

# One Big Beautiful Bill Act – Financial Aid Updates

On July 4, 2025, the *One Big Beautiful Bill Act (OBBBA)* was signed into law, resulting in changes to federal student aid programs. The information covered on this page outlines the changes that will go into effect for the 2026-2027 academic year and beyond. Most changes go into effect 7/1/2026.

We know this is a lot of information. [We are here to help!](#)

## DISCLAIMER:

Some of the information on this page is subject to change as not all of the final regulations for this law have been published by the U.S. Department of Education. Check back regularly for updates.

This page was last updated May 27, 2026

## What is the OBBBA?

The OBBBA is a law (P.L. 119-21) that makes major changes to federal student aid programs. It changes the eligibility and amounts for Pell Grants, sets new limits for federal student loans (including the phase-out of Graduate PLUS), requires a loan reduction for less than full-time enrollment, and introduces a new income-driven repayment option.

Most changes are scheduled to begin in the 2026–27 academic year. Some implementation details still require federal rulemaking, so we'll share more information as it becomes available.

## What's Changed and How Does it Affect Me?

The chart below summarizes some of the major changes from the OBBBA. Please see the specific sections and help sections below for more details.

### What's Changed?

[FAFSA](#) – Small family owned businesses no longer count as assets on the FAFSA

[Federal Pell Grant](#)

### How it Affects You:

Families with small business will not have that count against their aid eligibility determination.

A) If your Student Aid Index is 2X the maximum Pell, you get no Pell at all unless you meet a Special Rule exception.

B) If other scholarships pay for everything (full COA), you get no Pell.

C) Money earned abroad counts and can lower or stop Pell.

D) Pell eligibility for federal and state approved Workforce Programs.

Loans reduce if you are not enrolled full-time or if you withdraw/drop classes. You also can't take the whole loan in one semester anymore.

New lower loan limits for parents, grad, students means you can borrow less over time.

There's now a lifetime loan cap — even if you paid old loans off, you will not be able to borrow more once you reach that cap.

See the Loan Limits Chart below.

Students/Families that borrowed before 7/1/26 might be exempt from the new loan limits for no more than three years.

Only two repayment plan options are available starting 7/1/2026.

Defaulted loans can be rehabilitated twice instead of once (starting 7/1/2027).

Loan Forbearance reduced from 9 to 12 months starting 7/1/2027.

Economic/unemployment hardship deferment option removed as of 7/1/2027.

Changes to Loan Forgiveness.

### Federal Direct Loan Borrowing

### Federal Loan Repayment, Rehabilitation, Forbearance, Deferment and Forgiveness

## **FAFSA Changes**

### **Changes to the FAFSA – Asset Exemption**

Family farms, family-owned small businesses and family-owned fisheries are excluded as assets when determining eligibility for federal financial aid if they employ less than 100 people.

# Federal Pell Grant Program

## Changes to the Federal Pell Grant

Starting 7/1/2026 (for the 2026-2027 academic year and beyond):

A) Students with an SAI (Student Aid Index) that exceeds twice the maximum Pell Grant amount are no longer eligible for minimum Pell. For example, if the maximum Pell grant is \$7,395 a student with an SAI of 14,790 or higher will not be eligible for a Pell grant. There is an [exception for students whose parents were service members or public safety officers and died in the line of duty](#).

B) Students who receive grants or scholarships from **non-federal sources** (like a scholarship from the state or college) covering their entire [cost of attendance \(COA\)](#) are ineligible to receive a Pell Grant, even if otherwise eligible for the program.

C) Foreign income from the foreign earned income exclusion reported on a U.S. tax return will be included in the income used to calculate maximum Pell Grant eligibility.

## Pell Eligibility for Workforce Programs

Expands Pell Grant eligibility to certain eligible short-term, career-focused programs that are more than 8 weeks but less than 15 weeks.

Students do not need a high school diploma to be eligible for Pell in these programs.

Students with a prior bachelor's degree but who do not have a master's degree or higher can also be eligible for Pell for these programs provided they have not reached their maximum Pell Lifetime Eligibility Used (LEU).

Eligible programs must be approved by NY State, MSCHE and the U.S Department of Education before they are deemed Pell eligible.

Students cannot receive Pell for a bachelor's degree program and Workforce program simultaneously. Receiving a Pell Grant for a workforce program counts toward the student's overall Pell Lifetime Eligibility Used (LEU).

