OB3, WHAT WE KNOW, WHAT WE DON’T KNOW, AND WHAT WE CAN DO ABOUT IT…

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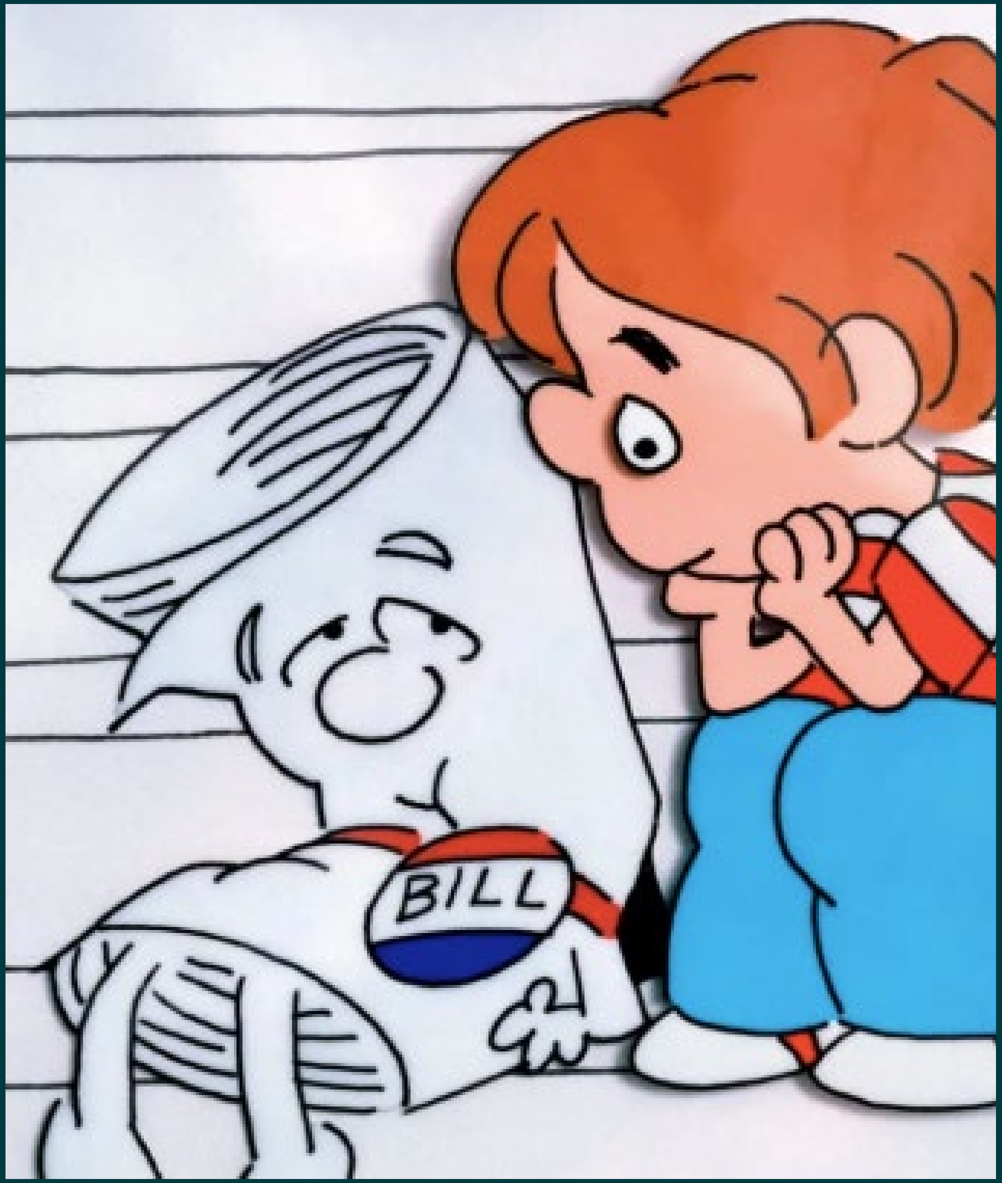
WELCOME

What We'll Talk About:

- Introduction to OB3 and Timeline
- What we know
- What we don't know
- What to do about it
- Conclusion and Questions



<u>ONE BIG BEAUTIFUL BILL ACT</u>
<u>OB3</u>

Signed into law on July 4, 2025

Used the budget reconciliation process for easier passage (they cheated)

HEA reauthorization is FAR overdue!

