FEDERAL UPDATE

2026 TCU Conference

Effie Barnett, Federal Student Aid
Joe Massman, Office of Postsecondary Education
July 2026

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AGENDA

1. FAFSA® Update
2. Program Integrity and Institutional Quality Regulations
3. *One Big Beautiful Bill Act* (*OBBBA*)
   - Student Loan Reforms Regulations
   - General Pell and Need Analysis Regulations
   - Workforce Pell Regulations
   - Earnings Accountability and STATS Regulations
4. Resources

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FAFSA® UPDATE

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2026-27 FAFSA STATISTICS

2026-27

Key performance indicators and status updates for crucial dates

	Total
Starts	15.7m
Submissions	14.1m
Processed	**13.9m**
Satisfaction	**95%**

Comparison

Performance of the 2026-27 form against same date baselines

	Total
To 2025-26	**+6.4%**
To 2024-25	+22%
To 3 Cycle Avg	+14%
YoY Growth	**+848k**

Contact Center

Performance of the Contact Center for last week (through 6/19)

	Calls	Chat
Average Speed to Answer	**1:52**	0:14
Abandonment	5.6%	0.4%
Volume	12,190	1,133

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FAFSA AND REAL-TIME IDENTITY VERIFICATION

- Over $200m of federal taxpayer money has been blocked
- Auto-import of tax data for those with an ITIN
- Very few overrides by FAAs during fraud review

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PROGRAM INTEGRITY AND INSTITUTIONAL QUALITY REGULATIONS

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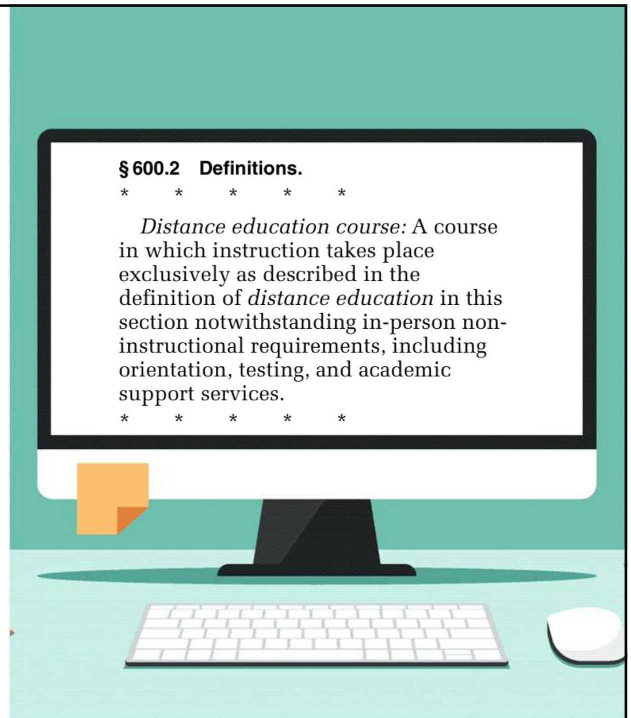
DISTANCE EDUCATION

34 CFR 600.2 and 668.41

Federal Register Notice Final Rule January 3, 2025

- Distance education course definition
  - 34 CFR 600.2 (Definitions)
  - July 1, 2026, effective date
- Report enrollment in distance education or correspondence courses
  - 34 CFR 668.41(h)
  - July 1, **2027,** effective date



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RETURN OF TITLE IV (R2T4)

34 CFR 668.22; *Federal Register Notice* Final Rule January 3, 2025

Final regulations effective July 1, 2026; early implementation began ***February 3, 2025***

NEW WITHDRAWAL EXEMPTION

- For payment period or period of enrollment
  - Treat student as no-show for period
  - Return all Title IV grants and loans to the Department
  - Refund all institutional charges
  - Cancel any balance owed to school due to returning Title IV funds to the Department
- Applies to all educational program types
- Optional exemption

LEAVE OF ABSENCE (LOA) AND INCARCERATED STUDENTS

- Confined or incarcerated students on approved LOA may return to any point in prison educational program
- Applies to term-based and all other educational program types

EA GENERAL-26-20

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RETURN OF TITLE IV (R2T4)

34 CFR 668.22; Federal Register Notice Final Rule January 3, 2025

DATE OF DETERMINATION

- An institution required to take attendance must, within 14 days of student's last date of attendance, assess whether the student has withdrawn.

SCHEDULED CLOCK HOURS

- Must use "payment period" method to determine scheduled clock hours in period.

MODULES INCLUDED IN "TOTAL DAYS"

- Include module as part of the payment period in denominator only when student begins attendance in module.

