

Financial Aid Changes: A new law called the **One Big Beautiful Bill Act** changes many financial aid rules for college students. This law was signed on July 4, 2025 and the final rules were published by the U.S. Department of Education on May 1, 2026. Here is how these changes could affect you as an **undergraduate** student.

Overview

The new law introduces changes to **federal student loans, Pell grants, and repayment options**, most of which take effect on **July 1, 2026**. These changes mainly adjust **grant eligibility, borrowing caps and enrollment requirements** but other changes can impact students later, like changes to the **repayment options**. These are not all of the changes but are the main ones you should know about.

New Rules Require Loan Amounts to Be Prorated for Less Than Full-Time Enrollment

1. Enrollment Requirement & Student Loans

- Loan amounts are reduced if you **enroll less than full-time (12 credits per term)**
- Changes in enrollment (such as dropping classes) may affect **loan eligibility in the following term**

What this means: Loan eligibility will be tied to enrollment level beginning fall 2026. Taking fewer than 12 credits will reduce available loan funding for all students. If you've already received your loans and then reduce your enrollment, this could change your loan payments in the following term even if you return to full-time.

2. Pell Grants

Eligibility changes: You may not qualify for a Pell grant:

- If your **Student Aid Index (SAI)** is more than twice the maximum Pell award
 - The current maximum Pell grant award is \$7,395
 - Note: The SAI is the number on your FAFSA that is used to qualify for need based aid. You can find yours on your **FAFSA Submission Summary** at www.studentaid.gov
- If your total **cost of attendance** (including books, transportation and living expenses) **is fully covered** by certain types of scholarships or grants
- If you had foreign income on your tax return previously excluded from the Pell calculation

What this means: Some students who previously qualified for the automatic Pell grant may no longer be eligible, particularly:

- those with higher SAI values on the FAFSA
- those with foreign income exclusions reported on a tax return
- those whose full financial need beyond tuition is already met through other aid programs

Loan Options and Loan Limits

3. For Parent PLUS Loan Borrowers

New loan limits

- \$20,000 per year
- \$65,000 overall lifetime total can be borrowed by the parent/s *per student*

What this means: Parent PLUS loans have typically been used to cover remaining costs beyond the standard student financial aid packages. Families who use Parent PLUS loans may have lower borrowing capacity than before which could affect how remaining costs are covered. This means families may need to rely on:

- personal funds
- institutional aid and scholarships
- private loans

Legacy Borrowing Provision for Parent PLUS Borrowers

(continuing students only)

Also known as "[Loan Limits Exception](#)"

For parent PLUS loan borrowers to obtain legacy borrowing status:

Enrollment: Their student must be currently enrolled (not withdrawn as of June 30, 2026) in their program at PSU and then remain **continuously enrolled** (at any enrollment level) during all regular terms of the school year (except summer unless they officially enroll and then withdraw from classes) *and*,

Parent/Student Borrowers: Parents (or the student) also must have borrowed a federal loan for the student's current undergraduate program at PSU before July 1, 2026. They may continue using the Parent PLUS loan at the previous loan limits temporarily however, **legacy borrowing status will be lost at the time any of the following scenarios occur:**

- **3 academic years pass** (all legacy provisions end in 2028/2029), *or*
- If your enrollment (even if part time) reaches or exceeds **the published program length for full-time students**. (This is the difference between the published length of the program of study you are enrolled in for full-time students minus the period of time you have completed in that program), *or*
- You **complete your program**, *or*
- You **change your program** (change in major is ok), *or*
- You **withdraw** or **do not enroll** in a required term (fall, winter, spring), *or*
- You enroll in summer classes and then **withdraw**, *or*
- You **transfer** schools
- **Any of these scenarios will result in an immediate loss of legacy status**
- **Once lost, legacy borrowing status may not be regained**

What this means: Parents of undergraduate students who have already borrowed a federal loan (either the parent or the student) may temporarily retain access to existing parent loan options for their student to complete their academic program, but only under specific conditions.



Students thinking of enrolling part-time or dropping a class should **talk to their financial aid office first to understand the implications.**

4. Dropping, Withdrawing or Not Enrolling

- Dropping below required enrollment or withdrawing will:
 - reduce loan eligibility (for less than full-time)
 - reduce loan eligibility in a future term (if you have already received your financial aid and then reduce enrollment)
 - affect access to parent PLUS loan legacy borrowing provisions

What this means: Changes in enrollment can affect both current or future term funding as well as continued eligibility under the previous loan programs and rules. Make sure the financial aid office knows about any term during the school year that you plan to enroll below full-time or, if you plan to take a gap term (other than summer).

Repayment Plan Changes Apply to All Borrowers

5. Repayment Changes (for future loans)

- Loans issued after July 1, 2026 will have two repayment options:
 - [Standard repayment](#)
 - [Repayment assistance plan](#)

What this means: Future repayment options will be more limited compared to current plans and, borrowing new loans after July 1 could change access to older repayment plans.

Summary

For undergraduate students, the new law:

- Sets **clear limits on total borrowing**
 - Ties aid more closely to **enrollment status**
 - Adjusts **Pell Grant eligibility criteria**
 - Reduces **Parent PLUS loan availability**
 - Simplifies but limits **repayment options for new loans**
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What you can do to prepare for these changes:

Stay informed: Review the information currently available about these changes on the financial aid website: www.pdx.edu/student-finance/federal-actions-financial-aid

Review the Federal Student Aid FAQ: <https://studentaid.gov/announcements-events/big-updates>

Meet with financial aid: If you'd like, you can schedule to meet with a financial aid counselor to discuss how these changes may directly impact your situation (for example, based on your aid type or enrollment plans next year). Visit the financial aid website to schedule an appointment: www.pdx.edu/finaid

Resource: National Association of Student Financial Aid Administrators (NASFAA) [Repayment Plan Flowchart](#)

An important note about these changes: This is the school's understanding of these changes at this time. Further information will be made available as the U.S. Department of Education implements and clarifies the new law.