



# Student Aid Under the One Big Beautiful Bill Act: Key Changes and Impacts

Spring 2026

# Speaker

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# Agenda

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- Effective Dates
- Pell Grants
- Need Analysis
- Federal Loan Limits
- Schedule of Reductions (SOR)
- Loan Repayment
- Institutional Accountability
- Negotiated Rulemaking
- Q&A

# Final Rules Not Yet Issued

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- What we know is based on:
  - Consensus regulatory language
  - Proposed regulatory text
  - Information gathered from FSA, including FSATC in March
- ED cannot issue formal guidance until final rules are published

# Effective Dates

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- July 4, 2025
  - Borrower Defense to Repayment
  - Closed School Discharge
- July 1, 2026
  - Majority of the provisions
  - 26-27 award year
- July 1, 2027
  - Loan Rehabilitation Terms
  - Loan Deferment Options
  - Loan Forbearance Options
- July 1, 2028
  - Elimination of SAVE, ICR, and PAYE repayment plans for current borrowers

# Key Changes to Federal Pell Grants

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- Workforce Pell
  - 150-600 clock hours
  - At least 8 weeks but fewer than 15 weeks
  - Must:
    - Lead to a “portable, stackable” credential
    - Be approved by the state governor
    - Meet performance benchmarks
    - Be transferable into future degree programs
  - Program cost cannot exceed the value-added earnings of students who completed the program 3 years prior.
- Pell Shortfall
  - Provides approximately \$10 billion in mandatory funding to address the impending Pell Grant shortfall

# Need Analysis Changes

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- FAFSA Asset Exemptions
  - Return of exemption for small businesses/family farms
  - New exemption for family-owned commercial fisheries
- Foreign Income Exclusion
  - Now automatically added to AGI
- Full COA Scholarships/Grants
  - No Pell eligibility if non-federal scholarships/grants  $\geq$  COA
- Students with High SAI
  - If SAI = 2x maximum Pell award, no Pell eligibility

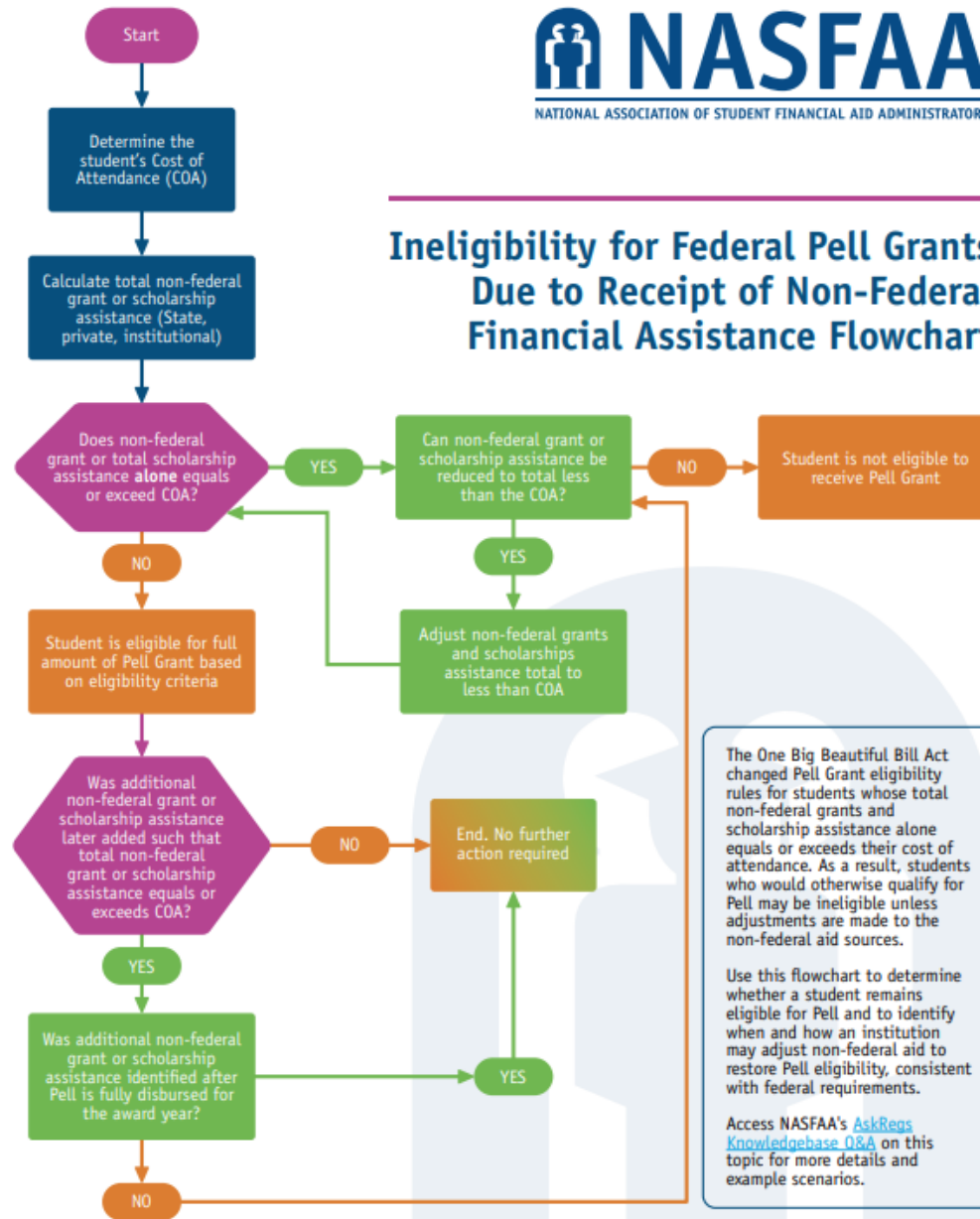
# Ineligibility for Pell Due to Receipt of Non-Federal Financial Assistance

