When Education Counts But Financing Evaporates

Higher Education Financing Under the One Big Beautiful Bill Act

The July 2026 Paradox

Maria enrolled at State University in fall 2025 to finish her bachelor's degree in social work. She works 15 hours weekly as a campus student assistant while taking nine credit hours per semester. Between her education hours and part-time employment, she easily meets Medicaid's 80-hour monthly work requirement that will take effect in December 2026.

Her problem arrives on July 1, 2026. Maria had planned to continue into the Master of Social Work program the following fall. She needed a graduate degree for clinical licensure. Her undergraduate loans totaled $45,000. Under the old rules, she could borrow through Graduate PLUS to cover tuition, fees, and living expenses while completing her MSW. Under the One Big Beautiful Bill Act, Graduate PLUS no longer exists. She can borrow $20,500 annually in Direct Unsubsidized loans. The MSW program costs $32,000 annually, not counting living expenses.

Maria could bridge the gap through private loans at higher interest rates and fewer protections. She could work additional hours to cover the difference, though full-time clinical internships leave little time for paid employment. She could postpone graduate school until she saves money, losing momentum and extending her time to licensure. Or she abandons the graduate degree entirely, foreclosing the career pathway she had carefully planned.

The broader irony: education still counts toward work requirements. States will recognize graduate enrollment as qualifying activity. But the federal financing that makes graduate education accessible just disappeared. Work requirements create incentive to pursue education while student aid restrictions eliminate ability to afford it. This is policy working at cross-purposes with itself, telling expansion adults to improve their human capital through education while removing the financial infrastructure that makes improvement possible.

The Financing Landscape Before July 2026

Understanding what changes requires understanding what existed. Federal student aid before OB3 /H.R.1 operated through multiple loan programs serving different populations and needs.

Undergraduate students accessed Direct Subsidized and Unsubsidized Loans with annual limits based on year in school and dependency status. Dependent first-year students could borrow $5,500 annually, increasing to $7,500 for third and fourth years. Independent students had higher limits. These loans carried relatively favorable terms, fixed interest rates set by Congress, and various repayment options including income-driven plans.

Parents of undergraduate students could borrow through Parent PLUS loans up to the full cost of attendance minus other aid received. A student attending a school costing $35,000 annually who received $15,000 in grants and scholarships could have parents borrow up to $20,000 through Parent PLUS. There was no aggregate lifetime limit, parents could borrow for multiple children through multiple degree programs, and approval required credit check but not demonstration of ability to repay. This created risks of overborrowing but also enabled access for families who otherwise could not afford college costs.

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Graduate students accessed Direct Unsubsidized Loans up to $20,500 annually with a $138,500 aggregate limit including undergraduate borrowing. Beyond that limit, Graduate PLUS loans enabled borrowing up to full cost of attendance. A medical student facing $60,000 annual costs could borrow $20,500 in Direct loans and $39,500 in Grad PLUS. A law student, education doctorate student, or MSW student facing similar costs had similar access. Grad PLUS had no aggregate limit and credit requirements were minimal.

This system had problems. It enabled institutions to raise prices knowing students could borrow to cover increases. It created perverse incentives where programs with poor employment outcomes could still attract students with access to unlimited borrowing. It generated debt loads that some borrowers could never repay despite income-driven forgiveness plans. The average medical school graduate carried $200,000 in debt. Some law school graduates owed similar amounts for degrees leading to $60,000 starting salaries.

But unlimited borrowing also enabled access. Students from families without resources could pursue professional degrees, graduate education, and credential enhancement. The son of a Medicaid recipient could become a doctor. The daughter of agricultural workers could earn a master's degree. The existence of borrowing capacity divorced educational access from family wealth at the moment of enrollment, even if it imposed financial burdens later.

What Changes on July 1, 2026

OB3 /H.R.1 eliminates Graduate PLUS loans entirely for new borrowers. Graduate students can borrow $20,500 annually through Direct Unsubsidized loans with a $100,000 aggregate lifetime limit. Professional students in medicine, law, dentistry, and similar programs can borrow $50,000 annually with a $200,000 aggregate limit. All borrowers face a $257,500 lifetime limit across all federal loans excluding Parent PLUS borrowed when they were dependent students.

