FAQ: Federal Student Loan Changes

(For students beginning with the 2026–27 academic year)

The One Big Beautiful Bill Act (OBBBA), now referred to by the U.S. Department of Education as the Working Families Tax Cuts Act, made several changes to federal student loans beginning July 1, 2026.

1. What changed with federal student loans beginning July 1, 2026?

Several federal student loan rules changed, including new borrowing limits for graduate and professional students, new limits on Parent PLUS Loans, elimination of new Grad PLUS Loans for most graduate and professional students, and changes to federal loan repayment plans.

What this means for students: Your eligibility and maximum borrowing amount may be different from previous academic years, particularly if you are a graduate or professional student.

2. Can I still receive federal student loans as an undergraduate student?

Yes. Undergraduate Direct Subsidized and Unsubsidized Loan limits generally remain unchanged. For example, the annual limits remain $5,500 for first-year dependent students, $6,500 for second-year students, and $7,500 for third-year and beyond dependent students. Independent students have higher annual limits.

Your school may also have a lower program-level loan limit if it has adopted one that applies consistently to students in that program.

3. Can graduate students still borrow Grad PLUS Loans?

Generally, no. New Grad PLUS Loans are no longer available beginning July 1, 2026, unless the student qualifies for a limited exception.

Students may qualify for the exception if they were enrolled in their program as of June 30, 2026, had previously borrowed a federal loan for that program before July 1, 2026, and remain continuously enrolled in the same program at the same school.

Graduate students who do not qualify for the exception may still be eligible for Direct Unsubsidized Loans, subject to the new limits.

4. How much can graduate and professional students borrow now?

Beginning July 1, 2026, graduate students generally may borrow up to $20,500 per year, with a $100,000 aggregate limit. Professional students generally may borrow up to $50,000 per year, with a $200,000 aggregate limit. A separate lifetime federal student loan maximum of $257,500 also applies to most student borrowers.

The exact amount a student can receive depends on their program, prior federal borrowing, enrollment, and whether they qualify for an exception.

5. Did the rules for Parent PLUS Loans change?

Yes. Beginning with the 2026–27 award year, Parent PLUS Loans for students who do not qualify for the limited exception are generally limited to $20,000 per academic year and $65,000 over the dependent student's undergraduate education. The $65,000 limit applies collectively to Parent PLUS borrowing on behalf of that dependent student.

If a parent reaches the aggregate limit, repaying or having a previous loan forgiven does not restore additional Parent PLUS eligibility.

6. What happens if I am attending less than full time?

The new rules require federal loan amounts to be prorated based on enrollment **intensity** for students enrolled less than full time. This means a student taking fewer credits may be eligible to borrow less than the full annual loan limit.

Students who are changing their enrollment status should check with the financial aid office before assuming they can borrow the same amount as a full-time student.

7. Will my current federal student loans be affected?

Not necessarily. The new rules primarily affect loans received beginning July 1, 2026, and there are transition provisions for some students who were already enrolled and borrowing before the changes took effect.

Students who qualify for the limited exception may continue under certain previous loan-limit rules for a limited period. Students who do not qualify generally become subject to the new limits.

Students should not assume that their previous borrowing limits automatically carry forward. Their individual eligibility should be reviewed with the financial aid office.

8. Have federal student loan repayment plans changed?

Yes. Beginning July 1, 2026, new federal student loans are generally subject to the new Repayment Assistance Plan (RAP) or Tiered Standard Repayment Plan. Existing borrowers may also be affected by the transition away from some previous repayment plans.

The SAVE Plan also ended following a court order in March 2026. Borrowers affected by the changes should watch for communications from Federal Student Aid and their loan servicer about selecting a new repayment plan.

9. What should I do if these changes mean I cannot borrow enough to cover my educational costs?

Start by contacting your financial aid office. Staff can review your individual eligibility, remaining federal loan eligibility, scholarships and grants, work-study opportunities, and other available resources.

If you still have an unmet balance, ask about payment plans and other financing options before considering private education loans. Students should carefully compare interest rates, fees, repayment terms, and borrower protections before taking on additional debt.