TWO NEGOTIATED RULEMAKING SESSIONS SPAWN FROM OB3.

RISE: Reimagining and Improving Student Education

- Loan Program Changes

AHEAD: Accountability in Higher Education and Access through Demand-driven Workforce Pell

- Institutional Accountability
- Workforce Pell

Timeline

July 4, 2025
One Big Beautiful Bill Act (OB3) signed into law

September 29, - November 7,2025
RISE Negotiated Rulemaking Committee

December 8, 2025 - January 9, 2026
AHEAD Negotiated Rulemaking Committee

January 30, 2026
ED released a notice of proposed rulemaking (RISE Committee)

March 2, 2026
Public comment period ends for RISE NPRM

2026-2027
Crossover period eligibility begins

JULY 1, 2026

Unknown: When will the final NPRM be released? When will initial NPRM for AHEAD come to us?

ED promised RISE final NPRM by June 1st.

CHANGES TO LOAN PROGRAMS

- Elimination of Graduate Plus Loans
  - New borrowers or new graduate students cannot access this heavily relied upon tool for access
    - Discussion on why this is an access tool
    - Discussion on legacy students
      - Graduate students may NOT move from program to program that varies within the first 4 digits of a CIP code
      - CIP codes are 6 digits, i.e. 13.0301
      - Undergraduate can change major within the same program 'type'
  - Private loans will step in… sort of
    - There are limited new products coming to the market
    - Don't worry, they'll reach out to you ☺
    - Some are school specific
      - Looking at graduation rates, historical defaults, wage data (now that it is available)

CHANGES TO LOAN PROGRAMS

- Parent Plus loan changes
  - Discussion on why this is an access tool.
  - Legacy students can still borrow up to the full COA annually for 3 academic years (until 2028/2029) or until the expected end date of their program of study, whichever happens first.
    - The first ‘cohort’ of borrowers to be impacted here will be the high school graduating class of 2026 – this year’s students
  - College freshmen families for fall of 2026 can only borrow up to $20,000 annually in the Parent Plus loan
  - To complicate things further, the lifetime aggregate PER STUDENT is $65,000
    - Discussion on why this is problematic
    - Education and responsible/reasonable borrowing will be crucial

CHANGES TO LOAN PROGRAMS

- Quick explanation:
  - New limits
    - Annual borrowing limit for graduate professional programs is $50,000 (controversial)
      - School can implement program specific borrowing caps
    - Aggregate lifetime limit for graduate students is $100,000 and $200,000 for professional
    - New lifetime borrowing cap: $257,500 including grad and undergrad

- Current list of CIPS eligible for the higher $50,000:

01.80 – Veterinary Medicine (D.V.M.)
22.01 – Law (L.L.B. or J.D.)
39.06 – Theological and Ministerial Studies (M.Div. or M.H.L.)
42.28 – Clinical, Counseling and Applied Psychology (Psy.D. or Ph.D.)
51.01 – Chiropractic (D.C. or D.C.M.)
51.04 – Dentistry (D.D.S. or D.M.D.)
51.12 – Medicine (M.D. or D.O.)
51.17 – Optometry (O.D.)
51.20 – Pharmacy (Pharm.D.)
51.21 - Podiatry (D.P.M, D.P)

CHANGES TO LOAN PROGRAMS

- Loan repayment changes – briefly!
  - Trim down to two types of repayment with minimum payments required and a longer pathway to forgiveness
    - PSLF should remain
- Loan adjustments (avoiding the term proration intentionally) for enrollment status
  - Familiarity with Pell – FT gets full Pell and less than FT gets less
  - Freshmen can get $5,500 of Federal Direct Loans… unless they aren't full time
    - 12 credits per semester at a standard semester term school
    - Checked at the time of disbursement
    - Using a fall/spring standard example – you would need to check for adjustments prior to the fall semester disbursement and then again prior to the spring semester disbursement
      - Discuss why this is problematic
      - Zero onus to predict enrollment status beyond what you normally do

