One Big Beautiful Bill Act – Important Definitions

This page was last updated on July 6, 2026.

On June 24, 2026, the U.S. District Court for the District of Columbia preliminarily stayed part of the U.S. Department of Education's professional degree definition. This means that some of the programs that were identified as a professional degree program won't be considered a professional degree program, while other programs that previously weren't identified as a professional degree program will be considered a professional degree program for the duration of the stay. We encourage you to contact your institution to determine if this impacts you.

On July 4, 2025, the *One Big Beautiful Bill Act* (*OBBBA*) was signed into law, resulting in changes to federal student aid programs. Some of these changes went into effect immediately, while others will go into effect in 2026 and beyond.

On May 1, 2026, the U.S. Department of Education (ED) published a final rule concerning most of the loan-related provisions in the *OBBBA*. Read the final rule—titled "Reimagining and Improving Student Education - Federal Student Loan Program Final Regulations"—for full details.

This page provides the definitions to important terms and concepts affecting recipients of federal student aid, including borrowers. We will continue to update this page and our *OBBBA* announcement page when new information becomes available.

Important Definitions

Loan Limits

Direct Subsidized Loans and Direct Unsubsidized Loans have three different types of loan limits:

1. **Annual loan limit**—The maximum loan amount you can borrow each academic year
2. **Aggregate loan limit**—The maximum amount of unpaid principal balance minus any capitalized interest that you can have outstanding at any point in time on all of your subsidized and unsubsidized loans for undergraduate, graduate, or professional study
3. **Lifetime maximum loan limit**—The maximum amount you can receive, regardless of any amount paid or discharged, in any combination of subsidized loans, unsubsidized loans, and PLUS loans for graduate or professional study

The annual and aggregate limits vary depending on your program of study and, for undergraduate students, how far along you are in your program and whether you're a dependent or an independent student.

The charts that follow show the annual and aggregate loan limits for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans. The actual amount you're eligible to borrow for an academic year might be less than the maximum annual amounts shown in the charts. For example, you can't borrow more than your cost of attendance minus other aid that you've received. Additionally, your school or institution may limit the amount you can borrow based on your program of study, as long as any such limit is applied consistently to all students enrolled in that program of study.

The charts compare the pre- and post-July 1, 2026, loan limits. Note that the new loan limits apply to all students who aren't eligible for what's called the "interim exception." Students who are eligible for the interim exception will continue to have access to the pre-July 1, 2026, loan limits for an additional amount of time. If this applies to you, contact the financial aid office at your school to determine the length of time you'll qualify for the exception.

If you're enrolled less than full time for an academic year, your annual loan limits shown in the chart (or the lower limits set by your school) are adjusted downward proportionally based on your level of enrollment.

Your school will notify you of the actual loan amount you're eligible to receive based on your acade[...] dependency status, and other factors such as

- your school's loan limit for your program of study;
- your cost of attendance;
- your enrollment status in your specific program;
- your available resources to help pay for postsecondary education, based on the information reported on your *Free Application for Federal Student Aid* (FAFSA®) form;
- other financial aid you receive; and
- your remaining eligibility under the annual, aggregate, or lifetime maximum loan limits.

The amount of Direct Subsidized Loans, Direct Unsubsidized Loans, or Direct PLUS Loans you're eligible to receive can increase or decrease based on changes in your circumstances. Your school will notify you of any changes in your eligibility.

ANNUAL LOAN LIMITS

Dependent undergraduate students (unless your parent is unable to obtain a Direct PLUS Loan due to adverse credit)

Year	**Pre-*OBBBA* Limit**	**New Limit**
First Year Total	$5,500 (not more than $3,500 can be subsidized)	No change
Second Year Total	$6,500 (not more than $4,500 can be subsidized)	No change
Third Year & Beyond (Total Each Year)	$7,500 (not more than $5,500 can be subsidized)	No change

Independent undergraduate students (and dependent students, if your parent is unable to obtain a Direct PLUS Loan due to adverse credit)

Year	***Pre-OBBBA* Limit**	**New Limit**
First Year Total	$9,500 (not more than $3,500 can be subsidized)	No change
Second Year Total	$10,500 (not more than $4,500 can be subsidized)	No change
Third Year & Beyond (Total Each Year)	$12,500 (not more than $5,500 can be subsidized)	No change

Graduate students

	Pre-*OBBBA* Limit	**New Limit (for those ineligible for the interim exception)**
Total Amount (Each Year) for unsubsidized loans	$20,500 (unsubsidized only)	No change
Total Amount (Each Year) for PLUS loans	Cost of attendance minus other aid received (Direct PLUS Loans for graduate or professional borrowers only)	Direct PLUS Loans for graduate borrowers are no longer available.

