How to Navigate FA Operations in 2026:

From Firefighting to Regulatory Readiness

Presenters:
Rene Lezcano, VP of Campus Operations, Hollywood Institute & Cortiva Institute
Karen Martin-Brown, Sr. Director of Professional Services, Portico

FASFAA
Florida Association of Student Financial Aid Administrators

2026 FASFAA CONFERENCE

May 26-29, 2026

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Meet the Co-Presenters

Rene Lezcano
VP of Campus Operations
Hollywood Institute & Cortiva Institute

Karen Martin-Brown
Sr. Director of Professional Services, Portico

SESSION AGENDA

- ☑ Acknowledging the reality of FA in 2026
- ☑ Real talk: The clock-to-credit finding
- ☑ The value of outside expertise
- ☑ OB3 & regulatory readiness
- ☑ Moving from reactive to proactive
- ☑ Practical framework for schools
- ☑ Q&A

OPERATIONAL CHALLENGES

What are you losing sleep over?

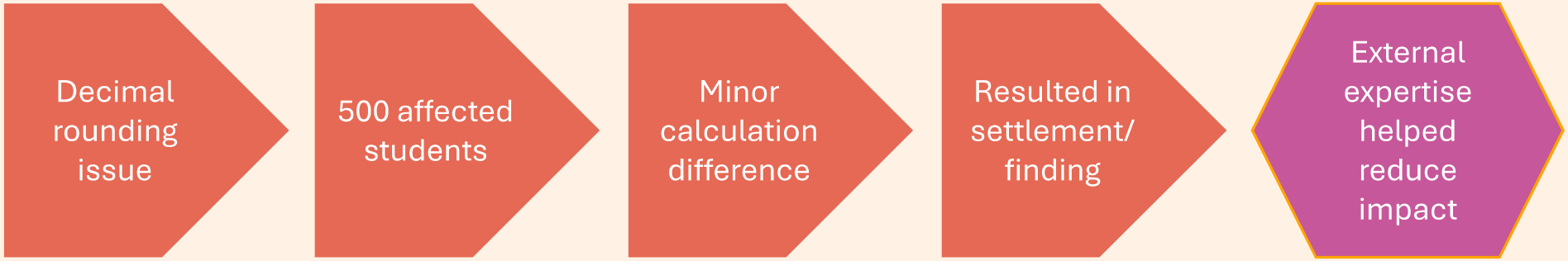
Check all that apply…

- ❑ Program reviews
- ❑ Audit findings
- ❑ Staff turnover
- ❑ Misinterpreting regulations
- ❑ Manual reporting
- ❑ Last-minute compliance requests
- ❑ Fear of ‘missing something’

OPERATIONAL CHALLENGES

Real talk with Rene:

Small error. Big exposure.



OPERATIONAL CHALLENGES

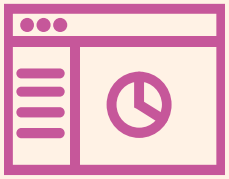
Life before outsourcing

The Staffing Crisis

- Hiring is harder
- FA expertise is shrinking
- Institutional knowledge is walking out the door
- Training takes months
- Teams are stretched thin

Panic at the ~~Disco~~ Audit

- Scrambling ahead of and during reviews
- Missing reports
- Slow access
- Carrying a lot of the ‘risk’



The Reporting Burden

- FISAP
- NSLDS/SSCR
- GE/FVT
- IPEDS
- State reporting
- Audit packages

What smart teams are doing instead

- ✓ Reducing manual dependency
- ✓ Cross-training staff
- ✓ Centralizing expertise
- ✓ Automating repeatable tasks
- ✓ Shifting staff toward student-facing work
- ✓ Creating operational redundancy

Navigating the One Big Beautiful Bill Act

A New Era for Federal Student Aid

Who's affected?

Millions of borrowers, parents, & graduate students nationwide

What's changing?

