OBBBA SUMMARY: CHANGES TO FEDERAL STUDENT AID

The "One Big Beautiful Bill Act" introduces significant modifications to federal student aid, impacting Parent PLUS Loans, Graduate PLUS Loans, and professional student loan limits. These changes will be effective from July 1, 2026.

Key Changes

Parent PLUS Loan

- **New Limits**: $20,000 per year, with a $65,000 aggregate limit for incoming students and new borrowers.
- **Legacy Provision**: Allows parents of dependent students enrolled as of June 30, 2026 with Federal Direct Student Loans disbursed by July 1, 2026, to borrow the PLUS Loan up to the cost of attendance (COA) during the expected time to credential, up to three years.
- **Losing Legacy Provision**: Applies when enrollment ceases or when students transition into new programs.

Graduate PLUS Loan

- **Program Elimination**: Loans will no longer be offered for periods beginning after July 1, 2026.
- **Legacy Provision**: Similar to Parent PLUS, this allows graduate students enrolled as of June 30, 2026 with Federal Direct Student Loans disbursed by July 1, 2026, to borrow Grad PLUS loans up to COA during the expected time to credential, up to three years.

Professional Student Loan Limits

- **Higher Limits**: New students in defined professional programs can access up to $50,000 in Unsubsidized Loan funds per academic year, compared to $20,500 for non-professional programs.

Pell Grant Eligibility

- **New Criteria**: Students with a Student Aid Index (SAI) exceeding twice the maximum Pell Grant will be ineligible for Pell Grant. For 2026-27, this cap is set at an SAI of 14,790.

Loan Proration

- **Adjustment for Part-Time Enrollment**: Federal student loans (excluding Parent PLUS) will be prorated based on credit hour enrollment.