Professional students*

	Pre-*OBBBA* Limit	New Limit (for those ineligible for the interim exception)
Total Amount (Each Year) for unsubsidized loans	$20,500 (unsubsidized only)	$50,000 (unsubsidized only)
Total Amount (Each Year) for PLUS loans	Cost of attendance minus other aid received (Direct PLUS Loans for graduate or professional borrowers only)	Direct PLUS Loans for professional borrowers are no longer available.

*Students who are enrolled in health profession programs and who previously were eligible for higher annual and aggregate limits can continue to receive loans at those higher limits while they remain eligible for the interim exception. However, once the student takes an action that causes them to lose eligibility for the exception, they'll become subject to the new borrowing limits listed above.

PLUS loans for parents

	Pre-*OBBBA* Limit	New Limit (for those ineligible for the interim exception)
Total Amount (Each Year) for PLUS loans	Cost of attendance minus other aid received	$20,000 on behalf of each student

AGGREGATE LOAN LIMITS

Dependent undergraduate students (unless your parent is unable to obtain a Direct PLUS Loan due to adverse credit)

	Pre-*OBBBA* Limit	New Limit
Total Amount (includes all subsidized and unsubsidized loans received for undergraduate study)	$31,000 (not more than $23,000 can be subsidized)	No change

Independent undergraduate students (and dependent students, if your parent is unable to obtain a Direct PLUS Loan due to adverse credit)

	Pre-*OBBBA* Limit	New Limit
Total Amount (includes all subsidized and unsubsidized loans received for undergraduate study)	$57,500 (not more than $23,000 can be subsidized)	No change

Graduate students

	Pre-*OBBBA* Limit	New Limit (for those ineligible for the interim exception)
Total Amount (includes all subsidized and unsubsidized loans received for graduate study)	$138,500*	$100,000 (for borrowers who are not and have never b[illegible] student[illegible]

*Pre-*OBBBA* limit includes loans received for undergraduate study.

Professional students*

	Pre-*OBBBA* Limit	**New Limit (for those ineligible for the interim exception)**
Total Amount (includes all subsidized and unsubsidized loans received for graduate and/or professional study)	$138,500†	$200,000 minus any amount that was received as a graduate student

*Students who are enrolled in health profession programs and who previously were eligible for higher annual and aggregate limits can continue to receive loans at those higher limits while they remain eligible for the interim exception. However, once the student takes an action that causes them to lose eligibility for the exception, they'll become subject to the new borrowing limits listed above.

†Pre-*OBBBA* limit includes loans received for undergraduate study.

PLUS loans for parents

	Pre-*OBBBA* Limit	**New Limit (for those ineligible for the interim exception)**
Total Amount (Each Year)	No Limit	$65,000 on behalf of each student from all parents' combined borrowing*

*For example, if Parent A borrows $50,000 on behalf of their first child and Parent B borrowers $15,000 for that same child, the total is $65,000 borrowed between both parents on behalf of that child. Those parents can't take out any further loans on behalf of that child for that year, but they can take out up to $65,000 in loans on behalf of a second child (and so on for each of their children).

LIFETIME MAXIMUM LOAN LIMIT FOR STUDENT BORROWERS

	Pre-*OBBBA* Limit	**New Limit**
Total Amount*	No Limit	$257,500

*Includes the following Direct and FFEL loan types: subsidized loans, unsubsidized loans, and PLUS loans for graduate or professional students (regardless of any amounts paid or discharged).

Loan Limits Interim Exception

If you meet certain requirements, you'll have a period of time *after* July 1, 2026, and *before* the new limits apply during which you might be eligible for a Direct Loan under the pre-*OBBBA* limits. This is called the "interim exception."

If you qualify for the interim exception, you'll be exempt from certain loan limits and loan eligibility changes for the lesser of

- three academic years or
- the difference between the published length of the program of study you (or the child you're borrowing for) are enrolled in and the period of time you (or your child) have completed in that program.

