

The One Big Beautiful Bill Act (OBBBA), signed July 4, 2025, and effective July 1, 2026, mandates that federal student loan amounts be prorated based on enrollment intensity, meaning part-time students will have reduced borrowing limits. It also eliminates Grad PLUS loans and caps annual borrowing to reduce overall debt, potentially forcing students toward private loans.

Key Loan Proration & OBBBA Changes:

- **Prorated Loans:** Loan eligibility (Subsidized, Unsubsidized, Grad PLUS) will be directly proportional to enrollment status, meaning if you take fewer credits, you can borrow less.
- **Grad PLUS Loan Elimination:** The Graduate PLUS loan program is discontinued for new borrowers, requiring graduate students to rely on limited direct unsubsidized loans or private financing.
- **Reduced Limits:** For example, a student enrolled at 3/4 time may only be eligible for 3/4 of the maximum annual loan limit.
- **Effective Date:** July 1, 2026, for the 2026-2027 academic year.
- **Grandfather Clause:** Students who are currently borrowing may continue under old limits until they complete their program or for three years after June 2026, whichever is sooner.

Impact on Borrowers:

- **Increased Need for Funds:** Part-time and some full-time students may face a funding gap, requiring private loans.
- **Grad Student Limits:** Graduate students face an annual limit of \$20,500 and a \$100,000 aggregate limit for Direct Unsubsidized loans.
- **Repayment Changes:** The Act streamlines repayment plans to just two options, changing how quickly loans can be forgiven.

Disclaimer: The above information is based on the One Big Beautiful Bill Act (OBBBA), which, according to search results, was passed in 2025, with regulations taking effect in 2026.