

# Recent Changes to Federal Student Loan Limits: The One Big Beautiful Bill Act (OBBBA)

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# Overview

# One Big Beautiful Bill Act

- OBBBA sought to save billions through higher education spending changes
  - Became law in July 2025; set to take effect (in most cases, for new borrowers) in July 2026
- New loan limits adopted through the law will affect:
  - Parents of undergraduate students (Parent PLUS)
  - Part-time (undergraduate and graduate) students
  - Borrowers (undergraduate and graduate, or parents of undergraduate students) enrolled in programs where the college sets a lower limit
  - Graduate students
  - Students with high lifetime borrowing

# Loan Limit Changes Affecting Undergraduate Students

# Parent Loan Limits

- **Prior law**: Up to the full cost of attendance of the program in Parent PLUS loans
- **OBBBA limits**: Parent PLUS limits set at **\$20,000 per year** (\$65,000 in aggregate)
  - **A parent borrowing the annual maximum will run out of Parent PLUS funding before the end of a four-year degree program**, even for on-time completion
  - Phase-in: Existing borrowers (where either the parent or student has previously borrowed) can continue borrowing at prior-law COA limits for the lesser of three years or time left to credential as long as the student remains continuously enrolled

# Impacts of Parent Loan Limits

- **29 percent of parent borrowers** (almost 217,000) will be affected, on average by about \$10,500
  - One in three parent borrowers at private colleges, and about one in four at public colleges, currently borrows above the new limits

# Proration of Loans for Part-Time Students

- **Prior law**: Undergraduate and graduate students enrolled less-than-full-time are still eligible for their full annual loan amounts, including to help cover living costs
  - For context: Pell funds are prorated based on attendance intensity
- **OBBBA limits**: Loans are prorated for less-than-full-time students
  - Term-based loan eligibility: (number of credit hours enrolled for the term \* number of credit hours considered full-time at that institution) \* 100
    - Example for a student enrolled for 6 credit hours, where 12 is full time at the school:  $(6/12) = 0.5 * 100 = 50\%$
  - Applies to both undergraduate and graduate borrowers
    - Full-time must be not fewer than 12 credit hours per term for undergraduate students, but is determined by the institution for both UG and graduate programs

# Impacts of Part-Time Student Loan Limits

- The Department of Education estimated that about **10 percent of loan volume goes to part-time students** (making up 12 percent of borrowers)
  - That includes 25 percent of two-year undergraduate borrowers, 9 percent of four-year undergraduate borrowers, and 14 percent of graduate borrowers
- While there is a phase-in period for the new graduate and parent loan limits, there is **no phase-in for the proration of loans for part-time students**

# Institutional Loan Limits

- **Prior law**: Federal loan limits are set by Congress and applied evenly to borrowers
- **OBBBA limits**: Institutions can set a different (lower) limit on loans for undergraduate students, parents of undergraduates, and/or graduate students
  - Institutional loan limits must be set for a specific program of study for an academic year, and applied consistently to all students (or parents) in that program
  - Disclosure requirements: The IHE must provide info on the need for the limitation (e.g., in the course catalog, online, and in financial aid offers)
  - No restrictions on how or why the school sets the limit