Undergraduate Students and Parent PLUS Borrowers

You qualify as an eligible undergraduate student under the interim exception to allow your parent to receive a Direct PLUS Loan for parents *if* you

- were enrolled in a program of study at a school as of June 30, 2026;
- received at least one Direct Loan, or your parent received a Direct PLUS Loan on your behalf, for such program of study, before July 1, 2026; and
- are enrolled at the same school and are seeking the same credential after July 1, 2026, and have not ceased to be enrolled seeking the same credential at the same school at any point on or after July 1, 2026. An approved leave of absence is not considered to be a break in enrollment.

"Credential" refers to the degree you're seeking, for example, a bachelor's or associate degree. You can't change credential level and maintain eligibility for the interim exception, but **you can change majors within your credential**.

Graduate and Professional Students

You qualify as an eligible graduate or professional student under the interim exception only if you

- were enrolled in a program of study at a school as of June 30, 2026;
- received at least one Direct Loan for such program of study prior to July 1, 2026; and
- are currently enrolled at the same school in the same program of study for the same credential and haven't ceased to be enrolled in the same program for the same credential at the same school at any point on or after July 1, 2026. An approved leave of absence is not considered to be a break in enrollment.

If you're a graduate or professional student and you're considering changes to your graduate concentration or any other changes to your program of study, we encourage you to consult with the financial aid office at your school to determine if that change will affect your eligibility for the interim exception.

Additional Details About the Interim Exception

- If you qualify for the interim exception, you're not permitted to opt out of it to borrow under the new *OBBBA* limits, regardless of whether you're an undergraduate, graduate, professional student or the parent of a dependent undergraduate student.
- If you attended a school and qualified for the interim exception while at that school, but now that school is merging into another school, then you'll continue to qualify for the exception.
- If you attended a school that closed, you qualified for the interim exception while at the closed school, *and* you transfer to another school that hasn't made arrangements with the closed school for a teach-out, then you **won't** continue to qualify for the exception. If you transfer to another school that has a teach-out agreement with the closed school, then you'll continue to qualify for the exception.

Special Program Types Affecting the Interim Exception

There are different types of programs of study that guarantee admission into another degree program or program of study or that allow you to work toward multiple degrees at the same time. These are often referred to as the following:

- Dual degree programs
- Joint degree programs
- Concurrent degree programs
- Double degree programs
- Combined degree programs

Some examples of these types of programs include the following:

- Programs where a borrower is pursuing both a Master of Business Administration (MBA) along with a Juris Doctor (JD) degree
- Programs where the borrower is pursuing a Doctor of Pharmacy (PharmD) degree while first enrolling in a Bachelor of Pharmacy (B.Pharm) program
- Programs where a borrower is pursuing both a Master of Social Work (MSW) and a Master of Public Health (MPH)

Earning a degree while enrolled in any of these types of programs before you move onto coursework associated with a higher degree would cause you to lose eligibility for the interim exception.

If you're currently enrolled in (or are considering enrolling in) a special program, we encourage you to consult the financial aid office at your school to determine how your program might be affected by the *OBBBA* loan limits.

If you're attending a school that has an articulation agreement with another school and you transfer to that second school, you'll lose eligibility for the interim exception.

Professional Students

We encourage you to reach out to the school where you intend to study or are already studying so they can tell you if your degree program is considered a graduate program or a professional program.

What is the difference between a graduate student and a professional student?

- The term “graduate student” is defined as a student enrolled in a program of study that is above the baccalaureate level and that awards a graduate credential (other than a professional degree) upon completion of the program.
- The term “professional student” is defined as a student enrolled in a program of study that awards a professional degree upon completion of the program. A professional student may not receive federal student aid as an undergraduate student for the same period of enrollment.

What is a professional degree?

The term “professional degree” is defined as a degree that signifies

- completion of the academic requirements for beginning practice in a given profession and
- a level of professional skill beyond that normally required for a bachelor's degree.

A professional degree is generally at the doctoral level and requires at least six academic years of postsecondary education to complete, including at least two years of post-baccalaureate coursework, as well as generally requiring professional licensure to begin practice in the intended field.