Final rules for this program have not been published. Check back here for more information as to if and when eligible programs will be available at The City College of New York under this new provision.

# Federal Direct Loan Program

## Federal Direct Loan Schedule of Reduction (SOR)

### Direct Loans are Reduced for Less than Full-Time Enrollment

The OBBBA requires The City College of New York to adjust annual Federal Direct loan amounts based on the percent of full-time status that you are enrolled.

Students who are enrolled less than half-time as defined by their academic program type are not eligible for a Federal Direct loan disbursement.

### How does this affect me?

If you are enrolled less than full-time for your academic program, your annual Federal Direct loan amount will be reduced on the basis of the percentage of your enrollment that is less than full-time.

This means that:

- A) Federal loans are now treated as annual loans tied to enrollment for the full academic year.
- B) No more than 50% of your annual loan eligibility may be disbursed for a single term.
- C) If enrollment changes mid-year (e.g. you withdraw or enroll less than full-time in the 2nd semester), remaining loan disbursements must be adjusted in the following semester to reflect the updated academic year enrollment.
- D) Students who are enrolled less than full-time for Fall/Spring combined will have their loans adjusted in the 2nd semester. See **Changes to Federal Direct Loan Limits below** for more information how these changes by program type.

### Which Loans get adjusted by the Schedule of Reduction?

All Federal Direct Loans, except the Parent Plus loan, are subject to this reduction requirement.

### Get Help and Plan Ahead

The loan Schedule of Reduction (SOR) can be very complicated and different for each student based on prior borrowing history, enrollment specifics, financial need, other aid on your financial aid package, exceptions to certain rules and other factors.

We recommend that students who want to know their loan options and who are enrolled less than full-time or who already have loans and are planning on withdrawing [schedule an appointment with a financial aid advisor for guidance.](#)

## Schedule of Reduction Examples

### **Example 1: Student Less Than Full-Time Fall and Spring**

\$3,500 is the subsidized loan annual maximum for a freshman undergraduate student.

A student enrolled in 6 credits per term (12 credits for the year which is half of the 24 credits annual amount to be full-time) is eligible for a maximum of \$1,750 in subsidized loans for the year.

This is a subsidized loan borrowing maximum of \$875 per term.

(NOTE: the amount will still be further reduced by the loan origination fee at the time of disbursement).

### **Example 2: Student Full-Time Fall and Part-Time Spring**

\$3,500 is the subsidized loan annual maximum for a freshman undergraduate student.

Student is enrolled in 15 credits in the fall and 6 credits in the spring. This is 21/24 credits.

The maximum the student can borrow in subsidized loans for the year is \$3,062.50.

The student can be packaged with:

\$1,750 in the fall and \$1,312.50 in the spring.

This is because the additional 3 credits taken in the fall count towards the annual amount.

### **Example 3 – Student withdraws in Fall and is Full-Time in Spring**

\$3,500 is the subsidized loan annual maximum for a freshman undergraduate student.

Student is enrolled in 12 credits in the fall, receives the fall loan disbursement and then withdraws down to 6 credits.

Student enrolls for 12 credits in the spring.

The total enrollment for the year after the withdrawal is 18/24 credits (12-6 = 6 for fall, 12 credits spring + 6 fall = 18). This creates an annual subsidized loan maximum of \$2,625.

The student already received \$1,750 in the fall. This leaves \$875 available for spring. Even though the student is enrolled full-time in the spring they will receive a smaller spring loan disbursement due to the withdrawal from fall and the higher fall disbursement that already occurred.

# Changes to Federal Direct Loan Limits

## Loan Limits Chart:

### Pre-OBBBA & Limited Exceptions VS. After 7/1/2026

Loan Type	Before 7/1/2026 and Limited Exceptions	After 7/1/2026
Undergraduate subsidized and unsubsidized annual and aggregate loan limits	<a href="#">See chart below</a>	No Change, except that new Lifetime Limit applies (see below).
Graduate Unsubsidized Annual Loan Limit	\$20,500	No Change
Graduate Aggregate Limit	\$138,500	\$100,000 – See “Limited Exceptions to Loan Limits” section below for more details.
Graduate PLUS Loan	Up to Cost of Attendance minus Other Financial Aid	Eliminated -Program no longer available for new borrowers.  See “Limited Exceptions to Loan Limits” section below for more details.
Parent PLUS Loan	Up to Cost of Attendance minus Other Financial Aid	\$20,000 (parents combined) per year per dependent student.  \$65,000 aggregate per dependent student.  See “Limited Exceptions to Loan Limits” section below for more details.
Lifetime Limit	N/A	\$257,000 includes all federal direct loan borrowing (even Grad Plus) across all degrees and programs except Parent PLUS and consolidation loans (see section above) even if loans were repaid or discharged in the past.  See “Limited Exceptions to Loan Limits” section below for more details.

