

Financial Aid Changes in 2026-27

On July 4, 2025, HR 1 – Public Law No. 119–21, known as the “Big Beautiful Bill,” was signed into law. This legislation introduces sweeping changes to how students and families pay for higher education. The provisions include the phase-out of the Grad PLUS Loan Program, new annual and lifetime loan limits, adjustments to Federal grant and introduction of New Workforce Pell and loan programs, and fewer repayment options for new borrowers.

The Department of Education has not yet issued the official regulations that will define how these changes will be implemented. However, the summary below provides an overview of what we currently know—and what is still unclear—about how this law may affect financial aid beginning in the 2026–27 academic year.

Who does this affect?

Graduate and Professional Degree Seeking Students

If you start a new graduate program before July 1, 2026, you remain eligible for Federal Direct Graduate PLUS Loans (GradPLUS) under current rules.

If you start a new graduate program after July 1, 2026, you will be able to apply for student loans through federal and private lending processes

Recent Changes: Student Loan Implications for the 2026-27 Academic Year

Federal Direct Graduate PLUS Loans Are Being Phased Out

Beginning July 1, 2026, new graduate and professional students will no longer be able to take out Federal Direct Graduate PLUS Loans.

If you’re currently enrolled and have already borrowed a GradPLUS Loan before that date, you can continue to access GradPLUS funds for up to three more years or until you finish your program—whichever comes first.

This continuation applies only to your current program of study. If you start a new program after July 1, 2026, GradPLUS Loans will no longer be available for that program.

New Graduate Loan Limits

Also starting July 1, 2026:

- Professional students (for example, those in medicine, law, or similar licensure-based programs) may borrow up to \$50,000 per year, with a lifetime limit of \$200,000 in federal Unsubsidized Loans.
- Other graduate students may borrow up to \$20,500 per year, with a lifetime limit of \$100,000.

Grandfathering Provision

As of June 30, 2026 students enrolled in a program of study at an institution and have received a loan for the applicable program of study will be eligible for a limited loan limit exception period-Grandfathering

Same applies if a parent borrowed on the student's behalf.

Once Grandfathering is broken a student will return under the new loan limit program.

Students already enrolled and using Unsubsidized or GradPLUS Loans in their current program will keep their current borrowing limits for up to three more years or until their program ends.

Current Students Ability to Opt-Out of GradPLUS "Grandfathering"?

Some students have asked whether they can skip GradPLUS eligibility to take advantage of the new \$50,000 Unsubsidized Loan cap.

Students who keep borrowing after the Grandfathering period ends will then be placed under new loan limits

Professional Degree Changes

In late November, the Department of Education announced proposed definitions to "professional degree" programs previously unclear when the Big Beautiful Bill was passed into law in July 2025. While these definitions could continue to evolve, the [first iteration](#) reveals the programs below are no longer defined as professional programs, but rather, fall into graduate programs. As a result, the programs below remain eligible for aid, but not at the higher federal loan limit (these limits do not impact private lending levels).

- Nursing (MSN, DPN, PhD)
- Physician assistants (MSHS, MSHS/MPH)
- Physical therapists (DPT)
- Occupational therapists (OTD)
- Audiologists
- Architects (MA/MFA)
- Accountants (MAccy, PhD)
- Educators (MA, MS, M.Ed., MAT, Ed.S., PhD, Ed.D)
- Social workers

Current Undergraduate Students

Current undergraduate students will not see a change to their annual and aggregate loan limits. \$31,000 for dependent students, \$57,500 for Independent students or Dependent Students with Parent Plus loan denials. \$138,000 limit for current Graduate Students.

Parents who borrowed before that July 1, 2026 can continue borrowing under the current limits for up to three additional years or until their student completes their program. No Change in amounts borrowed for Undergraduate Parent Plus loans

Incoming Freshmen, Undergraduate Students and Parents of Dependent Students

Undergraduate borrowing limits and Pell Grants will remain the same.

However, Parent PLUS Loans will be capped at \$20,000 per student per year and a \$65,000 lifetime limit beginning July 1, 2026. Parents will not be able to payoff or pay down loan amounts borrowed to borrow additional Parent Plus Loan Funds.

Public Service Loan Forgiveness (PSLF) Remains Intact

Good news. PSLF is not changing. Borrowers working in qualifying public service jobs will still be able to pursue loan forgiveness under the same terms

Loan Proration for less than full-time Students

The new law may prorate loan limits for students enrolled less than full-time. For example, a half-time graduate student might only be eligible for half the annual borrowing limit. We're waiting for the Department of Education to clarify how this will apply to both graduate and undergraduate students.

Institutions must reduce a student's loan amounts in direct proportion to the amount the student is registered for. (except for non-term programs). The loans that will be included in this reduction are Federal Direct Subsidized, Unsubsidized, Grad Unsubsidized and Graduate Plus Loans. Parent Plus loans will not be reduced.

