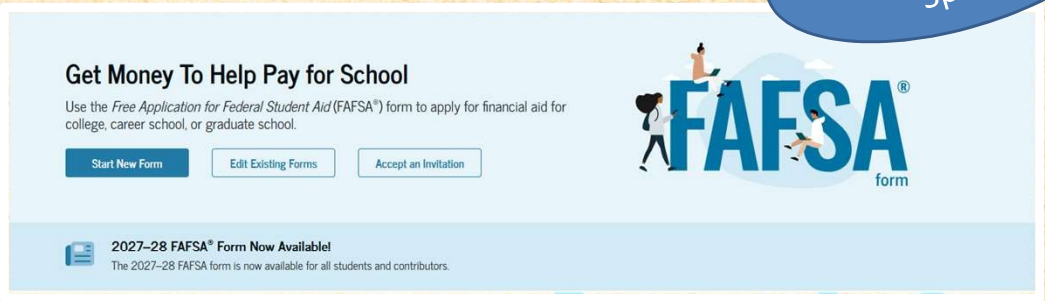

Financial Aid
Update


FAFSA News

FAFSA Application Updates

- August 7 – Launched the first phase of the beta testing period with community partners; real ISIRs sent to schools
- August 25 – Launched the second phase; students and contributors requested to participate; real ISIRs sent to schools
- September 3 – FAFSA Prototype now available
- September 23 – 2027-2028 FAFSA live to the general public
- September 25 – EDExpress for Windows, 2027-2028, Release 1.0, available
- September 28 – NSLDS Postscreening began
- October 6 – Incarcerated FAFSA provided

Can confuse students for Spring

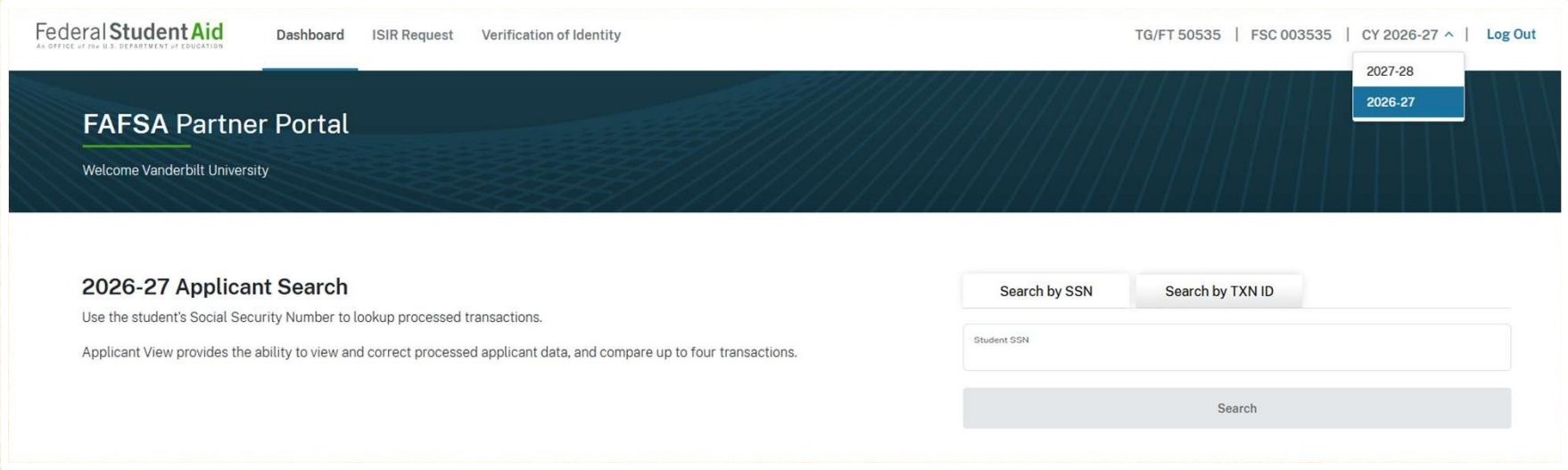


FAFSA Info

- Not many changes, but some changes to wording to questions and help text
- You can now text message the contributor invite
- Renewal data will be pre-populated starting later this fall
- Parent with two children in one year – data will carryover to second child now
- Real-time identity verification for those with SSN
- FAFSA PDF – it's green (also a Spanish version); print it out!

FAFSA Partner Portal

- Single link for 26-27 for 27-28



Identity Verification and Fraud Prevention

Review before it comes to the school

Over $200m of federal taxpayer money has been blocked

Auto-import of tax data for those with an ITIN.

