Financial Aid Changes
One Big Beautiful Bill (OB3)

Effective for the 2026-2027 Award Year
(Fall 2026, Spring 2027, Summer 2027 and forward)

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act. Student Financial Services (SFS) has been reviewing the new rules and regulations enacted by this law and how it may affect federal student aid eligibility. SFS closely monitors communications from the Department of Education and the National Association of Student Financial Aid Administrators (NASFAA) to receive updates, and regulatory clarifications and guidance. The information below represents a summary of the changes as has been communicated so far. If any changes to these regulations occur, we will update this summary as soon as possible. In the meantime, if you have any questions, please reach out to Student Financial Services (SFS) by emailing us at sfs@rcu.edu or calling 248-218-2127.

Federal Pell Grants

- **Full Cost of Attendance (COA).** Students who receive "Other Financial Aid (OFA)" that cover their entire COA at RCU are now ineligible for the Federal Pell Grant.

- **Maximum Student Aid Index (SAI).** If a student's SAI exceeds twice the maximum Federal Pell grant award, they will not be eligible for the Federal Pell Grant. Based on this rule, the maximum SAI to be eligible for the Federal Pell grant for the 2026-2027 award year is $14,790.

Schedule of Reductions (SOR)

- **Schedule of Reductions (SOR).** SOR requires institutions to prorate a student's annual loan amounts in direct proportion to the percent of full-time the student is enrolled in per academic year. Students are no longer eligible to borrow their annual loan amount in one term. Students who are not enrolled full-time (At RCU, the full-time definition is 24 credits per academic year for undergraduates and 18 credits per academic year for graduates) will be subject to SOR on their Federal Direct student loans. For example, if an undergraduate student is only planning to attend 6 credits in each of the fall and spring semesters, they are only attending 12 of the 24 full-time defined hours for the year and will only be eligible for half of their annual loan limit. So as a full-time student, if they were able to borrow $12,500, they could now only borrow $6,250 between fall and spring semesters as a part-time student. Undergraduate students will be packaged for two semesters, Fall and Spring as required terms within the academic year. Graduate students will be packaged for three semesters, Fall, Spring and Summer as required terms within the academic year. To view loan eligibility based on potential enrollment hour scenarios within an academic year, please visit this SOR calculator.

- **Undergraduate Summer Enrollment.** Students enrolled in the Fall, Spring and Summer semesters will have their loans calculated by first taking the total hours enrolled for the required semesters of Fall and Spring. If that total is 24 hours or more, they will receive equal disbursements of 50% Fall and 50% Spring based on their annual loan eligibility. If the total is less than 24 hours, they will receive proportional disbursements for Fall and Spring based on the percentage of enrollment per semester. In both scenarios, if the student is enrolled in the Summer for at least 6 hours and has additional annual loan eligibility left after calculations are made for the Fall and/or Spring, that loan amount will be awarded in the Summer.

- **Upward Adjustments - Federal Direct Student Loan Adjustments** If a student becomes eligible for additional loan disbursements for a semester due to an increase in their enrollment hours (in any semester within the academic year), after the original loan amount has already been disbursed, a new loan would be created for the semester. The new loan amount would be the new total semester loan eligibility less the amount of loan they already received for the semester. If the loan for any semester has not yet been disbursed, the student's current disbursement would be increased. The adjustments may be made at any time throughout the semester, fall, spring or summer when add/drops are permitted. If a student is subject to SOR, each semester loan amounts will be affected by any schedule change for any semester within the academic year, due to the proportional amount being a percentage amount of per semester hours over the total enrolled academic year hours.

- **Downward Adjustments - Federal Direct Student Loan Adjustments.** If a student becomes eligible for less loan for a semester due to a decrease in their enrollment hours (in any semester with the academic year), after the original loan amount has already been disbursed, the current loan disbursement will be adjusted down. The adjustments may be made at any time throughout the semester, fall, spring or summer when add/drops are permitted. If a student is subject to SOR, each semester loan amounts will be affected by any schedule change for any semester within the academic year, due to the proportional amount being a percentage amount of per semester hours over the total enrolled academic year hours.

- **Federal Direct Student Loan Amount Requests.** Students may request specific disbursements of loan amounts per semester if the disbursements are less than or equal to what they would receive in the proportional disbursement SOR calculation, if applicable.

- **Enrollment for less than a Full Academic Year.** If a student is graduating in the fall semester, loans are prorated by taking the number of credits enrolled in the fall and dividing by the full-time academic year hours (24 for undergraduate and 18 for graduate). If a student is enrolled in both Spring and Summer, the total enrolled hours will be factored over 24 hours. If a student is enrolled in Spring only or Summer only, the total enrolled hours will be factored over 12 hours as a one term loan.

Annual, Aggregate and Lifetime Maximum Loan Limits

- **Federal Direct Graduate Unsubsidized and PLUS Loans**
  - Grad PLUS Annual Limits - This loan program is eliminated for periods of enrollment beginning on or after July 1, 2026
  - Grad PLUS Aggregate Limits - This loan program is eliminated for periods of enrollment beginning on or after July 1, 2026
  - Grad Unsubsidized Federal Student Loan Aggregate Limits- Now capped at $100,000
  - Grandfathering - Students who borrowed federal Direct loans, prior to July 1, 2026, in their declared degree program, and have not met or exceeded their expected time to credential, will have legacy exception eligibility and will be able to continue to borrow under the pre-OB3 limits. Once a student has met their expected time to credential, changes their program of study, or does not remain continuously enrolled, they will be subject to the new rules. The legacy eligibility is available for the lesser of three academic years or when the student meets their expected time to credential.
- **Federal Direct PLUS Loans**
  - Annual Limits - Now capped at $20,000 per year, per dependent student.
  - Aggregate Limits - Now capped at $65,000 per dependent student.
  - Grandfathering - Students who borrowed federal Direct loans, prior to July 1, 2026, in their declared degree program, and have not met or exceeded their expected time to credential, will have legacy exception eligibility and will be able to continue to borrow under the pre-OB3 limits. Once a student has met their expected time to credential, changes their program of study, or does not remain continuously enrolled, they will be subject to the new rules. The legacy eligibility is available for the lesser of three academic years or when the student meets their expected time to credential.
- **Federal Direct Loans**
  - New Lifetime Loan Limit - Now capped at $257,500 (excluding Parent PLUS loans)
  - Grandfathering - Students who borrowed federal Direct loans, prior to July 1, 2026, in their declared degree program, and have not met or exceeded their expected time to credential, will have legacy exception eligibility and will be able to continue to borrow under the pre-OB3 limits. Once a student has met their expected time to credential, changes their program of study, or does not remain continuously enrolled, they will be subject to the new rules. The legacy eligibility is available for the lesser of three academic years or when the student meets their expected time to credential.

Student Loan Repayment

Repayment Assistance Plan (RAP)

- Creation of a new income-driven repayment plan called the Repayment Assistance Plan (RAP). Please visit studentaid.gov for additional information.

Loan Forbearance

- Loans made on or after July 1, 2027, are eligible for forbearance for up to nine months in any two-year period. The current rules allow for a forbearance up to 12 months at a time, with a cumulative limit of three years.

Loan Rehabilitation

- Borrowers can rehabilitate a defaulted loan twice, instead of once.