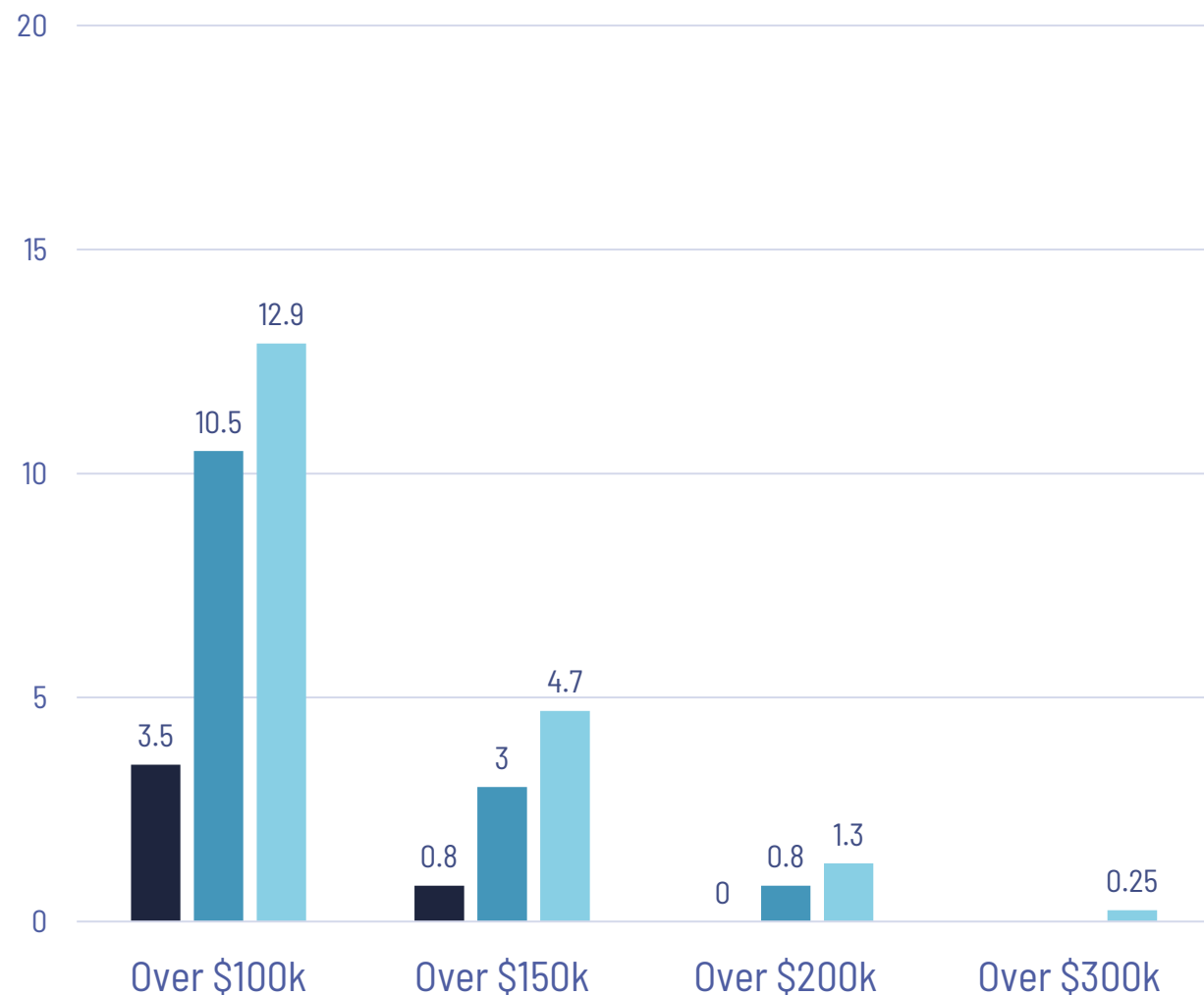
# Loan Limit Changes for Graduate Students

