

One Big Beautiful Bill Act

Federal Aid changes: What the 'One Big Beautiful Bill Act' means for you

Signed into law on July 4, 2025, the 'One Big Beautiful Bill Act,' also known as the Working Families Tax Plan or Working Families Tax Cuts, makes major updates to federal student aid. Many changes begin July 1, 2026. The Financial Aid Office will update this page as new details are released.

Key Updates

- New federal loan limits and repayment options go into effect July 1, 2026
- Annual Federal Direct Subsidized and Unsubsidized Loan limits remain unchanged
- Federal Direct Subsidized and Unsubsidized Loans will not allow student to request any more than half of their annual loan limits in one semester.
- Federal Parent PLUS borrowers are not subject to the new annual or lifetime borrowing limits
- Schedule of Reduction calculation for students enrolled in fewer than 12 credits; withdrawing from one or more classes will be considered in this calculation
- Minor changes to Federal Pell Grant eligibility and data reviews may impact certain students
- Standard Repayment Plan remains in place
- Repayment Assistance Plan (RAP), replacing all current income-driven repayment (IDR) plans

Loan Limits

Starting with the 2026-2027 academic year, Federal PLUS Loans for undergraduate students will be subject to new borrowing limits (this is per dependent student):

- \$20,000 maximum per academic year

- \$65,000 lifetime (aggregate) limit

Once the aggregate limit is reached, students and families will no longer be eligible to borrow additional PLUS Loan funds.

Federal Student Aid Schedule of Reductions

Effective for the 2026-2027 award year, federal regulations added a Schedule of Reduction calculation for student borrowers. The regulation states how annual loan limits are calculated for students enrolled less than full-time. Federal Direct Loans include both subsidized and unsubsidized loans.

Under these regulations, students enrolled in fewer than 12 credit hours (full-time status) will have their annual loan eligibility reduced based on their actual enrollment level. This means the maximum loan amount will be adjusted in proportion to the number of credits in which the student is enrolled. Students who begin the term enrolled full-time but subsequently withdraw from one or more courses, resulting in enrollment below 12 credit hours, will also be considered less than full-time for the purposes of these regulations.

If a student changes their enrollment status during the academic year—including withdrawing from one or more courses—any remaining (future) loan disbursements in the academic year will be recalculated to reflect the updated enrollment level. For example, if a student begins the term as full-time and later withdraws from a course, future disbursements may be reduced to ensure the total loan amount does not exceed the allowable limit for the student's revised enrollment status.

These changes are intended to align borrowing limits more closely with a student's academic workload and expected progress toward degree completion.

Federal Direct Loan amounts will be determined based on several factors, including the student's enrollment level, grade level, dependency status as indicated on the FAFSA, the amount requested on the Loan Amount Request Form, estimated cost of attendance, financial aid, and the student's eligible annual loan limit at the time the Financial Aid Office processes the request. This ensures that loan amounts reflect both federal limits and the student's specific academic situation.

If a student's enrollment changes after their loan has been processed, the loan amount will be recalculated to reflect the updated enrollment level up to the time of disbursement to the student. These recalculations are typically

completed within 24–72 business hours. However, during peak processing periods, such as tuition due dates, orientation sessions, or the start of a semester, updates may take longer than 72 business hours. This process ensures that loan amounts accurately align with the student's current enrollment status to the fullest extent possible.

If a student withdraws from any course, any remaining future loan disbursement in the academic year will be recalculated to reflect the updated enrollment level and will not exceed the allowable limit for the student's revised enrollment status for the academic year.

If a student adds courses after a loan disbursement has been made to the student and the student wishes to request additional loan funds, they must submit a Loan Amount Request Form to apply for the increased amount.

Federal Direct Loan Updates for Less-Than Full-Time Enrollment (Effective 2026-2027 award year)

What is changing for the 2026-2027 award year?

Starting in the 2026-2027 award year, federal regulations added a Schedule of Reduction calculation. The regulation states how annual Federal Direct Loan limits are calculated for students enrolled less than full-time; full-time enrollment is 12 credits or more. Loan eligibility for part-time students will now be reduced, meaning the maximum amount a student can borrow will be adjusted based on the number of credits they are taking.

What does “Schedule of Reduction” mean?

Schedule of Reduction ensures that students who are enrolled less than full-time receive a loan amount that is proportional to their enrollment. In other words, students taking fewer credits will generally qualify for a lower loan amount than full-time students.

Who is affected by this change?

This change applies to undergraduate students enrolled less than full-time, defined as fewer than 12 credit hours. Students who begin the term enrolled full-time but subsequently withdraw from one or more courses, resulting in enrollment below 12 credit hours, will also be considered less than full-time for the purposes of this policy.

How will my Federal Direct Loan amount be determined?

Your loan amount will be calculated based on several factors:

- Enrollment level – the number of credits you are currently taking.
- Grade level – Freshman, Sophomore, or Junior.
- Dependency status – determined by your FAFSA.
- Requested loan amount – the amount you entered on your Loan Amount Request Form.
- Estimated Cost of Attendance – estimated cost of attending Muskegon Community College in the academic year.
- Remaining eligible annual loan limit – the total amount you are allowed to borrow in a year according to federal regulations.

What is my grade level?

- Freshman: Students who were previously dual-enrolled or in an early college program and are no longer considered dual-enrolled are considered first-year freshmen when they start college. All other students, Freshmen typically have earned between 0–24 college credits.
- Sophomore: Students who have earned 24 or more credits.
- Junior: Students in the Electrical Systems Technology Bachelor's Degree Program who have earned 60 or more credits.

What happens if my enrollment changes after my loan is processed?

If you add or drop classes after your loan has been originated, your loan eligibility will be recalculated up until the funds are disbursed to the student.

How long does it take to update my loan after an enrollment change?

Loan adjustments are typically processed within 24–72 business hours after your enrollment change is updated in our system. During peak periods, such as tuition due dates, orientations, or the start of the semester, updates may take longer than 72 business hours.

Will my loan increase if I add more credits?

Possibly. If your enrollment level increases, you have remaining eligibility within your annual loan limit, and the amount originally requested allows for it, your loan may be adjusted upward until the funds are disbursed to the student.

If a student adds courses after a loan disbursement has been made and wishes to request additional loan funds, they must submit a Loan Amount Request Form to apply for the increased amount.

Will my loan decrease if I drop credits?

Yes. If your enrollment level decreases, your loan may be reduced. If funds have

already been disbursed, this could result in a balance owed to the school and/or a loan reduction in the next semester within the academic year.

What if I withdraw from one or more classes?

Students who begin the term enrolled full-time but subsequently withdraw from one or more courses, resulting in enrollment below 12 credit hours, will also be considered less than full-time for the purposes of this policy. Any remaining (future) loan disbursements will be recalculated to reflect the updated enrollment level. For example, if a student begins the term as full-time and later withdraws from a course, future disbursements may be reduced to ensure the total loan amount does not exceed the allowable limit for the student's revised enrollment status. If a student completely withdraws from courses in a semester, the student may not be eligible for loans in a future semester.

Please note:

- *Muskegon Community College does not have the ability to grant exceptions to federal regulations, including those concerning enrollment, legacy provisions, or federal loan eligibility.*
- *This information is based on the current understanding of new rules and regulations as they relate to federal student financial aid, and could change with little notice. We will update and add to this page as additional guidance is received from the U.S. Department of Education.*