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- If non-federal grant/scholarship aid is equal or greater than COA, no Pell Grant
- School can reduce non-federal aid to any amount less than COA to preserve full Pell Grant eligibility
- Once Pell is fully disbursed, no adjustments are necessary



## Ineligibility for Federal Pell Grants Due to Receipt of Non-Federal Financial Assistance Flowchart



The One Big Beautiful Bill Act changed Pell Grant eligibility rules for students whose total non-federal grants and scholarship assistance alone equals or exceeds their cost of attendance. As a result, students who would otherwise qualify for Pell may be ineligible unless adjustments are made to the non-federal aid sources.

Use this flowchart to determine whether a student remains eligible for Pell and to identify when and how an institution may adjust non-federal aid to restore Pell eligibility, consistent with federal requirements.

Access NASFAA's [AskRegs Knowledgebase Q&A](#) on this topic for more details and example scenarios.

All information provided here is based on NASFAA's understanding of the Department of Education's implementation of the One Big Beautiful Bill Act, as outlined in the draft regulatory text. All details are subject to change pending the final regulatory text, which is expected to be released in the first half of 2026.

# PLUS Loan Changes

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- For **periods of enrollment** beginning on/after July 1, 2026
  - Grad PLUS loan program eliminated
  - Parent PLUS subject to new annual/aggregate limits
    - Parent PLUS aggregate is based on original amount borrowed
- Likely **shift toward private loans** to fill gaps
  - Remember private lender list rules

