

Federal Financial Aid Updates

Based on currently available information, the following outlines the anticipated updates to federal student aid under the One Big Beautiful Bill Act.

The [One Big Beautiful Bill Act \(OBBBA\) \(H.R.1\)](#) was signed into law by President Donald Trump in July 2025. The OBBBA includes significant changes to federal financial aid which will take effect July 1, 2026, unless otherwise noted.

- Auburn University at Montgomery (AUM) and the Office of Financial Aid are closely monitoring these federal changes and will share updates as more guidance becomes available.
- The Department of Education (ED) must publish final rules prior to AUM confirming specific implications to our students. The ED must publish final rules by June 1, 2026.
- We will continue updating this page as more information becomes available.

Undergraduate Students

Federal Pell Grant

- The maximum Pell Grant amount remains the same
- Part-time students are still eligible to receive the Pell Grant at a prorated amount.
- **Beginning 2026 – 2027:** Students who receive grants or scholarships from non-federal sources (institutional, state, or private) that cover their entire cost of attendance (COA) are ineligible to receive a Federal Pell Grant – even if otherwise eligible for the program

Federal Direct (Stafford) Loans

- No changes to undergraduate annual or aggregate borrowing limits
- If you are enrolled less than Full-time, your loan amount will be reduced (prorated)

Parent PLUS Loans

- Parents may borrow up to **\$20,000** per academic year (annual limit) per dependent student
- **Lifetime limit is \$65,000** per dependent student, **including** any amounts repaid, forgiven, canceled, or discharged.
- Legacy provisions apply*

Graduate Students

Loan Limits

- No changes to the graduate annual borrowing limit of \$20,500.
- **New \$100,000 aggregate limit** (does not include undergraduate borrowing).
- Legacy provisions apply*

Graduate PLUS Loans

- **Eliminated for new students starting programs after July 1, 2026.**
- Legacy provisions apply. *

Loan Proration

Starting Fall 2026, the following will apply:

- **Undergraduate:** If you are enrolled less than Full-time (1 – 11 credit hours) during a semester at any time, your Federal Direct Subsidized and/or Unsubsidized Loans will be reduced (prorated) based on your enrollment.
 - Parent PLUS Loans are not subject to proration.
- **Graduate:** If you are enrolled in less than Full-time (1 – 5 credit hours) at any time, your Federal Direct Unsubsidized and/or Graduate PLUS Loans will be reduced (prorated) based on your enrollment.
- Legacy provisions do not apply. All students are subject to this new rule.

*** Legacy Provisions**

- Under the legacy rules, some parents and/or students may continue borrowing Parent and/or Graduate PLUS loans and remain under the current aggregate borrowing limits, **for a maximum of three years**, if you:
 - Started your program **before** July 1, 2026 **and** are **continuously enrolled in the same program of study, and**
 - Received Federal Direct Loan disbursements (Direct Subsidized, Unsubsidized, or PLUS loans) for **the same program of study before** July 1, 2026, **and**
 - Currently within the **expected time to credential**** for the program
 - If you meet the criteria above, you **cannot** opt out of the legacy provisions.

**** Expected Time to Credential (Legacy Exclusion Period)**

The expected time to credential – as it relates to interim exception (legacy or grandfathered) borrowing – is defined as the following:

From July 1, 2026, the expected time for a student to complete a program that is equal to or the lesser of –

1. Three academic years; or
2. The period determined by calculating the difference between –
 - a. The program length for the program of study in which the student is enrolled; and
 - b. The period of such program of study that a student has completed as of the date of determination.

The interim exception would extend the pre – July 1, 2026 loan limits and Graduate PLUS eligibility beyond July 1, 2026 to those students who were enrolled in a program of study as of June 30, 2026 **and** received a federal student loan for that program of study prior to July 1, 2026.

Lifetime Loan Limits

- Applicable to all borrowers (except those who qualify for legacy provisions) after July 1, 2026.
- Maximum allowable limit is now \$257,500.
- Maximum allowable limit **includes** all outstanding Direct/FFEL loans for undergraduate and graduate studies including canceled, repaid, forgiven, or discharged amounts – excludes Parent PLUS loans only.

What This Means for You

- These changes begin July 1, 2026.
- Current students may not see immediate changes – depending on enrollment status and program.
- The required changes may cause processing delays in the AUM Office of Financial Aid.
- More federal guidance is expected upon the ED publishing final rules no later than June 1, 2026.

Please review the chart below to see how federal guidelines compare before and after July 1, 2026.

Federal Guideline Comparisons

Borrower Type	Legacy Aggregate Combined Limits	New Borrower Aggregate Limits	Lifetime Limit for Non-Legacy Borrowers
Dependent Undergraduate Students Whose Parents Can Borrow PLUS	\$31,000 (maximum \$23,000 Subsidized)	\$31,000 (maximum \$23,000 Subsidized)	\$257,500 (on all federal Direct/FFEL/HEAL/Health, consolidated, canceled, repaid, forgiven, and discharged loan amounts)
Independent <u>AND</u> Dependent Undergraduate Students Whose Parent <u>CANNOT</u> Borrow PLUS (denied based on credit)	\$57,500 (maximum \$23,000 Subsidized)	\$57,500 (maximum \$23,000 Subsidized)	
Parent PLUS	No aggregate limit	\$65,000/Dependent (without regard to amounts forgiven, repaid, or discharged)	N/A
Graduate Student Who Has Never Been A Professional Student	\$138,500 (including loans borrowed at the undergraduate level)	\$100,000 (Does NOT include any amounts borrowed)	\$257,500

		at the undergraduate level or PLUS)	(on all federal Direct/FFEL/HEAL/Health, consolidated, canceled, repaid, forgiven, and discharged loan amounts)
Professional Student* who is or has been a Graduate Student	\$138,500 (including loans borrowed at the undergraduate level)	\$200,000 (Does NOT included any amounts borrowed at the undergraduate level or PLUS)	
Graduate PLUS	No aggregate limit	Graduate PLUS program eliminated as of July 1, 2026	N/A

*Note: No degrees at AUM are classified as Professional degrees; however, some students may have been considered Professional students at other institutions and are returning as Graduate Students who might meet this definition.