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ABHE Financial Aid Breakout Session 3: Breaking News Roundtable

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Breaking News Roundtable

Overview: Current events often directly or indirectly affect higher education and the public's perception of the value of a college degree. In this session, we will explore current events and the impact on enrollment and need for financial aid during the remaining spring 2026 term and fall 2026.

Participants will discuss:

- Audit* threshold impacts
- Changes in loan amounts
- Impacts of budget adjustments from the government
- Rollout of FVT, GE, and related-party transaction regulations
- Demographic shifts
- Open discussion

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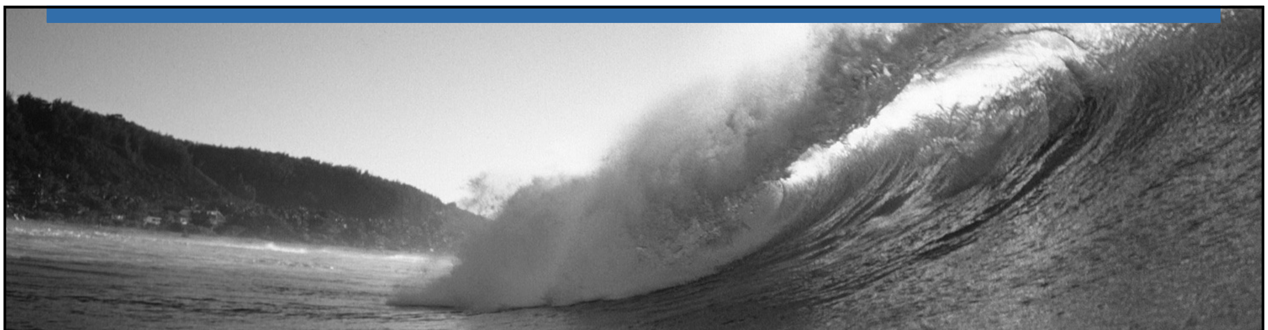

Audit Threshold Impacts

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Audit Threshold Impacts

- Uniform Guidance audit threshold of $750,000; increases to $1,000,000 effective for audit periods beginning October 1, 2024, or later (most likely September 30, 2025, periods).
- Institutions that fall below this threshold still have reporting requirements to ED. See the “Changes to UG Limits that Could Impact the Date of Your Financial Statement Audit” article on the CapinCrouse website.

Changes in Loan Amounts

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Changes in Loan Amounts

- Unsubsidized lifetime loan limits added – $100,000 for graduate students/ $200,000 for professional students (see the Loan Changes from the One Big Beautiful Bill Act brief and Experts Discuss How New Loan Limits Will Impact Students article from NASFAA)
- No NEW grad plus loans after July 1, 2026 (doctoral programs are the largest affected); can use up to the next 3 years or until program completion
- How many graduate borrowers will be impacted by the looming lending limits? – Higher Ed Dive article
  - About 28% of graduate borrowers have borrowed above new federal student loan limits set to go into effect in July

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Changes in Loan Amounts (continued)

- Of those graduate students, nearly 40% would potentially fail to secure private loans without a co-signer under existing underwriting standards, because of their credit profiles
- Starting in July, that legislation will also sunset the Grad PLUS loan program that has allowed graduate students to borrow up to the cost of their attendance

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Impacts of Budget Adjustments from the Government

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Impacts of Budget Adjustments

Year in Review: How Federal Policy Reshaped Higher Education in 2025 – Admissions, Financial Aid and Accountability – recap from the Higher Education Assistance Group:

- January – On his first day in office, President Trump signed Executive Order 14161, which vets foreign nationals allowed into the United States and revokes an international student's visa if they are deemed a "Hamas sympathizer." By the start of the fall semester, it is estimated that international enrollment is down 15%, with some students deferring admission and others choosing to study in other countries.
- March – President Trump signed Executive Order 14242, which effectively called on the Secretary of Education to facilitate the ED's closure. This executive order was largely symbolic, representing the desire to reduce the size of the federal government. However, the staff of the Office of Postsecondary Education was reduced by 50% between the March and October layoffs.