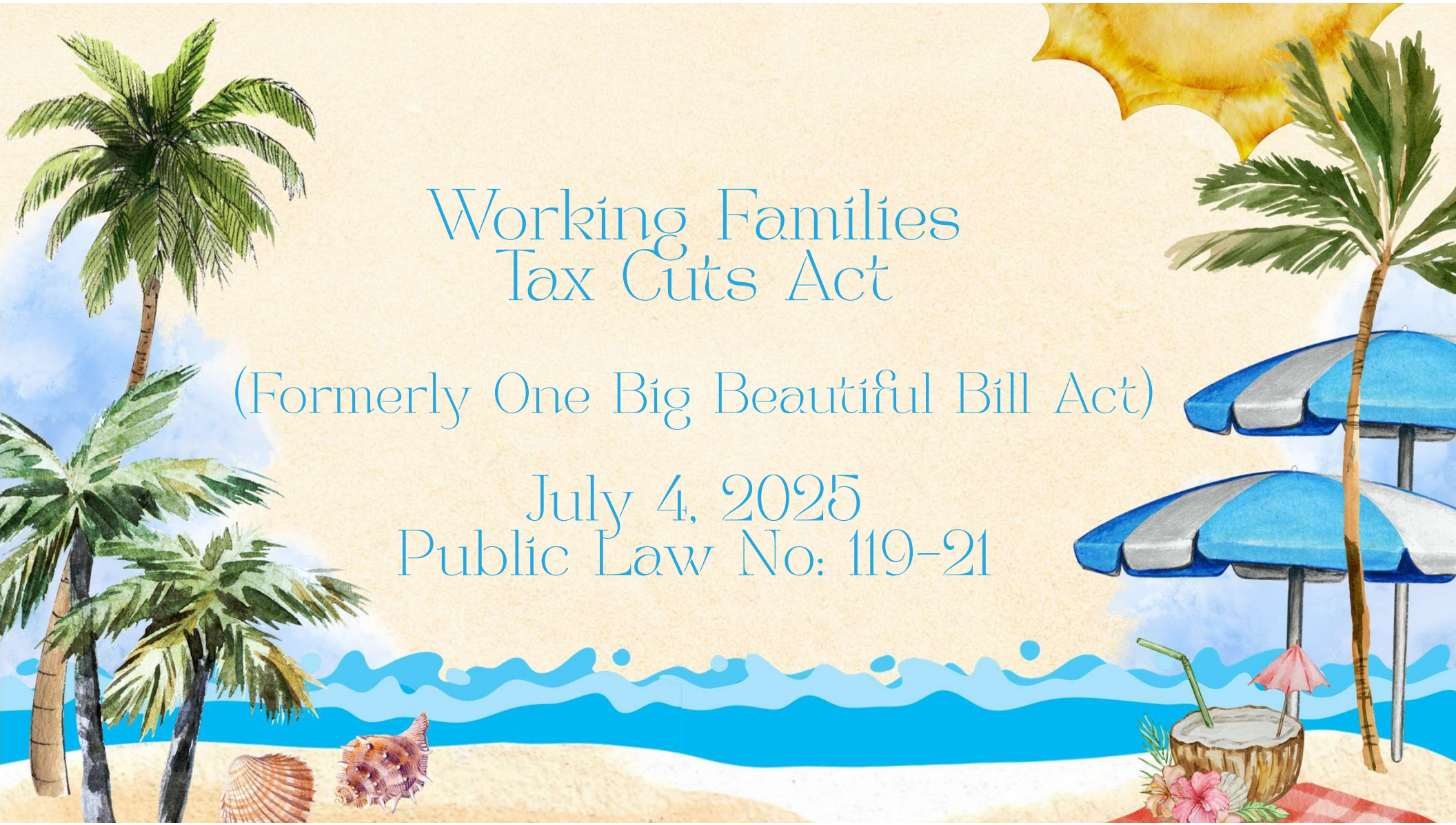
Very few overrides by FAAs during fraud review.

FAFSA Real-Time Fraud Detection Capability

- APP-26-03 – dated April 15, 2026
- Began on April 26
- Small portion of applicants must complete additional steps to confirm identity
- September 20 - Students may be reevaluated for a correction of a subsequent FAFSA depending on fraud signals and time since the prior evaluation
- Four categories: Low, Moderate, High-Risk, and Highest Risk
- High-Risk must confirm identity through new process
- Highest Risk students must confirm identify with you

FAFSA Real-Time Fraud Detection Capability, continued

- Must present documentation and completing a brief, live camera check (mobile or tablet device with a camera; desktop or non-mobile will get a QR code to continue to a mobile device)
- Must present one form of government-issued identification and come on camera to take a picture
- Have a short window to retrieve it if nearby


Working Families
Tax Cuts Act
(Formerly One Big Beautiful Bill Act)
July 4, 2025
Public Law No: 119-21