PRORATIONS

- **Added to statute: § 685.203(m)(1)**
  - *"if a student is enrolled in an eligible program (except for a non-term program) at an institution on a less than a full-time basis during an academic year, the amount of any Direct Loan that student may borrow for an academic year or its equivalent would be reduced in direct proportion to the degree to which that student is not so enrolled on a full-time basis, as of the date the institution determined the student's eligibility for the disbursement, rounded to the nearest whole percentage point."*
- **DCL: GEN-25-04, July 18, 2025, announced the schedule of reductions will be issued by the Secretary and used for academic years 2026-27 and beyond.**
- **Removes the requirement to waive the substantially equal disbursements for an institution when a borrower has less than full-time enrollment for the academic year and is subject to the schedule of reductions.**

LOAN ADJUSTMENT EXAMPLE

- Student enrolled in 15 credits fall and 9 credits in spring
  - 24 credits in the academic year = $5500

- Student enrolled in 9 credits fall and 9 credits spring
  - 18 credits in the academic year = $4,125
    - Must be mindful of the sub loan cap as the percentage does apply there too

- Student enrolled in 15 credits in the fall, but drops two classes or 6 credits after disbursement (during drop add), and 9 credits in the spring
  - 18 credits for the academic year = $4,125
  - No adjustment is required for the fall
  - Fall amounts: $2,750 (mindful of sub)
  - Spring amounts: $1,375

  - But..... Our students will be expecting $2,750 in the spring....

<u>THIS IS FINE, EVERYTHING IS FINE</u>

Workforce Pell

- Expands Pell Grant eligibility to short-term career training programs
  - Non-degree programs, 8-15 weeks, 150-599 hours
  - Supports high-demand occupations
    - Requires approval from the governor’s office or governor’s appointee
    - PA will place the PDE in the approval role
    - Web site for institutions to sign up for PDE approval of a workforce Pell program: https://www.pa.gov/agencies/education/programs-and-services/instruction/postsecondary-and-adult-education/workforce-pell

Workforce Pell

- Student can have a bachelor's degree and still be eligible for workforce Pell
  - Must file the FAFSA and demonstrate the required need
  - There will be a new ISIR layout with an eligible program indicator for institutions to identify these students
  - Subject to, and uses up, Pell LEU (600%)
- Unique opportunity in Pennsylvania
  - PA Tip program, administered by PHEAA
  - Overlap with workforce Pell, programs that are between 10 and 15 weeks long MAY qualify for both programs
  - Students with bachelor's degree programs qualify for PA Tip too!
    - Eligible programs are determined by PHEAA: https://www.pheaa.org/documents/funding-opportunities/pa-tip/pa-tip-cip-codes.pdf
  - Powerful combination to assist our commonwealth residents with advancing career, and hopefully earning, potential!

WHAT CAN WE DO?

BESIDES PANIC ....

What you can do now

Watch for the RISE final NPRM

- This will finalize our path forward and put things formally into place

Watch for the AHEAD preliminary NPRM

- Public comment if you have issues or statements
- ED is required to consider public comments prior to issuing the final rule!
- Instructions and dates will accompany the preliminary NPRM

What you can do now

Review your preferred lender list

- Separate out undergrad, grad, health, professional etc.
- Consider adding new options

Inform the rank and file

- Both up and down the chain of command
- This is not too small to bother your leadership
- Faculty are curious as well
- Students and support staff are critical

What you can do now

System readiness

- Monitor your SIS
- Be prepared for emergency patches and implementations
- Loop in your IT/technical support

