One Big Beautiful Bill Act FAQ

What is the “One Big Beautiful Bill Act” and how does it affect student financial aid?

Public Law 119-21 — commonly referred to as the One Big Beautiful Bill Act (OBBBA) or the reconciliation bill — was signed into law on July 4, 2025, and includes major changes to federal student aid programs. The legislation revises Pell Grant eligibility, establishes new limits on federal student loans, requires prorated loan amounts for students enrolled less than full time, and introduces a new income-driven repayment plan. Most provisions are set to take effect in the 2026–27 academic year and will be implemented over time. Additional details will depend on forthcoming federal rulemaking, and more information will be shared as it becomes available.

Will this new law affect my existing loans or aid?

No. If you are currently receiving financial aid or repaying loans, your existing grants and loans will remain under their current terms for the time being. Most updates — including revised loan limits and new repayment options — are expected to take effect beginning with the 2026–27 academic year. We are continuing to monitor federal guidance and will share updates as additional details are finalized.

I’m currently enrolled at Lee College – will this law affect me mid-program?

If you are currently enrolled and participating in student loan programs at Lee College, there are no changes to the aid you have already received.

If you borrow a student loan for a term that begins before July 1, 2026, you may still qualify under the previous loan limits. To remain eligible for these prior limits, you must be continuously enrolled in your current program of study.

If you withdraw or take an academic pause, you will be treated as a new borrower and subject to the revised loan limits. You will also be considered a new borrower if you temporarily leave your current program to enroll in or complete a different program.

How will I be affected in future terms if I enroll less than full-time?

The new law requires that annual loan amounts be prorated based on your enrollment level. This change applies to all loans borrowed for the 2026–27 academic year. Eligibility will be determined at the time of disbursement, using the number of credit hours considered full-time for the academic year.

For example, an undergraduate student is considered full-time when enrolled in 12 credit hours per semester (24 hours for the academic year). A first-year student who enrolls in 6 credit hours in the fall semester would be eligible for 25% (6/24) of the $5,500 annual loan limit, or $1,375, for the fall term.

If the same student enrolls in 9 credit hours in the spring, their total annual enrollment would be 15 credit hours (6 + 9), or 63% of full-time enrollment. The total loan eligibility would therefore be 63% of $5,500, minus the $1,375 already received in the fall, resulting in $2,090 for the spring term.

Note: Any courses dropped after the initial fall disbursement must be factored into the calculation of remaining eligibility for the spring disbursement.

How will loan repayment change?

The new law consolidates most existing income-driven repayment plans into a revised federal repayment framework. If you borrow additional loan funds on or after July 1, 2026, your repayment options will generally be limited to the tiered Standard Plan and the Repayment Assistance Plan (RAP).

Will Public Service Loan Forgiveness still be available?

Yes. The Public Service Loan Forgiveness (PSLF) program will remain in effect, and eligible borrowers may continue working toward loan forgiveness. The new federal repayment framework introduced by the law may make it easier for some borrowers — particularly those with lower incomes — to qualify. Additional details on how PSLF will operate under this framework are pending federal rulemaking.

In addition, on October 31, 2025, the U.S. Department of Education issued updated regulations that revise the definition of a qualifying employer. Beginning July 1, 2026, organizations determined by the Department to engage in illegal activities, such that they have a substantial illegal purpose, will no longer qualify for PSLF. Examples cited in the regulations include aiding and abetting violations of federal immigration laws, supporting terrorism, or facilitating illegal discrimination. Borrowers will be notified if their employer is determined to no longer meet PSLF eligibility requirements.

What are the loan borrowing limits under the new law?

The new law does not change the annual or aggregate loan limits for undergraduate students. However, undergraduate borrowing will now count toward a new lifetime loan cap.

- Annual loan limits: $5,500 to $12,500, depending on year in school and dependency status
- Aggregate loan limits: $31,000 to $57,500, based on dependency status
- New lifetime loan limit: $257,500, which includes all federal student borrowing for undergraduate, graduate, and professional study, regardless of any amounts that have been repaid, forgiven, canceled, or otherwise discharged.

Are there any changes to the Pell Grant program?

Yes. Beginning with the 2026–27 academic year, students will not be eligible for a Pell Grant if their Student Aid Index (SAI) exceeds twice the maximum Pell Grant award for that year. While Pell award amounts will still vary based on income and family size, eligibility will now include a firm cutoff tied to the annual maximum. Additional guidance from the U.S. Department of Education is available in the (APP_25_23) 2026-27 FAFSA Form and Pell Grant Eligibility Updates.

In addition, students whose full cost of attendance is covered by non-federal grants or scholarships — such as those from state, institutional, or private sources — will not be eligible to receive a Pell Grant, even if they would otherwise qualify.

Will the new law affect Lee College scholarships?

In general, federal loan and aid updates under the new law will not affect your Lee College scholarship(s). Institutional scholarships are awarded and renewed according to college policies.

If changes to your federal aid occur (such as adjustments to your Pell Grant), we encourage you to contact the Financial Aid Office to review your situation and discuss any additional options that may be available.

Will the new law affect my Work-Study?

No. The new law does not change how students qualify for Federal Work-Study. Eligibility will continue to be based on financial need, as determined by the FAFSA and institutional packaging policies. Colleges and universities will still determine the amount of Work-Study funding available and which students are selected to receive it.

When does the new law/updated rules take effect?

Most provisions will take effect beginning with the 2026–27 academic year, including updated loan limits and revisions to Pell Grant eligibility.

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