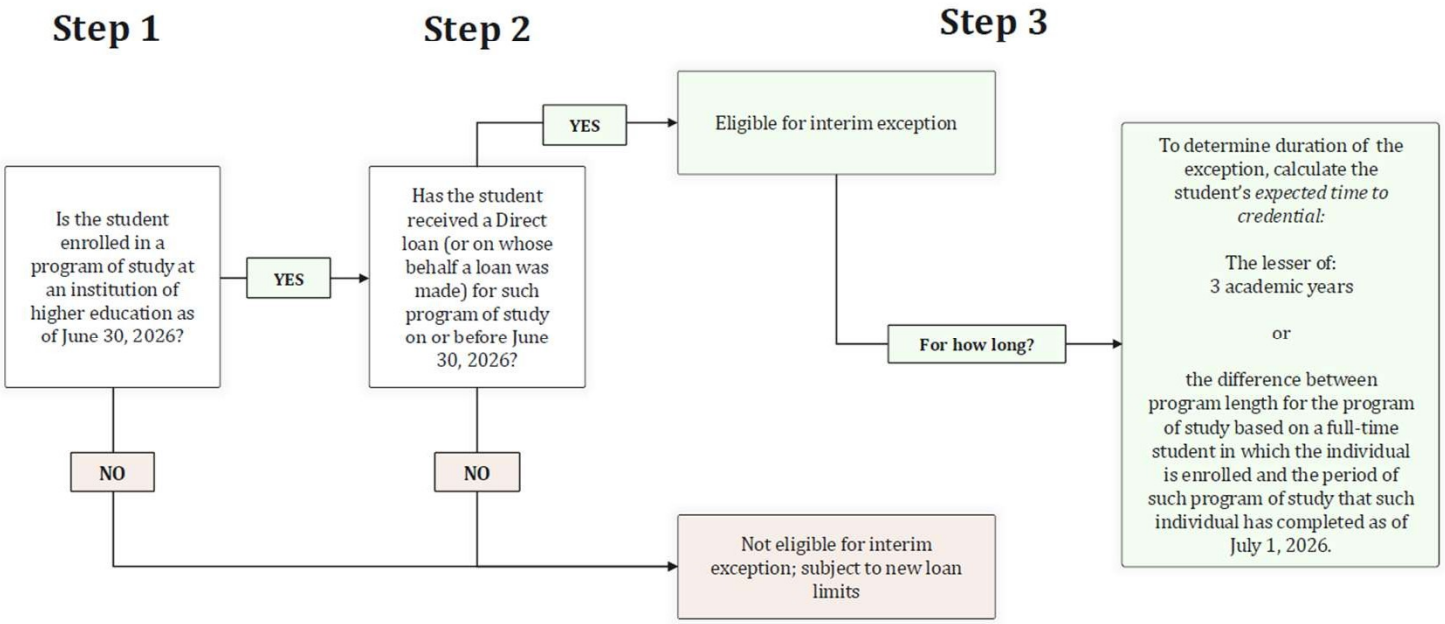

Student Loan Reforms – Interim Exception to the New Loan Limits

INTERIM EXCEPTION

Students enrolled in a program of study at an institution on June 30, 2026 and who have received a Direct Loan for such program of study, are eligible for a limited interim exception to the new loan limits and phaseout of Graduate PLUS. This exception also applies for a PLUS Loan on a dependent student's behalf.

- Interim exception expires after the lesser of:
  - Three academic years OR
  - The difference between the program length for the program of study in which the individual is enrolled and the period of the program the borrower has already completed as of July 1, 2026.
- Interim exception ends if student withdraws or otherwise ceases to be enrolled in that program of study during the exception period.

DETERMINING ELIGIBILITY FOR INTERIM EXCEPTION




Student Loan Reforms
-New Loan Limits

EFFECTIVE JULY 1, 2026

- Annual Loan Limit Changes
- Aggregate Loan Limit Changes
- New Lifetime Maximum Aggregate Loan Limit



LOAN LIMITS EFFECTIVE JULY 1, 2026

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, CONTINUED

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)


Student Loan Reforms
-Professional Student
Loan Limits

GRADUATE STUDENT vs. PROFESSIONAL STUDENT

GRADUATE STUDENT

A student enrolled in a program of study that is above the baccalaureate level and awards a graduate credential (other than a professional degree) upon completion of the program.

PROFESSIONAL STUDENT

A student enrolled in a program of study that awards a professional degree upon completion of the program. The professional student must not receive Title IV aid as an undergraduate student for the same period of enrollment. A professional degree signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond what is normally required for a bachelor's degree.