Major federal aid updates impacting access & repayment

Navigating the Future of Higher Education Funding

For students

Understand new repayment options before July 1, 2026

For institutions

Prepare systems, staff, and students for upcoming changes

Today’s Focus

- **Pell Changes**
  Expanded eligibility for workforce programs
- **Loan Changes**
  New limits and proration rules
- **Earnings Accountability**
  “Do No Harm” requirement introduced

Pell Grant Changes Under OBBBA

1

Short-Term Pell Expansion

Now includes 150+ hour workforce programs

2

New Eligibility Threshold

Not eligible if SAI is twice Max Pell (with exceptions)

3

Program Quality Linkage

Programs must meet earnings thresholds

4

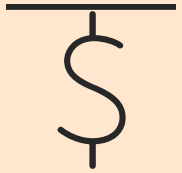
Award Loss Due to OFA

No Pell if OFA covers COA

Federal Student Loans: Shifting Limits & Access

Grad PLUS Eliminated

Removes a major borrowing pathway



New Annual Caps

Caps total federal loan exposure

Part-Time Reductions

Reduces aid for less-than-full-time students

Major Shifts for Graduate Borrowers

Grad PLUS Discontinued: New graduate borrowers are no longer eligible

$20,500/
$50,000

Grad/Professional Annual Max

Unsubsidized limit per year

$100K/
$200K

Grad/Professional Aggregate

Lifetime unsubsidized cap

$257.5K

Lifetime Federal Max

Across all levels, excluding Parent PLUS

Impact on Undergraduate Students

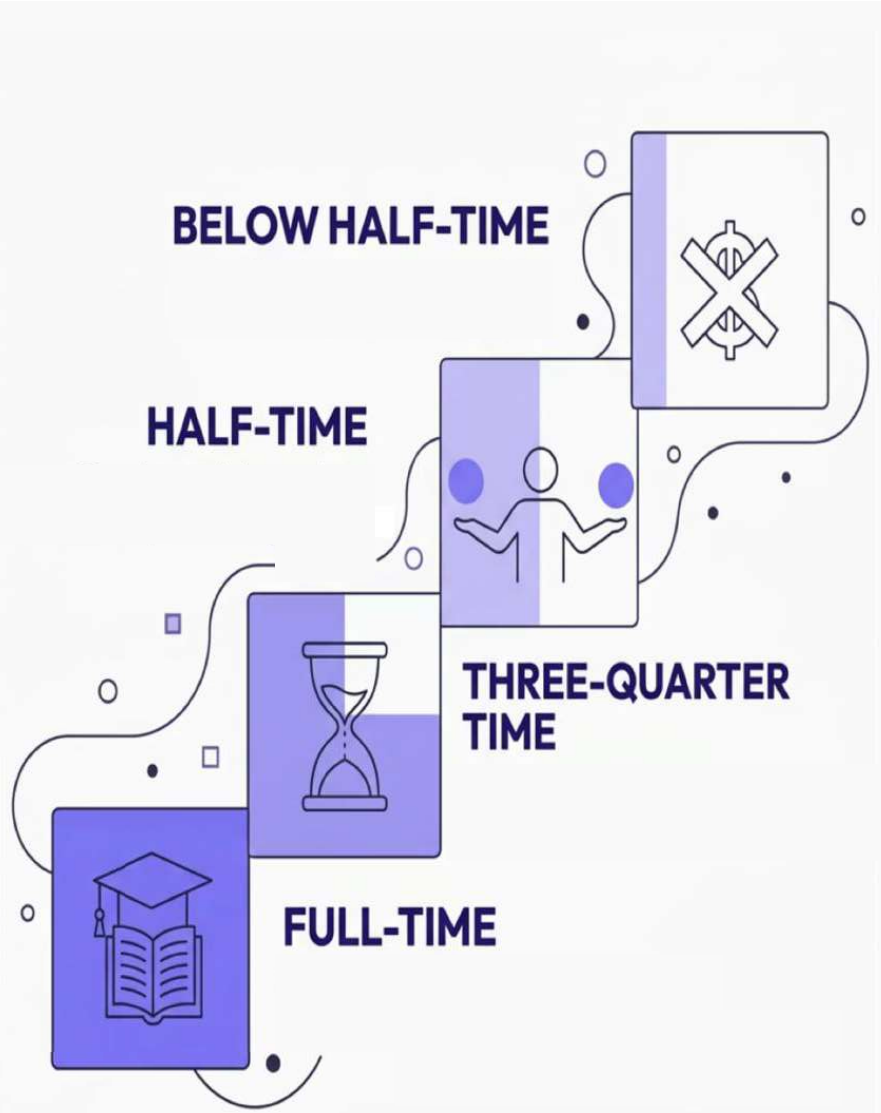
- No change to undergraduate loan limits
- New Parent PLUS caps begin with 2026-27 Award Year
- **Annual Limit**
  $20,000 per dependent student
- **Lifetime Limit**
  $65,000 per dependent student