# Federal Loans: Borrowing Limits

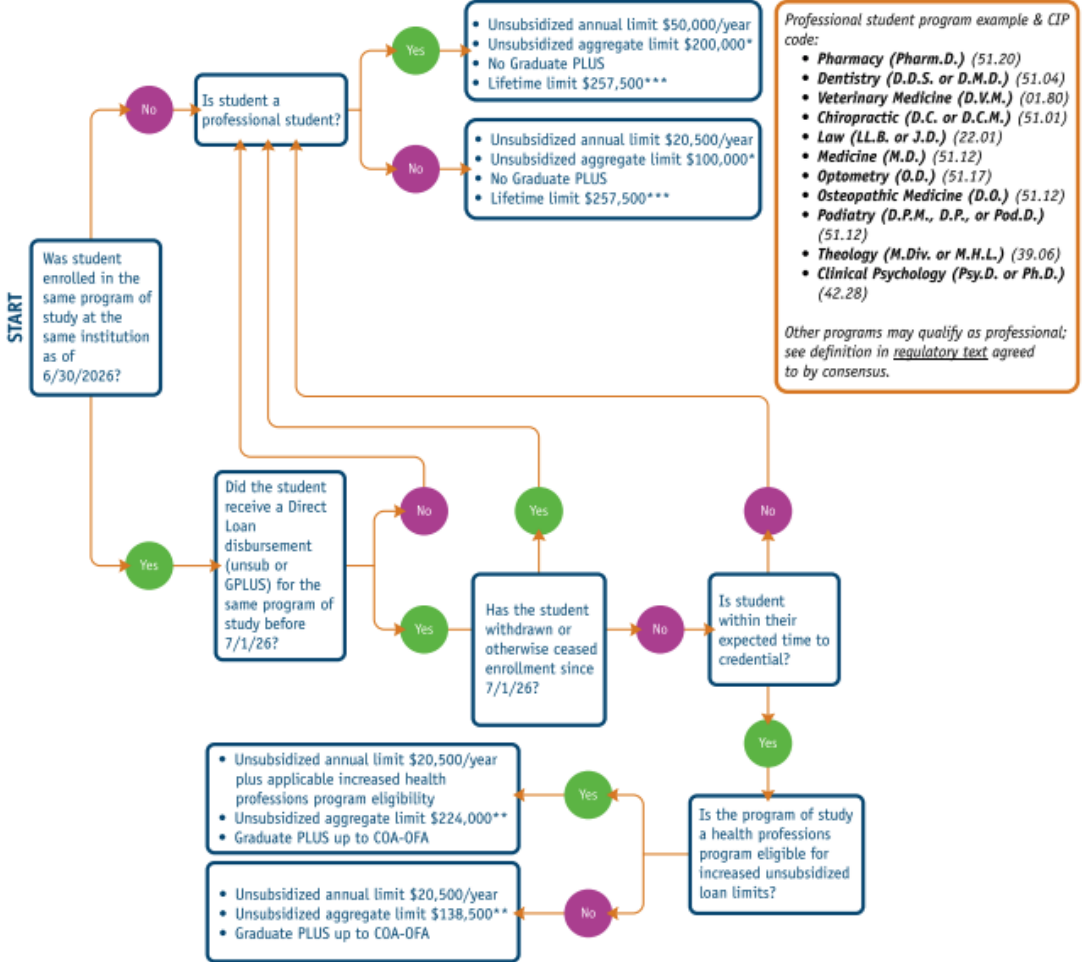
*For periods of enrollment beginning on/after July 1, 2026*

<b>Borrower Type</b>	<b>Undergraduate (no change)</b>	<b>Graduate</b>	<b>Professional</b>	<b>Parent</b>
<b>Annual</b>	\$5,500-\$12,500	\$20,500	\$50,000	\$20,000
<b>Aggregate</b>	\$31,000-\$57,500	\$100,000 (not including UG)	\$200,000 (not including UG)	\$65,000
<b>Lifetime Limit (ALL)</b>	\$257,500*			N/A

\*without regard to any amounts repaid, forgiven, or otherwise discharged and inclusive of Grad Plus Loans

# Grad/Prof Loan Limits Flowchart

## 2026-27 & BEYOND GRADUATE/PROFESSIONAL STUDENT LOAN BORROWING LIMITS



# Limited Exception

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## New loan rules do not apply for:

- Students who were **enrolled in a program of study** as of June 30, 2026 and a **Direct Loan was made [disbursed]** for that program of study prior to July 1, 2026
- During student's **expected time to credential**
  - Maximum of 3 years
- For Parent PLUS limited exception eligibility only:
  - A student who **changes majors** within the same degree or certificate will be considered to be enrolled in the same program of study
- Limited exception eligibility lost if student withdraws or ceases enrollment

# COD “grandfathering flag”

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- COD will automatically identify 25-26 borrowers with a loan with an award end date after April 4, 2026 as eligible for limited exception
- This status will feed to NSLDS, which will trigger post screening for close to/over annual/aggregate/lifetime limit based on limited exception eligibility
- ED recommends originating loans early to prompt NSLDS post screening