A professional degree is generally at the doctoral level that requires at least six academic years of postsecondary education including at least two years of post-baccalaureate work and generally requires professional licensure to begin practice. (*partially stayed by court order*)

PROFESSIONAL STUDENT REPORTING

PROFESSIONAL STUDENT

Includes a four-digit program CIP code, as assigned by the institution or determined by the Secretary, in the same intermediate group as the following fields: (*stayed by court order and updated for additional programs for duration of stay – EA -26-42*)

A professional degree may be awarded in the following specific fields:

Pharmacy (Pharm.D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (DC or DCM.), Law (L.L.B. or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod.D.), Theology (M.Div., or M.H.L.), and Clinical Psychology (Psy.D. or Ph.D.). (*Updated for additional programs for duration of stay – EA -26-42)*


Student Loan Reforms
– Loan Servicing and
Repayment Plans

LOAN REPAYMENT AND SERVICING PROVISIONS

Effective dates vary

- Establishes two new repayment plans
- Revises eligibility for income-based repayment (IBR) plans
- Sunsets legacy Income Contingent Repayment (ICR) plans
- Limits deferments and forbearances
- Expands options for borrowers with certain defaulted loans

INCOME-BASED REPAYMENT PLAN

IBR enrollment eligibility and deadlines

Enroll in IBR on or after July 1, 2026

- Borrowers with eligible loans must be disbursed by June 30, 2026.
- Consolidation loans must be disbursed by June 30, 2026.

Parent PLUS borrowers

- Parent PLUS borrowers who consolidate loans by June 30, 2026, and enroll in ICR by June 30, 2028.

Not IBR eligible

- Borrowers receiving disbursements on new loans (or new consolidation loans) on or after July 1, 2026, **will not** have access to IBR, even if previously enrolled in IBR plan.

SAVE Plan

- Borrowers must move out of the SAVE Plan
- March 27, 2006 – notices sent to 7.5 million borrowers
- Notices started on July 1 with a 90-day period; will continue through the end of 2026
- Students not taking action will be enrolled in the Standard Repayment Plan (or Tiered Standard if after 7/1/2026)


Student Loan Reforms – Loan Limits for Less Than Full-Time Enrollment

LESS THAN FULL-TIME ENROLLMENT

The Act reduces the amount of a loan that a student may borrow for an academic year if the student is enrolled in an eligible program on a less than a full-time basis during that academic year.

- Reduction in the annual loan limit will be made in direct proportion to the degree to which the student is not enrolled full-time. The percentage of reduction is rounded to the nearest whole percentage point.
- Reduction does not apply to non-term educational programs.
- Effective for the 2026–2027 award year and going forward.

SCHEDULE OF REDUCTIONS FORMULA

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

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

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

(rounded to nearest whole percentage point)

Less than Full Academic Year Enrollment (§ 668.3)

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

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

(rounded to nearest whole percentage point)

LOAN AMOUNT REDUCTION PROCESS STEPS
(LESS THAN FULL-TIME STUDENTS)

STEP 1	STEP 2	STEP 3
Start with Initial Maximum Annual Loan Limit	**Determine SOR Percentage and apply to initial maximum**	**Disburse funds using Equal Disbursement or Proportional Distribution Method**

Steps are subject to borrower's loan period and any enrollment changes
Consider loan periods within SAY, BBAY, Subscription-Based, etc.,
(semester, trimesters, summer (if applicable))


Student Loan Reforms – Institutionally Determined Loan Limits

INSTITUTIONALLY DETERMINED LOAN LIMITS

- Institutions may limit the total amount borrowed by a student or parent for an academic year.
- Limits must be applied consistently to all students in the program of study.
- Institutions must document their decision and follow the record retention and examination requirements in 34 CFR 668.24.
- An institution must provide clear and conspicuous information on the program limit and explain the need for such limitation to students, including, but not limited to: publication in the institution's course catalog, publication on institution's website(s), and award notifications.
- Prior to taking such action, the institution must notify the student who plans to enroll or is enrolled in the program subject to this limitation.


Pell Grant Eligibility
&
Non-Federal Grants
and Scholarships

Pell Grant Funds and Non-Federal Grants & Scholarships

- 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 less than COA; or
  - Return all of the student's Pell Grant disbursements and cancel future disbursements

Pell Grant Funds and Non-Federal Grants & Scholarships

- "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)


Workforce Pell

WORKFORCE PELL: PROGRAM ELIGIBILITY

- WFTCA 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

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.

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*** 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.

WORKFORCE PELL: STATE APPROVAL

Requirements 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

WORKFORCE PELL: DEPARTMENT APPROVAL

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

Length (Calendar Time)	Length (Hours)	Modality	Time Offered	Completion Rates	Placement Rates
At least eight weeks but less than 15 weeks	Between 150–599 clock hours (or an equivalent number of credit hours)	Cannot be offered using correspondence courses or study abroad; remedial and noncredit coursework do not count toward Pell eligibility	Must be offered for at least one year at same length (in hours and weeks) before Department approval	Must have verified completion rate of at least 70% within 150% of normal time	Must have verified job placement rate of 70% two quarters after students exit / complete the program

PARTNER CONNECT APPLICATION PROCESS

weeks, provides at least 16 semester or trimester credit hours, 24 quarter credit hours, or 600 clock hours of instruction, and prepares st...See More

- [ ] 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

WORKFORCE PELL: VALUE-ADDED EARNINGS

The WFTCA 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.