# How Did We Get Here?

## Increasing Prevalence of Very High Debts

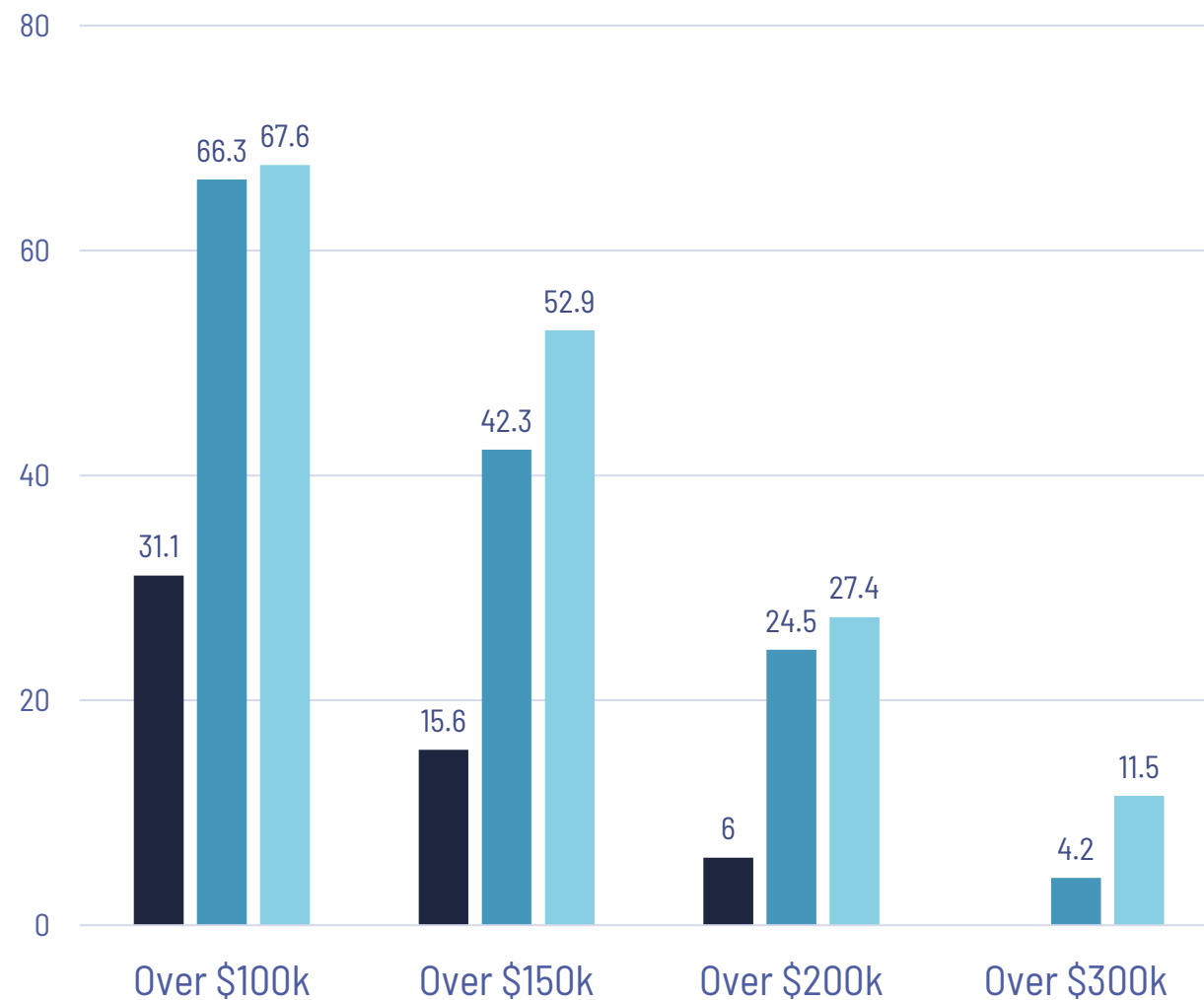
Master's Programs

■ 2004 ■ 2012 ■ 2020



Professional Programs

■ 2004 ■ 2012 ■ 2020



# How Did We Get Here?

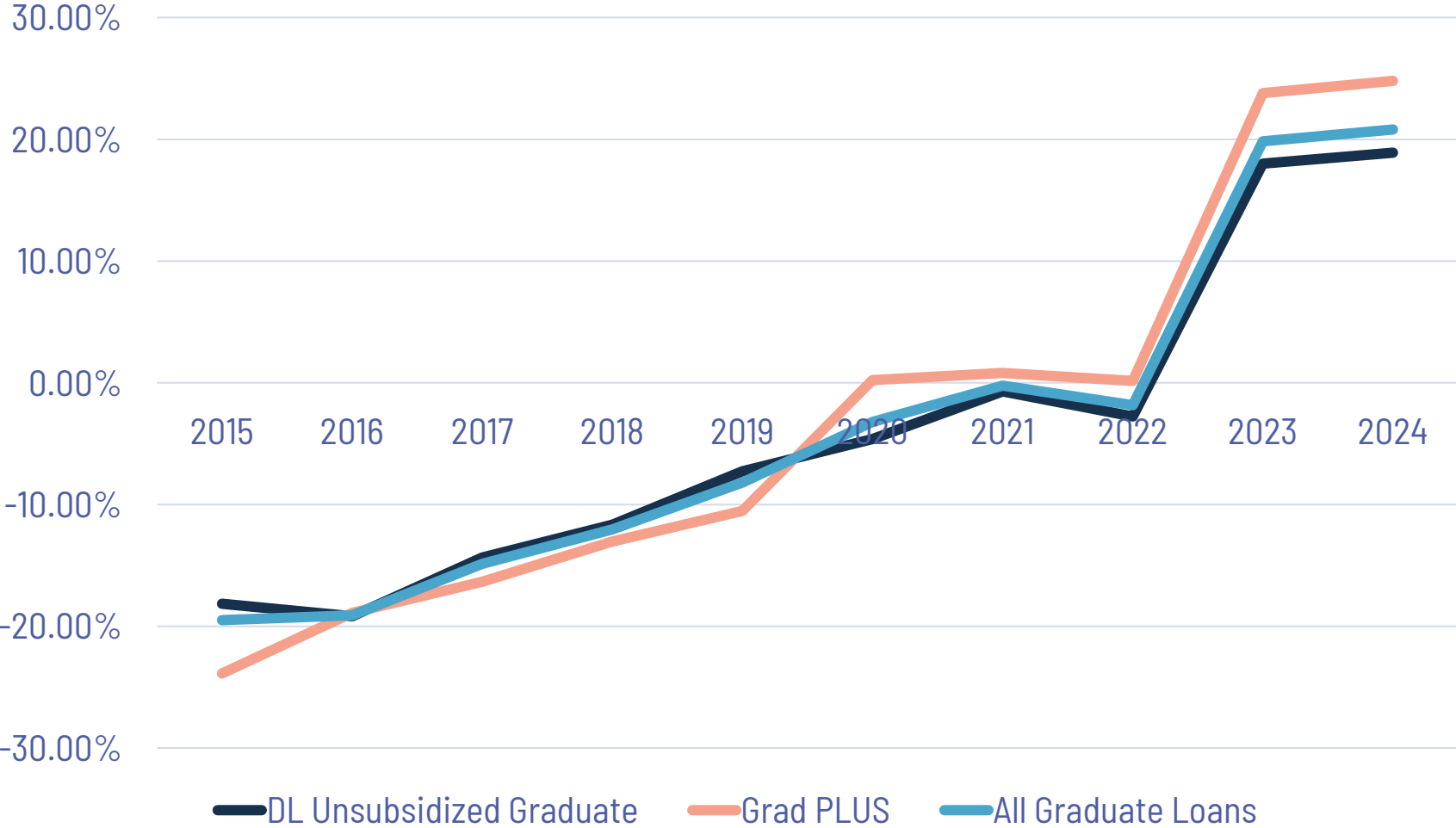
## New Research on Graduate Loans

- “Bennett Hypothesis”: Some believe that federal aid availability puts upward pressure on college tuition prices
  - Theoretically, makes more sense for grants than loans, and prior research on the topic had not found evidence for the hypothesis
- A recent study (Black, Turner, and Denning 2023) finds evidence that **Grad PLUS led to price increases** among programs where a high share of students who borrowed the Stafford maximum
  - On the other hand, it **did not increase enrollment, completion, access** for low-income or minority students, or post-completion earnings

# How Did We Get Here?

## Rising Government Costs of Graduate Loans

CBO Estimates of Federal Graduate Loan Subsidy Rates



**Subsidy Rate:** An estimate of the share of every \$1 in loans that will go unpaid. Represents the cost of each \$1 in federal loans to the government.

# Graduate Loan Limits

- **Prior law**: \$20,500 per year in Unsubsidized loans
  - Certain health professions programs qualify for an additional Unsub amount of \$12,500 annually (pharmacy doctoral, public health graduate, clinical psych doctoral, e.g.) or \$20,000 annually (doctoral programs in allopathic and osteopathic medicine, dentistry, veterinary medicine, e.g.)
- Up to the full cost of attendance of the program in Grad PLUS loans

# Graduate Loan Limits

- **OBBBA limits**: Grad PLUS eliminated for new borrowers
  - OBBBA didn't touch the authority for added health-profession amounts, but ED also said it would end those higher limits for new borrowers
  - Unsubsidized limits set at:
    - \$20,500 per year (\$100,000 in aggregate) for graduate programs
    - \$50,000 per year (\$200,000 in aggregate) for "professional" programs
  - **For graduate (and some professional) programs, the annual limit matters more than the aggregate** (e.g., \$41,000 for a two-year master's degree program)
  - Phase-in: Existing borrowers can continue borrowing at prior-law limits (including for GPLUS and health professions) for the lesser of three years or time left to credential