How Loan Proration Works

- **Below Full-Time Enrollment**
  Loan amounts are reduced if not full-time
- **Mid-Term Course Drops**
  Dropping courses may reduce future disbursements
- **Planning Ahead**
  Course load changes can reduce aid mid-year

How Loan Proration Works

- **Full-Time**
  Full loan amount
- **Proration based on Credits**
  Reduced loan amount
- **Half-Time**
  Minimum loan amount
- **Below Half-Time**
  No loan eligibility



Proration Examples

36 Week Academic Year Packaging
Quarter Program
Term 1 (12 Credit) Pell/SUB/UNSUB.
Term 2 (12 Credit) Pell/SUB/UNSUB
Term 3 (12 Credit) Pell/SUB/UNSUB

All 3 TERMS –Registered for 12 Credits		
TUITION	5,000.00	
PELL		2,465.00
SUB		1,155.00
UNSUB		1,979.00
Credit Balance to Student		**599.00**

Credit Balance Considerations when student drops to 9 Credits in Term 1

Adjust Loans in Term 1		
TUITION	5,000.00	
PELL		2,465.00
SUB		1,155.00
UNSUB		1,979.00
Credit Balance to Student		**599.00**
Account Balance		**0.00**
Loan ADJ SUB+UNSUB	**783.50**	
New Account Balance		**(783.50)**
Must collect from student		

Adjust Loans in Term 2–Term1 no change		
TUITION	5,000.00	
PELL		2,465.00
SUB		866.00
UNSUB		1,484.00
Student Pays Cash		**185 .00**
Account Balance		**0.00**

Legacy Provisions:

Protecting Current Borrowers

Existing borrowers can continue under current rules

Parent PLUS Borrowers
Can continue under current limits

Graduate Borrowers
Existing borrowers retain Grad PLUS access

Grandfathered Status
Current loan structures remain in place

Loans:
Which Departments Play a Role

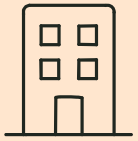
- **New Loan Limits**
  FA/FAMS, Student Accounts, Finance, Leadership
- **Legacy & Eligibility**
  FA/FAMS, Academics, Compliance, Finance
- **Loan Proration**
  FA/FAMS, Student Accounts, Academics, Finance

The Core of the Reform: Earnings Accountability

Federal student loans should only fund programs that pay off for graduates

"Do No Harm" Standard

Graduates must earn more than a high school diploma



Universal Scope

Applies to all institutions, not just for-profits

Borrow to Benefit

Debt must lead to measurable ROI

What Happens Next

July 4, 2025

OBBBA signed into law

2025–2026

Institutions prepare (data, performance, compliance)

July 1, 2026

Implementation begins (earnings tests go live)

Beyond 2026

Ongoing monitoring and enforcement

Who's most affected?

- Most institutions expected to meet the standard
- Increased scrutiny on select programs

