Subject: Important Update: Financial Aid Changes Under the Big Beautiful Bill

Dear Students,

We want to make you aware of upcoming changes to federal financial aid resulting from the **One Big Beautiful Bill Act (OBBB)**, signed into law on July 4, 2025.

Many of the provisions in the bill below carry with them a "grandfather" clause. This means that if you are currently receiving the benefit mentioned, the changes will not affect you. There are, however, some notable exceptions to the grandfather's clause. This will be discussed in detail after the summary of changes below:

These changes will begin taking effect in **July 2026** and may impact how you plan and pay for your education.

Key Changes to Be Aware Of:

- **Federal Loan Limits:**
  - Graduate students will be limited to **$20,500/year** and a **$100,000 lifetime cap**.
  - Professional students (e.g., medical, law) will be limited to **$50,000/year** and a **$200,000 lifetime cap**.
  - A universal federal loan cap of **$257,500** now applies across all education levels
- **Grad PLUS Loans Ending:**
  - The **Grad PLUS loan program will end on July 1, 2026**, removing a major funding source for graduate students
- **Repayment Changes:**
  - Federal repayment plans will be simplified into two options:
  - **Standard Repayment Plan**
  - **Repayment Assistance Plan (RAP)**, based on adjusted gross income
  - **Loan forgiveness will become taxable** for any debt forgiven after **December 31, 2025**

Grandfather provisions:

There is a grandfather clause to the Federal Loan Limits section of the bill. Students who are currently borrowing will continue under the current provisions until completion of their program or three years after 06/2026, whichever comes first.

There is a grandfather clause for Grad PLUS Loan borrowers, students who are currently borrowing under any Federal Direct Loan provision, may borrow for an additional three years or the completion of their program, whichever comes first.

While there is a provision extended for students currently borrowing, students considering a Leave of Absence or who are in programs that will last longer than 3 years, may face end of career funding decisions.

For additional information:

Here is a simplified flow chart of the basics of the bill:

https://cdn.bcm.edu/sites/default/files/2025-10/obbb.pdf

For actual text, please see below:

https://www.congress.gov/bill/119th-congress/house-bill/1/text

In conclusion:

We understand these changes may raise questions or concerns. Our Financial Aid Office is here to help you navigate these updates and plan accordingly. We'll continue to share more information as federal guidance becomes available.

For questions, concerns, or more information, contact the Financial Aid Office at smb_finaid@bcm.edu