# Key Implementation Detail: Graduate vs. Professional Students

- The law defined “professional degrees” by cross-referencing current, low-stakes (reporting-related) regulations – which include a non-exhaustive list of 10 fields. [34 CFR 668.2]
- Final rule included:
  - **The existing list of 10 fields** (doctoral programs in pharmacy, dentistry, veterinary medicine, chiropractic, law, medicine, optometry, osteopathic medicine, podiatry; master’s in theology)
  - **+ clinical psychology**
  - **+ other (generally) doctoral, licensed programs in the same field of study** (4-digit CIP code) as any of those 11 fields
- Some fields (e.g., physician assistant, audiology) seemed obviously missing; online and advocacy backlash especially from those in nursing; others (like undergraduate flight schools) seeking to capitalize on the higher limits
- **Already facing litigation from nursing associations, physician assistant associations, and from 25 state attorneys general**

# Impacts of Graduate Loan Limits

- Overall, about 26% of graduate borrowers (367,000) will be affected.
  - If we model with prorated limits assuming all part-time students get half-time loans, those numbers increase to 41% (588,700 borrowers)
- Recently released – **Graduate Loan Limit Impact Explorer**
  - Try it out at [peer-center.org](https://peer-center.org)!

# Impacts in Top 12 Fields of Study

Field of Study	Borrowers Affected (%)	Volume Affected (%)
Medicine	58	27
Law	33	16
Osteopathic Medicine	76	34
Business Administration	18	20
Physical Therapy	63	49
<b>Physician Assistant</b>	<b>72</b>	<b>56</b>

Field of Study	Borrowers Affected (%)	Volume Affected (%)
Dentistry	79	44
Social Work	26	22
Pharmacy	38	16
<b>Registered Nursing</b>	<b>21</b>	<b>21</b>
Occupational Therapy	52	44
Veterinary Medicine	50	26

# Graduate Loan Limit Impact Explorer

All Institutions

By Locale

HBCUs & MSIs

By Institution

## Control

For-Profit  Private Nonprofit  Public

## Credential Levels

All Credential Levels  Grad Cert.  Master's  Doctoral  Professional

## States

All States

## Program of Study

All Programs of Study

## Estimated Impact of Graduate Loan Limits

Public ×

For-Profit ×

Private Nonprofit ×

All Credential Levels

All States

All Programs of Study

## Borrowers

Borrowers Affected  Borrowers Unaffected



## Loan Volume

Loan Volume Affected  Loan Volume Unaffected



**367,518**

Borrowers Affected of 1,266,247

**\$8.7B**

Loan Volume Affected of \$34.4B

**\$23,633**

Average Loan Volume Per Affected Borrower

# Impacts in Three Midwestern States

State	Borrowers Affected (%)	Volume Affected (%)	Most Impacted Sector (% of Borrowers)	Master's Programs (% of Borrowers)	Doctoral Programs (% of Borrowers)	Prof. Programs (% of Borrowers)	Top Impacted Institution
Indiana	23	18	Nonprofit (30%)	19	45	38	Indiana University – Indianapolis (Public)
Minnesota	16	12	Public (32%)	13	25	28	Walden University (For-Profit)
Missouri	30	25	Nonprofit (35%)	18	48	54	A.T. Still University of Health Sciences (Nonprofit)

# Lifetime Limits

- **Prior law**: Aggregate limits govern
- **OBBBA limits**: Lifetime borrowing limits set at **\$257,500 per year**, excluding Parent PLUS amounts but including undergraduate and graduate student loans
  - Even if the borrower repays (or has cancelled) some of their loans, the lifetime limits apply
  - Borrowers in school now are not subject to the provision during the phase-in period, but existing borrowers not currently in school are

