

Federal Loan Updates for 2026–27

Important changes to federal student loan programs are coming.

Legislation recently passed by Congress, known as the One Big Beautiful Bill (OB3) Act, will result in significant modifications to the Federal Direct Loan program beginning with the **2026–2027 academic year** (effective July 1, 2026).

These changes can affect all students, including graduate/**professional students** and **parents of undergraduate students**. If you are planning to utilize federal loans to finance your education in 2026–27 or later, we encourage you to review these updates carefully to understand how they may impact your financing plan.

For Graduate & Professional Students

The most significant changes concern the Graduate PLUS Loan program and new lending limits for Direct Unsubsidized Loans.

Elimination of Grad PLUS for New Borrowers

Effective July 1, 2026, the Federal Direct Graduate PLUS Loan program will be **eliminated** for new borrowers. This means you will no longer be able to borrow up to the full Cost of Attendance (COA) minus other aid using federal loans alone, unless you qualify for the “Legacy Provision” (see below).

New Loan Limits

The legislation establishes new annual and aggregate (lifetime) limits for Direct Unsubsidized Loans, distinguishing between “Graduate” and “Professional” students.

- **Graduate Students (Master’s, PhD, etc.):**
 - **Annual Limit:** Remains **\$20,500**.
 - **Aggregate Limit:** Capped at **\$100,000** (does not include loans borrowed as an undergraduate).
- **Professional Students (Law):**
 - **Annual Limit:** Increased to **\$50,000**.
 - **Aggregate Limit:** Capped at **\$200,000** (does not include loans borrowed as an undergraduate).

Note: The Department of Education is currently finalizing the specific list of programs that qualify as “Professional.”

Legacy Provision (Grandfathering)

You may continue to borrow under the **current** rules (including Grad PLUS Loans up to the Cost of Attendance) for up to **3 additional years** if you meet **BOTH** of the following criteria:

1. You remain continuously enrolled in the **same credentialed program** in 2026–27 that you were enrolled in prior to July 1, 2026.
2. You received a federal student loan (Subsidized, Unsubsidized, Parent PLUS or Grad PLUS) for that specific program **before July 1, 2026**.

If you change programs or start a new degree after July 1, 2026, you will be subject to the new limits.

For Parents of Undergraduate Students

The **Parent PLUS Loan** will remain available but with new “hard caps” on borrowing amounts.

New Annual & Lifetime Caps

Starting in the 2026–27 academic year, Parent PLUS Loans will be limited to:

- **Annual Limit: \$20,000** per student per year.
- **Aggregate Limit: \$65,000** per student total.

Currently, if approved parents can borrow up to the full Cost of Attendance minus other aid. This new cap means some families may need to seek alternative financing such as private loans if their funding gap exceeds \$20,000.

Legacy Provision for Parents

Parents may continue to borrow under the current rules (up to the full Cost of Attendance) for up to **3 additional years** if:

- The student they are borrowing for remains continuously enrolled in the **same degree program** they were attending prior to July 1, 2026.
 - The student received a Federal loan **before July 1, 2026**.
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New Lifetime Borrowing Cap

The legislation introduces a total **aggregate lifetime limit of \$257,500** for all federal student loans combined. This cap applies to the total outstanding principal balance of all your federal loans (Subsidized, Unsubsidized, and Grad PLUS).

- *Note: This aggregate limit excludes Parent PLUS loans.*
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Reductions of Loans Based on Enrollment (all students)

- Annual loan limits will be prorated/adjusted to equal students' percentage of full-time status
 - Adjustments may be made for dropped and/or withdrawn courses
 - Applies to new borrowers and legacy students
 - Parent PLUS Loans will not be prorated
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How to Prepare

We understand these changes may create uncertainty as you plan for future years. Here are steps you can take now:

1. **Check Your Loan History:** Log in to [StudentAid.gov](https://studentaid.gov) to view your current total loan balance.
2. **Understand Your Status:** Determine if you will likely qualify for the **Legacy Provision**. If you are currently enrolled and have borrowed federal loans, you generally will.
3. **Plan for the Gap:** If you anticipate your costs will exceed the new federal limits (especially for new graduate students or parents), begin researching private student loan options or preparing personal savings.

We are here to assist you. Please reach out to us if you have any questions.

The Office of Scholarships and Student Aid is closely monitoring federal guidance. We will update this page as final regulations are published by the Department of Education