

Federal Financial Aid Changes Under the One Big Beautiful Bill Act (OBBBA)

Effective July 1, 2026 — students and families should begin planning now.

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Important disclaimer: The information in this web page is provided by Touro University Financial Aid staff to orient students to the changing landscape of federal student programs. While this reflects our good-faith understanding of evolving federal standards, this web page is not official guidance and should not be regarded as definitive. There are no changes to financial aid for the 2025–26 academic year; students starting graduate school before July 1, 2026 may still be eligible for Grad PLUS under current rules.

At a Glance

- Major changes take effect July 1, 2026 (Pell, loans, repayment).
- No changes apply to the 2025–26 aid year.
- More U.S. Department of Education guidance will be issued as implementation details are finalized.

Pell Grant Program

- Students with high SAI: No Pell Grant if Student Aid Index exceeds twice the maximum Pell Grant award.
- Full Cost of Attendance scholarships/grants: Students whose non-federal grants or scholarships cover the entire cost of attendance are ineligible for Pell, even if otherwise eligible.
- Foreign income: Must be included in Adjusted Gross Income used to calculate Pell eligibility.

Federal Student Loan Changes

Current Borrowers (Loans first disbursed before July 1, 2026)

- Undergraduate: Direct Subsidized/Unsubsidized borrowing limits remain unchanged.
- Parent PLUS: Eligible to apply through the student's current program up to three additional years or until program completion, whichever is less.
- Graduate: Direct Unsubsidized annual limit remains \$20,500; Grad PLUS eligible up to three additional years or until program completion, whichever is less.
- Part-time enrollment: Loan eligibility is prorated based on enrollment status.

New Borrowers (Loans first disbursed on/after July 1, 2026)

- Undergraduate: Direct Subsidized/Unsubsidized borrowing limits remain unchanged.
- Parent PLUS: New limits — \$20,000 per year per dependent student; \$65,000 lifetime per dependent student (combined across all parents).
- Graduate/Professional: Grad PLUS eliminated for new borrowers starting July 1, 2026.
- Graduate Unsubsidized: Annual limit remains \$20,500; new lifetime maximum \$100,000 for new borrowers.
- Professional programs (e.g., law, medicine): Unsubsidized limit \$50,000 annually; \$200,000 lifetime.
- Part-time enrollment: Loan eligibility is prorated based on enrollment status.

Definition of Professional Degree (Narrowed)

A professional student is enrolled in a program that awards a professional degree upon completion. Recognized fields include:

- Pharmacy (PharmD)
- Dentistry (DDS or DMD)
- Veterinary Medicine (DVM)
- Chiropractic (DC or DCM)
- Law (LLB or JD)
- Medicine (MD)
- Optometry (OD)
- Osteopathic Medicine (DO)
- Podiatry (DPM, DP, or PodD)
- Theology (MDiv or MHL)
- Clinical Psychology (PsyD or PhD)

Programs such as nursing, physician's assistant, physical therapy, education, and social work are not classified as professional degrees under the new rules; graduate students in these fields are subject to the \$20,500 annual unsubsidized limit (not the \$50,000 professional cap).

Federal Loans: Borrowing Limits (Enrollment periods beginning on/after July 1, 2026)

Undergraduate (Sub/Unsub) Borrower

- \$5,500 – \$12,500 annual limit (no change)
- \$31,000 – \$57,500 aggregate/lifetime limit

Dependent vs. independent status determines limit

Graduate (Unsubsidized) Borrower

- \$20,500 annual limit
- \$100,000 lifetime limit (new borrowers)

Excludes undergraduate borrowing

Professional Programs (Unsubsidized) Borrower

- \$50,000 annual limit
- \$200,000 lifetime limit

Applies to specified professional degrees

Parent PLUS Borrower

- \$20,000 limit per year per dependent student
- \$65,000 lifetime limit per dependent student (combined across all parents)

New limits for loans first disbursed on/after July 1, 2026

Overall Lifetime (All levels; PLUS excluded)

- \$257,500 lifetime limit

Includes graduate/professional unsubsidized totals

What You Should Do Now

- Plan ahead: If you anticipate borrowing for graduate or professional programs, review your options now, including private loans.
- Check your program: Confirm whether your program is classified as a professional degree under these rules.
- Estimate borrowing needs: Consider the new lifetime caps when planning multi-year financing.
- Stay informed: Monitor official updates from the U.S. Department of Education.

Resources

Official updates: <https://studentaid.gov/announcements-events/big-updates>