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# Appendix

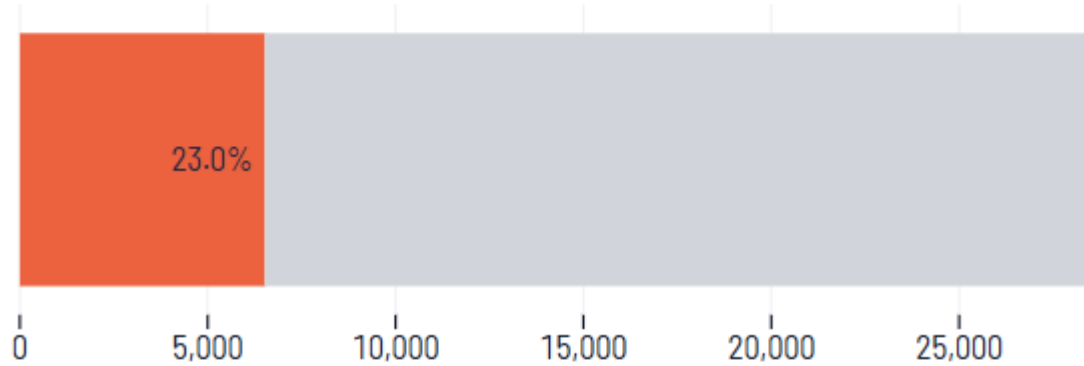
# Impact in Indiana

## Estimated Impact of Graduate Loan Limits

Public x For-Profit x Private Nonprofit x All Credential Levels IN x All Programs of Study

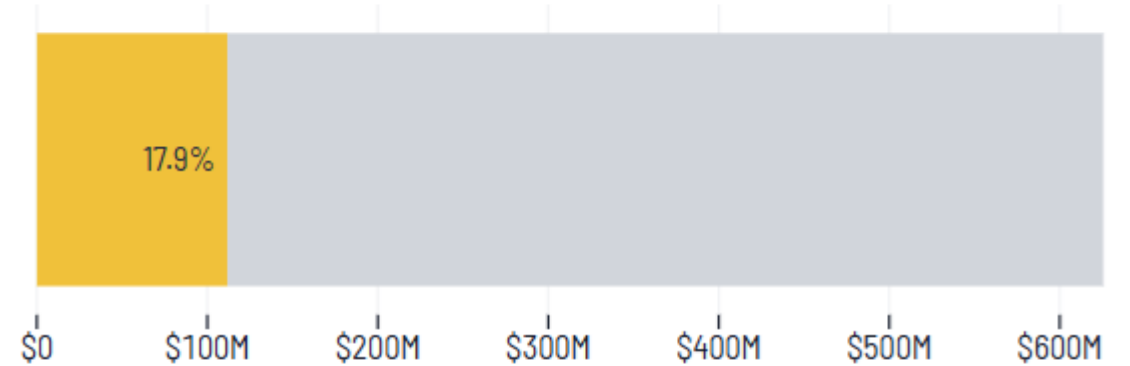
### Borrowers

■ Borrowers Affected ■ Borrowers Unaffected



### Loan Volume

■ Loan Volume Affected ■ Loan Volume Unaffected



**6,524**

Borrowers Affected of 28,380

**\$111.7M**

Loan Volume Affected of \$625.5M

**\$17,129**

Average Loan Volume Per Affected Borrower

# Impact in Indiana

## Detailed Breakdown

By Program and Credential Level

By Institution

Search



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	Institution	Program of Study	Control	Credential Level	Borrowers Affected	Total Borrowers	Loan Volume ↓ Affected	Total Loan Volume
1	Indiana University-Indianapolis	Dentistry (510401)	Public	Professional	288	448	\$11.9M	\$30.5M
2	Indiana University-Indianapolis	Medicine (511201)	Public	Professional	461	996	\$9.7M	\$50.2M
3	Marian University	Osteopathic Medicine/Osteopathy (511202)	Private Nonprofit	Professional	341	451	\$8.4M	\$29.3M
4	Indiana University - Bloomington	Business/Commerce, General (520101)	Public	Master's	171	594	\$3.1M	\$13.9M
5	Purdue University Global	Behavioral Sciences (301701)	Public	Master's	371	1,818	\$2.8M	\$27.8M
6	Butler University	Physician Associate/Assistant (510912)	Private Nonprofit	Master's	76	158	\$2.7M	\$5.7M
7	Marian University	Nurse Anesthetist (513804)	Private Nonprofit	Doctoral	57	66	\$2.6M	\$3.9M
8	University of Notre Dame	Law (220101)	Private Nonprofit	Professional	132	342	\$2.4M	\$14.7M