# Graduate/Professional Definition

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**Professional student:** A student enrolled in a program of study that awards a professional degree upon completion of the program;

- Signifies both **completion of the academic requirements for beginning practice in a given profession**, and a **level of professional skill beyond that normally required for a bachelor's degree**; and
- Is **generally at the doctoral level**, that **requires at least six academic years of postsecondary education coursework** for completion, **including at least two years of post-baccalaureate level** coursework; and
- **Generally requires professional licensure** to begin practice; and
- Includes a **four-digit program CIP** code in the same intermediate group as recognized professional fields

# Approved Professional Programs

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- Pharmacy (Pharm.D.) (51.20)
- Dentistry (D.D.S. or D.M.D.) (51.04)
- Veterinary Medicine (D.V.M.) (01.80)
- Chiropractic (D.C. or D.C.M.) (51.01)
- Law (L.L.B. or J.D.) (22.01)
- Medicine (M.D.) (51.12)
- Optometry (O.D.) (51.17)
- Osteopathic Medicine (D.O.) (51.12)
- Podiatry (D.P.M., D.P., or Pod.D.) (51.12)
- Theology (M.Div. or M.H.L.) (39.06)
- Clinical Psychology (Psy.D. or Ph.D.) (42.28)

# Annual Loan Limit Adjustments for Less-Than-Full-Time Study

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Loan limit formula for less than full-time enrollment: Annual

$$\left( \frac{\text{number of credit hours enrolled for academic year}}{\text{number of credit hours considered full time for that academic year for the program of study}} \right) \times 100$$

= reduced annual loan limit percentage

Loan limit formula for less than full-time enrollment: Period of enrollment

$$\left( \frac{\text{number of credit hours enrolled for the term}}{\text{number of credit hours considered full time for that term for the program of study}} \right) \times 100$$

= reduced annual loan limit percentage

# Schedule of Reductions (SOR)

- Credits totaling 24 = No SOR required.
- School is allowed to assume full-time for the year.
- No more than 1/2 of an aggregate annual limit for the term allowed unless resulting from an adjustment that returns the student to full time.
- If aware of reduced credits, must adjust prior to disbursement.
- Must evaluate for changes at the end whenever there is a subsequent term.
- If SOR is required, you can adjust the recent term completed or the next term.
- If at the end of the year, student has returned to full time enrollment, the SOR can be re-disbursed in the most recent term.
- SOR requirements follow registrar records/enrollment reporting for less than full time.



# SOR Example – When Proration is Required

## Student Packaging Assumption

- Full-time academic year: 24 credits (12/12)
- Annual loan eligibility:
  - \$3,500 Subsidized
  - \$2,000 Unsubsidized

## What Changed?

- Enrolled 9 credits in Fall at disbursement

**Result: SOR is required**



# SOR Calculation

- **Academic Year Enrollment**
  - **21 ÷ 24 credits = 88%**
- **Prorated Annual Limits**
  - **Subsidized: \$3,080**
  - **Unsubsidized: \$1,760**
- **Adjusted Fall Disbursement**
  - **\$1,330 Sub**
  - **\$760 Unsub**



# SOR Example: Adjustment Made After Fall Term

## Initial Packaging

- Assumed full-time: 24 credits (12 Fall / 12 Spring)
- Annual loans:
  - \$5,500 Subsidized
  - \$2,000 Unsubsidized

## What Actually Happened

- Student completed 9 credits in Fall
- School policy: Evaluate SOR at end of term
- Adjustment will be applied to Spring



# Calculate the Proration

## Step 1: Determine Academic Year Enrollment

- Fall: 9 credits
- Spring (planned): 12 credits
- Total:  $21 \div 24 = 88\%$

## Step 2: Prorate Annual Loan Limits

- \$5,500 → \$4,840 (Subsidized)
- \$2,000 → \$1,760 (Unsubsidized)



