

Key Federal Student Aid Changes From the One Big Beautiful Bill Act

What Bank Street Graduate School of Education Students Should Know

Background

Enacted in July 2025, the One Big Beautiful Bill Act (OB3 Act) made significant changes to federal student loan programs as part of broader shifts in fiscal policy. Changes resulting from this legislation take effect on July 1, 2026.

Bank Street Graduate School of Education is actively monitoring these developments and will update this page as the United States Department of Education (ED) releases further guidance. In the meantime, please note:

- Financial aid for the 2025-26 academic year, including Summer 2026, is unaffected by this legislation.
- Students who begin graduate school before July 1, 2026, may still be eligible for Federal Direct Graduate PLUS loans under current rules. Specific transition guidance is expected but not yet available.
- Questions? Reach out to Bank Street's Financial Aid Office for support.

Disclaimer: This information is provided by Bank Street financial aid staff to help students understand the changing federal student loan landscape. It reflects our good-faith interpretation of evolving federal policy and is not official guidance. For authoritative information, please visit studentaid.gov.

What We Know as of April 2026

Federal Graduate PLUS Loans

Federal Graduate PLUS loans will be phased out beginning July 1, 2026. After that date, new loans will not be available to new borrowers. Students who already have Graduate PLUS loans while attending Bank Street Graduate School of Education may retain some eligibility as they complete their current programs.

The current indication is that students who borrowed any Direct Loan or Grad PLUS before July 1, 2026, will remain eligible for Grad PLUS during the "3-year or program completion" window—provided they stay enrolled in the same program at the same school. We are awaiting official confirmation from ED.

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

- Bank Street graduate programs: up to \$20,500/year, with a \$100,000 lifetime limit.
- Current unsubsidized loan borrowers may continue borrowing under existing limits until they complete their program or for three additional years, whichever comes first.

Loan Proration/Schedule of Reductions for Students Enrolled Less Than Full Time

The legislation includes a provision to prorate/schedule reductions to loan amounts based on enrollment status. Part-time graduate students may only qualify for a portion of the annual loan limit. Clarification from ED on how this applies to both graduate and undergraduate students is pending.

New Repayment Plans

- For loans disbursed after July 1, 2026, current income-driven repayment plans (IBR, PAYE, SAVE) will be eliminated and replaced by a new Repayment Assistance Program (RAP).
- Students who have loans both before and after July 1, 2026 will be limited to RAP or standard repayment plans for any new loans.
- RAP is not a 30-year locked-in plan—borrowers may switch to a standard repayment plan (10–25 years).
- Borrowers with no new loans after July 1, 2026, may remain on current plans (Standard, IBR, Graduated, or Extended) or opt into RAP. Those currently on ICR, PAYE, or SAVE must transition to a new plan by July 1, 2028, or they will be automatically moved into RAP.
- Further details on RAP are forthcoming.

Public Service Loan Forgiveness (PSLF)

No changes to PSLF have been made through the OB3 Act. However, separate regulatory actions have proposed new eligibility limitations—we will share updates as they become available.

Additional Resources

National Association of Student Financial Aid Administrators (nasfaa.org)

One Big Beautiful Bill Act Updates — Federal Student Aid (studentaid.gov)