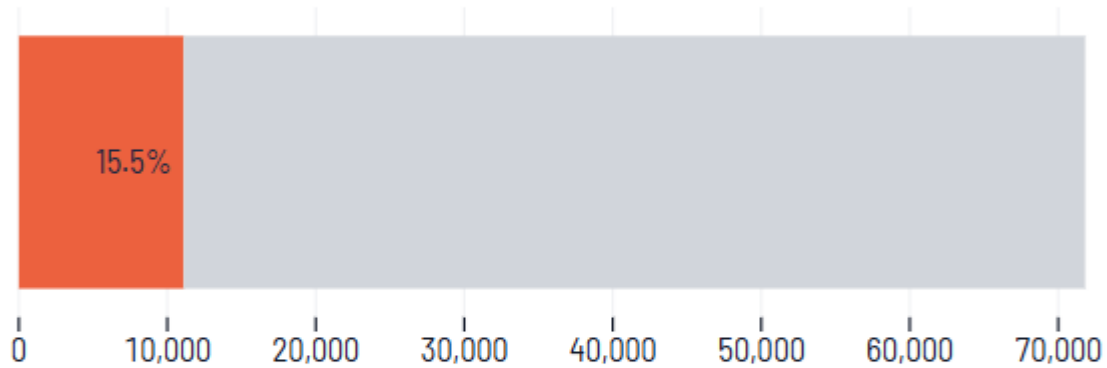
# Impact in Minnesota

## Estimated Impact of Graduate Loan Limits

Public × For-Profit × Private Nonprofit × All Credential Levels MN × All Programs of Study

