Changes to Direct Loan Awards and Disbursements, Effective July 1, 2026

Public Law 119-21, commonly referred to as the One Big Beautiful Bill Act (OBBBA), was signed into law July 4, 2025 and made changes to Federal Student Loan types, annual and aggregate borrowing limits, and repayment options for student and parent borrowers effective July 1, 2026.   Changes to loan awards and disbursements include:

- Annual and Aggregate Limits to Parent PLUS Loans
- Elimination of the Graduate PLUS Loan Program
- Higher Annual/Aggregate Loan Limits for “Professional Programs” defined by the U.S. Department of Education ($50,000/year, $200,000 aggregate)
- Lifetime borrowing cap of $257,500 , including Graduate PLUS and excluding Parent PLUS Loans
- Schedule of Reductions for Part-Time Students

The USDE Office of Federal Student Aid maintains resources and updates related to the OBBBA on its website.

Parent PLUS Loans

Effective the 2026-2027 school year, new parent borrowers who are pre-approved for Parent PLUS Loans are eligible for up to *$20,000 per year* per dependent student. Previously, parents could borrow up to their student’s cost of attendance minus other financial assistance.

Additionally, new parent borrowers’ aggregate limits will be $65,000 per dependent student. Previously, there was no aggregate limit for PLUS Loans.

Graduate PLUS Loans

Graduate and professional students in new academic degree programs will be *ineligible* for Graduate PLUS Loans, as the OBBBA has eliminated this loan program for new borrowers starting in 2026-2027.

PLUS Exceptions - Parents and graduate students may qualify for a PLUS borrowing *interim exception*, i.e., under the pre-OBBBA regulations, through June 30, 2029 if the student meets the following conditions:

- Received a Direct Loan disbursement (Stafford or PLUS) on or before June 30, 2026;
- Is continuously enrolled in the same degree *type* at the same institution* (dependent undergraduate);
- Is continuously enrolled in the same degree *program* with the same four-digit CIP Code at the same institution* (graduate); and
- Is within their program length (for fulltime enrollment); exception period is reduced by time that the student has completed as of June 30, 2026.

*Kean students who were enrolled at the former New Jersey City University prior to the Kean/NJCU merger and meet the above conditions are considered enrolled at the "same institution" for this purpose. Transfer students from other institutions, on the other hand, are ineligible for the interim exception.

Note: the interim exception ends if the student withdraws or otherwise ceases enrollment in their program of study during the exception period.

Professional Degree Programs

Under the OBBBA, master and doctoral degree candidates enrolled in "professional" degree programs qualify for higher annual and aggregate Direct Loan limits. While the annual limit is $20,500 for most graduate programs, students enrolled in approved professional degree programs are eligible for up to $50,000 per year. (This amount can be reduced based on a student's cost of attendance minus other financial assistance.)

While USDE initially defined most medical and law degree programs as "professional", recent court orders stemming from civil lawsuits have added "interim" programs that qualify for the higher annual/aggregate loan limits, based on their CIP Codes and degrees offered by the institution. USDE maintains the list of professional programs (interim or otherwise) on their website.

Schedule of Reductions (Part-Time Students)

Starting with the 2026-2027 school year, Direct Loans for students enrolled less than fulltime (but at least halftime) during a semester are subject to a *Schedule of Reduction* (SOR), i.e., the loan(s) is reduced proportionally by their enrollment. Kean students' initial awards generally assume fulltime enrollment each term; therefore, Direct Loan disbursements for those who drop below fulltime status during the add/drop period or after the Never Attended reporting period, are subject to such a reduction.

Example 1: A freshman with Direct Loan eligibility of $5,500 for the year ($2,750 each semester) drops to 6 credits during the Fall add/drop period. Their Fall loan eligibility is reduced to $2,750 x 6/12 = $1,375.

Example 2: A master's candidate who is awarded a $20,500 Direct Unsubsidized Loan for the year enrolls for 9 credits in Fall and 6 credits Spring. They are eligible for the full $10,250 in Fall, but their Spring disbursement is recalculated: $10,250 x 6/9 = $6,833 (rounded to the nearest dollar).

Additional SOR Notes:

- Withdrawing from courses (and failing courses prior to disbursement) can affect a student's enrollment and Direct Loan eligibility under SOR.
- Parent PLUS Loans are excluded from SOR.
- Graduate PLUS Loans are included in SOR.
- Full annual amounts can be restored toward the end of the loan period for Fall/Spring loans if the student's total enrollment for the year is at least 24 credits (undergraduates) or 18 credits (graduate).
- Less-than-halftime students are ineligible for Direct Loans. (Unchanged regulation)

Alternative Financing

If you are unable to fully finance your education due to the above changes in regulations, consider the following:

- Enrolling in a payment plan through the Office of Student Accounting
- Applying for merit-based funds from External and/or Foundation scholarships
- Applying for a non-Federal Private Educational Loan