Final regulations effective July 1, 2026

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ONE BIG BEAUTIFUL BILL ACT (OBBBA)

July 4, 2025

Public Law No: 119-21

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PROVISIONS IN THE *OBBBA*

- Student Eligibility Provisions
- Origination and Disbursement Provisions
- Loan Repayment and Servicing Provisions
- School Eligibility and Accountability Provisions

DCL GEN-25-04 EA APP-25-23

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OVERVIEW

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OBBBA NEGOTIATED RULEMAKING EFFORTS

ED has held a series of required negotiated rulemaking sessions to implement a number of important reforms.

- Restoring Public Service Loan Forgiveness Committee
- Reimagining and Improving Student Education (**RISE**) Committee
- Accountability in Higher Education and Access through Demand-driven Workforce Pell (**AHEAD**) Committee

- The **RISE** Committee reached consensus last Fall on historic student loan regulations.
  - The final rule was published on May 1.
- The **AHEAD** Committee reached consensus on two key regulations:
  - New Workforce Pell Program – the final rule was published on May 19.
  - New Accountability framework – the final rule was published on July 1.

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CURRENT NEGOTIATED RULEMAKING EFFORTS

- Accreditation, Innovation, and Modernization (AIM) Committee
  - The committee reached consensus on draft regulations reforming ED's recognition of accrediting agencies.
  - The NPRM will be published this summer and the final rule published before November 1, and effective July 1, 2027.

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OBBBA SYSTEM IMPLEMENTATION

- Federal Student Aid (FSA) performed one of its largest upgrades to implement all provisions of the *OBBBA*, also known as the *Working Families Tax Cuts Act* (*WFTCA*), effective July 1, 2026.
- Loan servicers have made the necessary updates for borrowers to apply for the Repayment Assistance Plan (RAP) and for FSA to process these applications.
- The New Loan Repayment Calculator (formerly, Loan Simulator) is live – borrowers can receive real-time, detailed information on their new repayment options on studentaid.gov.

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NEW IMPLEMENTATION INITIATIVES

- Frequently Asked Questions
- Office Hours
- Webinars

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STUDENT LOAN REFORMS REGULATIONS

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ORIGINATION AND DISBURSEMENT PROVISIONS (1 of 2)

Effective July 1, 2026, with exceptions

- Eliminates Direct PLUS Loans for graduate and professional students
- Revises Direct Loan annual and aggregate limits for graduate and professional students
- Revises Direct PLUS Loan annual limits and creates new aggregate limits for parent borrowers

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ORIGINATION AND DISBURSEMENT PROVISIONS (2 of 2)

Effective July 1, 2026, with exceptions

- Creates new lifetime maximum aggregate limit for all students
- Prorates annual loan limits based on enrollment status
- Permits institutions to limit total borrowing if applied to all students in same program

LOAN REPAYMENT AND SERVICING PROVISIONS

Effective dates vary

- Establishes two new repayment plans
- Revises income-based repayment (IBR) plans
- Limits deferments and forbearances
- Expands options for borrowers with certain defaulted loans
- Delays current borrower defense regulations
- Delays current closed school discharge regulations

GENERAL PELL AND NEED ANALYSIS REGULATIONS

CHANGES TO PELL GRANTS AND NEED ANALYSIS

Implemented on the 2026-27 *Free Application for Federal Student Aid* (FAFSA®) form

Asset exemptions

Amends the need analysis formula, used to calculate the Student Aid Index (SAI), to exempt assets from the following (in addition to the existing exemption for a family's primary residence):

- A family-controlled small business with no more than 100 full-time (or FTE) employees
- A family farm on which the family resides
- A commercial fishing business and related expenses, including fishing vessels and permits owned/controlled by the family

Pell ineligibility due to high SAI

Modifies the Pell Grant calculation to make a student ineligible for a Pell Grant if the student has an SAI that equals or exceeds twice the amount of the maximum Pell Grant.

NOTE: This does not apply to special Pell Grant eligibility rules (formerly known as the Iraq Afghanistan Service Grant [IASG] and the Children of Fallen Heroes [CFH] Scholarship).

Foreign income incorporated into Pell eligibility calculation

Modifies the Pell Grant calculation formula to incorporate foreign earned income, rather than relying on financial aid administrators' review of foreign income and adjustment of financial data in individual cases to calculate Pell Grant eligibility.

