

Upcoming Federal Student Aid Changes – Starting July 1, 2026

Enacted in July 2025, the One Big Beautiful Bill Act (OBBA) made significant changes to federal student loan programs. These changes will begin on **July 1, 2026**.

As of April 2026, the Department of Education has not yet released final rules regarding OBBA to universities or financial aid offices. Please monitor our website for updates.

Grad PLUS Loans

- Graduate PLUS Loans will no longer be available to new borrowers starting July 1, 2026.
- Legacy Provision: Existing Grad PLUS borrowers with a Federal Direct Loan disbursed before July 1, 2026, can continue to borrow from the program for three years or the remainder of their current program, whichever is less. Legacy provisions end when a student ceases to remain enrolled or changes their academic program.

Parent PLUS Loans

- Starting July 1, 2026, Parent PLUS loans will be capped at \$20,000 per student per year, with a \$65,000 lifetime limit per dependent student.
- Legacy Provision: Existing Parent PLUS borrowers who have borrowed for their students before July 1, 2026, can continue with the current limits for 3 more years or until the student's program ends.

Loan Reduction for Part-Time Students

- Students enrolled less than full time (11 credits or less) will receive a pro-rated loan amount based on enrollment status.

New Repayment Plans

- For new loans disbursed 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).
- Students who have borrowed loans before July 1, 2026, and will borrow a new loan after July 1, 2026, are limited to the new RAP or the standard plans for the new loan.
- Borrowers with no new loans made on or after July 1, 2026, can 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.

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