Impacts of Budget Adjustments (continued)

Year in Review: How Federal Policy Reshaped Higher Education in 2025 – Admissions, Financial Aid and Accountability – recap from the Higher Education Assistance Group:

- April – The White House Initiative to Promote Excellence and Innovation at Historically Black Colleges and Universities was announced. It is intended to increase private sector partnerships and address barriers to federal grant funding. In September, about $400 million of additional federal funding was provided, bringing the total for the federal fiscal year to $1.34 billion. This funding will allow institutions to grow their endowments, expand research programs, upgrade facilities, strengthen campus security, and provide more support services for students and faculty development.

Impacts of Budget Adjustments (continued)

Year in Review: How Federal Policy Reshaped Higher Education in 2025 – Admissions, Financial Aid and Accountability – recap from the Higher Education Assistance Group:

- July – The One Big Beautiful Bill Act (OBBBA) is signed into law. It includes several regulatory changes impacting higher education institutions that are slated to go into effect this year. The most impactful parts of the OBBBA include:
  - The elimination of the Graduate PLUS program; new annual loan limits and lifetime borrowing caps for graduate students and Parent PLUS borrowers
  - Creation of a new income-driven student loan repayment plan and phase-out of the existing plans
  - Changes to institutional and programmatic accountability rules
  - The creation of Workforce Pell

Impacts of Budget Adjustments (continued)

- What Higher Education Institutions Need to Know About the One Big Beautiful Bill Act – CapinCrouse article summarizing key OBBBA provisions that affect higher ed

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Impacts of Budget Adjustments (continued)

Year in Review: How Federal Policy Reshaped Higher Education in 2025 – Admissions, Financial Aid and Accountability – recap from the Higher Education Assistance Group:

- August – The administration announces a new directive for reporting admission data to ED. The data for applicants, admitted students, and enrolled students is to be broken down by gender, race, and program (undergraduate and graduate) and include standardized test scores and grade point averages. The first report must contain this data for the last five academic years. The existing IPEDs reporting will be enhanced to request the additional information regarding applicants and admitted students that did not enroll.

- October – ED re-started cancellation of student loan debt for eligible borrowers, which had been on hold since March. ED also announced final rules regarding changes to the Public Service Loan Forgiveness program, namely the definition of an eligible employer. (See this NACUBO announcement for additional details.)

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Rollout of FVT, GE, and Related Party Transactions Regulations

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Rollout of Fair Value Transparency and Gainful Employment

- The 2024 and 2025 reporting cycles were due on September 30 and October 1, 2025, respectively. This means institutions submitted two separate reports this year due to last year’s extension. Additional resources and information are available on the FSA website.
- Intent is to calculate the earnings from individuals in programs in conjunction with IRS data.
- Challenges:
  - Institutions can exclude non-financial aid students
  - Students who graduated may not be working in that field
  - Smaller programs go back multiple years and may not display the changes made to make a program more effective

Demographic Shifts

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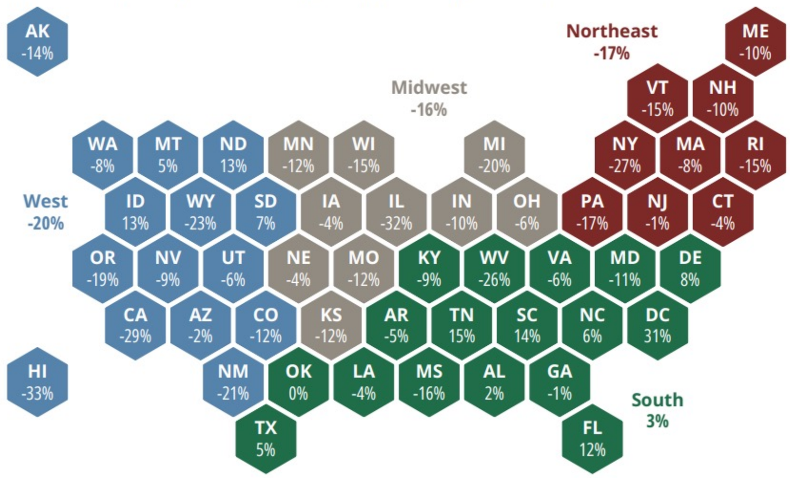
Current Cultural Shift