PELL INELIGIBILITY / NON-FEDERAL GRANTS (1 of 2)

- The Act makes a student ineligible for Pell Grant funds if the student receives grant or scholarship assistance from non-Federal sources that equals or exceeds the student's cost of attendance for the award year.
- If an institution becomes aware that this has occurred prior to the last disbursement of Pell, the school must–
  - Amend the student's financial aid package such that non-Federal grant and scholarship assistance is equal to or less than COA; or
  - Return all the student's Pell Grant disbursements and cancel future disbursements

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PELL INELIGIBILITY / NON-FEDERAL GRANTS (2 of 2)

"Non-federal grants and scholarships" do **not** include:

- Any type of *Title IV*, HEA funds
- Emergency grants
- Federal grants, including those administered by States (e.g., SNAP, TANF, or WIOA)
- Tuition waivers (which reduce cost of attendance)

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WORKFORCE PELL REGULATIONS

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WORKFORCE PELL: PROGRAM ELIGIBILITY

- OBBBA authorizes a new type of Pell-eligible program called an "eligible workforce program" that can be shorter than most other Pell-eligible programs.
- Students in eligible workforce programs only qualify for Pell Grants for enrollment in those programs; they cannot receive other types of Title IV aid (e.g., Direct Loans) for enrollment in such programs.

Eligibility Requirements

- Offered by a Title IV-participating institution that has not been subject to an adverse action by the Department in the past 5 years
- Included in the institution's accreditation
- No more than 25% can be provided by an outside entity unless it is part of a Registered Apprenticeship
- 150-599 clock hours, 4-15 semester hours, or 6-23 quarter hours and 8-14 weeks of instruction
- Does not include remedial coursework (including ESL), study abroad, correspondence, or direct assessment
- Approved by a State Governor and the Department of Education

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QUESTION: NONCREDIT PROGRAMS

QUESTION

Can an eligible workforce program be offered as a noncredit program?

ANSWER

Yes. Clock hour programs can be noncredit and must meet the normal clock-hour program requirements. The *eligible workforce program* must lead to a recognized credential provided by the school.

While the program is not required to confer credits, Governors are required to certify that completion results in credits toward certificates or degrees at either your institution or at another institution. Thus, you may need to have an articulation agreement.

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WORKFORCE PELL: STUDENT ELIGIBILITY

- Students in eligible workforce programs must generally meet the same eligibility requirements for Pell Grants as other students.
- Otherwise-eligible students with bachelor's degrees ***are eligible for Pell Grant*** if enrolled in eligible workforce programs.
- Students cannot qualify if they have a graduate or professional credential or if they are currently enrolled or accepted for enrollment in a graduate program.

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WORKFORCE PELL: STATE APPROVAL

Requirements are determined by a state Governor, after consultation with a State workforce board:

Alignment

Program must be aligned with "high-skill, high-wage, or in-demand industry sectors or occupations".

Meets Hiring Requirements

Program must meet the hiring requirements of employers in the sectors with which it's aligned.

Portability

Program must either be "stackable and portable" across more than one employer or lead to the only recognized credential for an occupation.

Academic Credit

Students who complete the program must receive academic credit toward a certificate or degree program at the same institution or a different institution.

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QUESTION: PLACEMENT RATE / CONTINUED ENROLLMENT

QUESTION

My institution is considering an eligible workforce program that would be designed to lead directly into an associate's degree program to help ensure "stackability." Is this permitted?

ANSWER

Nothing prevents an institution from designing an eligible workforce program to lead into another program that leads to a higher-level credential.

However, such a program may have difficulty meeting the placement rate criteria, which (through 2028-29) can only be met if 70% of students are employed two quarters after exiting the program. Students are not excluded from the placement rate because they are enrolled in another postsecondary program.

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GOVERNOR CERTIFICATION FORM

- The State Workforce Pell Program Certification Form includes information about the programs your State Governor has approved.
- You must provide a completed and signed State Workforce Pell Program Certification Form when you submit your program for approval.
- The Governor Certification Form is available as of July 1, 2026.

A.1.: Institution Information

a. Name of institution:
b. OPE ID:
c. Address:

A.2.: Workforce Program(s) Information

Program Name (a.)	CIP Code (b.)	SOC Code (c.)	Date Program Met Eligibility Req. (d.)	Completion Rate Percent (%) (e.)	Job Placement Rate (%) (f.)	Governor Certification of Eligibility (g.)
						☐ Yes ☐ No
						☐ Yes ☐ No
						☐ Yes ☐ No
						☐ Yes ☐ No
						☐ Yes ☐ No

SECTION B: Governor Determination and Certification of Workforce Program(s)

B.1.: Governor Determination

I have determined that each eligible workforce program, denoted with a check mark indicating "yes," meets the following eligibility requirements under 34 CFR 690.93(a) and 690.94(a)(2)(i):

- ☐ All requirements in the approval process were published and are publicly available at the following link: ______________________
- ☐ The program(s) was approved **after** consultation with the State Board.
- ☐ The program(s) provides an education aligned with the requirements of high-skill, high-wage (as identified by the State pursuant to section 112 of the Carl D. Perkins Career and Technical Education Act (20 U.S.C. 2342)), or in-demand industry sectors or occupations (29 U.S.C. 3112); this condition is automatically met if the program serves as the related instruction component of a Registered Apprenticeship Program.