Parent PLUS loans get capped at $20,000 annually per child with a $65,000 lifetime limit per child. This affects both parents collectively. If a student has two parents who both want to borrow, they share the $20,000 annual cap and $65,000 lifetime cap. A student attending a $40,000 annual cost institution who receives $15,000 in grants now has a $25,000 gap that Parent PLUS can only partially fill.

Part-time students face proportional reductions. A student enrolled half-time can borrow half the annual limit. A graduate student pursuing a degree while working full-time who enrolls in six credit hours per semester instead of nine might only access $10,250 in loans instead of $20,500. This particularly affects expansion adults trying to combine work and education to meet work requirements.

The consolidation of income-driven repayment plans into two options replaces multiple complex plans with simpler but potentially less generous alternatives. The Repayment Assistance Plan bases payments on adjusted gross income and continues until the loan is repaid or 360 payments are made. Forgiveness after 30 years becomes taxable income. Some borrowers will pay less under the new system. Others will pay more over longer periods.

Student loan forgiveness becomes taxable for debt forgiven after December 31, 2025. A borrower who has $50,000 forgiven after 30 years of payments now faces a tax bill on that forgiveness as if it were ordinary income. At a 22% marginal tax rate, that generates an $11,000 tax liability in the year of forgiveness. This increases the long-term cost of borrowing even with forgiveness provisions.

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Legacy provisions protect some current borrowers. Students who borrowed before July 1, 2026, can continue borrowing under previous rules for three academic years or until program completion, whichever comes first. A student entering a two-year master's program in spring 2026 can use Grad PLUS through spring 2028. A student entering a four-year doctoral program in fall 2025 can use Grad PLUS for three years, then switches to the new limits for their final year. Parents who borrowed Parent PLUS before July 1, 2026, have similar three-year legacy access.

These transitions matter enormously for timing. Students who enroll in graduate programs before summer 2026 maintain access to old rules. Students who delay enrollment until fall 2026 face new restrictions. The incentive structure pushes acceleration of graduate enrollment among those who can manage it, potentially creating enrollment surges in spring 2026 followed by enrollment declines later.

Graduate Education Access Contracts

The elimination of Graduate PLUS and imposition of borrowing caps will reduce graduate enrollment, close graduate programs, and reorient institutional behavior. The magnitude depends on program costs, student populations, and institutional responses.

High-cost programs in major metropolitan areas face the most severe effects. A Master of Social Work program in New York or Boston charging $40,000 annually cannot be financed through $20,500 in federal loans without substantial additional resources. Students need either family support, employer sponsorship, private loans, or they cannot attend. Programs serving low-income and first-generation students will see enrollment declines. Programs serving affluent students with family resources may see limited impact.

This creates stratification by socioeconomic status within graduate education. Medicine and law already skewed toward students from higher-income backgrounds. The new financing constraints intensify this pattern. Talented students from working-class families face barriers that wealthy students do not. The credential system that theoretically creates mobility instead reinforces existing class structures.

Some institutions will respond by reducing graduate tuition. If your program costs $35,000 and students can only borrow $20,500, reducing tuition to $25,000 makes the program accessible with modest work or savings. But tuition reductions require either revenue replacement or cost reductions. Endowment support can subsidize some programs. Economies of scale can reduce per-student costs. Faculty reductions can cut expenses. Not all institutions have these options.

Other institutions will close graduate programs. If you cannot reduce costs below borrowing limits and cannot attract students with alternative resources, the program becomes financially unsustainable. Programs with poor employment outcomes may close first as new risk-sharing requirements tie federal aid eligibility to earnings. Programs in humanities and social sciences with high costs and modest financial returns may follow. Professional programs that generate strong earnings will be more resilient.

The Century Foundation estimates the new loan limits will affect about one-third of all graduate borrowers. NASFAA projects substantial graduate enrollment declines and program closures within seven years. Some celebrate these outcomes as eliminating wasteful graduate programs with negative returns on investment. Others view them as restricting access and reducing the supply of educated professionals in fields like social work, education, counseling, and healthcare where society needs more practitioners but earnings are modest.