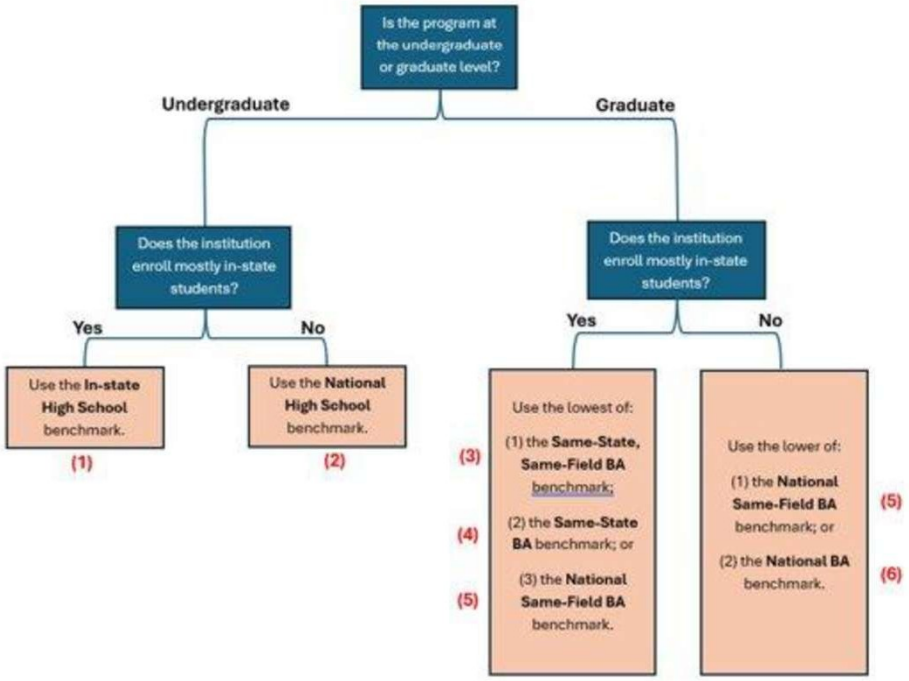
Note: The value-added earnings test will first apply to eligible workforce programs in 2030-31.


Earnings
Accountability &
STATS
Regulations

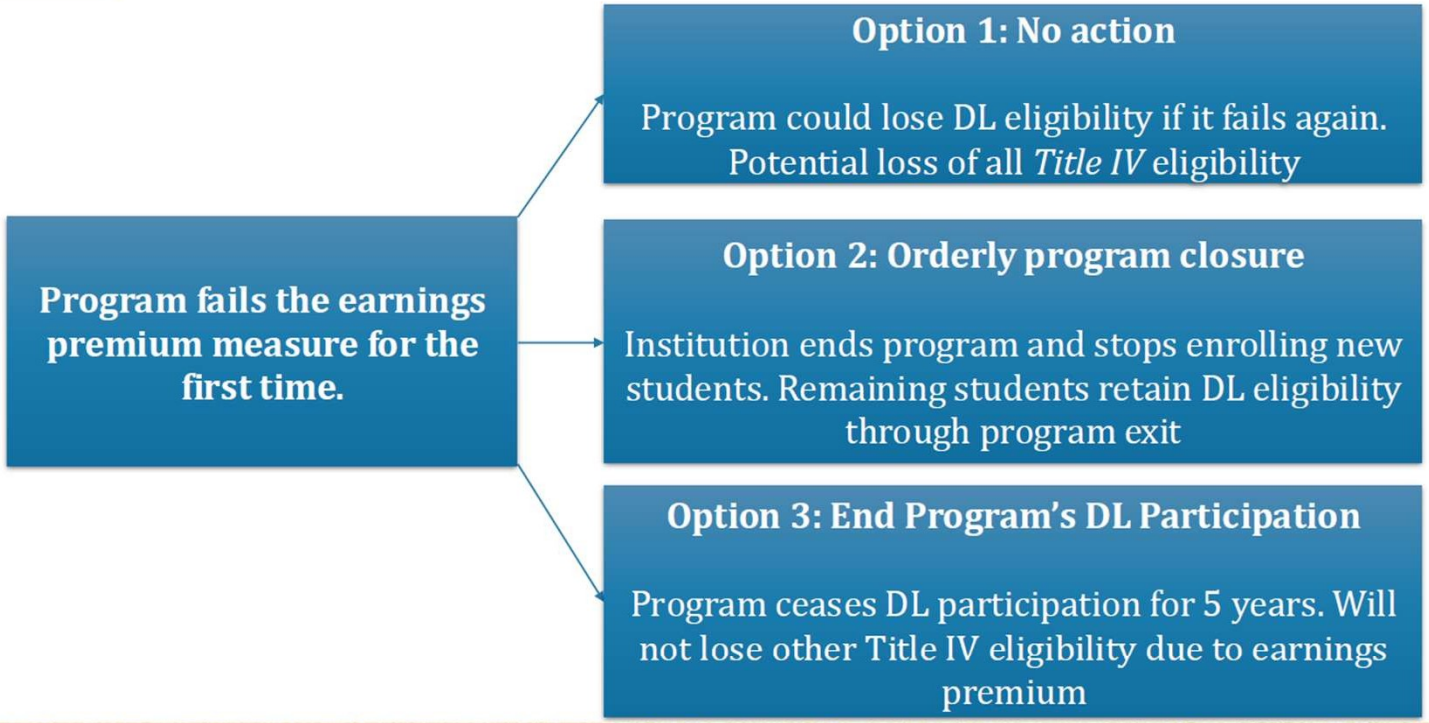
EARNINGS ACCOUNTABILITY

- 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.