## **What has and has not changed?**

For graduate and professional students there is a change in the aggregate loan amount. See the loan limits table below for more information.

Loan limits for undergraduate students have not changed except for the new lifetime limit (see below).

The new lifetime limit applies to all federal direct loan borrowers except for loans under the Parent Plus program, which have their own limits.

## **What Are Loan Limits?**

**Annual loan limit**—The maximum loan amount you can borrow each academic year.

**Aggregate loan limit**—The maximum amount of unpaid principal balance minus any capitalized interest that you can have outstanding at any point in time on all of your subsidized and unsubsidized loans for undergraduate, graduate, or professional study.

**Lifetime Limit** – New! See below.

## **NEW! – Lifetime Limit**

A new lifetime Federal Direct loan limit of \$257,500 for all Federal Direct student loans (excluding Parent PLUS and consolidation loans) borrowed for all levels of study for new borrowers as of 7/1/2026.

This lifetime limit counts even if loans were paid off previously or discharged. This is the maximum a student can borrow for their entire lifetime across all Federal Direct loan programs.

NOTE: graduate students who borrowed from the Graduate PLUS loan program or who borrowed subsidized loans prior to 2010 will have that borrowing applied towards their lifetime limit.

### **Limited Exceptions to Loan Limits**

Students who are eligible for the limited exception may continue to borrow under the pre-OBBBA limits under the following conditions:

- 1) Borrowed a Federal Direct Loan before July 1, 2026.
- 2) Exception is valid for up to 3 academic years or until degree completion (based on the published scheduled number of years for the program), whichever comes first.
- 3) Must remain continuously enrolled Fall/Spring in a minimum of 6 credits per semester, at The City College of New York in the same program. For graduate students this must be the same program of study (i.e. not a different master's degree).
- 4) Taking a semester off will end eligibility for this exception.

[Learn more about the loan limits exception on the FSA Website.](#)

### **I Borrowed Before 7/1/2026 can I Opt in to the New Loan Limits?**

No. The rules require that students who are eligible under the exception follow the Pre-OBBBA limits and PLUS loan eligibility criteria, unless and until the exception criteria no longer applies to them.

# Help for Undergraduate Students

## Does Withdrawing from Courses Affect my Loan Eligibility?

Yes. If, as the result of a withdrawal or drop, a student falls below less than full-time (12 credits per term, 24 per year) a future loan disbursement may be reduced.

## What are the Undergraduate Direct Loan Limits – Subsidized and Unsubsidized loans.

Student Type	Dependent Undergraduate Students	Independent Undergraduate Students
First Year (freshman)	\$5,500 (maximum \$3,500 subsidized)	\$9,500 (maximum \$3,500 subsidized)
Second Year (sophomore)	\$6,500 (maximum \$4,500 subsidized)	\$10,500 (maximum \$4,500 subsidized)
Third Year (junior) and beyond	\$7,500 (maximum \$5,500 subsidized)	\$12,500 (maximum \$5,500 subsidized)

NOTE – The amounts above reflect the maximum a student can borrow for the year. This generally one half of the annual maximum in the fall and one half in the spring. Starting 7/1/2026 a loan reduction schedule will apply for students enrolled less than full-time see the next section below for more information.

## What are the Parent PLUS loan limits?

All parents (combined) may borrow \$20,000 per year per dependent student and a \$65,000 aggregate limit per dependent student (without regard to amounts forgiven, repaid, or discharged).

See the “What is the Limited Exception for Parent Plus Loans?” Q and A below to learn which parent borrowers may still be able to borrow under the Pre-OBBBA rules.

## What is the Limited Exception for Parent Plus Loans?

Parents are not subject to the new PLUS loan limits for up to three academic years or the remainder of the student’s expected time to credential, whichever is less if:

- 1) The student remains continuously enrolled as an undergraduate at The City College of New York.
- 2) The parent had a Parent PLUS Loan disbursed before July 1, 2026 **OR** the student had a direct loan disbursed before July 1, 2026 at The City College of New York for the current undergraduate degree.