The Evaluation of determining loan amounts will be done at the time of disbursement. There will be no reduction if a student drops credits after disbursement in current term.

However subsequent term loans would be reduced based on total hours completed from previous term or total for complete academic year.

Institutional Accountability – Low Earning Outcomes

Beginning July 1, 2026 the Department of Education will institute a form of measure that would cause a program to lose Direct Loan eligibility if it fails the low earnings outcomes. This process will measure all institutional programs 2 out of 3 years. The comparison for undergraduate will compare the median earnings of completers 4 years after the program is completed reviewing the earnings of working adult with only a high school diploma or GED who are not enrolled in higher education. With Graduate students the comparison will be an assessment of the earnings of working adults with only a bachelors degree who are not enrolled in higher education.

New Workforce Pell Grant Program

The new Workforce Pell eligibility extends to certain 8-15 week training programs, including for those who already hold a bachelor's degree.

To qualify for Workforce Pell, a short-term program must meet the following duration and instructional criteria:

- **Instructional Hours:** At least 150 but less than 600 clock hours of instruction.
- **Credit Equivalency:** For programs offered in credit hours, the equivalent requirement is generally at least **4 but fewer than 16 semester/trimester hours**, or at least **6 but fewer than 24 quarter hours**.
- **Duration:** The program must last at least **8 weeks** but fewer than **15 weeks**.

Key Eligibility Standards

Beyond the hour requirements, programs must meet strict federal and state "guardrails" to receive funding:

- **Academic Articulation:** The program must lead to a recognized postsecondary credential that is **stackable**, meaning it must count as academic credit toward a future associate or bachelor's degree.
- **Job Performance:** The program must maintain a verified **70% completion rate** and a **70% job placement rate** within 180 days of completion.
- **Value-Added Earnings:** Graduates' median earnings must exceed the cost of the program's tuition and fees, typically measured three years after completion.
- **Institutional Standing:** The program must be offered by an accredited institution and have been in operation for at least **one year** prior to becoming eligible

Estimated Award Amounts

Since these grants are adjusted for shorter durations, most students will receive significantly less than the full \$7,395 annual maximum.

- **Prorated Estimates:** Depending on the program's length, students might receive approximately **\$2,000 to \$4,000** per qualifying program.
- **Program Length Examples:**
 - **8-week program:** Approximately **\$2,000**.
 - **12-week program:** Approximately **\$3,000**.
 - **14-week program:** Between **\$430 and \$4,310**, depending on the student's financial need and credit hours.
- **Minimum Award:** The lowest possible award for a workforce program is approximately **\$123 to \$125**

Key Funding Rules

- **Drawing from Main Fund:** Workforce Pell is not a separate source of federal money; it draws from the existing Federal Pell Grant program.
- **No Concurrent Use:** Students cannot receive both a traditional Pell Grant and a Workforce Pell Grant at the same time.
- **Lifetime Eligibility:** Any funds received through Workforce Pell count toward a student's **12-semester (600%) lifetime eligibility** limit.
- **Non-Repayment:** Like traditional Pell Grants, Workforce Pell is direct grant aid and **does not have to be repaid**.
- **Eligibility for Graduates:** In a major shift from traditional rules, students who **already have a bachelor's degree** may still qualify for Workforce Pell if they have remaining lifetime eligibility

Final regulations and approved program lists are expected to be finalized in the spring of 2026

New ISIR Format

There will be a new ISIR format laid out the 26-27 year on April 26, 2026 with additional values to existing fields.

Institutions must have their SIS configured to accept the New ISIRS beginning April 26, 2026 or the ISIRS will be able to downloaded.

Institutional Federal Loan Delinquency Report

The Department of Education has release delinquency rates for most schools through the country to provide a context as to where their institutions are with delinquent borrowers which could affect their cohort default rate. The upcoming cohort default rate will be released in September 2026. The rate includes all borrows from 2020 thru 2026. Ways to mitigate.

Changes to Repayment Options

For loans disbursed after July 1, 2026, existing income-driven repayment plans (IBR, PAYE, SAVE) will be replaced by a new Repayment Assistance Program (RAP).

Key points:

- Borrowers who take new loans after that date can choose RAP or standard 10- or 25-year repayment plans.
- Current borrowers who do not take new loans after July 1, 2026, can remain in existing income-driven plans—but must enroll by June 30, 2028.
- Those who miss that deadline will automatically be moved into RAP.

Updates

We will provide more details once the Department of Education releases repayment examples and guidance. As of March 13, 2026 this option is unclear. Our national association (NASFAA) has requested guidance from the Department of Education, and we'll share updates once we have them.