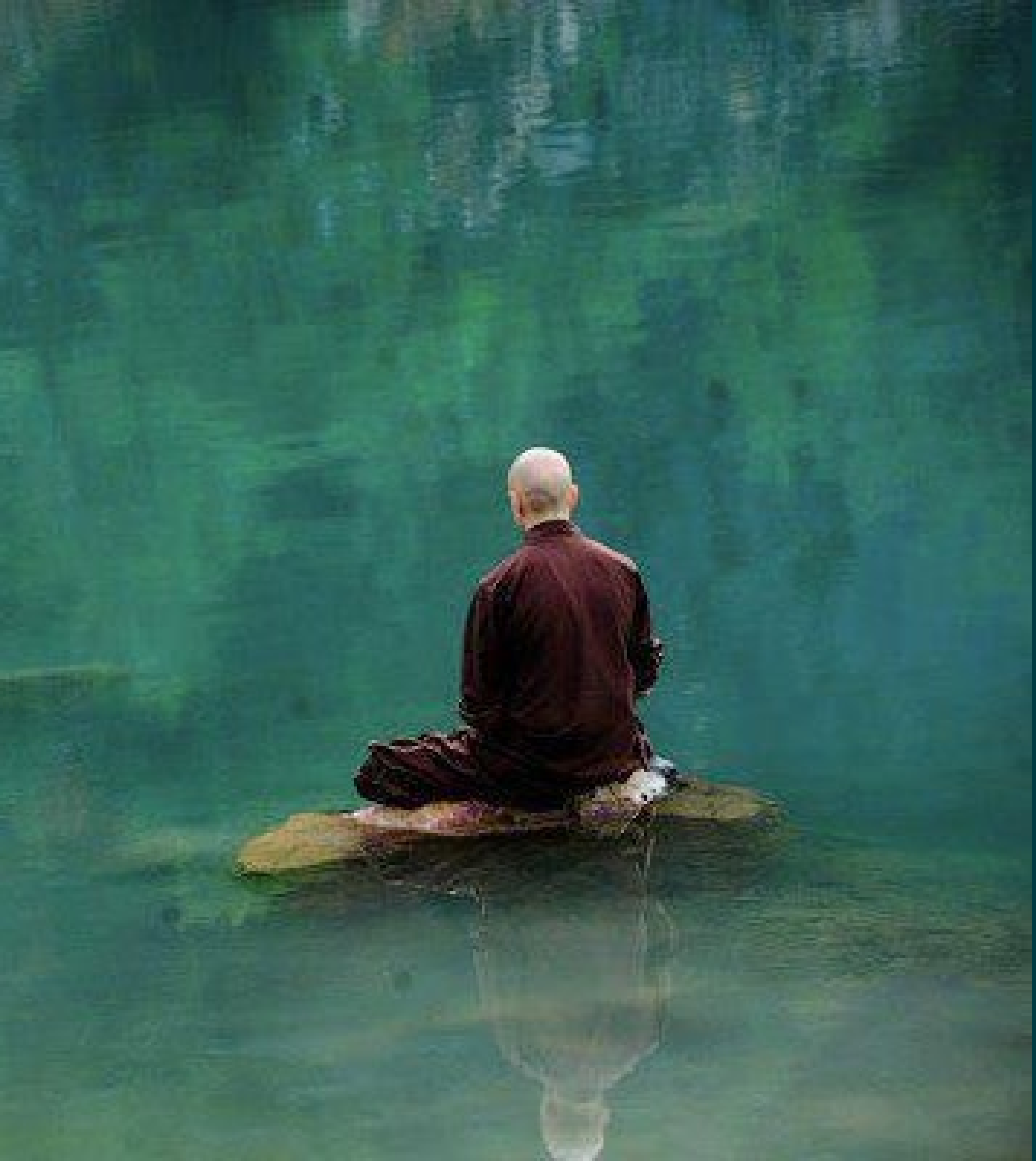
Educate your stakeholders

- Change your graduate publications and information
- Create a curriculum for your parents of undergrad students
  - Update/change/enhance your orientation publications
  - Consider annual parent counseling updates

What you can do now

Be Strategic

- Review your graduate enrollment definitions
- Institutions have the latitude to define FT for graduate students
  - https://www.ecfr.gov/current/title-34/subtitle-B/chapter-VI/part-668/subpart-A/section-668.2#p-668.2(Full-time%20student:)
- 6 credits as FT reduces adjustments
- Consult graduate council, president’s cabinet
- Document, document, document
- Update publications/communications/policies
- Inform your enrollment reporting office
- Update your SIS including FISAP rules
- Recommend starting this at the beginning of an aid year



QUESTIONS/COMMENTS?

1. NPRMs to come will solidify our path forward.
2. Leverage opportunity where you can!
3. Use your support system