NOTE: Students can change undergraduate majors and parents can still be eligible for the exception. However, if a student graduates and reenrolls with a new undergraduate degree, that program will not be eligible for the exception.

Parents eligible under the limited exception provision could borrow based on Pre-OBBBA rules which allow borrowing up to the Cost of Attendance minus any other financial aid on the aid package.

For more information visit [Parent PLUS Loan Borrower Scenarios on the Federal Student Aid OBBBA webpage.](#)

[Learn more about the Limited Exception of the FSA website.](#)

### **Will my Parent's PLUS Loan Borrowing Count Against My Lifetime Borrowing limit?**

No. The Parent PLUS loan does not count towards a student's lifetime borrowing.

### **HELP! – I am an undergraduate student and I need guidance.**

Undergraduate students who are unsure of how their enrollment, financial need or borrowing history will affect their loan eligibility are encouraged to [schedule a financial aid planning appointment with a financial aid advisor.](#)

## Help for Graduate

### Does withdrawing from courses affect my loan eligibility?

Yes, as the result of a withdrawal or drop a future loan disbursement may be reduced.

### What do I need to know about the Unsubsidized Loan for Graduate Programs?

There has been no change to the annual amount of \$20,500 for graduate.

There is a new aggregate limit of \$100,000 for graduate programs for new borrowers as of 7/1/2026.

Students who meet the limited exception (see below) for the duration of the exception timeframe have the original aggregate amount of \$138,500.

Students pursuing a [federally defined professional degree](#) for the purposes of direct loan borrowing (e.g. Law, Medicine, Dentistry etc.) can borrow up to \$50,000 annually in those programs and \$200,000 in aggregate.

### Is the Graduate PLUS Loan still available for Graduate and Doctoral Students?

The Graduate Plus Loan is eliminated for new borrowers or those that change their graduate degree (e.g. go from History to Philosophy) or were not continuously enrolled in the same program at The City College of New York as of 7/1/2026.

See the “What is the Limited Exception for Graduate Loans?” Q and A below for who may still qualify for this loan program.

### What is the Limited Exception for Graduate Loans?

Students are not subject to the new loan limits for up to three academic years or the remainder of their expected time to credential, whichever is less if:

1) They remain continuously enrolled in the same program of study at The City College of New York.

AND

2) They received a Direct Loan for that program of study prior to July 1, 2026.

Students eligible for the [limited exception](#) described above are subject to the

\$138,500 aggregate maximum and may receive a Graduate PLUS loan (for up to three academic years or the remainder of their expected time to credential, whichever is less) **are still subject to the schedule of reduction.**

Since the Graduate PLUS annual amount is based on Cost of Attendance minus Other Financial Aid, the amount of Graduate PLUS loan eligibility by schedule of reduction will vary greatly from student to student.

[Learn more about the Limited Exception on the FSA website.](#)

### **I Received a Federal Direct Loan Prior to 7/1/2026 am I Eligible for the Exception?**

It depends. If you are continuously enrolled at least half-time in the same graduate program then you would be eligible for the limited exception rules.

If you have exceeded more than three years of the established program length you would not be eligible for the exception.

If this is a new Master's degree or new advanced certificate program you would not be eligible for limited exceptions and new borrowing limits and Grad PLUS loan ineligibility would apply.

### **Will my Graduate Plus Loan Borrowing Affect my Lifetime Limit?**

Yes. Loans borrowed under the Graduate PLUS program are included in the new lifetime limit. If you have graduate PLUS loan borrowing from prior years and are not eligible for the limited exception it is possible that you may no longer be able to borrow from any federal direct loan program if your total borrowing exceeds the new lifetime limit.

### **HELP! – I am a graduate student and I need guidance.**

If you are unsure if you qualify for Graduate PLUS loan review the [Federal Student Aid OBBBA Updates page](#) to see if the exception applies to you.

If you are still unsure or want to plan out your loan usage and better understand your eligibility or have more questions we recommend you [schedule a financial aid planning appointment with a financial aid advisor.](#)

For more information on the **One Big Beautiful Bill Act (OBBBA)** and how these changes may impact your financial aid, please visit <https://studentaid.gov/announcements-events/big-updates>.