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WORKFORCE PELL: DEPARTMENT APPROVAL

Requirements determined by the U.S. Department of Education:

Length (Calendar Time)
At least eight weeks but less than 15 weeks

Length (Hours)
Between 150–599 clock hours (or an equivalent number of credit hours)

Modality
Cannot be offered using correspondence courses or study abroad; remedial and noncredit coursework do not count toward Pell eligibility

Time Offered
Must be offered for at least one year at same length (in hours and weeks) before Department approval

Completion Rates
Must have verified completion rate of at least 70% within 150% of normal time

Placement Rates
Must have verified job placement rate of 70% two quarters after students exit / complete the program

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PARTNER CONNECT APPLICATION PROCESS

- [ ] 1j. Undergraduate Non-Degree Programs (Requires enrolling students to have an Associate's Degree or Higher)
  An educational program that: leads to a certificate or other recognized educational credential, is at least 10 weeks, provides at least 8 semester or trimester credit hours, 12 quarter credit hours, or 300 clock hours of instruction, prepares student...See More
- [ ] 1k. Undergraduate Non-Degree (Short-Term) Programs
  An educational program that: leads to a certificate or other recognized educational credential, is at least 10 weeks, provides at least 300 but not more than 599 clock hours of instruction, does not exceed by more than 50% the minimum number of clock...See More
- [ ] 1l. Postbaccalaureate Teacher Certification Program
  An educational program consisting of courses required by a state that are necessary to become a teacher in an elementary or secondary school in that state AND for which a degree, certificate, diploma, or other educational credential is not awarded by...See More
- [ ] 1m. Comprehensive Transition and Postsecondary Program
  A degree, certificate, nondegree, or noncertificate educational program designed to support students with intellectual disabilities seeking to prepare for gainful employment.
- [x] 1n. Workforce Program
  A workforce program eligible for Pell Grant funding designed to equip participants for employment by ensuring strong market relevance and job placement outcomes.

Previous | Save Draft | Next

Section G: Educational Programs - Add New Program

2n. Provide information for each Workforce Program(s) for which you are requesting approval for federal student financial aid eligibility. To add multiple SOC Codes, use the **+ Add SOC** button. After you have completed adding SOC field(s), add the program by clicking the Next Button.

Program Information

Program Name *

Enter Name

CIP Code (Searchable) *

Search for Code

Standard Occupational Code (SOC) *

Enter Number

+ Add SOC

Date the Program Met Eligibility Requirements *

MM/DD/YYYY

Date Governor Certified the Program Meets Eligibility Requirements *

MM/DD/YYYY

Is this program covered by your current accreditor? *

Select

Number of Weeks *

Enter Number

Weeks in Title IV Academic Year *optional*

Enter Number

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WORKFORCE PELL: VALUE-ADDED EARNINGS

The OBBBA creates a "value-added earnings" metric that pertains specifically to eligible workforce programs.

Earnings Test

- This metric compares median earnings of program graduates with 150% of the Federal Poverty Level (with consideration to regional price parities).
- The difference between the two values is the "value-added earnings" for the program.

Cohort Selection

- ED will evaluate the earnings of individuals who graduated from eligible workforce programs in the first full calendar year after program completion.
- Small programs will be aggregated using completers from up to four prior award years.

Limits on Tuition and Fees

- An eligible workforce program's published tuition and fees can be no higher than the calculated value-added earnings for the program. A program is ineligible if the value-added earnings is zero or less.

Note: The value-added earnings test will first apply to eligible workforce programs in 2030-31.

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WORKFORCE PELL: SYSTEMS AND STUDENT ELIGIBILITY

For the 2026-27 award year and forward, the FAA indicates in the FPP that a student is enrolled in an eligible workforce program, which allows FPS to calculate a Pell Grant Scheduled Award for the student.

Step One: FAA certifies that the student is in an eligible workforce program

Step Two: FPS calculates the student's Pell Grant award even if the student has a bachelor's degree

COD will receive Workforce Pell Eligibility on the Demographic Data Exchange (DDE) file from FPS showing an FAA's certification that a student(s) is enrolled in an eligible workforce program.

COD will create a new Warning Edit 230 when a Pell award is flagged as "Workforce Pell Eligible=true" and the school's disbursement does not contain the new "Workforce Pell Tuition and Fees" tag.

Step Three: Monitoring accuracy of "Workforce Pell Eligible" flag

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EARNINGS ACCOUNTABILITY AND STATS REGULATIONS

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EARNINGS ACCOUNTABILITY

- The Act creates a new set of requirements for programs of study to be included in an institution's participation in the Direct Loan program.
- Each year, the median earnings of a program's graduates will be compared to an "earnings threshold," generally the median earnings of individuals who have obtained a lower-level credential.
- When fully implemented, a program of study's Direct Loan eligibility would end if the median earnings of the program's graduates falls below thresholds for two out of three consecutive years.
- Failing programs would be subject to student warning requirements.

