

# FREQUENTLY ASKED QUESTIONS: ONE BIG BEAUTIFUL BILL ACT

## ALL STUDENTS AND PARENTS

### What is the “One Big Beautiful Bill Act” and why does it matter for student aid?

The One Big Beautiful Bill Act (OBBBA), signed on July 4, 2025, makes major changes to federal student aid. It affects Pell Grant eligibility and amounts, federal loan limits (including gradually phasing out Grad PLUS), prorates loans for students enrolled less than full-time, and adds a new income-driven repayment plan.

Most changes start in the 2026–27 academic year and will be rolled out gradually. Some details still need federal guidance, so this FAQ will be updated as more information becomes available.

### Will the new law immediately affect my existing loans or aid?

No. If you already have federal student aid or are repaying loans, nothing will change for you right now. Your current loans and grants will continue under the same terms.

Most of the new rules, like loan limits and repayment options, will start in the 2026–27 school year. We are closely following federal guidance and will share updates as soon as details are finalized.

### I am already enrolled in a UMary program; will these changes affect me mid-program?

No. If you are currently enrolled at UMary and using federal student loans, your existing aid will not change.

If you (or your parent) borrowed a loan for a term that starts before July 1, 2026, you may still be able to borrow under the old loan limits. Graduate students can also continue Grad PLUS loans under the old limits to finish their current program—or for up to three years, whichever is shorter.

To keep these benefits, you must remain continuously enrolled in your current program. If you take a leave of absence, pause your studies, or switch to a different program, you will be considered a new borrower, and the new loan limits will apply.

### What does “new borrower” mean under the One Big Beautiful Bill Act?

Under the new law, a new borrower generally refers to a student (or parent) who first borrows a federal student loan for a term that begins on or after July 1, 2026. You may also be considered a new borrower if:

- You cease enrollment in your current program and later re-enroll on or after July 1, 2026,
- You change to a different program of study, or
- You take an academic pause that breaks continuous enrollment.

New borrowers are subject to the updated loan limits and eligibility rules under the new law.

**What if I plan to borrow federal loans for a future academic year and will not be enrolled full-time?**

Starting in the 2026–27 academic year, federal loan amounts will be prorated based on your enrollment status. This means your loan eligibility will be adjusted according to how many credits you are taking compared to a full-time course load.

*Example:*

- A graduate student is expected to take 18 credits over the fall and spring semesters.
- If you take 9 credits in the fall, you would be eligible for 50% of the annual loan limit (\$10,250 of \$20,500).
- If you take 6 credits in the fall, you will get 33% of the annual limit (\$6,833).
- Any remaining eligibility for the year is calculated based on credits taken in the spring.

In short: the more credits you take, the higher your loan eligibility for that academic year.

**What about loan repayment—are there new options?**

The new law replaces most existing income-driven repayment plans with a new framework for federal student loan repayment. If you borrow additional loan funds on or after July 1, 2026, your repayment options will be limited to the tiered Standard Plan and the Repayment Assistance Plan (RAP). More details will be available later.

Borrowers who already have loans before July 1, 2026, will not be required to change repayment plans unless they borrow additional loans under the new rules.

**What happens if I have already reached my aggregate Federal Direct Loan limits under the old rules?**

The “aggregate limit” is the total amount of federal loans you can borrow over your lifetime for your education. If you have already borrowed up to this limit under the current rules, you may not be able to take out additional Federal Direct Loans unless the new law increases the limits for your situation.

Federal guidance on this is still being finalized, and we will share updates as soon as the rules are available.

**Is Public Service Loan Forgiveness still available?**

Yes. The Public Service Loan Forgiveness (PSLF) program will continue, and eligible borrowers can keep working toward forgiveness. The new repayment rules may make it easier for some borrowers, especially those with lower incomes, to qualify.

Starting July 1, 2026, the Department of Education will no longer consider employers that engage in certain illegal activities qualifying for PSLF. Examples include aiding violations of federal immigration laws, supporting terrorism, or illegal discrimination. The Department will notify borrowers if an employer no longer qualifies.

### Do I need to do anything right now?

No. You do not need to take any action at this time. Your current loans and financial aid will continue under the 2025–26 rules. We will provide updates and guidance as the recent changes take effect, mostly starting in the 2026–27 academic year.

## **UNDERGRADUATE STUDENTS AND PARENTS**

### How much can undergraduate borrow under the new law?

The new law does not change the annual or aggregate loan limits for undergraduate students, although undergraduate loans will now count towards the new lifetime limit.