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For expansion adults considering graduate education as a compliance pathway, these changes matter directly. Graduate enrollment counts toward work requirements. But if you cannot finance graduate education, it is not a viable pathway regardless of whether it counts. The intersection of work requirements and financing restrictions creates situations where the theoretical pathway remains open but the practical pathway closes.

Parent PLUS Caps and Community College Enrollment

The Parent PLUS caps affect undergraduate access, particularly at four-year institutions and private colleges. A family facing $35,000 annual costs at a private university where their child receives $15,000 in grants has a $20,000 gap. Parent PLUS previously covered this gap completely. Now it covers $20,000 in year one but leaves gaps in subsequent years as students approach the $65,000 lifetime limit.

Some families will shift to less expensive institutions. A student planning to attend a $35,000 private college may instead attend a $15,000 public university where Parent PLUS fully covers costs. A student planning to attend a residential public university may instead live at home and attend the local public university to reduce costs. These substitutions may preserve access while changing the student experience and potentially educational outcomes.

Other families cannot make substitutions work. If you live in a rural area far from public universities, living at home is not an option. If the local public university does not offer your intended major, substitution requires program change. If you have specific career goals requiring certain credentials, attending different institutions may foreclose those goals. The flexibility to substitute depends on geography, program availability, and career requirements.

Community colleges emerge as increasingly central to financing strategies. With annual costs around $3,500 for tuition and fees, community college attendance requires minimal or no parent borrowing. Students can complete associate degrees or first two years of bachelor's programs with little debt, then transfer to complete bachelor's degrees when they qualify for higher student loan limits as upper-division students.

This pathway serves expansion adults particularly well. Community college enrollment counts toward work requirements. Lower costs reduce borrowing needs. Part-time enrollment options enable combining work and school. Proximity to home maintains existing support networks. The two-year program length before transfer decisions creates time to assess whether bachelor's completion is realistic given financing constraints.

But community college transfer pathways require thoughtful planning. Not all credits transfer. General education requirements vary between institutions. Major prerequisites may not align. Students who assume transfer will be seamless often discover credit loss and delayed graduation when they actually attempt transfer. The financing advantage of starting at community college can be eroded by additional semesters needed to complete bachelor's degrees due to credit transfer problems.

Workforce Pell as Competing Alternative

OB3 /H.R.1 creates Workforce Pell grants for short-term training programs lasting 8 to 15 weeks (150 to 599 hours). These programs must align with high-skill, high-wage, or in-demand occupations, lead to recognized credentials, and meet employer needs. Students with bachelor's

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degrees but not graduate degrees can access Workforce Pell. Programs must be at accredited institutions.

This creates a genuine alternative to traditional higher education for work requirement purposes. An expansion adult can enroll in a 10-week medical assistant program or 12-week commercial driving course, receive Pell funding to cover costs, complete the program and earn a credential, and have those hours count toward work requirement compliance during enrollment. The short duration minimizes disruption to existing work. The occupational focus creates immediate employment pathways. The Pell funding eliminates cost barriers.

Workforce Pell competes directly with traditional higher education for students who need credentials quickly. A student deciding between a two-year associate degree in nursing and a 12-week medical assistant program faces clear trade-offs. The associate degree leads to better long-term earnings and career mobility. The medical assistant program gets you working in three months. If you are subject to work requirements, maintaining continuous Medicaid coverage may depend on getting employed quickly rather than pursuing optimal long-term credentials.

Educational institutions will face pressure to develop Workforce Pell programs even if they conflict with traditional academic values. Community colleges offering semester-based programs that take 15 weeks will compete with proprietary schools offering 10-week versions of similar content. Four-year universities known for bachelor's degrees may need to offer short-term training to capture Workforce Pell funding and serve students who cannot afford traditional programs.

The quality of Workforce Pell programs will vary dramatically. Some will provide genuine skill development, recognized credentials, and employment placement. Others will be diploma mills extracting Pell funding while providing minimal education. Program quality oversight matters enormously, but federal capacity for quality control is limited. State licensing helps for programs in regulated fields. For unregulated occupations, quality signals are weak.

