O3BA (One Big Beautiful Bill Act)
Changes to Graduate Student Financial Aid

FIRST ROAR
NEW STUDENT ORIENTATION

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.

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Graduate and Professional Degree Seeking Students

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

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

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Graduate and Professional Degree Seeking Students

- 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.

- 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.

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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.

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Grandfathering Provision Cont.

- 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

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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**

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Graduate/Professional Students Cont.

- Medicine, osteopathic medicine, podiatry, chiropractic, optometry, pharmacy, dentistry, veterinary medicine, law, theology, and clinical psychology. All but one—clinical psychology are fields of study that will be considered professional degrees.

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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.

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Loan Proration for less than full-time Students Examples

Loan Proration

Full time for a Standard Academic Year Graduate student i.e. Fall and Spring semesters is 18 credit hours.

Janet Doe (Graduate Std) – Registers for 6 credit hours Fall 2026 and registers for 9 credit hours for Spr. 2027

Loan Proration

Fall 2026 Unsubsidized loan = $5125 and for Spring 2027 = $10,250 Total award would be $15,375

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Graduate Aid Eligibility & Requirements

Key Eligibility and Requirements

- **Application:** Complete the FAFSA to determine eligibility for federal student aid.
- **Independent Status:** Graduate students are considered independent, meaning parental income is not required, making you eligible for loans even with higher income.
- **Enrollment Level:** Most federal loans require enrollment at least **half-time** (often at least 6 credit hours).
- **Academic Progress:** Students must maintain a minimum GPA (3.0 cumulative) as well as have a completion rate of 67% or hire.
- **Citizenship:** Must be a U.S. citizen or eligible non-citizen.

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Application Deadline

- The preferred deadline to have your 2026-2027 FAFSA is April 15, 2026
- PRD- Pell Recalculation Date (Freeze Date). Extremely important to ensure that you have all courses registered for by September 7, 2026 for Fall 2026 and February 5, 2027. Hours registered after this date will not count towards your eligibility or an increase in aid.
- Institutions must have their SIS configured to accept the New ISIRS beginning April 26, 2026 or the ISIRS will be able to downloaded.

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.

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Satisfactory Academic Progress Policy for Graduate Students

Qualitative Standard

- Graduate Students Must Maintain a GPA of 3.0 or higher including any transfer credits

Quantitative Standard

- Graduate Students must be enrolled in a degree program
- Graduate students must complete at least 67% of hours attempted in addition to the GPA requirement
- Graduate students can not exceed 150% of the published length of their academic program.
- If a Graduate student does not meet SAP at the end of a semester they will be placed on Financial Aid Warning (The student can receive another term of Title IV aid). If the Graduate student fails to meet SAP a subsequent semester they will be placed on Financial Aid Suspension. (Student looses eligibility of all Title IV and any State Grant assistance.)
- Graduate students can appeal if they have a mitigating situation that prevented them from meeting SAP however appealing for SAP is not a guarantee of approval. Appeal committee decisions are final.

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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.

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