~1.8%

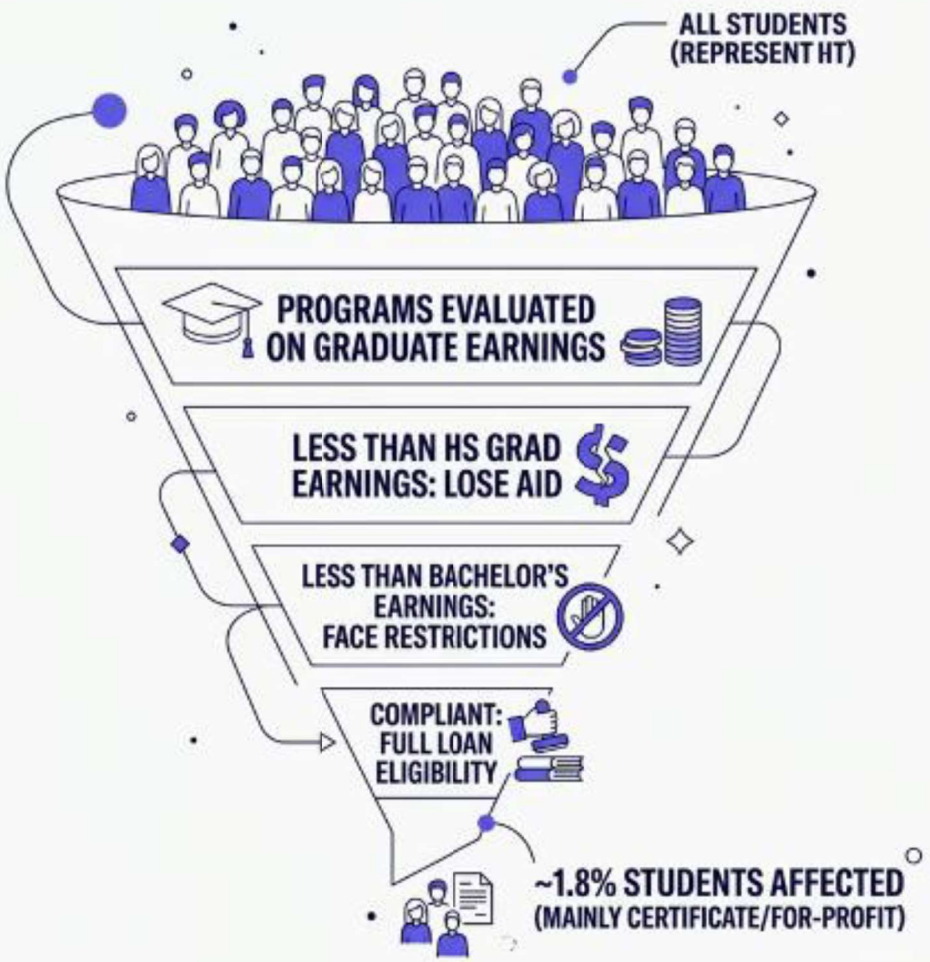
of students are in programs at risk

Highest risk:

Short-term certificates & select for-profits

How it Works

- **Loan eligibility is tied to graduate earnings**
  Programs with low outcomes lose access to aid
- **~1.8% of students affected**
  Primarily certificate programs & select for-profits



Impact on Institutions

New Eligibility Criteria
Update systems and processes for new rules

Ed Knowledge Center
Use ED resources and training to prepare

Ongoing Rulemaking
Monitor updates and engage in the process

OBBBA Readiness Checklist

Area	To Do Checklist
Policy, Procedure & Governance	☐ **Review timelines:** Identify July 1, 2026 provisions vs later transition items ☐ **Assign owners:** Define who is responsible for training staff on calculating new loan limits and Pell amounts, tracking legacy students, and student/parent communications ☐ **Update procedures:** Refresh SOPs, policies (academic/FA/registrar, etc.), scripts, escalation paths, and review workflows ☐ **Budget planning:** Determined impacts to cashflow and revenue ☐ **Language updates:** Update award letters and portal verbiage using plain language which separates federal changes from school-specific workflows
Pell Grants	
Pell & Grant Coordination	☐ **Review Pell rules:** Address SAI thresholds, asset exclusions, COA interactions ☐ **Check eligibility:** Create workflows when students receive non-federal grants and scholarships ☐ **Student communication:** Communication with current students who may lose Pell Grant eligibility
Workforce Pell Readiness	☐ **Identify programs:** Determine which short-term programs (150-600 hours) may qualify, not all short-term programs qualify automatically ☐ **Approval process:** Apply for state and ED approval, including institutional steps and timelines ☐ **Confirm approvals:** Validate documentation, setup, term structure, packaging and FAMS software configuration
Direct Loans	
Borrowing Direct Loan Limits & Exceptions	☐ **Check eligibility:** Create workflows and ensure that financial aid staff are familiar with new regulations amounts ☐ **Student communication:** Update all communications to reflect the new loan changes and the limited exemption policy. ☐ **Review packaging:** Analyze student populations to identify funding gaps created or resolved by new loan limit changes ☐ **Define exceptions:** Document legacy students for review and approval process
Institutional Loan Limits	☐ **Decide limits:** Will your institutions use the new lower program-level loan limits ☐ **Student communication:** Update any written/verbal communications to clearly disclose loan limits to prospective and current students
Less-Than-Full-Time Enrollment Changes	☐ **Verify enrollment:** Confirm academic year and enrollment intensity ☐ **Recalculate eligibility:** Adjust annual loan eligibility after schedule changes and assess any credit balances or gap funding ☐ **Student communication:** Explain impacts of drops and reduced enrollment
Other	
FAMS Readiness *(Financial Aid Management System)*	☐ **System configuration:** Collaborate with your financial aid management system (FAMS) partners or IT department to configure, test, and implement system updates

What's keeping your team reactive?

Download this presentation

Thank you

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THANK YOU!

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