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QUESTION: ADDING ELIGIBLE NON-GE PROGRAMS TO ECAR

QUESTION

The regulations now state that an institution needs to update its ECAR for both GE and Eligible Non-GE programs. My school has a lot of degree programs that we have never reported – should we start reporting those on the E-App now?

ANSWER

No. As described in EA GENERAL 26-36, the Department is using information from NSLDS to identify all of an institution's existing Eligible Non-GE programs. Institutions should **not** report on programs that are in existence as of July 1, 2026.

The Department is evaluating its process for accepting information on new programs and will provide additional guidance in the future.

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EARNINGS ACCOUNTABILITY vs. GAINFUL EMPLOYMENT (1 of 3)

	Current GE (2023)	Earnings Accountability (2026)
Accountability consequences apply to	GE programs only, defined as combination of 6-digit CIP and credential level	All *Title IV*-eligible programs (GE and Non-GE programs), defined as combination of 6-digit CIP and credential level
Tests	Earnings premium and debt-to-earnings	Earnings premium only
Earnings Measurements	3-year median earnings of working *and* non-working individuals	4-year median earnings of working individuals
Earnings Thresholds	Earnings of individuals with a high school diploma	Aligned with *OBBBA* Section 84001 (six different earnings benchmarks)
Process for Aggregating Small Programs	Pooled 2- or 4-year cohorts	Sequentially aggregating completers from up to four award years at the 6-digit CIP level first, then aggregating completers from four award years at the 4-digit CIP level

EARNINGS ACCOUNTABILITY vs. GAINFUL EMPLOYMENT (2 of 3)

	Current GE (2023)	Earnings Accountability (2026)
Institutional exemptions	Colleges in the U.S. Territories and Freely Associated States; substantially similar programs with fewer than 30 *Title IV* completers.	Institutions that have not participated in the DL program for at least 5 years; institutions serving only students with learning disabilities and autism
Sanctions (for metric failure in two out of three consecutive award years)	Program loses all *Title IV* eligibility	Program ceases Direct Loan participation, with potential loss of all *Title IV* eligibility if more than 50% of students or revenue at the institution are associated with low-earning programs for two out of three consecutive award years

EARNINGS ACCOUNTABILITY vs. GAINFUL EMPLOYMENT (3 of 3)

	Current GE (2023)	Earnings Accountability (2026)
Appeals	Institutions could appeal under Subpart G if a program lost eligibility for termination or limitation actions, solely on the basis of metric calculation errors	Institutions may appeal under subpart S based on errors in the metric calculation, and may not use Subpart G process to appeal metric determinations
Warnings and acknowledgements	Failing GE programs subject to institutional student warnings; most programs also subject to separate acknowledgement requirements on ED website	All failing programs subject to institutional warning requirements, but ***not*** acknowledgement on ED website. Warning content would change if program could lose eligibility for all *Title IV* aid, not just DL

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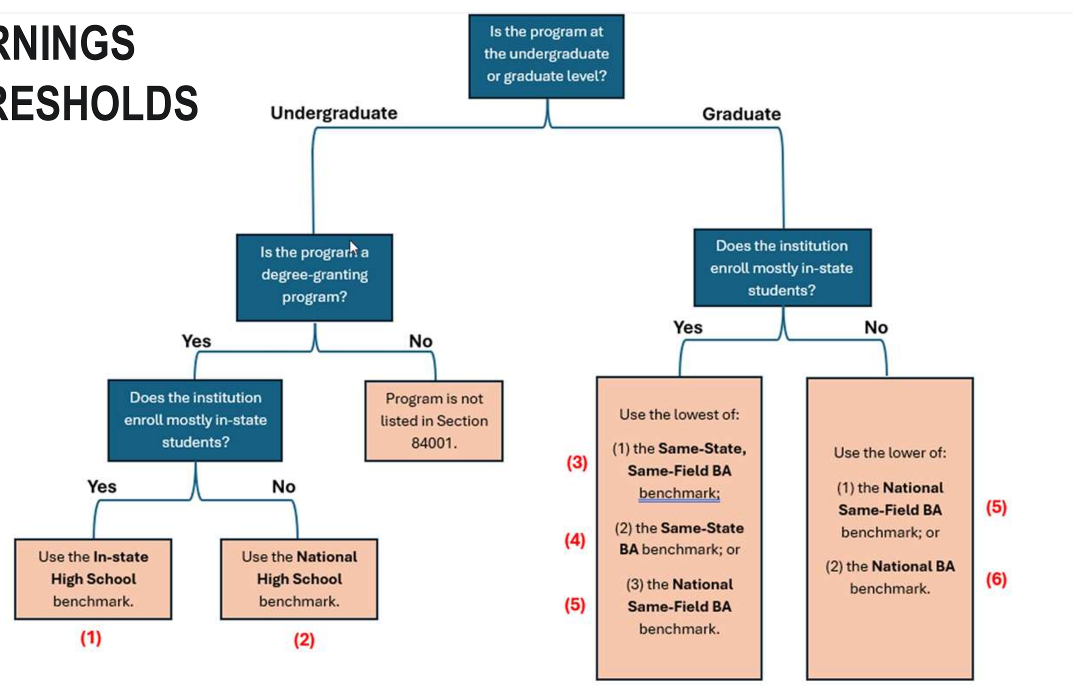
EARNINGS THRESHOLDS



