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A note from...

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The Big Beautiful Bill: What Higher Ed Leaders Need to Know (and Do Now)

Enrollment leaders are again bracing for a massive change in the federal financial aid landscape as the 2025 reconciliation bill -- colloquially dubbed the "Big Beautiful Bill" -- stands to alter the foundation of how students pay for college. After passing the House in May, the proposal introduces significant reforms that could create substantial short-term disruption for students and institutions alike.

At stake are core components of how colleges structure aid packages, price their offerings, and support persistence for financially vulnerable students. From the elimination of subsidized and Grad PLUS loans to new federal definitions of full-time status and allowable cost of attendance, the bill would reshape the entire financial support environment.

Described below are three key provisions with direct implications for enrollment management, financial aid strategy, and institutional operations. Whether you serve a high-aid population, operate in a high-cost region, or simply want to protect your enrollment pipeline, now is the time to plan ahead.

1. Elimination of Subsidized and Grad PLUS Loans (Sec. 30011)

What's Changing

Beginning July 1, 2026, the federal government plans to phase out two longstanding components of its student loan system: Subsidized Direct Loans for undergraduates and Grad PLUS Loans. Instead, loan eligibility will be limited to unsubsidized loans, with annual and aggregate caps.

Why It Matters

This shift increases the cost of borrowing, both psychologically and practically. For undergraduates from low- and middle-income families, the loss of subsidized loans means interest starts accruing immediately, increasing lifetime repayment costs. For graduate students, especially those with poor credit or limited access to private

financing, losing Grad PLUS closes off one of the few viable pathways to advanced degrees.

In the future, institutions should anticipate greater student hesitation around borrowing, particularly in price-sensitive and debt-averse populations. This will put downward pressure on yield, especially among high-need admits. For graduate programs, there will be reduced access which will threaten enrollment and revenue goals in professional fields like education, health care, and public policy.

How to Prepare

Institutions must plan for this change by embedding federal loan dependency into predictive yield and NTR models. Work to simulate enrollment scenarios under varying loan access assumptions and reconfigure strategic awarding matrices to do the following: 1) concentrate aid where yield is most at risk; 2) mitigate over-awarding in low-elasticity, low-need populations; and, 3) assess opportunities to offer institutional financing alternatives.

2. Capping Cost of Attendance (COA) at the National Median (Sec. 30002)

What's Changing

Under the bill, the maximum federal aid a student can receive will be based on a national median COA rather than what is institutionally defined. This new median is to be calculated by the Department of Education using prior-year national data by program of study.

Why It Matters

This fundamentally reshapes how aid is awarded at institutions with higher-than-average living expenses, tuition, or required fees such as those located in major metropolitan areas or offering intensive residential programs. The result is less flexibility to package aid based on real costs, which could leave students with significant unmet need, even if the institution has not increased prices.

Institutions should anticipate a disconnect between actual student costs and aid eligibility. Furthermore, there will likely be compounded affordability challenges for commuter students, out-of-state enrollees, and non-traditional learners balancing work and school.

How to Prepare

Conduct a policy "stress test," integrating capped COA rules into awarding simulations to identify which students will be impacted most and how that affects their likelihood to enroll or persist.

This activity can help realign packaging philosophies to balance perceived and actual affordability. Expect to recalculate budget expectations for aid-eligible cohorts and

follow through on findings by communicating proactively with students and families about financing gaps.

3. Redefining Full-Time for Pell Eligibility: 15 Credit Hours (Sec. 30031)

What's Changing

The bill redefines full-time enrollment for the purpose of Pell Grant eligibility. Students will now be required to complete at least 30 semester hours per academic year, translating to a minimum of 15 credits per term, a shift from the traditional 12-credit benchmark.

Why It Matters

While the intent is to promote timely completion, the practical effect is that students who take 12–14 credits (often due to work, family obligations, or academic pacing) will receive prorated or reduced Pell awards.

Institutions should expect lower Pell award amounts for part-time or near full-time students as well as greater risk of melt and attrition among students unable to accelerate pace due to external commitments. Due to this, it will be crucial to combat misalignment between academic advising and financial aid eligibility.

How to Prepare

Leverage funnel and enrollment data to identify students taking fewer than 15 credits per term and model potential yield and persistence impacts. Doing so will act as a guide to re-segment aid packages to incentivize completion without punishing pace. Afterwards, aim support services to students at risk of aid loss due to reduced credit loads.

Final Takeaway: Build Policy-Ready Capacity Now

The "Big Beautiful Bill" may be framed as simplification, but its implications are anything but. Scott Jeffe, a leading higher education researcher and co-author of *Strategic Enrollment Planning: A Dynamic Collaboration*, emphasizes that today's conditions demand policy-responsive agility.

While not commenting directly on this specific legislation, Jeffe asserts that institutions must strengthen their internal data systems to monitor how policy changes influence enrollment behaviors. Sophisticated scenario planning is essential. "Leaders must reexamine assumptions about who pays, how much they borrow, and which populations they serve," he notes. "Knowing that policy can shift at any moment means that financial aid and enrollment strategy can't be static."

For enrollment leaders, the message is clear: federal policy is moving fast, and those who fail to adapt will find themselves overexposed, financially and competitively.

About the Author

Dr. Shane Pruitt *is a Senior Consultant at Iron Bridge Resources and a nationally recognized enrollment strategist. He brings nearly two decades of campus and consulting experience to help institutions reimagine the way they recruit, admit, and support students.*