

## ***One Big Beautiful Bill Act***

### **FAQs: Student Loans**

On July 4, President Donald Trump signed into law a comprehensive budget reconciliation package called the *One Big Beautiful Bill Act (OBBBA)*, later renamed the *Working Families Tax Cuts Act*, that makes significant changes to federal student loans. Below are answers to frequently asked questions regarding these changes.

**Q: How much can a student borrow in federal student loans for a graduate or professional degree under this bill?**

A: Annual caps will be set at \$20,500 for graduate students and \$50,000 for professional students. In the aggregate, loans will be capped at \$100,000 for graduate students and \$200,000 for professional students.

**Q: When do these changes take effect?**

A: The new loan limits take effect on July 1, 2026.

**Q: If a student is enrolled in, but has not yet completed, a graduate or professional degree program on July 1, 2026, do the new loan limits apply to them?**

A: The bill provides an exception to the limits for borrowers enrolled in a program of study prior to July 1, 2026, to allow them to complete their program subject to the prior loan limits.

Under this exception, if a student has a Grad PLUS Loan made before July 1, 2026, while enrolled in a graduate or professional degree program, the student can continue to borrow from the Grad PLUS Program for three academic years or the remainder of the expected time to credential for a full-time student, whichever is less.

**Q: Could a student enrolling in a new graduate or professional degree program in September 2026 take out a federal student loan prior to July 1, 2026, in order to use the exception in the law?**

A: No. Award years for federal student loan distribution begin on July 1 and end the following June 30. A student enrolling in a program that begins in September 2026 would borrow a loan on or after July 1, 2026, for that academic year.

**Q: How are “graduate student” and “professional student” defined in the bill?**

A: The bill defines a **graduate student** as a student enrolled in a program of study that

awards a graduate credential (other than a professional degree) upon completion of the program.

The bill defines a **professional student** as a student enrolled in a program of study that awards a professional degree (as defined under section 668.2 of title 34, Code of Federal Regulations) upon completion of the program.

Section 668.2 of title 34, Code of Federal Regulations defines a **professional degree** as:

A degree that signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor's degree. Professional licensure is also generally required. Examples of a professional degree include but are not limited to Pharmacy (Pharm.D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Law (LL.B. or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod.D.), and Theology (M.Div., or M.H.L.).

In its implementing regulations, the U.S. Department of Education (ED) restricted the definition of professional degree to those 10 degrees, plus Clinical Psychology.

**Q: Could the definition of “graduate student,” “professional student,” or “professional degree” be changed?**

A: As of July 2026, lawsuits have been brought against ED alleging that the agency exceeded its authority by limiting a professional degree to these 11 programs. A federal court has granted a preliminary injunction that allows certain programs to have access to the \$50,000 professional degree loan limit. ED issued guidance in June 2026 that [lists](#) these programs.

This is a temporary order that could change as these lawsuits proceed through the courts.

**Q: Is an LL.M. degree considered a graduate degree or professional degree?**

A: An LL.M. degree, also known as a Master of Laws, is a graduate degree that allows students to study a specialized area of the law. As a graduate degree, LL.M. students' borrowing is capped at \$20,500 per year and \$100,000 in the aggregate.

**Q: Can a student borrow \$100,000 for a master's degree, then \$200,000 for a professional degree, such as a J.D., for a total of \$300,000 in federal student loans?**

A: No. Any amount borrowed for a graduate degree will be subtracted from the amount available to borrow for a professional degree, just as any amount borrowed for a

professional degree will be subtracted from the amount available to borrow for a graduate degree. In total, students who borrow federal loans for both a graduate and a professional degree may only borrow up to \$200,000.

**Q: What is the total amount a student can borrow in federal student loans for higher education (including an undergraduate degree)?**

A: The lifetime borrowing cap will be \$257,500 on all federal student loans (\$200,000 combined for graduate and professional degrees, plus \$57,500 for undergraduate degrees). This does not include Parent PLUS Loans, which have separate caps. As of April 2026, ED is interpreting the statute to include previously borrowed Grad PLUS loans in the lifetime borrowing limit. However, borrowers subject to the legacy provision for Grad PLUS are not subject to the lifetime cap.

**Q: Can schools set even lower caps on federal student loans?**

A: Schools have the discretion to set lower loan limits for students or parents than those included in the law, as long as the limit is applied consistently to all students enrolled in the applicable program of study.

**Q: If a student is enrolled part time in a program, does the bill affect how much they can borrow?**

A: The bill reduces how much a student may borrow per year if the student is enrolled less than full time. The reduction in the annual loan limit will be made in direct proportion to the percentage of time the student is enrolled in the program, rounded to the nearest percentage point.