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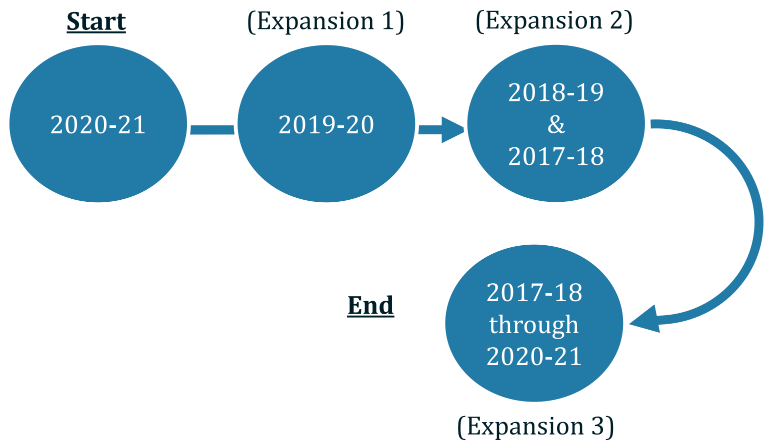
COHORT EXPANSION

Applies to all programs at the same credential level

Aggregate all students in 6-digit CIP program:

Aggregate all students in 4-digit CIP program:



COHORT EXPANSION: 6-DIGIT CIP CODE EXAMPLE

Applies to all programs with the same 6-digit CIP Code and same credential level				
Category	**Single-Year Cohort**	**Expansion 1**	**Expansion 2**	**Total Expanded Cohort**
Award Year	2020-21	2019-20	2018-19 & 2017-18	**4-Year Combined**
# of Graduates	10	5	16	**31**
Earnings Measurement Year	2025	2024	2023 & 2022	**4 years after completion award year**

FULLY-EXPANDED COHORT EXAMPLE

Applies to programs with the same credential level					
Category	**Single-Year Cohort**	**Expansion 1**	**Expansion 2**	**Expansion 3**	**Total Expanded Cohort**
Award Year	2020-21	2019-20	2018-19 & 2017-18	2017-18 – 2020-21	**4-Year Combined**
CIP Code	6-digit	6-digit	6-digit	4-digit	**4-digit**
# of Graduates	8	5	10	20	**43**
Earnings Measurement Year	2025	2024	2023 & 2022	4 years after completion award year	**4 years after completion award year**

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OPTIONS WHEN A PROGRAM FAILS

Program fails the earnings premium measure for the first time.

Option 1: No Action
Program could lose DL eligibility if it fails again. Potential loss of all *Title IV* eligibility

Option 2: Orderly Program Closure
Institution ends program and stops enrolling new students. Remaining students retain DL eligibility through program exit

Option 3: End Program's DL Participation
Program ceases DL participation for 5 years. Will not lose other Title IV eligibility due to earnings premium

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ONE-YEAR DELAY FOR TIPPED INCOME PROGRAMS

- The Department's regulations provide for a ***one-year delay*** to metric consequences for programs associated with occupations that have a significant amount of tipped income, as defined by the IRS.
- Such programs include cosmetology programs and related fields, massage therapy, and casino operations and management.
- The full list of qualifying CIP codes is included in Table 5.22 of the final rule. We will publish the full list in upcoming guidance.

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STUDENT EXCLUSIONS

A student is excluded from the earnings premium cohort if the student:

Has a Direct Loan under consideration for, or approved for, a Total and Permanent Disability discharge	Was enrolled (at any intensity) at any institution during the earnings year	Completed a higher-credentialed program at the same institution before completing the program
Was enrolled in a Prison Education Program	Was enrolled in a Comprehensive Transition and Postsecondary Program	Has died

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STUDENT TUITION AND TRANSPARENCY SYSTEM (STATS) (1 of 2)

Remaining Reporting Items

- **For programs:**
  - Name, CIP code, credential level, and length of the program
  - Accreditation status and (if programmatically accredited) the name of the accrediting agency
  - Adherence to licensure requirements
  - Total number of students enrolled in the program during the most recently completed award year
- **For students:**
  - Identifying information and date of first enrollment
  - Cost of attendance and tuition and fees
  - Residency status
  - All types of non-*Title IV* aid received, including private loans

Eliminated Reporting Items

- **For programs:**
  - "Qualifying graduate program" status
- **For students:**
  - Attendance dates and enrollment status
  - Completion and withdrawal dates
  - Institutional debt at the time of completion or withdrawal

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STUDENT TUITION AND TRANSPARENCY SYSTEM (STATS) (2 of 2)

- Each institution will be required to publish, as part of its public disclosures, a link to the Department's program information website.
- The institution must also provide this link to all prospective students before they sign an enrollment agreement, completes registration, or makes a financial commitment to the institution.

