

MAINE COLLEGE OF ART & DESIGN

Key Changes to Federal Student Loans Made in the Recent One Big Beautiful Bill Act

Enacted in July 2025, the One Big Beautiful Bill Act (OBBA) made significant changes in **federal student loan programs** as a part of the shifts in fiscal policy. While there are no changes to federal student loans for the 2025–26 academic year, **changes resulting from the legislation are slated for July 1, 2026.**

Maine College of Art & Design is continuing to track all of these changes and plans to update this site as more clarification is released. In the meantime, please note:

- There are no changes to financial aid for the 2025–26 academic year stemming from this legislation.
- Students starting graduate school before July 1, 2026, may still be eligible for Grad PLUS under current rules. Specific guidance on this transition is expected but not yet available.

We're here to help! If you have questions or would like to speak with our financial aid office, please [contact us](#).

Important disclaimer: The information contained on this page is provided by MECA&D financial aid staff to orient students to the changing landscape of federal student loan programs. While it is based on our good faith understanding of the evolving federal standards, it is not official guidance and should not be regarded by students as definitive. Students should refer to federal governmental sources for official guidance. See studentaid.gov for more information.

What We Know As of September 2025

Grad PLUS Loans

- Grad PLUS loans will be phased out beginning on July 1, 2026; beginning on that date, new loans will not be available for new borrowers.
- There will be some continuing eligibility for existing Grad PLUS borrowers as they complete their current programs.

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New Graduate Unsubsidized Direct Loan Limits (effective July 1, 2026)

NOTE: We expect all MECA&D graduate programs (MFA, MAT, Salt, and Online) to fall under the “Other graduate programs” category below.

- **Professional programs**
 - Up to \$50,000/year, \$200,000 lifetime borrowing limit.
- **Other graduate programs**
 - Up to \$20,500/year, \$100,000 lifetime borrowing limit.
- Definitions of “professional” vs. “graduate” programs are still unclear (more on this below).
- Existing Unsubsidized loan borrowers can access unsubsidized loans under the current limits until completing their current program or for three additional years, whichever is less.

Undergraduate Limits and Parent PLUS Loans

- There are no changes for undergraduate loans, although undergraduate loans will count towards the new lifetime limits.
- However, starting July 1, 2026, Parent PLUS loans will be capped at \$20,000 per student per year, with a \$65,000 lifetime limit per dependent student.
- Existing Parent PLUS borrowers who have borrowed for their students before July 1, 2026, can continue with the current limits for 3 more years or until the student’s program ends.

Public Service Loan Forgiveness (PSLF)

- No changes to PSLF provisions, although new limitations on eligibility have been proposed separately from the OBBB in other regulatory action.

What Remains Unclear

What is considered a “Professional” vs. “Graduate” Program?

- Definitions and eligibility for higher borrowing caps available to students in “professional” programs are to be determined by ED, including how dual degree students will be treated.

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- However, the definition remains vague, with phrases like “*not limited to*” and “*generally requires licensure*.” In the months ahead, ED will need to confirm which programs qualify for the higher \$50,000/year and \$200,000/lifetime borrowing cap.

Grad PLUS Loans for Existing Borrowers

- It's uncertain if current students who remain eligible for Grad PLUS loans after July 1, 2026, can choose to decline Grad PLUS in order to access the new \$50,000 Unsubsidized loan cap.
- It's uncertain, but the current indication is that a student who borrows any Direct Loan or Grad PLUS before July 1, 2026, will remain eligible to borrow a Grad PLUS loan for the “3-year or until program completion” window so long as that student remains in the same program at the same school for which they borrowed the pre-July 1, 2026 loan.
- Awaiting further guidance from ED.

Loan Proration for Part-Timers

- The bill includes a provision to prorate loan amounts based on enrollment.
- This could mean that part-time students (e.g., those enrolled less than full-time) would only be eligible for a portion of the annual loan limit.
- We are awaiting clarification from ED on how this will be applied to both graduate and undergraduate students.

New Repayment Plans

- For new loans disbursed after July 1, 2026, the bill eliminates current income-driven repayment plans (IBR, PAYE, SAVE) and replaces them with a new Repayment Assistance Program (RAP).
- Students who have borrowed loans before July 1, 2026, and will borrow a new loan after July 1, 2026, are limited to the new RAP or the standard plans for the new loan.
- RAP borrowers will not be locked into a 30-year plan. They can switch to a standard plan, which ranges from 10 to 25 years.

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- Borrowers with no new loans made on or after July 1, 2026, can continue to be eligible to enroll in the current Standard, current Income Based (IBR), Graduated, and Extended repayment plans, and could also opt in to the new RAP. Current borrowers enrolled in ICR, PAYE, or SAVE plans must transition to a new repayment plan by July 1, 2028. If no selection is made by that date, they will be moved into RAP.
- More information on the new RAP is forthcoming.