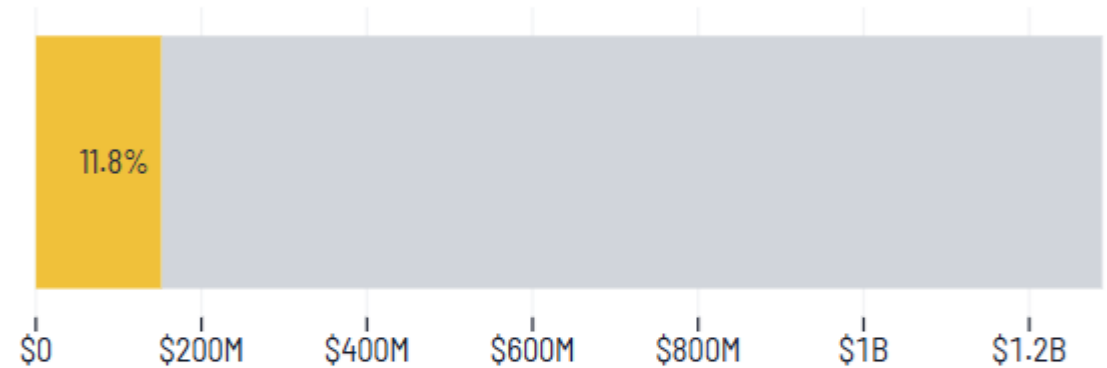
### Borrowers

■ Borrowers Affected ■ Borrowers Unaffected



### Loan Volume

■ Loan Volume Affected ■ Loan Volume Unaffected



**11,101**

Borrowers Affected of 71,815

**\$151.8M**

Loan Volume Affected of \$1.3B

**\$13,678**

Average Loan Volume Per Affected Borrower

# Impact in Minnesota

## Detailed Breakdown

By Program and Credential Level

By Institution

Search



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	Institution	Program of Study	Control	Credential Level	Borrowers Affected	Total Borrowers	Loan Volume ↓ Affected	Total Loan Volume
1	Walden University	Registered Nursing/Registered Nurse (513801)	For-Profit	Master's	1,882	12,201	\$24.6M	\$218.8M
2	Walden University	Social Work (440701)	For-Profit	Master's	825	4,170	\$11.1M	\$79.7M
3	University of Minnesota-Twin Cities	Dentistry (510401)	Public	Professional	257	336	\$9.9M	\$25.6M
4	Walden University	Mental Health Counseling/Counselor (511508)	For-Profit	Master's	666	3,159	\$9.2M	\$62.6M
5	Northwestern Health Sciences University	Chiropractic (510101)	Private Nonprofit	Professional	232	505	\$4.8M	\$24.8M
6	University of Minnesota-Twin Cities	Medicine (511201)	Public	Professional	219	633	\$4.3M	\$27.2M
7	University of Minnesota-Twin Cities	Veterinary Medicine (018001)	Public	Professional	140	305	\$3.3M	\$15.7M
8	University of Minnesota-Twin Cities	Business Administration and Management, General (520201)	Public	Master's	150	307	\$3.1M	\$8.7M

# Impact in Missouri

## Estimated Impact of Graduate Loan Limits

Public ×

For-Profit ×

Private Nonprofit ×

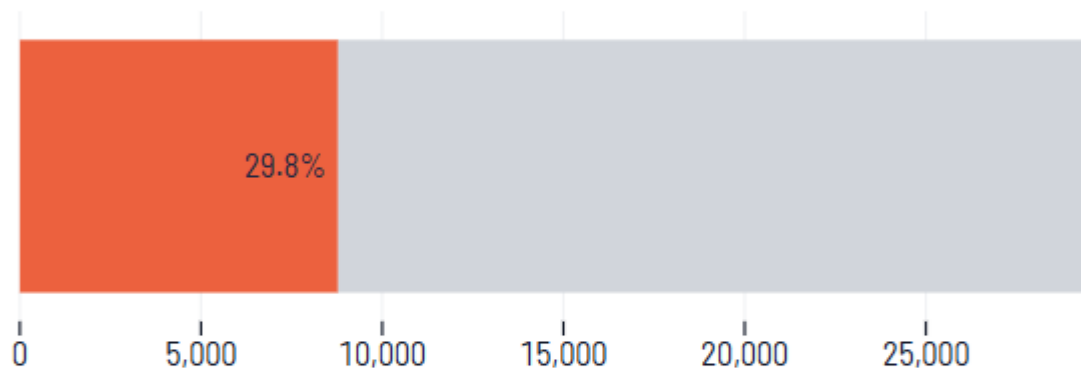
All Credential Levels

MO ×

All Programs of Study

### Borrowers

■ Borrowers Affected ■ Borrowers Unaffected



### Loan Volume

■ Loan Volume Affected ■ Loan Volume Unaffected



**8,779**

Borrowers Affected of 29,423

**\$209.2M**

Loan Volume Affected of \$843.9M

**\$23,827**

Average Loan Volume Per Affected Borrower

# Impact in Missouri

## Detailed Breakdown

By Program and Credential Level

By Institution

Search



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	Institution	Program of Study	Control	Credential Level	Borrowers Affected	Total Borrowers	Loan Volume ↓ Affected	Total Loan Volume
1	A. T. Still University of Health Sciences	Osteopathic Medicine/Osteopathy (511202)	Private Nonprofit	Professional	886	1,010	\$34.2M	\$82.2M
2	A. T. Still University of Health Sciences	Dentistry (510401)	Private Nonprofit	Professional	401	434	\$27.3M	\$48.0M
3	Kansas City University	Osteopathic Medicine/Osteopathy (511202)	Private Nonprofit	Professional	1,043	1,266	\$25.5M	\$85.0M
4	A. T. Still University of Health Sciences	Physician Associate/Assistant (510912)	Private Nonprofit	Master's	172	218	\$8.7M	\$12.9M
5	Saint Louis University	Medicine (511201)	Private Nonprofit	Professional	338	450	\$7.6M	\$28.2M
6	Logan University	Chiropractic (510101)	Private Nonprofit	Professional	331	805	\$6.3M	\$37.8M
7	A. T. Still University of Health Sciences	Physical Therapy/Therapist (512308)	Private Nonprofit	Doctoral	149	158	\$5.4M	\$8.6M
8	University of Missouri - Kansas City	Dentistry (510401)	Public	Professional	232	337	\$5.0M	\$20.2M