Workforce Pell also creates substitution effects that may undermine traditional community college enrollment. If you can complete a medical assistant program in 10 weeks with Pell funding or complete an associate degree in nursing in two years with Pell funding and student loans, the short program has clear advantages if your goal is employment rather than educational attainment. Community colleges may lose students who would have pursued degrees to training programs that meet immediate needs.

For work requirement purposes, Workforce Pell programs count during enrollment but end after completion. A student completing a 10-week program earns credentials and presumably gains employment. But the transition from training to employment creates compliance risk. If you complete training in week 10 but do not start employment until week 14, you have four weeks of potential non-compliance unless you document job search activity or other qualifying activities.

The Endowment Tax and Institutional Restructuring

OB3 /H.R.1 expands endowment taxes for private nonprofit institutions with 3,000 or more students. The tax operates on a tiered structure based on endowment assets per full-time equivalent student. Institutions with endowments between $500,000 and $749,999 per student pay 1.4%. Institutions with endowments between $750,000 and $1,999,999 per student pay **4%.** Institutions with endowments of $2 million or more per student pay **8%.**

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These rates substantially exceed the previous 1.4% flat rate that applied only to institutions with endowments over $500,000 per student. Harvard, Yale, Princeton, Stanford, and similar institutions with endowments over $2 million per student will pay 8% annually on endowment investment returns. This represents significant revenue extraction that reduces resources available for financial aid, research, and operations.

Institutions will respond through multiple strategies. Some will increase endowment spending rates to generate more financial aid, countering tuition increases and addressing affordability. Others will restructure to move below threshold enrollment levels by limiting enrollment to 2,999 students. Still others will seek to reduce per-student endowment ratios by increasing enrollment while maintaining endowment size. Each strategy creates incentives affecting educational access and quality.

The endowment tax particularly affects graduate programs. If you need to extract more revenue from endowments or reduce endowment ratios, graduate programs are tempting targets. Graduate students often pay higher tuition than undergraduates. Graduate programs with poor financial aid coverage generate net revenue. Expanding graduate enrollment while reducing financial aid accomplishes both revenue generation and endowment ratio reduction.

But expansion through revenue-focused graduate programs contradicts other OB3 /H.R.1 priorities. The same legislation that creates endowment tax pressure also implements risk-sharing requirements where programs with low earnings lose federal aid eligibility. ***Institutions face contradictory incentives to both expand graduate enrollment for revenue and avoid programs with weak employment outcomes that trigger risk-sharing penalties.***

For expansion adults considering graduate education, endowment tax effects matter if institutional responses reduce financial aid availability. ***Institutions that previously offered substantial graduate fellowships may reduce aid packages, replacing grants with loans or offering smaller aid amounts.*** This increases student borrowing needs at the same moment borrowing limits decrease. The combination creates a financial squeeze making graduate education increasingly difficult to finance.

Student Loan Consolidation and Borrowers in Repayment

OB3 /H.R.1 consolidates income-driven repayment plans into two options starting July 1, 2028. Current borrowers enrolled in Income Contingent Repayment, Pay As You Earn, or Saving on a Valuable Education plans must transition to either the new Repayment Assistance Plan or Income-Based Repayment. Borrowers who took out loans before July 1, 2026, can continue with standard, graduated, extended, and legacy income-based plans if they never borrow after that date.

This creates critical decision points for expansion adults with existing student loans. If you have undergraduate loans in PAYE with low payments based on your income and you enroll in graduate school after July 1, 2026, your new graduate loans force your entire loan portfolio into either RAP or IBR. You lose access to PAYE. If PAYE was more favorable for your circumstances, this represents a loss.

Borrowers will need sophisticated analysis to determine optimal strategies. Some should avoid new borrowing after July 1, 2026, to preserve access to legacy repayment plans even if that means forgoing graduate education. Others should borrow strategically before June 30, 2026, taking advantage of legacy access windows. Still others will find the new plans acceptable and borrow without concern for repayment plan transitions.

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The taxability of forgiveness after December 31, 2025, compounds complexity. A borrower who will have $40,000 forgiven in 2030 after 20 years of payments now faces tax on that forgiveness. Planning for this tax liability requires foresight most borrowers lack. Financial aid offices are not equipped to provide tax planning advice. The intersection of student loans, repayment plans, forgiveness, and taxation creates a level of complexity that exceeds borrower financial literacy.