EARNINGS THRESHOLDS



OPTIONS WHEN A PROGRAM FAILS



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.



Student Tuition and Transparency System (STATS)

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

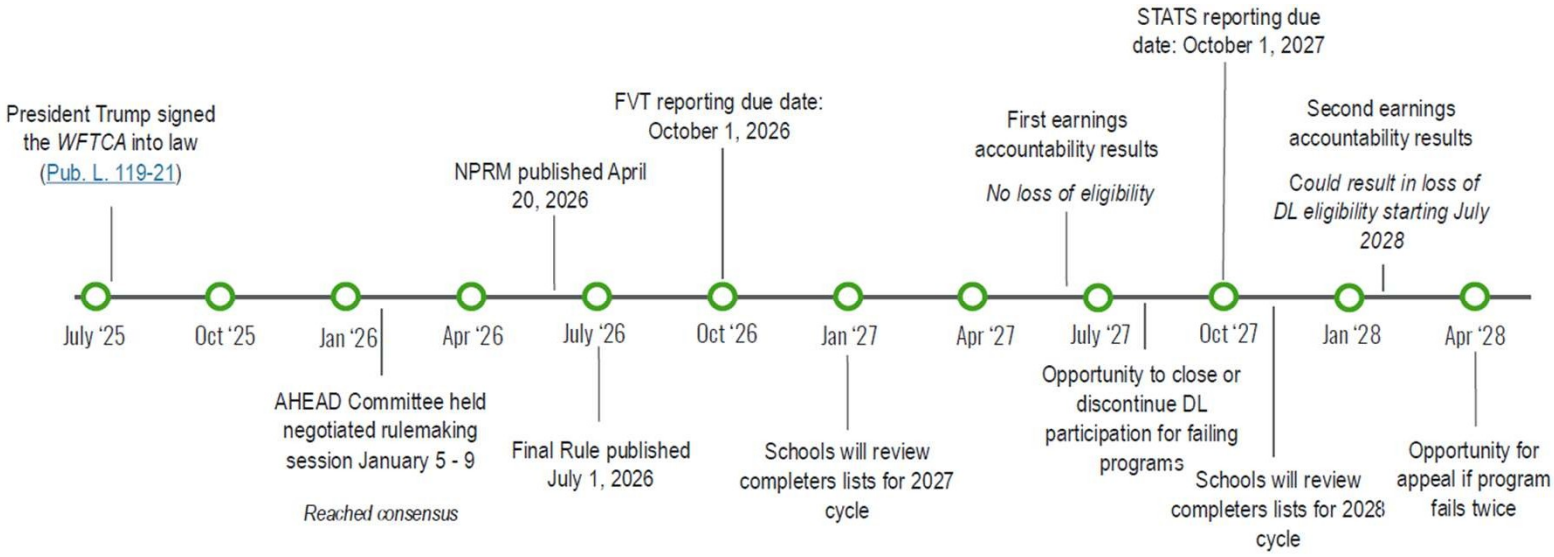
- For programs:
  - "Qualifying graduate program" status
- For students:
  - Attendance dates and enrollment status
  - Completion and withdrawal dates
  - Institutional debt at the time of completion or withdrawal