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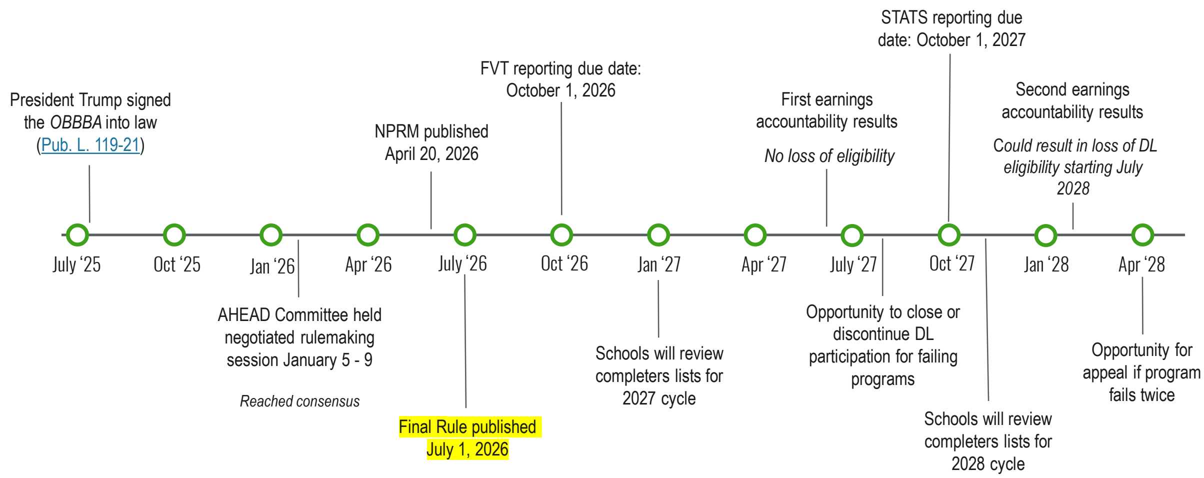
EARNINGS ACCOUNTABILITY TIMELINE



More information on OPE's website for 2025-2026 Negotiated Rulemaking

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RESOURCES

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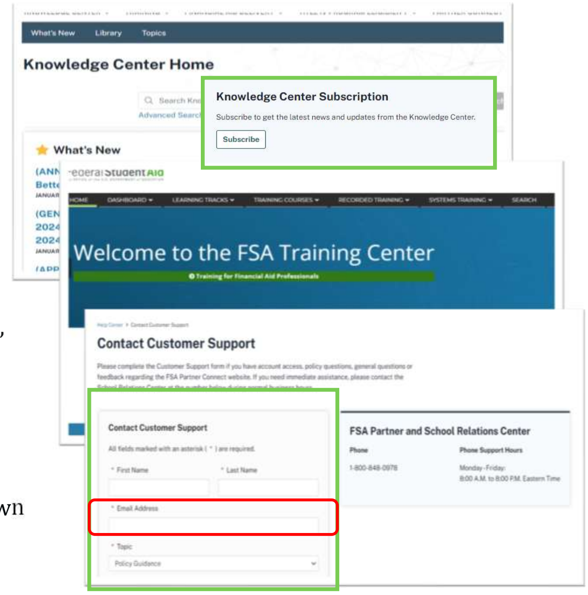
OTHER RESOURCES

1. **Knowledge Center**
   [Knowledge Center Homepage]
   Subscribe for daily or weekly email updates.

2. **FSA Training Center**
   [FSAtraining.ed.gov]
   View learning tracks, training courses, videos, and software training.

3. **FSA Partner Connect Help Center**
   [Contact Customer Support]
   Choose “Policy Guidance” from Topic dropdown list to ask policy questions.



