

Federal Student Aid changes resulting from the One Big Beautiful Bill Act

The One Big Beautiful Bill Act (OBBA), signed into law on July 4, 2025, contained several provisions impacting federal financial aid. These updates are highlighted below. These changes will be effective July 1, 2026, unless otherwise noted.

- Annual loan amounts must be prorated for students enrolled in a less-than-half-time status. This provision is expected to begin with the 2026-27 academic year.
- Sets the lifetime borrowing limit on all federal student loans, excluding Federal Direct Parent PLUS Loans received as a student, to \$257,500 (\$57,500 as an undergraduate student).
- Eliminates the Graduate PLUS Loan program for new borrowers.
 - Legacy provision expected: If a borrower has a Graduate PLUS loan made before July 1, 2026, while enrolled in a program of study, the borrower can continue to borrow from the program for 3 academic years or the remainder of their expected time to credential, whichever is less.
- Parents of undergraduate students may be eligible to borrow up to \$20,000 per year in Federal Direct Parent PLUS Loans, with a \$65,000 aggregate limit.
 - Legacy provision expected: Parents who previously received a Federal Direct Parent PLUS Loan may be eligible to continue borrowing under current limits for up to three academic years or the remainder of their program, whichever is less.
- Several changes were made to loan repayment options, including the creation of a new standard repayment plan and a new income-based repayment plan (RAP). Several existing plans will be eliminated, and current borrowers must transition to a new repayment plan by July 1, 2028. For more information, please visit studentaid.gov.
- FAFSA Asset Exemptions: Reinstates the exemptions of family farm and a family-owned small business assets from the SAI calculation and expands asset exemptions to family-owned commercial fisheries. Effective July 1, 2026, starting with 2026-27 award year.
- Foreign Income and Pell Eligibility: Requires that foreign income be included in the AGI used to calculate Pell Grant eligibility. Effective July 1, 2026, starting with 2026-27 award year.
- Full COA Scholarships/Grants: Students who receive grants or scholarships from non-federal sources covering their entire cost of attendance (COA) are ineligible to receive a Pell Grant, even if otherwise eligible for the program.
- Students with High SAI: Prevents students from receiving Pell Grants if their SAI exceeds twice the maximum Pell Grant award.

No change to the following:

- Subsidized loans remain available to undergraduate students.
- Current loan limits for undergraduates are unchanged. The law maintains the current limits for annual/aggregate borrowing.
- Public Service Loan Forgiveness (PSLF) continues to count residency and internship time toward forgiveness.

Information will be added, or edited, as it is released.