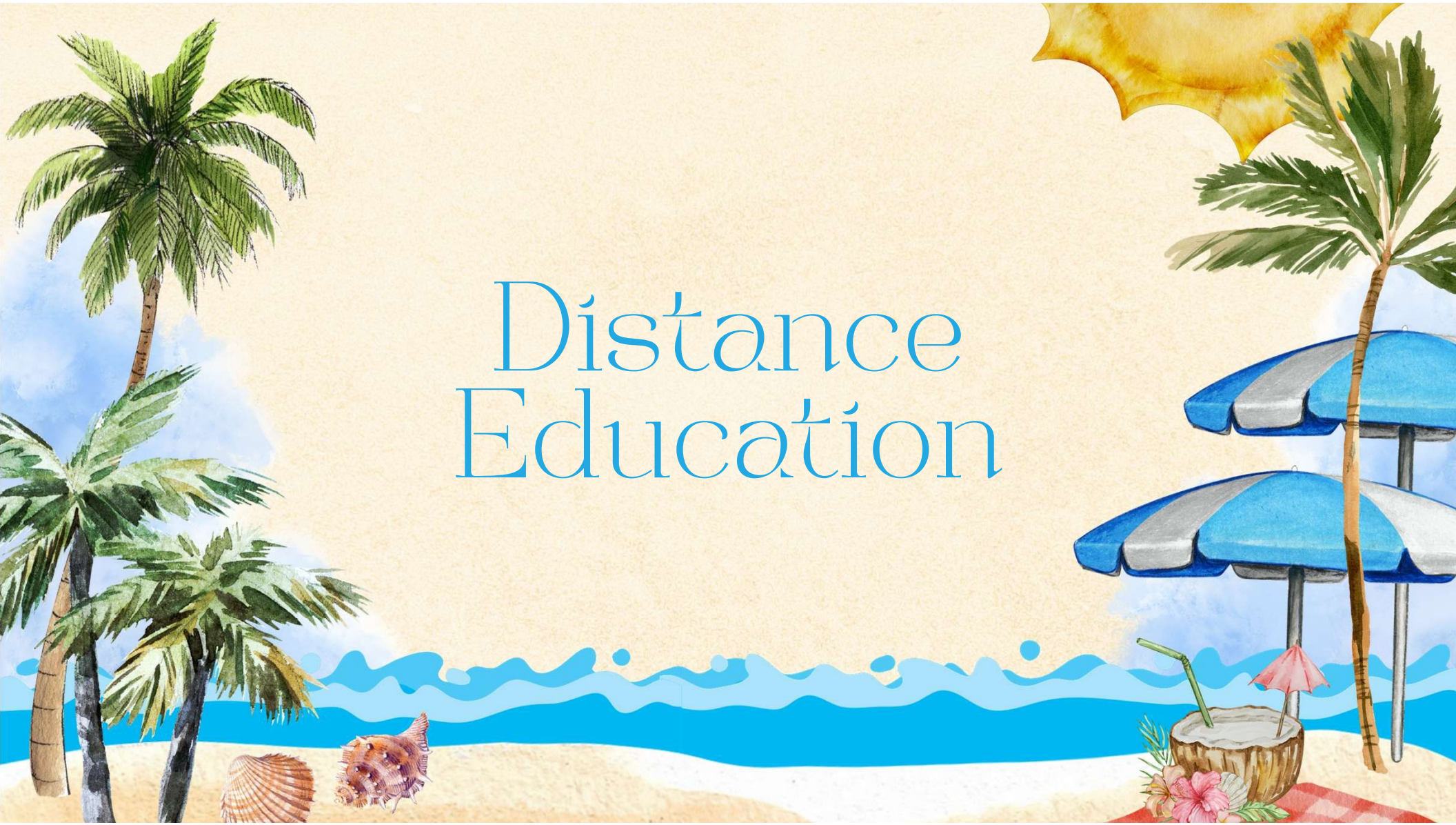
STUDENT TUITION AND TRANSPARENCY SYSTEM (STATS)

- 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.



