development of proposed regulations before it publishes proposed rules implementing programs authorized under Title IV. On July 25, the U.S. Department of Education [announced](#) plans to initiate a negotiated rulemaking process to implement the higher education provisions of the bill. The Department will convene two [negotiated-rulemaking sessions](#) and the timeline is listed below:

- Aug. 7 - Virtual public hearing from 9 a.m. to 4 p.m. to solicit public comment
- Aug. 25, 2025 – Public comments due
- Sept. 29 - Oct. 3, 2025 – Negotiation #1 on Student Loans
- Nov. 3 - 7, 2025 – Negotiation #2 on Student Loans
- Dec. 8 - 12, 2025 – Negotiation #1 on Financial Aid and Broader Title IV changes
- Jan. 5 - 9, 2026 – Negotiation #2 on Financial Aid and Broader Title IV Changes

Most of the changes in H.R.1 are expected to be effective July 1, 2026, with some becoming effective in 2027. This timeline is ambitious, and it is unclear if all final negotiated regulations and associated guidance will be in place to give institutions sufficient time to be compliant. Moreover, given the massive layoffs at the Department of Education, it remains to be seen whether the Department will have the resources to successfully implement the numerous program changes. We can also expect that appropriate state agencies will provide further guidance to institutions and other stakeholders. In the meantime, we recommend that campus leaders convene with their appropriate departments and begin preparing to address questions from students and families about the changes to financial aid.

H.R.1 approved a long-standing advocacy priority for the California community colleges: expanding Pell Grant eligibility to students enrolled in short-term programs (Workforce Pell). Additional students will now have an opportunity to access federal financial aid to advance their career goals. Vision 2030 compels us to reimagine “access” and to create meaningful pathways for all learners, no matter when or where they start. Workforce Pell will support students, especially working adult and nontraditional learner students, seeking rapid upskilling and job re-entry programs. While we wait for additional information through the negotiated regulation process, H.R.1 provides basic information about an institution's eligibility for Workforce Pell. In the meantime, each institution should begin identifying likely eligible programs and organizing all relevant data that may need to be submitted to the Department of Education

Other Federal Updates

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On July 15, 2025, the U.S. Departments of Education and Labor [announced](#) a new interagency partnership aimed at strengthening alignment between the federal education and workforce systems. The shift reflects the Trump administration's broader workforce priorities and represents a pivotal development in the administration's long-standing efforts to significantly downsize the Department of Education.

You may recall that on May 21, these two Departments entered into an interagency agreement (IAA) to launch the partnership. Implementation was initially halted when a federal judge issued a preliminary injunction due to ongoing litigation over the legality of ED's substantial staffing reductions announced earlier that month. However, on July 14, the U.S. Supreme Court granted the Department of Education's emergency motion to lift the injunction, clearing the way for it to proceed with the layoff of approximately 1,400 employees. Under the terms of the IAA, the Department of Labor will assume an expanded administrative role in several key education programs, including adult education, family literacy, and career and technical education initiatives authorized under the Carl D. Perkins Career and Technical Education Act (Perkins V) and Title II of the Workforce Innovation and Opportunity Act (WIOA). While DOL takes on increased operational responsibility, ED is expected to retain its statutory authority and oversight of these programs.

Conclusion

As federal agencies begin the implementation of H.R. 1, we encourage college leaders and staff to stay informed and assess potential impacts on your programs, particularly in areas related to financial aid, workforce development, and accountability reporting.

Helpful resources:

- Negotiated Rulemaking Notice: <https://www.ed.gov/about/news/press-release/us-department-of-education-announces-negotiated-rulemaking-implement-president-trumps-one-big-beautiful-bill>
- California Health & Human Services - Department of Social Services Announcement of H.R.1: <https://cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/ACLs/2025/25-50.pdf?ver=f84OH26VgCmR4gpTIIgxdA%3d%3d>
- U.S. Department of Education Press Releases: <https://www.ed.gov/about/news/press-release>
- National Association of Student Financial Aid Administrators Changes from H.R.1: https://www.nasfaa.org/uploads/documents/Federal_Student_Aid_Change_OB3_July2025.pdf
- Federal Student Aid Handbook: <https://fsapartners.ed.gov/knowledge-center/fsa-handbook>

Contact Information

- For questions about the provisions of H.R.1, please contact Dr. Linda Vazquez, Assistant Vice Chancellor for State and Federal Relations at LVazquez@CCCCO.edu.
- For questions and support on Pell Grant and Basic Needs programs, contact Allison Beer, Dean, Educational Services and Support at ABeer@CCCCO.edu.

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- For questions and support on Short Term Pell and eligible programs, contact Anthony Cordova, Vice Chancellor for Workforce and Economic Development at ACordova@CCCCO.edu and Dr. James Todd, Vice Chancellor of Academic Affairs at JTodd@CCCCO.edu.

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