# Apply the Adjustment

## What Happens to Disbursements?

- **Fall (Already Disbursed)**

- Remains unchanged at \$2,750 Sub / \$1,000 Unsub

## Spring (Adjusted Term)

- Must reflect reduced annual eligibility
- Remaining eligibility after Fall is what is available for Spring
  - \$2,090 Sub / \$760 Unsub



# SOR Example: Spring Enrollment Drops Again

## After Fall review

- School adjusted Spring based on projected annual enrollment of **21 credits (9 + 12)**
- That produced an **88% annual limit**

## New development

- Before Spring disbursement, student only enrolls **6 credits**
- School must now evaluate based on **actual annual enrollment: 15 credits out of 24**



# Recalculate the Annual Limit

Revised Annual Limit Based on 15/24 Credits

$$15 \div 24 = 62.5\% \text{ (Round to 63\%)}$$

- **Apply 63% to annual limits:**
  - **\$5,500 Sub × 63% = \$3,465**
  - **\$2,000 Unsub × 63% = \$1260**



# What Is Left After Fall?

## Fall was already disbursed at:

- \$2,750 Subsidized
- \$1,000 Unsubsidized

## Remaining eligibility for the same annual period becomes:

- Subsidized:  $\$3,465 - \$2,750 = \$715$
- Unsubsidized:  $\$1,260 - \$1,000 = \$260$

## Spring can only receive the remaining amount

- \$715 Sub
- \$260 Unsub



# Let's Continue This Example

## Student adds Summer Trailer Enrollment of 6 hours

- **New total enrollment for the academic year:**
  - **9 (Fall) + 6 (Spring) + 6 (Summer) = 21 credits**
  - **$21 \div 24 = 88\%$**
- **What That Means**
  - **Revised Annual Eligibility**
  - **$\$5,500 \times 88\% = \$4,840$  (Sub)**
  - **$\$2,000 \times 88\% = \$1,760$  (Unsub)**



# Compare to What Was Already Used

## From earlier:

- Fall: \$2,750 / \$1,000
- Spring (reduced): \$715 / \$260

## Total used before summer:

- Sub: \$3,465
- Unsub: \$1,260

## Remaining Eligibility for Summer Using 88%

- Sub:  $\$4,840 - \$3,465 = \mathbf{\$1,375}$
- Unsub:  $\$1,760 - \$1,260 = \mathbf{\$500}$



# Summer Loan for This Example

Sub = \$1,375

Unsub = \$500

- Remember Additional Requirement:
  - Student must be enrolled at least half-time
  - In this example: 6 credits → eligible for disbursement
  - If below half-time:
    - ✗ No Direct Loan disbursement allowed
    - Even if eligibility remains



# LTFT Across Both Terms at the Outset

**Enrollment:** Fall 7 credits, Spring 6 credits

**Total annual credits:** 13

**Academic year base:** 24 credits

**Initial annual limits:** \$3,500 subsidized / \$2,000 unsubsidized

## Step 1: Schedule of Reductions

$$13/24 = 54.17\%$$

Using whole-percent rounding: 54%

Reduced annual loan limits:

$$\text{Subsidized: } \$3,500 \times 54\% = \$1,890$$

$$\text{Unsubsidized: } \$2,000 \times 54\% = \$1,080$$

# Allocate by Proportional Share of Total Annual Enrolled Credits

Using total annual credits of 13 as the denominator:

Fall:  $7/13 = 53.85\%$ , rounded to 54%

Spring:  $6/13 = 46.15\%$ , rounded to 46%

Calculated amounts:

## **Subsidized**

Fall:  $\$1,890 \times 54\% = \mathbf{\$1021}$

Spring:  $\$1,890 \times 46\% = \mathbf{\$869}$

## **Unsubsidized**

Fall:  $\$1,080 \times 54\% = \mathbf{\$583}$

Spring:  $\$1,080 \times 46\% = \mathbf{\$497}$

# LTFT Across Both Terms at the Outset - Equal Disbursements

**Enrollment:** Fall 7 credits, Spring 6 credits

**Total annual credits:** 13

**Academic year base:** 24 credits

**Initial annual limits:** \$3,500 subsidized / \$2,000 unsubsidized

**Schedule of Reductions** =  $13/24 = 54.17\%$ , rounded to 54% or \$1890 Sub and \$1080 Unsub

**Divide equally across terms.**

\$945 per term Sub

\$540 per term Unsub

# Operational Recap

- **Can a student recoup reduced eligibility in a later term?**
  - Yes. If the borrower later becomes full-time or otherwise has remaining annual eligibility, the school can deliver the remaining amount later in the year.
- **Can a spring disbursement exceed half the annual amount?**
  - Yes, ED indicated substantially equal disbursement rules were waived, so the school may place the remaining annual eligibility in spring.
- **Does summer assigned to 2025-26 get SOR?**
  - No. Summer trailers assigned to 2025-26 are outside the effective date. Summer headers attached to 2026-27 are different.



# Institutional Authority to Limit Loans

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- Institutions can set lower loan limits **by program of study**
- Must be **applied consistently** to all students in program of study
- Adjustments for less-than-full-time study based on institutionally-determined limit, not statutory limit
- **No PJ authority** to approve higher loan amounts for individual students

# Student Loan Repayment:

## New Loans

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- For borrowers with Direct Loans disbursed on/after July 1, 2026
  - Only two repayment options
    - Standard 10-25 year fixed repayment plan (“tiered standard”)
    - Repayment Assistance Plan (RAP)
    - All loans must be paid under the same repayment plan
      - New Parent PLUS loans can only be repaid under the tiered Standard plan.

# Student Loan Repayment: Current Borrowers

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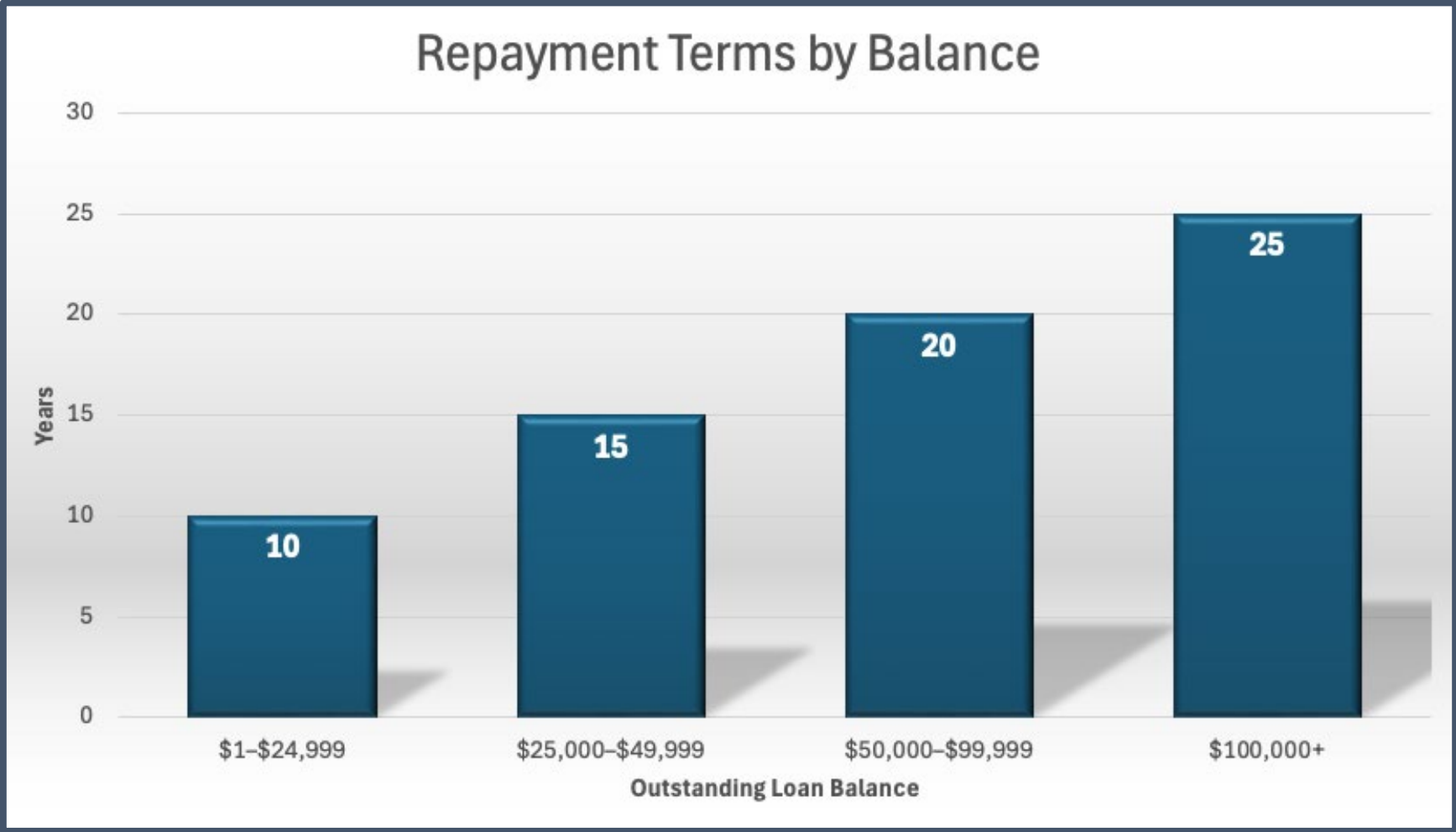
- Borrowers with no new loans made after July 1, 2026
- Can continue to enroll in the current Standard, Graduated, Extended, ICR, PAYE, and IBR repayment plans
  - May opt in to the new RAP once available
- *July 1, 2028: SAVE, ICR and PAYE will be eliminated.*
  - May switch between, enter, or remain on existing IDR plans until July 1, 2028
    - Only IBR will remain of the current IDR plans

# Repayment Assistance Plan (RAP)

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- Monthly payment is 1-10% of income based on AGI
- \$50 off monthly payment (base payment) per dependent
- \$10 minimum payment
- 30-year repayment period
- No cap on monthly payment
- No negative amortization
- Principal match

# New Standard Repayment Plan



# Changes to Federal Loan Terms

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- Rehabilitation
  - Allows borrowers to rehabilitate a defaulted loan twice
- Deferment
  - Sunsets the economic hardship and unemployment deferments
- Forbearance
  - Restrictions on length of forbearances (max of 9 months in any 2 year period)

# Accountability Framework

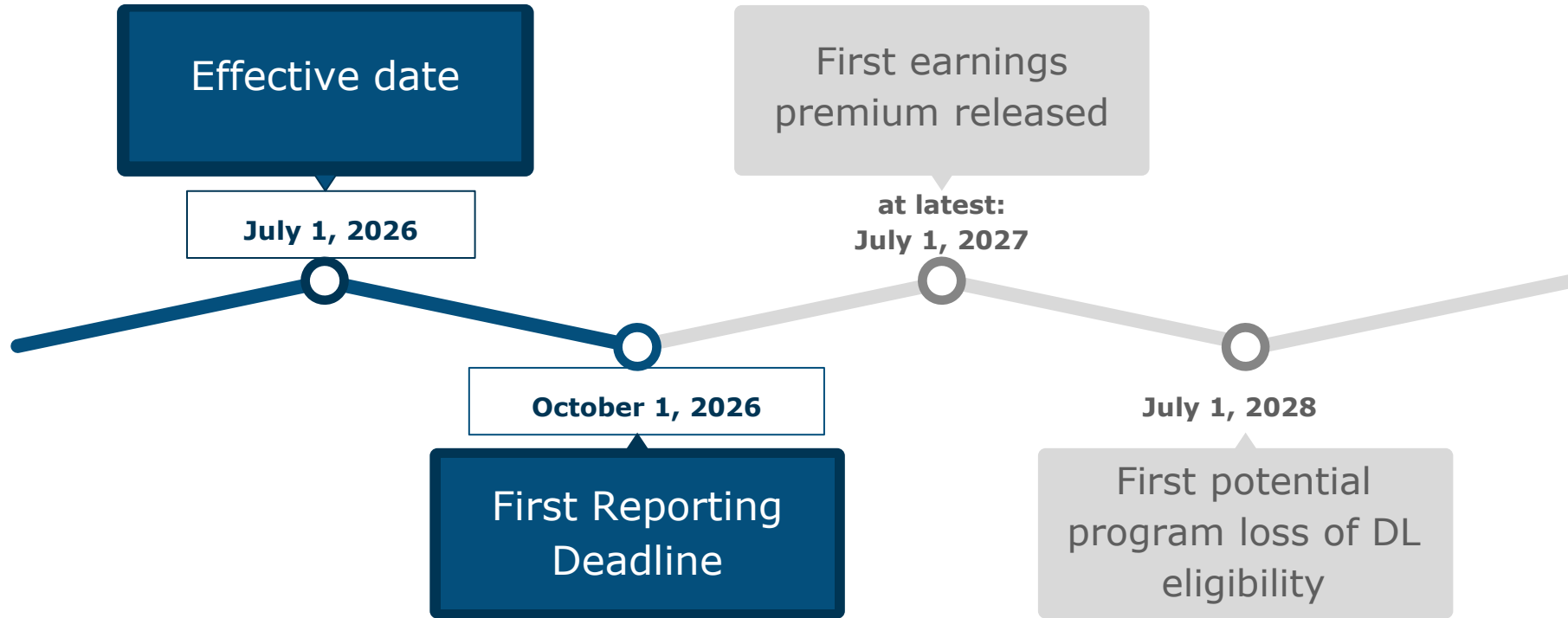
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- New 'low earnings outcomes' test
  - Failing programs two out of three years would lose Direct Loan eligibility
  - Warnings required to students after failing one year
- **Undergraduate programs:** Compares the median earnings of completers 4 years after program completion with the earnings of “working adults” with only a high school degree or GED who are not enrolled in higher education
- **Graduate programs:** Compares the median earnings of completers 4 years after program completion with the earnings of “working adults” with only a bachelor’s degree in the same field of study who are not enrolled in higher education