EARNINGS ACCOUNTABILITY: TIMELINE



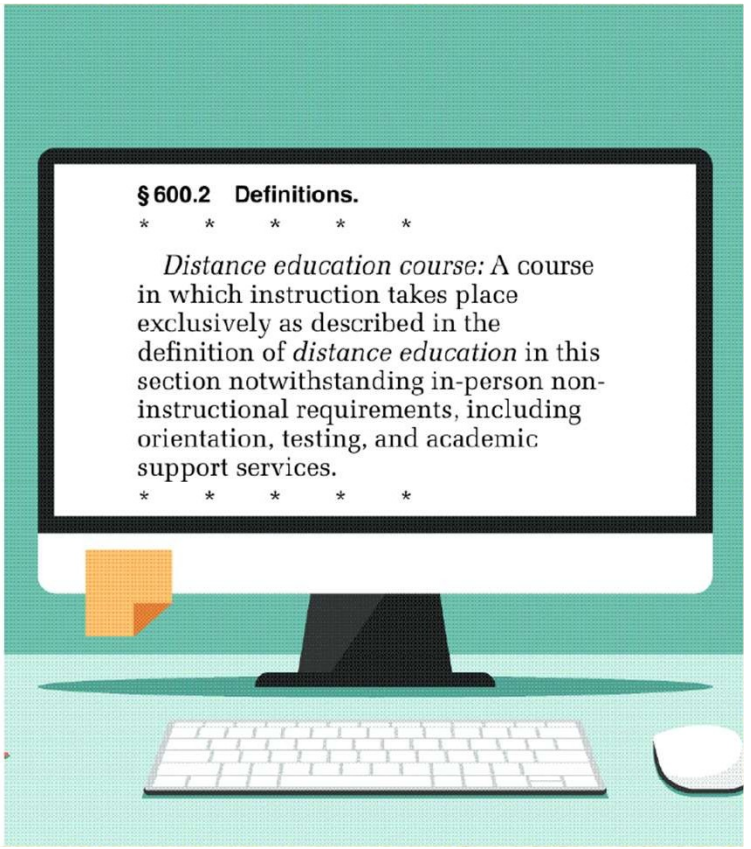

Distance
Education

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




Borrower
Defense to
Repayment

Updates to Borrower Defense to Repayment

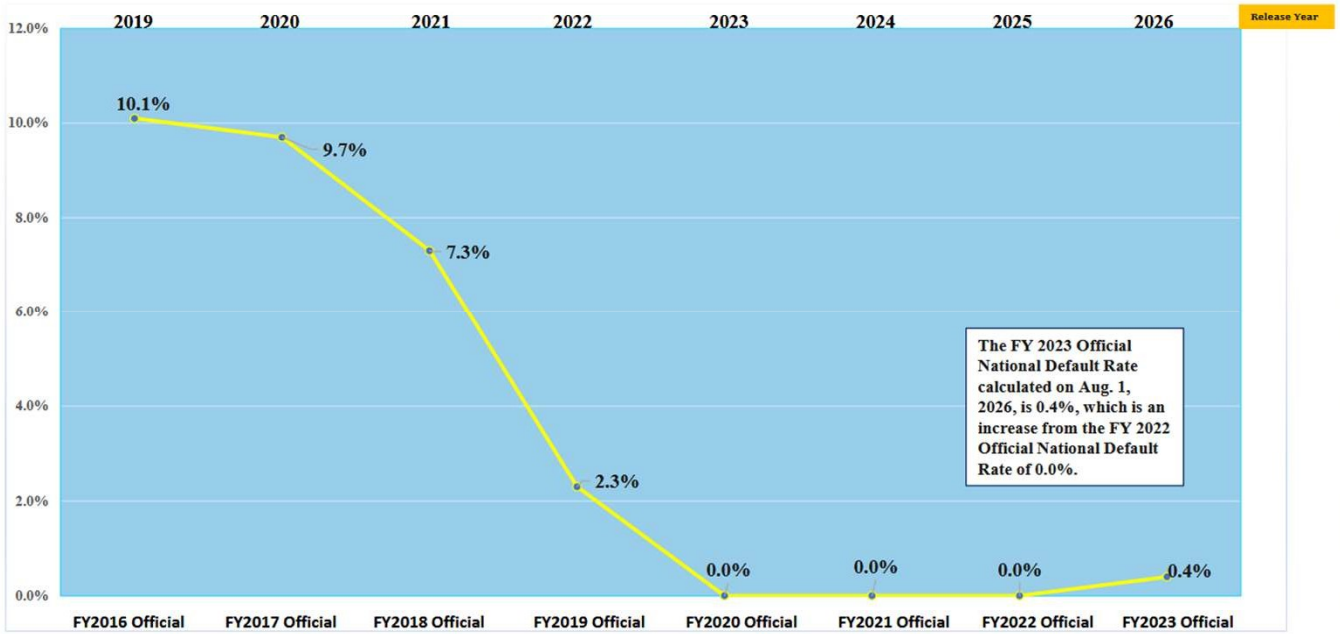
- Starting in October 2026, schools will use FSA Partner Connect to respond to borrower defense to repayment applications
- Borrower Defense portal used to review cases, understand regulation years, and upload evidence
- Webinar held on 9/23 – can find under Systems Training, FSA Partner Connect, Partner, Borrower Defense for School Administrators
- Completed transition from COD to FSA Partner Connect on October 4; found an issue; removed functionality
- As of October 9, functionality is now back up
- Extended some cases by 7 calendar days


Cohort Default
Rates

Cohort Default Rates

- LOANS-26-07
- Released to schools 9/28
- Rates ticked up; 1,800 institutions have rates at or exceeding 25%
- FSA Webinars Held to Help:
  - Default Prevention: NSLDS Reporting Tools – 9/29 (online)
  - Default Prevention: Institutional Strategies for Success Webinar – 10/13 (not yet online)
- Appeal period begins 10/6/26

National Student Loan Cohort Default Rate



Information is Embargoed

Interest Rate Reduction Initiative

- Borrowers enrolling in auto pay receive a 1% interest rate reduction rather than .25% interest rate reduction
- Deadline extended to December 31, 2026
- Nearly 2 million borrowers have taken advantage of this benefit

Changes to Campus Security Requirements Related to the Stop Campus Hazing Act (SCHA)

- GEN-26-05
- Annual security report must now include hazing incidents
- 3 new requirements
  - Compile statistics on hazing incidents and include them in the ASR
  - Implement anti-hazing policies with emphasis on hazing prevention programs
  - Compile a Campus Hazing Transparency Report that summarizes findings and publish on the institution's public website (if one or more violations)


December 14-16, 2026
2026 Federal Student Aid Training Conference
Gaylord National Resort & Convention Center
Oxon Hill, Maryland (DC)

QUESTIONS OR COMMENTS?

