

Policy Watch

President Trump's "One Big Beautiful Bill Act," Explained

The largest cuts to food assistance, health care, education programs, and student loan services in U.S. history — while giving tax breaks to the wealthy.



Source: shutterstock.com

President Trump's **"One Big Beautiful Bill Act" (OBBBA)** made the largest-ever cuts to social safety net programs in U.S. history to fund tax cuts for the ultrawealthy and corporations. The OBBBA extends, expands, or implements more than **\$4.5 trillion in tax breaks** — mostly for billionaires — while making more than **\$1 trillion in cuts** to programs that many rely on for health care, adequate nutrition, and student loans.

Black communities will be among the hardest hit by these funding cuts, facing higher costs, fewer resources, and deeper debt. Here's a look at some of the programs that will be significantly altered.

Nutrition

What is the Supplemental Nutrition Assistance Program (SNAP)?

SNAP is the nation's first line of defense against hunger in America. As of December 2024, SNAP had more than **42 million participants**. Nearly **eight in 10 households** participating in SNAP include at least one member who is a child, an elderly adult, or a person with a disability. An estimated **25% of Black people** in the United States, including adults and children, are SNAP recipients.

How Does the Law Change It?

+ **Changes to Overall Funding**

+ **Changes to Work Requirements**

+ **Changes to State Cost-sharing**

+ Changes to Formulas Used to Determine SNAP Eligibility

Bottom Line for Black Communities

Cuts to SNAP will increase poverty, food insecurity, and hunger for children and adults, disproportionately affecting Black communities in the United States 25% of whom receive SNAP benefits.

Health Care

What is Medicaid?

Medicaid provides health coverage to an estimated **71.1 million Americans**, including eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. Medicaid is funded jointly by states and the federal government.

How Does the Law Change it?

+ New Work Requirements

+ Changes to Provider Taxes

+ Changes to Re-determining Eligibility

+ Changes to Copayments

Bottom Line for Black Communities

Black people make up **14% of the U.S. population** but account for **20% of Medicaid enrollees**. Medicaid is the single largest health insurer for children in the United States, covering nearly 40% of all children nationwide, including the more than **60%** of Black children enrolled in the program.

As **15 million people** lose access to health insurance because of cuts to Medicaid and the Affordable Care Act due to the OBBBA, Black people will be disproportionately affected.

Economic Justice

What is the child tax credit?

The **child tax credit** is a federal tax benefit that provides eligible families with up to \$2,000 per qualifying child under the age of 17. It is aimed at reducing their tax liability and supporting child-rearing costs.

How Does the Law Change it?

+ Changes to the Child Tax Credit

Bottom Line for Black Communities

Low-income Black households will not benefit from increases to the child tax credit because they do not earn enough money to receive it, effectively blocking millions of children in working families from receiving the \$2,200 tax credit increase.

Education

What are federal student loans and grants, and how does repayment work?

Federal student loans are funds borrowed from the U.S. government to help eligible students cover the cost of higher education at a four-year college or university, community college, or trade, career, or technical school. These loans are administered through the U.S. Department of Education's **William D. Ford Federal Direct Loan Program**, which provides various loan options to eligible students and their parents.

For many students, especially students of color, loans are the only way they can afford to pursue higher education. Over **43 million Americans carry more than \$1.6 trillion** in federal student debt.

Student loan repayment refers to the process of repaying the federal government money borrowed for educational expenses. Because of racial wealth disparities and systemic inequities, Black borrowers have the highest average student loan balances compared to other races and often struggle more with repayment.

The Pell Grant is a form of need-based federal financial aid awarded by the U.S. Department of Education to help eligible low-income students pay for college, including tuition, fees, room and board, and other educational expenses. Currently, the maximum Pell Grant award is **\$7,395**. Unlike federal student loans, Pell Grants do not need to be repaid.

Each year, around 7 million students from low-income families benefit from Pell Grants. Annually, nearly **60% of Black students** rely on Pell Grants, including around **73% of students** at Historically Black Colleges and Universities.

How Does the Law Change it?

+ Changes to the Parent PLUS Loan Program

+ Changes to the Graduate Parent PLUS Loan Program

+ Changes to Student Loan Repayment

+ Changes to the Pell Grant

Bottom Line for Black Communities

Caps on student loans put graduate school and post-graduate degrees, such as medical and law degrees, out of reach for anyone but the wealthy or those willing to risk taking out private loans, which can be predatory and do not typically offer income-based repayment options like some federal government options. This means that educational opportunities for Black people will become more limited, affecting potential earning power.

Black borrowers already struggle more with repayment than other borrowers because of limited repayment options, higher payments, and longer terms. As a result of these changes, managing repayment will be even more difficult for many Black borrowers.

The challenge is especially pronounced for Black Parent PLUS borrowers, who will have access to just one repayment option after July 1, 2026. Limiting loan access while failing to increase grant aid may ultimately lead to fewer Black professionals in the workforce and have a ripple effect on access to quality health care and legal services for Black communities.

Education

What are school vouchers?

School vouchers were originally used to **escape desegregation** in the wake of the unanimous Supreme Court decision in *Brown v. Board of Education*. They redirect public money that should be used to fund public schools to private schools. In states that have enacted universal voucher programs, such as Arizona and Florida, school vouchers are overwhelmingly used by students who were already enrolled in private schools. This means that school vouchers are not expanding access to private schools for the vast majority of students. Instead, school vouchers tend to deepen racial segregation

How Does the Law Change them?

+ A New National Voucher Program

Bottom Line for Black Communities

By definition, private schools are not open to all students. They also primarily benefit wealthy and white families. The overwhelming majority of Black students **attend** public schools. As a result, a loss of funding for public schools will disparately impact Black students and the schools that serve them.

Additional Resources

→ [Center on Budget and Policy Priorities](#)

→ [The Implementation Timeline of the OBBBA - Center for American Progress](#)

(Photo by Amid FARAHI / AFP via Getty Images)

Putting a Stop to Project 2025: Executive Action Tracker

This page outlines how the Trump administration has implemented the harmful Project 2025 agenda, and what LDF has done to defend equal opportunity for all and stop the erosion of our multi-racial democracy.

[→ View the Tracker](#)

We Were Built for this

Our litigation, research, organizing, and policy teams are steeped in the information and methods that will protect the civil rights of Black Americans and all Americans. Learn more about our work.

[→ Learn More](#)

Track LDF's lawsuits Against the Trump Administration

LDF has been fighting back against the Trump administration's efforts to weaken civil rights and erode our democracy since day one. Learn about the lawsuits we've filed.

→ View the Tracker

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