# Old vs New Institutional Accountability Framework

	<b>GE/FVT</b>	<b>The OBBBA Earnings Accountability</b>
<b>Applies to</b>	GE: All programs at proprietary schools & certificate programs at all schools FVT: All programs	All Title IV participating programs
<b>Metrics/Tests</b>	Debt-to-Earnings & Earnings Premium	Earnings Premium only
<b>Earnings Measured</b>	Median earnings of all completers, 3 years post-completion	Median earnings of completers, 4 years post-completion
<b>Earnings Benchmark</b>	Median earnings of working high school graduates in same state	Median earnings of bachelor's degree holders
<b>Required Warnings/Acknowledgments</b>	GE programs: Warning after 1 year failure FVT programs: Acknowledgement after 1 year failure (except undergrad degree programs)	Warning after 1 year failure
<b>Sanctions</b>	Program Loss of Title IV eligibility	Program loss of DL eligibility Potential program loss of all Title IV eligibility
<b>Annual Reporting Deadline</b>	October 1	October 1

# Institutional Accountability: Timeframes



# NPRM: RISE Provisions

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NPRM released January 30, 2026

NASFAA submitted comments March 2, 2026

Final rule expected May 1, 2026



## **NASFAA Comments Major Points:**

- Professional degree definition too narrow
- Need for clarification on
  - Low to adjust loans for LTFT enrollment
  - Limited exception eligibility
  - Remaining time to credential
- Urgent need for guidance, training, systems updates

# NPRM: AHEAD Pell Provisions

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NPRM released March 9, 2026

NASFAA will submit comments April 8, 2026

Final Rule expected May 1, 2026

## **NASFAA Comments Major Points:**

- Restore LEU when institutions must return Pell due to non-federal aid overawards
- No new reporting requirements; existing audit/program review authority is sufficient
- Clarify effective date for institutions whose 2026–27 term begins before July 1, 2026
- SAP requirements weren't designed for short-term programs; need explicit guidance
- Exclusions from accountability calc for delayed release, transfers, or correctional authority actions outside student control

# NASFAA Resources

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- Summary Charts
- Implementation Checklists
- Leadership Brief One-Pagers
- Funding Gaps Modeling Tool
- Communications Toolkit
- On-Demand Webinars (members-only)





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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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