Georgia's Public Schools Could Lose Funding and College Students Could Lose Financing Options in New Federal Law

On July 4, 2025, President Trump signed H.R. 1, a budget reconciliation bill formerly known as the "One Big Beautiful Bill" into law. This bill enacts several measures that could cause public schools to lose funding and could cause college students to lose financing options, even if it does include some modest improvements for Pell Grants.

K-12 Education

In K-12 education, this bill enacts an uncapped federal private school voucher tax credit, like Georgia's Qualified Education Expense Tax Credit, funneling public dollars into private schools. The voucher can be used for educational expenses such as private or religious school tuition for students whose parents/families earn up to 300% of an area's median gross income, which is variable by county and city. Ultimately, this means that most Georgia families would qualify for the voucher. There is no limit on the total amount that the federal government can spend on the program, and it is likely to cost at least $3 billion per year with costs rising over time as families become accustomed to using the voucher.

For each student at a private institution, public schools receive less funding. Because of set costs such as utilities and infrastructure spending that do not go down on a per-student basis, this means they lose money to use to educate the remaining students.

Higher Education

This bill makes several changes to Pell Grants and federal loan programs for college students:

- Reduces eligibility for Pell Grants (for students with income and assets that are calculated through their Student Aid Index to be over twice the amount of the maximum Pell Grant)
- Increases funding to help address the shortfall for Pell Grant funds
- Creates the Workforce Pell Grant
- Discontinues the Grad PLUS Loans. Many Georgians rely on Grad Plus Loans to pay for college; approximately 12,681 awards were given in 2023-24
- Institutes Graduate Student loan limits
- Institutes Parent PLUS loan limit
- Reduces the number of repayment options

For more detail on the changes to Pell Grants and federal loans, please see our recent analysis here.

H.R. 1 also establishes an unprecedented higher education accountability standard for some academic majors. This change will require that students earn more income than they would have if they had not completed the program. If not, the program will be at risk of losing its loan eligibility

Implementation Timeline

July 2026

- Start of the 529 plan expansion to allow higher tax-free distributions for K-12 expenses for elementary and secondary schools; yearly withdrawal limit goes from $10,000/year to $20,000
- Workforce Pell Grant program will be available for short-term post-secondary programs
- Grad PLUS Loan Program will discontinue
- Graduate school loan limits will begin
- Parent PLUS loans annual limit will start
- New student loan borrowers will have two repayment plans available: Standard repayment plan and the Repayment Assistance Plan (RAP)

January 2027

- Launch of the nationwide federal private school voucher tax credit for K-12

For list of sources and more detail about the measures in this bill, please visit our analysis of the bill: