The One Big Beautiful Bill Act and Financial Aid Impacts

Legislation recently enacted by Congress, referred to as the One Big Beautiful Bill Act (OBBBA), will implement substantial modifications to federal financial aid, effective the 2026–2027 academic year, starting July 1, 2026. The OBBBA introduces various changes that will impact all categories of students, including prospective, undergraduate, and graduate individuals.

The modifications include limitations and requirements related to federal loans, revised repayment options for both existing and forthcoming borrowers, and adjustments to Pell Grant eligibility criteria. We recognize that these changes may raise questions and concerns, as well as influence personal financial decisions.

The Financial Aid Office is diligently monitoring guidance from the U.S. Department of Education and will update more detailed information as it becomes available. Final implementation details are pending federal regulations from the U.S. Department of Education. Information will be updated as guidance becomes available. You are encouraged to visit the Federal Student Aid (FSA) website for the latest information. We are committed to providing support to students and families throughout this transition and remain at your service to assist you.

Pell

Starting in the 2026–27 academic year, students will no longer be eligible for a Pell Grant if their Student Aid Index (SAI) is greater than twice the maximum Pell award of $7,395 for that year. An applicant with an SAI equal to or greater than $14,790 for the award year is ineligible for a Pell Grant.

Pell award amounts will continue to vary based on income and family size, but there is now a firm cutoff tied to the annual Pell maximum.

Students receiving scholarships that cover the full cost of attendance (COA) or students who receive grants or scholarships from non-federal sources covering their entire COA are ineligible to receive a Pell Grant, even if otherwise eligible for the program.

Loans

Congress enacted legislation known as the One Big Beautiful Bill which will bring some important changes to the Federal Direct Loan program starting with the 2026–2027 academic year, effective July 1, 2026. These changes will impact all student borrowers, mainly affect graduate and professional students, as well as parents of undergraduate dependent students. One of the most important changes under the OBBBA is the requirement that federal loan eligibility must be prorated based on a student's enrollment status:

- Students enrolled in less than full-time (11 credit hours and less undergraduate and less than 9 hours graduate program) will have their annual loan limits reduced proportionally based on the percentage of the full-time enrollment.
- For example, a half-time student (6 credit hours undergrad or 4 hours graduate) will receive only 50% of their annual loan limit.

This change affects both undergraduate and graduate borrowers and replaces prior practice where less than full-time enrollment might not have reduced loan eligibility the same way.

Enrollment

Eligibility for part-time students will be prorated based on enrollment status according to the student's academic level. An undergraduate student is considered full-time when enrolled in 12 or more credits, while a graduate student is considered full-time when enrolled in 9 or more credits. To qualify for federal loans, students must still meet the minimum half-time enrollment requirement based on their academic level.

Undergraduate Less than Full-time Enrollment

An undergraduate student is typically expected to take 12 or more credits a semester for a total of 24 or more credits during the fall/spring academic year. A student enrolled in 12+ credits during the fall semester would be eligible for 50 percent of the annual loan limit. A student who enrolls in six credits for the fall semester (6/24) would be eligible for 25 percent of the annual loan limit for the semester.

Undergraduate Enrollment	Percent of the annual loan limit
12+	50.00%
11	45.83%
10	41.67%
9	37.50%
8	33.33%
7	29.17%
6	25.00%
5-1	0%

Graduate Less than Full-time Enrollment

A graduate student is typically expected to take nine credits a semester for a total of 18 credits during the fall/spring academic year. A student enrolled in nine credits during the fall semester would be eligible for 50 percent (9/18) of the annual loan limit for the fall. A student who enrolls in six credits for the fall semester (6/18) would be eligible for 33.3 percent of the annual loan limit for the semester.

Graduate Enrollment	Percent of the annual loan limit
9+	50.00%
8	44.44%
7	38.89%
6	33.33%
5	27.78%
4-1	0%

Loan Limits

The legislation establishes a total lifetime limit of $257,500 for all combined federal student loans. This cap applies to the total outstanding principal balance of your federal loans, which include Subsidized, Unsubsidized, and Grad PLUS loans. Please note that this aggregate limit does not include Parent PLUS loans. **New lifetime loan limit $257,500 includes student borrowing for undergraduate, graduate, and professional study**.

Graduate Students

Effective July 1, 2026, new regulations will be put in place concerning federal loan eligibility for graduate and professional students. The most significant changes will affect the Graduate PLUS Loan program and introduce new lending limits for Direct Unsubsidized Loans. Please review the table below for key updates on the new federal regulations affecting Unsubsidized and Graduate PLUS loan borrowers.

Effective Date: July 1, 2026 for new borrowers who have not previously borrowed a direct loan in their current course of study. Also applies to many continuing graduate students who have been in their program two or more years.

OBBBA has major changes for graduate and professional student borrowing:

Graduate Students

- Graduate PLUS Loans will **no longer be available for new borrowers** as of July 1, 2026*.
- Graduate students will be limited to **Direct Unsubsidized Loans** with:
    - **Annual limit: $20,500**
    - **Aggregate limit: $100,000**
- Loan amounts are prorated for less than full-time enrollment (6 graduate credits).

*** Legacy Provision:**

A student can continue to borrow from the Graduate PLUS Loan program if:

1. The student has a Federal Direct Loan disbursed before July 1, 2026, while enrolled in a credentialed program of study, **and**
2. The student is enrolled in the same credentialed program, **and**
3. The student has not withdrawn or had interrupted enrollment in their course of study

Under these conditions, and assuming all other eligibility requirements are met, the student may continue to borrow from the Graduate PLUS Loan as long as their total enrollment in the program does not exceed the shorter of 3 years or the published length of the program.

Parents of Dependent Undergraduate Students

Effective Date: July 1, 2026 for new students. This is also Effective July 1, 2026 for continuing students who have not previously borrowed a direct loan for their course of study or who have been in their program for 3 or more years.

Federal Parent PLUS loans will now be capped at:

- **$20,000* per year per dependent student**
- **$65,000** lifetime per dependent student**

These caps are new, replacing the prior ability to borrow up to the full *cost of attendance* without a lifetime limit.

* Limits apply to all parents of a student, regardless of whether one or more parents are borrowing on a student's behalf

**** Legacy Provision:**

A parent can continue to borrow funds from the Parent PLUS Loan program exceeding these limits if:

1. The student has a Federal Direct Loan disbursed before July 1, 2026, while the dependent student was enrolled in a credentialed program of study, **and**
2. The student is enrolled in the same credentialed program.

Under these conditions, a parent may continue to borrow from the Parent PLUS Loan for 3 academic years or until their dependent student reaches the end of their program of study, whichever comes first.

Repayment

New Income-Based Plan: The Repayment Assistance Plan (RAP)

- RAP monthly payments are calculated based on Adjusted Gross Income (AGI).
- $10 minimum monthly payment is required, and a borrower's RAP monthly payment is based on their AGI and number of dependents.
- Income and dependents are calculated separately for married borrowers who filed taxes separately from their spouses.
- Borrowers who don't have an AGI or whose AGI doesn't reasonably reflect the borrower's current income are required to provide the Department of Education (ED) with documentation to calculate their monthly payments.

Repayment Options		
New loans disbursed after July 1, 2026	Students who have borrowed loans before July 1, 2026, and will borrow a new loan after July 1, 2026	Borrowers with no new loans made on or after July 1, 2026
The bill eliminates current income-driven repayment plans (IBR, PAYE, SAVE) and replaces them with a new Repayment Assistance Program (RAP).	The bill limits the student to the new RAP or the standard plans for the new loan.	Continue to be eligible to enroll in the current Standard, current Income Based (IBR), Graduated, and Extended repayment plans, and could also opt in to the new RAP. Current borrowers enrolled in ICR, PAYE, or SAVE plans must transition to a new repayment plan by July 1, 2028. If no selection is made by that date, they will be moved into RAP.