Financial Aid Changes - One Big Beautiful Bill Act

The One Big Beautiful Bill Act (OBBBA) was signed into law on July 4, 2025, through the budget reconciliation process. It contains significant provisions that reshape student financial aid including loans for student and/or parent borrowers. Most of these changes will take effect Wednesday, July 1, 2026. This information will be updated based on federal regulations that are still in the process of being finalized.

Loan Type	**Rules Before July 1, 2026**	**Rules After July 1, 2026**
Loan eligibility duration	Students could borrow for as long as they remained enrolled in 6 or more units and met all other criteria.	Loan eligibility tied to program length. A two-year program gets two years of loans even if you have not completed your program.
Loan adjustments for Part-time enrollment	A part-time student could borrow the same amount as a full-time student.	Loan amounts are prorated based on unit load. Half-time students get roughly half the amount.
Undergraduate loans (subsidized and unsubsidized)	$5,500 to $7,500 per year depending on year in school. $31,000 lifetime cap for dependent undergrads.	Annual and lifetime limits unchanged
Graduate student loans	$20,500 per year. $138,000 aggregate undergrad. Plus unlimited Grad PLUS up to cost of attendance	$20,500 per year. New $100,000 lifetime cap on graduate borrowing. Grad PLUS eliminated. This doesn’t affect most CA Community College students, but students with transfer and graduate school goals need to know before they get there.
Professional student loans (medicine, law, pharmacy)	$20,500 per year. $138,500 aggregate. Plus unlimited Grad PLUS up to cost of attendance.	$50,000 per year. $200,000 lifetime cap. Grad PLUS eliminated.
Lifetime federal loan cap (all student borrowing combined)	No single unified lifetime cap across all federal student loan types.	$257,500 total across undergraduate, graduate, and professional loans combined.

Parent Borrowing

Parents can now borrow a maximum of $20,000 per year and $65,000 total per child, across all years. Previously there was no cap. Families planning for transfer to a four-year school need to factor this into their long-term plan.

Please note that students who are not California residents (**view California Residency Requirements**) do get charged differently. If you planned to use the option of taking out a Parent PLUS loan to cover those additional costs, be aware there are now annual loan limits. You can no longer borrow up to the **cost of attendance**.

Loan Type	Rules Before July 1, 2026	Rules After July 1, 2026
Parent PLUS loans	Parents could borrow up to the full cost of attendance minus other aid, every year. No annual cap. No lifetime cap.	$20,000 per year per child. $65,000 lifetime cap per child. Cap follows the student, not the school.

FAFSA Real-Time Identity Fraud Detection

Under these new real-time identity fraud prevention measures, ED will screen and assess each FAFSA for fraud risk before it is submitted. Only a “small group” of applicants determined to be a high fraud risk will be required to complete additional steps to confirm their identity.

The identity checks are only being added to improve security and reduce fraud.

If your application is selected, you will receive a request to verify your identity by completing a short (just a few minutes) live camera check on your phone or tablet from Federal Student Aid (FSA). Be prepared to show a valid government-issued ID.

If you have already submitted your 2026-2027 FAFSA, login into your school email often for any verification requests and respond promptly.

Pell Grants

Short-term career training programs will eventually be eligible for Pell funding. Most schools' programs still need to go through a federal approval process that takes a year or more. We will communicate when specific programs qualify.

Loan Type	Rules Before July 1, 2026	Rules After July 1, 2026
Pell eligibility	Available based on financial need (Student Aid index). Less-than-half-time students qualified for partial Pell.	Students with non-federal aid covering full cost of attendance no longer qualify. New high-asset and foreign income exclusions.
Workforce Pell (short-term programs)	Pell could not be awarded for programs under 16 weeks.	Pell available for approved workforce programs 8 to 15 weeks, 150 to 600 clock hours. Programs must meet federal completion and job placement requirements. Approval takes a year or more.

Protection for Existing Borrowers

Students who were enrolled and borrowed before July 1, 2026, keep their old loan limits for up to three years, or until they finish their program, whichever comes first. This is called the legacy provision. They lose this protection if they withdraw, transfer to a different program, or stay enrolled past their program's expected length.