For expansion adults subject to work requirements, student loan repayment itself does not count as work activity. Attending education that requires borrowing counts. Repaying those loans after completion does not count. This creates a timing issue where educational activity generates compliance during enrollment but creates financial burden during repayment without compliance benefit.

Employer student loan repayment assistance became permanent under OB3 /H.R.1 Section 127 provisions. Employers can contribute up to $5,250 annually toward employee student loan repayment tax-free, with this amount indexed for inflation starting in 2027. This creates potential for employer partnerships with educational institutions and workforce development initiatives. ***An employer partnering with a community college to upskill workers could provide tuition assistance during enrollment and loan repayment assistance after completion.***

Risk-Sharing and Low-Earning Outcomes

OB3 /H.R.1 implements accountability frameworks tying federal aid eligibility to earnings outcomes. Programs where median graduate earnings fall below median earnings of workers with lesser credentials face federal aid restrictions. Two years of failing earnings tests results in programs losing access to federal loans for at least two years. All institutions except undergraduate certificate programs at public and nonprofit colleges face these earnings tests starting in academic year 2027-2028.

This creates powerful incentives for institutions to close programs with poor earnings or restrict enrollment in those programs to students with strong employment prospects. A Master of Social Work program where graduates earn $45,000 while bachelor's social work graduates earn $42,000 barely passes the test. An MFA in creative writing where graduates earn $35,000 while bachelor's creative writing graduates earn $40,000 fails the test and faces aid loss.

The earnings test methodology matters enormously. Using median earnings means half of graduates can earn below the threshold as long as the median exceeds it. Using mean earnings instead would create different incentives. The time period for earnings measurement matters too. Measuring earnings one year after graduation captures immediate employment but misses longer-term career progression. Measuring earnings ten years after graduation captures career outcomes but attributes earnings to credentials earned a decade earlier.

For expansion adults considering education as a work requirement pathway, risk-sharing creates uncertainty about program viability. A program that exists today might lose federal aid eligibility in two years if its graduates do not earn enough. Enrolling in that program means risking that it maintains eligibility throughout your enrollment or that you can transfer to another program if aid is lost. These risks are hard to assess without detailed earnings data that institutions may not disclose.

Programs serving low-income and minority students face particular risk. If your graduates disproportionately come from disadvantaged backgrounds and face labor market discrimination, their earnings may be lower than graduates from advantaged backgrounds even if the education

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provided is identical. Risk-sharing metrics that do not adjust for student characteristics penalize programs serving populations who need education most.

Some institutions will respond by restricting enrollment to students with strong employment prospects. If admitting students with barriers that might limit their earnings threatens your earnings metrics, you have incentive to reject those students. This conflicts directly with access goals and particularly harms expansion adults who face multiple barriers. A program that would have admitted a student experiencing homelessness might reject that student to protect earnings metrics, even though that student most needs the educational opportunity.

The December 2025 to July 2026 Window

The timing of policy changes creates a six-month period from December 2026 to July 2026 where work requirements exist but student aid operates under old rules, followed by a period where both operate under new rules. This timing affects enrollment decisions and compliance strategies.

Expansion adults subject to work requirements starting December 2026 can enroll in spring 2026 semester under old student aid rules. A student enrolling in graduate school in January 2026 can access Grad PLUS loans under legacy provisions through academic year 2028-2029. Their educational enrollment counts toward work requirements throughout this period. They complete a master's degree while maintaining Medicaid coverage through educational activity.

Students who delay enrollment until fall 2026 face new borrowing limits. The decision to enroll in spring 2026 versus fall 2026 determines which financing rules apply for years afterward. This creates substantial incentive to accelerate graduate enrollment among expansion adults who can manage it, even if acceleration is not educationally optimal.

But acceleration requires students to know about both work requirements and student aid changes and understand their interaction. Most expansion adults lack this knowledge. Financial aid offices often do not know about Medicaid work requirements. Medicaid eligibility workers do not know about student aid policy changes. The information necessary for optimal decision-making is distributed across systems that do not communicate.

