

Upcoming Federal Student Aid Changes for 2026–2027

The federal government has introduced new legislation called the One Big Beautiful Bill (OBBB) that updates several student aid programs beginning with the 2026–2027 academic year. These changes impact federal loans, repayment options, and certain eligibility rules.

Information provided is subject to change as final rules and regulations are still being released by the Department of Education. Additional information provided at [StudentAid.gov](https://studentaid.gov).

What's Changing

Part-Time Enrollment and Loan Eligibility

Beginning with the 2026-2027 academic year, federal direct loans will be reduced if enrolled less than full-time (12 credit hours).

Parent PLUS Loan Limits

Parent PLUS Loans will have new limits starting July 1, 2026:

- Up to **\$20,000 per year** per dependent student
- Up to **\$65,000 lifetime** per dependent student

Legacy borrowers, students who already borrowed at least one federal loan or had a Federal Parent PLUS Loan borrowed for them prior to July 1, 2026, may continue to borrow for up to **three additional years** or until they have completed their program of study, whichever comes first.

A student can lose their Legacy borrower status if they:

- **Exceed the length of their program (for example, beginning the fifth year of a four-year program).**
- **Withdraw from all classes in a term.**
- **Withdraw from the College.**

Graduate Level Changes (only applicable if you are stepping down from a bachelors or graduate degree program at another school to an associate degree program OR if you intend to enter a graduate program in the future):

Updated Borrowing Limits

Beginning July 1, 2026, lifetime borrowing limits will shift:

- **New \$100,000 lifetime limit** (Annual loan limit remains \$20,500 for students who are enrolled in a graduate degree program – Snead State does not offer graduate degrees therefore, your annual limit here is much lower)

These limits apply only to graduate borrowing and do not include previous undergraduate loans.

Graduate PLUS Loans

Federal Graduate PLUS Loans will be **phased out** starting July 1, 2026, for new graduate students.

There is a Legacy provision which states current graduate students who already borrowed at least one federal loan prior to July 1, 2026 may continue to borrow for up to **three additional years** or until they have completed their program of study, whichever comes first. **If you have previously borrowed Graduate Plus loans while enrolled in a graduate degree program and then step down to an associate degree program to take pre-req classes for a graduate program, you will lose your legacy status and the ability to borrow Grad Plus loans.**

New Federal Repayment Option

Loans disbursed after July 1, 2026, will be repaid under either:

- A **standard repayment plan**, or
- A new **income-driven plan** called the **Repayment Assistance Plan (RAP)**