



Federal Loan Updates for 2026–27

Important changes to federal student loan programs

Legislation passed by Congress, known as the One Big Beautiful Bill (OB3) Act, will result in significant modifications to the Federal Direct Loan program beginning with the **2026–2027 academic year** (effective July 1, 2026).

All federal Direct Loans, except Parent PLUS loans, will be subject to proration for less than full-time enrollment, starting with the 2026-2027 award year, regardless of prior borrowing. This proration mirrors the ratio of enrolled credits to the full-time credit requirement (12 credit hours/semester, 24 credit hours/Fall and Spring for undergraduates and 6 credit hours/semester and 12 credit hours/Fall and Spring for graduate students.) Students must enroll at least half-time (6 credit hours per semester for undergraduates and 3 credit hours for graduate students) to receive Direct Loans.

These changes will impact all students planning to borrow direct federal Direct Loans. If you are planning to utilize federal loans to finance your education in 2026–27 or later, we encourage you to review these updates carefully to understand how they may impact your financing plan.

Federal Student Aid has published updates and FAQs. You can view the updates on their [OB3 Updates website](#).

For Graduate Students

Elimination of Grad PLUS for New Borrowers

Effective July 1, 2026, the Federal Direct Graduate PLUS Loan program will be **eliminated** for new borrowers. This means you will no longer be able to borrow up to the full Cost of Attendance (COA) minus other aid using federal loans alone, unless you qualify for the “Legacy Provision” (see below).

New Loan Limits

The legislation establishes new annual and aggregate (lifetime) limits for Direct Unsubsidized Loans, distinguishing between “Graduate” students.

- **Graduate Students (Master’s):**
 - **Annual Limit:** Remains **\$20,500**.
 - **Aggregate Limit:** Capped at **\$100,000** (does not include loans borrowed as an undergraduate).

Legacy Provision (Grandfathering)

You may continue to borrow under the **current** rules (including Grad PLUS Loans up to the Cost of Attendance) for up to **3 additional years** if you meet **BOTH** of the following criteria:

1. You are enrolled in the **same credentialed program** in 2026–27 that you were enrolled in prior to July 1, 2026.
2. You borrowed a federal student loan (Subsidized, Unsubsidized, or Grad PLUS) for that specific program **before July 1, 2026**.

If you change programs or start a new degree after July 1, 2026, you will be subject to the new limits.

Undergraduate Students and Parent Borrowers

The **Parent PLUS Loan** will remain available but with new “hard caps” on borrowing amounts.

New Annual & Lifetime Caps

Starting in the 2026–27 academic year, Parent PLUS Loans will be limited to:

- **Annual Limit:** **\$20,000** per student, per year.
- **Aggregate Limit:** **\$65,000** per student total.

Currently, parents can borrow up to the full Cost of Attendance minus other aid. This new cap means some families may need to seek alternative financing such as private loans if their funding gap exceeds \$20,000.

Legacy Provision for Parents

Parents may continue to borrow under the current rules (up to the full Cost of Attendance) for up to **3 additional years** if:

- The student they are borrowing for is enrolled in the **same program** they were attending prior to July 1, 2026.
- The parent borrowed a Parent PLUS loan for that student **before July 1, 2026**.

New Lifetime Borrowing Cap

The legislation introduces a total **aggregate lifetime limit of \$257,500** for all federal student loans combined (undergraduate and graduate and professional level). This cap applies to the total outstanding principal balance of all your federal loans (Subsidized, Unsubsidized and Graduate PLUS loans).

- *Note: This aggregate limit excludes Parent PLUS loans.*

Comparison of Key Changes to Federal Student Loans Effective July 1, 2026

Type of Borrower	Annual Loan Limits		Aggregate Loan Limits	Lifetime Limits
	Legacy	New	Legacy	New
Undergraduate-Dependent Direct Loan	\$5,500-\$7500	\$5,500-\$7500	\$31,000	\$57,500
Undergraduate-Independent Direct Loan	\$9,500-\$12,500	\$9,500-\$12,500	\$57,500	\$57,500
Undergraduate- Parent PLUS Loan	Up to COA minus other aid	\$20,000	None	\$65,000 for each dependent student
Graduate-Unsubsidized Direct Loan	\$20,500	\$20,500	\$138,500	\$100,000 graduate-level, \$257,500 (combined, if also borrowed at the professional level)
Graduate PLUS Loan	The lesser of the COA minus other aid or \$125,000	No New Borrowers	None	No New Borrowers

How to Prepare

We understand these changes may create uncertainty as you plan for future years. Here are steps you can take now:

1. **Check Your Loan History:** Log in to [StudentAid.gov](https://studentaid.gov) to view your current total loan balance.
2. **Understand Your Status:** Determine if you will likely qualify for the **Legacy Provision**. If you are currently enrolled and have borrowed federal loans, you generally will.
3. **Plan for the Gap:** If you anticipate your costs will exceed the new federal limits we encourage you to begin researching alternative student loan options.
4. **APU Payment Plan:** We do offer payment plans through Nelnet Campus Commerce: <https://mycollegepaymentplan.com/alaska-pacific-university/>

We are here to help you. Please reach out to us if you have any questions.

APU Financial Aid Office

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