- Emphasis on affordability and value in higher education
- Need for skilled labor in the trades as the current population holding those positions ages
- Changes in the demographics of high school graduates (see next two slides)

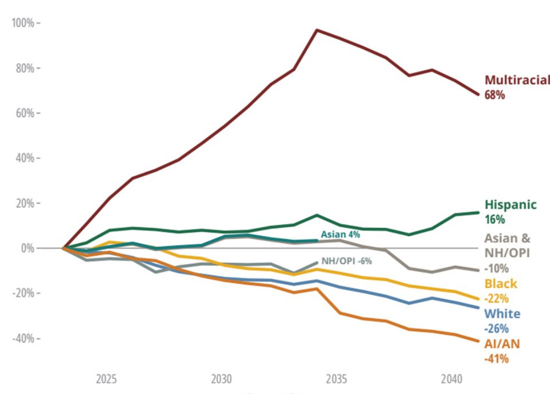
Demographic Shifts

Figure 17. Projected percent change in high school graduates, 2023 to 2041



Demographic Shifts (continued)

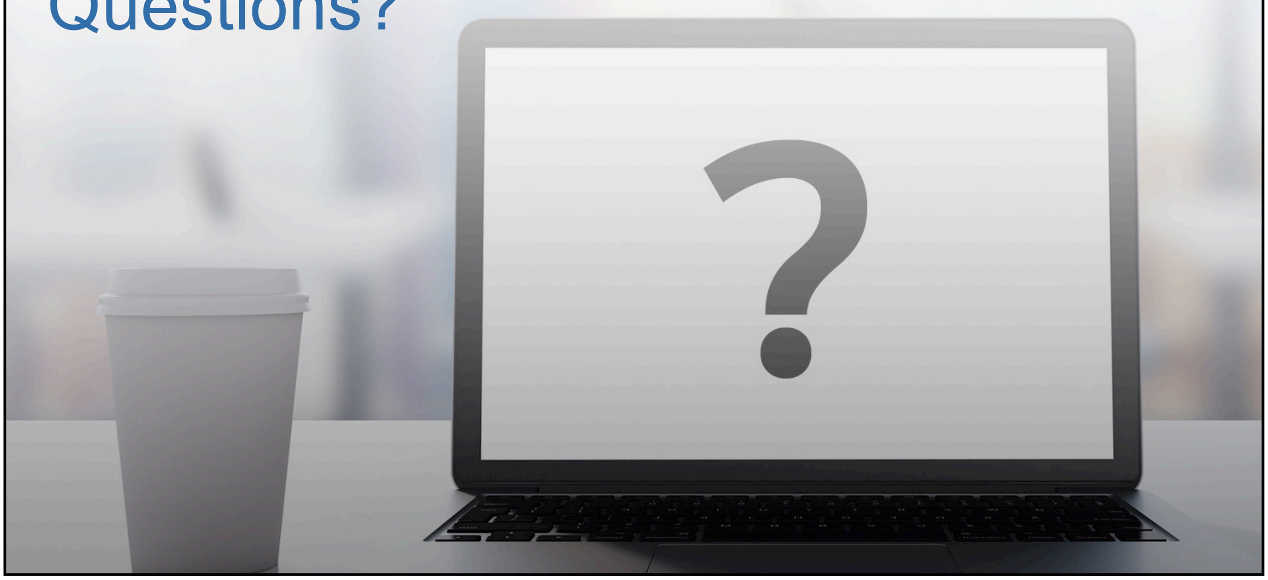
Figure 7. Percent change in public high school graduate projections by race and ethnicity



Notes: The Asian and Native Hawaiian/Other Pacific Islander (NH/OPI) populations can only be projected separately to 2034 due to changes in federal data reporting on births.

Open Discussion

Questions?



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