Community colleges and other institutions serving expansion adults should be preparing students for this intersection during fall 2025 and spring 2026. Academic advisors need training on work requirement implications. Financial aid staff need materials explaining how student aid changes affect work requirement compliance strategies. Student communications should address the timing of both policies and explain decision points.

States implementing work requirements should consider whether educational enrollment rules need adjustment based on student aid changes. If graduate students can only borrow $20,500 annually but graduate programs cost $35,000, should states recognize part-time graduate enrollment combined with work as a viable compliance pathway? Should verification systems accommodate documentation from private lenders that supplement federal loans? These questions require coordination between Medicaid agencies and education departments.

What Education as Work Activity Means When Financing Disappears

The philosophical question underlying all of this: what does it mean to count education toward work requirements when financing to pursue education is eliminated? If society says education is valuable activity that satisfies mutual obligation but simultaneously removes the financial means to pursue education, is the pathway genuine or illusory?

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One perspective holds that education always required students and families to make sacrifices and bear costs. Federal aid never covered full costs at most institutions. Students always needed family support, personal savings, work income, or private borrowing to supplement federal aid. Reducing federal borrowing limits simply returns students to a world where education requires more non-federal resources. This is not fundamentally different from the past.

The counterargument points out that unlimited borrowing at least made education theoretically accessible regardless of family resources at the moment of enrollment. A student with no family support could still enroll and borrow to cover costs, accepting debt burden as the price of access. Borrowing limits mean that students without family resources or high earnings cannot access education at all regardless of their willingness to accept debt. The barrier shifts from willingness to accept future burden to present resource availability.

For work requirement purposes, this matters because reciprocity frameworks assume expansion adults can access qualifying activities. If education counts but is not financially accessible, the requirement becomes punitive rather than constructive. You lose coverage not because you refuse to participate in qualifying activity but because you cannot afford to participate. This violates the moral logic of reciprocity.

The practical response requires multi-pronged strategies. States should ensure that free GED programs, adult basic education, and community college enrollment remain accessible without borrowing requirements. Federal Workforce Pell should expand access to short-term training that creates employment pathways. Institutional tuition reductions should make more programs accessible within federal borrowing limits. Employer tuition assistance should supplement federal aid for workers pursuing credentials. Community organizations should connect expansion adults to programs they can actually afford rather than programs that theoretically count but are financially impossible.

None of these strategies fully replaces unlimited borrowing for graduate education. The student who wants to earn an MSW to become a clinical social worker faces genuine barriers when graduate programs cost $35,000 annually and federal borrowing caps at $20,500. That barrier persists regardless of how many short-term training programs or community college options exist. The educational pathway that person needs is foreclosed by financing constraints.

Some will celebrate this outcome, arguing that society does not need more MSWs if the earnings do not justify the educational costs. Others will lament it, noting that social workers serve vulnerable populations and that reducing access to social work education means reducing services to people who need them. The policy question is whether financing constraints should determine which professions attract practitioners and whether people from low-income backgrounds should be excluded from professions because they cannot afford the educational requirements.

Institutional Responsibilities in the New Landscape

Educational institutions face responsibilities to students navigating this intersection of policies. Those responsibilities include information provision, financial aid counseling, program design, and advocacy.

Information provision means ensuring students understand both work requirements and student aid changes before making enrollment decisions. A student considering graduate school should know that work requirements start December 2026, that enrollment counts toward compliance, that Graduate PLUS disappears July 2026, and that borrowing limits will constrain financing options. This information should be provided through financial aid materials, academic advising, orientation programs, and student communications.

Financial aid counseling should address work requirement implications explicitly. When a financial aid counselor discusses loan options with a graduate student who is a Medicaid recipient, the conversation should acknowledge that educational enrollment maintains coverage while loans create repayment obligations that do not count toward requirements after graduation. Students should understand that maximizing borrowing might not be optimal if it creates unmanageable debt without corresponding earnings.

Program design should consider work requirement effects on student populations. A graduate program serving low-income students should recognize that many students will be subject to work requirements and need to combine education with work. Offering evening courses, hybrid formats, and part-time pathways supports this population. Requiring full-time residency or day-time-only courses creates barriers that may foreclose access.

