

Office of Student Financial Aid

Financial Aid Updates

FYI, things are still changing

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Washington Landscape

- Higher Education Act
 - Supposed to renew every 5 years, last time was 2008
- Bills as part of budget reconciliation
- Rules determined by Department of Education, executive orders
- Changes have become more frequent
- FA offices and schools need to adapt quickly

Reductions in Force

- Regional Department of Education (ED) offices have closed
 - Less school support for required school certifications
- Less staff working on school guidance and systems
 - Issues with ED systems are more difficult to troubleshoot
- Less training for FA staff
- And now a government shutdown

What changed already?

- FAFSA Simplification Act
 - Overhauled the FAFSA formula and process
- The good
 - Data imported from IRS – rules on data sharing
 - Streamlined process for FAFSA
 - More students eligible for Pell grants
- The bad
 - Lots of delays for families in 24-25
 - Stress on schools, system providers, FA offices
 - Number in college no longer counted – aid swings

What changed already?

- Verification
 - Moving from financial verification to identity verification
- Mixed status families
 - Had more trouble completing the FAFSA in 24-25, ED has allowed flexibility and this is easier at the moment
 - Concerns about how FAFSA data is used
 - Personal decision for families

Why are things changing now?

- One Big Beautiful Bill Act (OBBBA)
- Passed July of 2025
- Changes will start July 1, 2026

FAFSA and Pell changes

- Family farm, small business, fishery asset exemption back on the 26-27 FAFSA
- Foreign income will be included in AGI when calculating Pell grant
- Students with SAI greater than twice the max Pell amount (14,790) will not qualify for Pell grant
- Students who have full COA covered by scholarships/grants will no longer get a Pell grant
- Note: Initially there was a provision to update Pell full-time hours to 15, this did not make the senate version of the bill

Undergraduate Loan Changes

- Sub/unsub will be adjusted based on enrollment hours
 - Ex: half time students get half of the yearly max loan amount
 - Waiting on details from ED on how this will work
- Parent PLUS loan will now have yearly and aggregate limits
 - \$20,000/year per dependent student
 - \$65,000 overall aggregate limit per dependent student
 - Parents who borrowed prior to 7/1/26 will not be subject to these limits
- In 24-25 we had 1,910 Parent PLUS borrowers
 - 1,034 (54%) borrowed more than \$20,000

Graduate/Professional Loan Changes

- New annual and aggregate amounts for G/P students
 - Legacy provision for students who borrowed prior to 7/1/26 to continue under old limits until degree is completed or 3 years (whichever comes first)
- Ends Graduate PLUS loan program
 - About 1,500 grad students borrow PLUS loans each year at UI (just under 25%)
 - 393 first year grad students used PLUS loans in 24-25
 - Again, there is a legacy provision
- Loans are adjusted based on enrolled hours

Graduate/Professional Loan Limits

Loan Type	Current limits	Starting 2026-27
Unsubsidized loan limit for graduate students	\$20,500/year	\$20,500/year
	\$138,500 aggregate	\$100,000 aggregate
Unsubsidized loan limit for professional students	Bump of \$22,000/year for health professions	\$50,000/year
	Bump of \$89,500 aggregate for health professions	\$200,000 aggregate
Graduate PLUS	No limit	Eliminated

- \$257,500 cap on all federal loans (\$57,500 cap for UG loans)
- Waiting on ED to define what is a graduate vs. professional program

How far do these amounts go?

- \$20,500/year for graduate students
- \$50,000/year for professional students
- Resident COAs from 25-26
 - Grad College \$38,191
 - Pharmacy \$55,286
 - Law \$58,206
 - Medicine \$71,215
 - Dental \$106,644

What does this mean?

- Updating programming for loan awarding and adjustments
 - Guidance will likely come last minute and will still leave questions
- More private loan borrowing
 - Increased private loan counseling for financial aid office
- Students who cannot get approved for a private loan may not be able to cover their costs

Private Loans

- Student and cosigner
- Average rates 8% - 10.5%, as low as 3.5%, as high as 18.5%
- All UG borrowers are required to complete private loan counseling
- Not required for graduate or parent borrowers
- May see more lenders enter the market

Loan Repayment

- Two repayment plans for new borrowers – Standard and Repayment Assistance Plan (RAP)
 - New standard plan as terms of 10, 15, 20, or 25 years based on loan balance
 - RAP is 1-10% of AGI based on earning level, forgiveness after 30 years
- No more economic hardship or unemployment deferments for new loans
- Forbearance available for up to 9 months in a 2 year period
- Existing borrowers have IBR, standard, graduated, extended options
- SAVE, PAYE, ICR plans gone after July 1, 2028

Private Loan Repayment

- Term of 10-15 years is most common
- Less flexibility based on income
- Refinancing can be an option

What are we doing?

- Communication plans
 - Updating financial aid offer
 - Grad and professional newsletter
 - Meetings with campus partners
- MAUI IT work
 - Loans by credit hour
 - Working ahead on regular projects
 - Private loan enhancements
 - Packaging returning vs new students (grad PLUS), processing parent PLUS
 - Defining grad vs professional students
- Increased private loan staffing
 - Staff evaluating the private loan counseling process
 - Looking at preferred lender list

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Questions?

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