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FAFSA FORM RESOURCES

- FAFSA Central
- EA APP-25-27
- EA APP-25-22 (2026-27 FAFSA preview presentation)
- EA APP-26-03 (real-time fraud detection)

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ELECTRONIC ANNOUNCEMENTS AND DEAR COLLEAGUE LETTERS

Electronic Announcements:

- June 29, 2026: Update to List of Professional Degree Programs Due to Court Order (GENERAL 26-42)
- June 25, 2026: Higher Education Fraud Summit on July 7, 2026 (GENERAL 26-40)
- June 18, 2026: Amending Section 117 Data (GENERAL 26-37)
- June 9, 2026: Update on ISIR Reprocessing Related to Comment Code 352 and FPS C-Flags (APP 26-07)
- June 1, 2026: Real-Time FAFSA Results (APP 26-06)
- May 29, 2026: Best Practices for Institutions to Prevent FAFSA Fraud and Protect TIV Funds (GENERAL 26-31)
- April 15, 2026/May 29, 2026: Real-Time Fraud Detection (APP 26-03)
- February 18, 2026: Request for Institutions to Update and Maintain Default Management and Prevention Plans; Publication of Updated Nonpayment Rates by Institution (GENERAL 26-12)
- January 16, 2026: Program Participation Agreement Signatures Requirements (GENERAL 26-04)
- January 2, 2026: New Section 117 Reporting Portal (GENERAL 26-01)
- December 8, 2025: New Lower Earnings Indicator on the FAFSA Form (GENERAL 25-49)

Dear Colleague Letters:

- June 26, 2026: Implementing New Institutional Authority to Set Program-Level Federal Student Loan Limits (GEN 26-02)
- June 25, 2026: Managing Workforce Pell Training (ANN 26-10)

LOAN LIMITS EFFECTIVE JULY 1, 2026 (1 of 2)

Applicable to new borrowers and those not eligible for the interim exception

UNDERGRADUATE STUDENTS [unchanged]		
	DEPENDENT STUDENTS	**INDEPENDENT STUDENTS** (and Dependent students whose parents cannot obtain Parent PLUS)
First Year	$5,500 ($3,500 subsidized)	$9,500 ($3,500 subsidized)
Second Year	$6,500 ($4,500 subsidized)	$10,500 ($4,500 subsidized)
Third Year (and beyond)	$7,500 ($5,500 subsidized)	$12,500 ($5,500 subsidized)
Aggregate Limit	$31,000 ($23,000 subsidized)	$57,500 ($23,000 subsidized)

PARENT ON BEHALF OF DEPENDENT UNDERGRADUATE	
Annual Parent PLUS	**$20,000**
Aggregate Limit	**$65,000** (without regard to amounts repaid, forgiven, canceled, or otherwise discharged)

LOAN LIMITS EFFECTIVE JULY 1, 2026 (2 of 2)

Applicable to new borrowers or those not eligible for the interim exception

GRADUATE AND PROFESSIONAL STUDENTS			
	GRADUATE STUDENT	PROFESSIONAL STUDENT	CERTAIN HEALTH PROFESSIONS (previously granted higher **unsubsidized** loan limits)
Annual Unsubsidized	$20,500	$50,000	Eliminated
Annual Graduate PLUS	Eliminated	Eliminated	Eliminated
Aggregate Limit	$100,000	$200,000	Eliminated

ALL STUDENT BORROWERS (Including the following DL and FFELP Loan Types: Subsidized loans, Unsubsidized loans and Grad PLUS loans; excluding Parent PLUS loans)	
Lifetime Maximum Aggregate Limit	$257,500 (without regard to amounts repaid, forgiven, canceled, or otherwise discharged)

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DIRECT LOAN SCHEDULE OF REDUCTIONS FORMULA

Full Academic Year Enrollment (§ 668.164(b)(3))

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

$$= \textbf{reduced annual loan limit percentage}$$

(rounded to nearest whole percentage point)

Less than Full Academic Year Enrollment (§ 668.3)

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

$$= \textbf{reduced annual loan limit percentage}$$

(rounded to nearest whole percentage point)

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KEY PRINCIPLES (SCHEDULE OF REDUCTIONS) (1 of 2)

- Existing Return of Title IV regulations continue to apply and are not waived.
- All other Direct Loan eligibility criteria must be confirmed prior to calculation of amounts of each disbursement.
- Schools must apply the schedule of reductions to all loans made to all less-than-full-time students.
- Parent PLUS loans for less-than-full-time students are **not** subject to the Schedule of Reductions.
- Borrowers enrolled less than half-time are not eligible for loans.
- Schedule of Reductions does not apply when loan proration is required to be applied for last term enrolled for less than a full academic year.

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KEY PRINCIPLES (SCHEDULE OF REDUCTIONS) (2 of 2)

- Use the per-term formula, not full academic year formula, for single-term loans.
- Less-than-full-time students may not receive more than the adjusted annual loan limit for the loan period.
- Substantially equal disbursements have been waived when the borrower is subject to a schedule of reduction.
- Institutions with unusual student enrollment patterns may choose to move from proportional to equal disbursements or may originate separate single-term loans instead of a full academic year loan.
- Institutions can return funds during the term to account for fluctuations in enrollment, or they can adjust a subsequent disbursement.

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