- Annual loan limit \$5,500-\$12,500 based on year in school and dependency status.
- Aggregate loan limit \$31,000-\$57,500 based on dependency status.
- The new lifetime loan limit of \$257,500 counts the total amount you have ever borrowed, regardless of whether some loans have been repaid, forgiven, or discharged.

### Will parents still be able to borrow Parent PLUS Loans?

Yes. Starting in the 2026–27 academic year, new limits will apply:

- Parents can borrow up to \$20,000 per year per student.
- The lifetime limit is \$65,000 per student.

If a parent already has Parent PLUS Loans, they may be able to continue borrowing under the old, uncapped rules. The Department of Education will provide details on this soon.

### What does “grandfathered” mean?

Being grandfathered means you may continue borrowing under the previous federal loan rules as long as you remain continuously enrolled in the same program and borrowed your first loan for that program before July 1, 2026.

### Are there changes to the Pell Grant program?

Yes. Starting in the 2026–27 academic year, students **will not qualify for a Pell Grant** if their Student Aid Index (SAI) is more than **twice the maximum Pell award** for that year. Pell Grant amounts will still vary based on income and family size, but there is now a clear cutoff.

For more details, see the U.S. Department of Education guidance on the 2026–27 FAFSA and Pell Grant updates ([APP-25-23](#))

### Will these changes affect my Work-Study?

No. The new law does not change how students qualify for Federal Work-Study. At this time, Work-Study eligibility will continue to be based on financial need as determined by the FAFSA and institutional packaging policies. Schools will still decide how much Work-Study funding is available and which students are offered it.

## GRADUATE AND PROFESSIONAL STUDENTS

### **What is happening with Grad PLUS Loans?**

Grad PLUS Loans are being phased out under the new law. New graduate and professional students will no longer be eligible to borrow Grad PLUS for terms that begin on or after July 1, 2026. If you are already borrowing Grad PLUS before July 1, 2026, you may be allowed to continue under grandfathering rules. We expect further guidance from the U.S. Department of Education.

### **What are the new borrowing limits for graduate and professional students?**

Starting in the 2026–27 academic year, new federal loan limits will apply to graduate and professional students:

- Graduate students will be limited to \$20,500 per year in unsubsidized loans.
- Professional students (such as those in the MD program) will be limited to \$50,000 per year in unsubsidized loans.

The lifetime cap for graduate-level borrowing will be \$100,000, not including any undergraduate loans, and \$200,000 for professional program borrowing. If you borrowed before July 1, 2026, you remain eligible for the previous loan limits.

### **Is my program a Professional or Graduate program? How can I find that out?**

The difference affects how much you can borrow each year. Professional programs are usually doctoral-level programs that prepare you to start a licensed profession. Examples can be found online [here](#).

All other post-bachelor programs, including most master's and PhD programs, are considered graduate programs.

At the University of Mary, the only professional program currently offered is the Master of Divinity.

### **If Grad PLUS is going away, what alternative funding options should I consider now?**

Grad PLUS will no longer be available to new borrowers starting in 2026-2027, so it is important to explore other funding options. The UMary [Financial Aid Office](#) is in the process of putting together a preferred lender list to assist graduate students with identifying lenders with favorable terms.

Options you can include today:

- [UMary's historical lender list](#)
- Employer-sponsored education benefits or public service programs
- Semester payment plans
- External scholarships or fellowships

## KEY REMINDERS

### When do the new rules take effect?

Most changes take effect starting with the 2026–27 academic year. That includes new loan limits, the phase-out of Grad PLUS, and changes to Pell Grant eligibility.

### Where can I find out more information?

We will update this F.A.Q. as further details become available.

You can also:

- Contact the [Financial Aid Office](#) with questions about your specific situation.
- Monitor announcements from the U.S. Department of Education at [studentaid.gov](https://studentaid.gov).
- Keep an eye on school communications, as some programs may publish program-specific updates.

### ***Important note:***

*This information reflects the University of Mary's current understanding of federal financial aid changes under the One Big Beautiful Bill Act (OBBBA) and is not legal advice. Details such as transition rules, eligibility, and timelines are still subject to federal guidance and rulemaking. Policies and processes may change as added information becomes available.*

*For the latest guidance, please review [UMary.edu](https://umary.edu), official University of Mary communications, and federal resources at [studentaid.gov](https://studentaid.gov).*