Institutions should also examine program costs and consider whether reductions are possible. If your graduate program costs $40,000 annually and that price point excludes students who can only borrow $20,500, reducing costs to $25,000 preserves access for students who cannot supplement federal loans. Cost reduction requires revenue replacement through endowment support, economies of scale, or expense reduction. Not all institutions can do this, but those that can should consider whether access goals justify the investment.

Advocacy responsibilities involve institutions using their voice to highlight problems and propose solutions. If student aid changes prevent your institution from serving low-income students effectively, this is information policymakers need. If work requirement verification creates administrative burden that strains institutional capacity, this affects policy feasibility. Institutions have both self-interest and public interest in ensuring policies work coherently rather than at cross-purposes.

Educational institutions generally prefer to avoid involvement in Medicaid policy and healthcare access questions. These are viewed as outside institutional mission and expertise. But when work requirements directly affect student populations and financing policies reshape educational access, education and healthcare policy intersect inescapably. Institutions cannot avoid these questions simply by pretending they are separate domains.

The Path Forward

Educational institutions, state Medicaid agencies, policy makers, and advocates must work together to ensure education remains a viable work requirement pathway despite financing constraints. This requires coordinated action across multiple domains.

States implementing work requirements should establish clear rules about educational activity that account for financing limitations. Recognize that part-time enrollment combined with work may be the only financially sustainable pathway for graduate students who cannot borrow to cover full program costs. Allow credit hour requirements to be lower for expensive programs where students must work to supplement insufficient federal aid. Create verification systems that work with institutional capacities rather than imposing unmanageable burden.

Federal policy should consider whether student aid changes need modification given work requirement intersections. If education is valuable activity that should count toward Medicaid

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compliance, federal financing should enable access to education rather than foreclosing it. This might mean higher borrowing limits, expanded Workforce Pell, larger Pell grants, or other mechanisms that make education affordable. It should at minimum mean coordination between Department of Education and CMS to ensure policies work coherently.

Educational institutions should maintain programs serving low-income students even when those programs face financial challenges. Consider whether endowment resources can support access for students facing borrowing limits. Partner with employers, community organizations, and workforce development agencies to create alternative financing through scholarships, tuition assistance, and work-study arrangements. Design programs that work for students who must combine education and employment rather than requiring full-time academic commitment.

Community organizations and navigators supporting expansion adults should provide realistic guidance about educational pathways. If a member wants to pursue graduate education but cannot borrow enough to cover costs, this should be acknowledged honestly rather than encouraging enrollment in programs they cannot complete. Help members understand which educational pathways are financially accessible, what Workforce Pell programs exist in their area, how community colleges can provide affordable credentials, and when private borrowing supplements make sense versus when they create unsustainable debt.

Above all, everyone involved should recognize that work requirements and student aid restrictions represent major policy changes that will interact in ways we cannot fully predict. The coming years will reveal which pathways remain viable, which populations face barriers, and which combinations of policies create unintended harm. Monitoring these effects, adjusting policies as problems emerge, and maintaining focus on whether the system enables genuine human flourishing rather than just checking compliance boxes will determine whether these intersecting policies serve the people they affect or simply create new forms of administrative burden and coverage loss.

Maria, the social work student whose story opened this article, faces these choices directly. She can accelerate into graduate school in spring 2026 under legacy financial aid rules, accepting the risk that this timing may not be educationally optimal but preserving access to better financing. She can delay graduate school and pursue Workforce Pell training in medical assisting or community health work that gets her employed quickly while maintaining coverage through work hours. She can abandon graduate education entirely and remain in bachelor's-level social work positions with limited career mobility but steady employment. None of these paths offer the career trajectory she originally planned, but all preserve Medicaid coverage through some combination of education and work.

The policy question is whether Maria should face these choices at all. Does society benefit from forcing talented students from low-income backgrounds to compromise educational aspirations because financing disappeared while work requirements arrived? Or should policy enable Maria to pursue the graduate education that serves both her interests and society's need for clinical social workers? The answer determines whether work requirements and student aid restrictions combine to create opportunity or foreclose it.

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