

IN-DEPTH DEPARTMENTAL BRIEF

OBBBA & Financial Aid

Detailed guidance for the financial aid office

Why this matters now

OBBBA (H.R. 1, signed July 4, 2025) reshapes federal student financing more than any law in a generation, with most provisions effective July 1, 2026. Financial Aid is the office most affected: award packaging, systems, counseling, and communications all change at once, and graduate/professional students lose their primary federal financing. This brief details the changes and a phased plan to be ready.

The changes in detail

- **Grad PLUS eliminated.** New graduate and professional students cannot borrow Grad PLUS as of July 1, 2026. Borrowers with a Direct Loan disbursed before that date may continue under a legacy provision for up to three years or program completion, whichever is shorter.
- **New annual and aggregate loan limits.** Federal borrowing is capped by level, with a new lifetime ceiling:

PHASE	ANNUAL LIMIT	AGGREGATE LIMIT
Graduate student	\$20,500	\$100,000
Professional student	\$50,000	\$200,000
Parent PLUS (per dependent)	\$20,000	\$65,000
Lifetime cap — all federal student loans (excludes Parent PLUS)	—	\$257,500

- **Repayment overhaul (RAP).** For loans first disbursed on/after July 1, 2026, income-driven plans are replaced by the Repayment Assistance Plan (RAP) and a Standard plan. RAP charges 1–10% of AGI, a \$10 minimum payment, a \$50-per-dependent reduction, forgives after 30 years, and waives unpaid interest (no negative amortization). Existing borrowers must transition off legacy plans by July 1, 2028 or be auto-enrolled in RAP. Parent PLUS may use only Standard repayment.
- **Pell tightened.** Students whose grants and scholarships cover their full cost of attendance, and students with a Student Aid Index of at least twice the maximum Pell award, become ineligible for Pell (effective July 1, 2026).
- **Workforce Pell added.** Pell is extended to eligible short-term programs (150–599 clock hours over 8 to under 15 weeks) that meet placement, completion, and earnings tests and receive governor approval.

OPERATIONAL IMPACT

- Packaging & systems: award logic, loan-limit tables, and Pell eligibility rules must be reconfigured and tested before 2026–27 awarding.
- Financing gaps: graduate/professional students lose Grad PLUS and Parent PLUS families hit new caps — expect more private-loan referrals and cost-planning questions.
- Counseling load: borrowers will be confused by the repayment transition and new limits; entrance/exit counseling and messaging must be updated.
- Population identification: some continuing students become Pell-ineligible or lose expected borrowing capacity and must be notified early.

RISKS & WATCH-ITEMS

- Awarding on outdated rules if system updates lag the July 1, 2026 effective date.
- Student and family surprise — reputational and enrollment risk — if changes are not communicated proactively.
- Regulatory movement: several provisions are still being finalized by the Department of Education; monitor NASFAA and ED guidance.

Action plan

Immediate (0–3 months)

- Inventory every place loan limits, Grad PLUS, IDR, and Pell rules live in your systems and communications.
- Stand up a cross-office working group with the Registrar, Bursar, and IT.

Before 2026–27 packaging

- Reconfigure and test packaging, loan limits, and Pell eligibility; retrain staff; publish FAQs and counseling scripts.
- Launch proactive communications to graduate/professional students and Parent PLUS families about financing changes and alternatives.

Ongoing

- Support borrowers through the RAP transition (deadline July 1, 2028); coordinate Workforce Pell readiness if offering short-term programs.

What good looks like

- ✓ Accurate 2026–27 packaging on day one; no awards issued under superseded rules.
- ✓ Affected students identified and contacted before they discover changes on their own.
- ✓ Documented, reproducible aid-rule configuration that survives staff changes.

How CampusWorks & Dynamic Campus can help

Our Institutional Research and financial aid specialists can validate your packaging configuration, build student and family communications, model the financing-gap impact on your graduate and professional populations, and stand up Workforce Pell readiness — so you enter 2026–27 confident and compliant.