The degree must be in the same group as one of the following professional degrees:

- Pharmacy (Pharm.D.)
- Dentistry (D.D.S. or D.M.D.)
- Veterinary Medicine (D.V.M.)
- Chiropractic (DC or DCM)
- Law (L.L.B. or J.D.)
- Medicine (M.D.)
- Optometry (O.D.)
- Osteopathic Medicine (D.O.)
- Podiatry (D.P.M, D.P., or Pod.D.)
- Theology (M.Div. or M.H.L.)
- Clinical Psychology (Psy.D. or Ph.D.)

If you’re considering changing your program of study, contact your school to determine whether the change will affect your loan eligibility or your eligibility for the loan limit exception.

Repayment Assistance Plan

Under the Repayment Assistance Plan (RAP), your required monthly payment amount is based on your income and the number of your dependents, instead of being based on your loan debt, interest rate, and repayment period (as it would be under the Tiered Standard Plan). Changes in your income or number of dependents will result in changes to your monthly payment amount. If you choose RAP, you must

- authorize us to obtain tax information from the Internal Revenue Service (IRS) showing your income and number of dependents or
- provide other documentation of your income (and your spouse’s income, if applicable) and number of dependents.

We use this information to calculate your monthly payment amount under RAP and to recalculate your monthly payment amount each year based on your income and number of dependents at that time.

Borrower and Loan Eligibility

If you have a single loan—including a Direct Consolidation Loan—that is first disbursed on or after July 1, 2026, then you’ll have access to only RAP and the Tiered Standard Plan as repayment options for all of your Direct Loans, including any type of Direct Loan first disbursed before July 1, 2026.

Most Direct Loan borrowers will have access to RAP for their Direct Loans, with the exception of the following loan types that are ineligible for repayment under RAP:

- Direct PLUS Loans for parents
- Direct Consolidation Loans that paid off a parent PLUS loan
- Direct Consolidation Loans that paid off a consolidation loan that paid off a parent PLUS loan (sometimes referred to as a double consolidation)

Typically, all of a borrower's Direct Loans must be paid under the same plan. However, if you have one of the ineligible loan types listed above *and* any of the following Direct Loan types listed below, then the loans listed above will be permitted to be repaid separately under the Tiered Standard Plan. The following loan types may be repaid under either the Tiered Standard Plan or RAP:

- Direct Subsidized Loans
- Direct Unsubsidized Loans
- Direct PLUS Loans for graduate or professional students
- Direct Consolidation Loans that don't include a Direct PLUS loan for parents

Other loan programs, like the Federal Family Education Loan (FFEL) Program, the Federal Perkins Loan Program, and the Health Education Loan (HEAL) Program, are not permitted to be repaid under RAP or the Tiered Standard Plan. If you have a mix of loans in a program that's ineligible for the new plans *and* you have Direct Loans that are eligible for the new plans, then you may repay your Direct Loan(s) under either of the two new plans according to loan type eligibility and the non-Direct Loan(s) separately under one of the existing plans for which it is eligible.

Monthly Payment Amount
Your required monthly payment amount under RAP is a percentage of your annual income, most commonly your adjusted gross income (AGI), divided by 12 to determine the monthly payment amount. Your monthly payment amount is then reduced by $50 for each dependent you claim on your federal tax return; however, your monthly payment may not be less than $10 a month. The percentage of your annual income varies depending on your AGI (see the "Repayment Assistant Plan base payment percentage" table).

If you're married and file a joint federal income tax return, your monthly payment is generally based on the combined income of you and your spouse. However, your monthly payment will be reduced if your spouse also has federal student loans.

If you're married and file a separate tax return from your spouse, only your income and the dependents you claim on your tax return will be used to determine your monthly payment amount.

Repayment Assistance Plan base payment percentage

Total Adjusted Gross Income (AGI)	Base Payment*
Not more than $10,000	$120
More than $10,000 and not more than $20,000	1% of your AGI
More than $20,000 and not more than $30,000	2% of your AGI
More than $30,000 and not more than $40,000	3% of your AGI
More than $40,000 and not more than $50,000	4% of your AGI
More than $50,000 and not more than $60,000	5% of your AGI
More than $60,000 and not more than $70,000	6% of your AGI
More than $70,000 and not more than $80,000	7% of your AGI
More than $80,000 and not more than $90,000	8% of your AGI
More than $90,000 and not more than $100,000	9% of your AGI

More than $100,000	10% of your AGI

*The base payment is a percentage of your AGI that is used to determine what would be paid over 12 months without accounting for any reductions for your dependents. It is not the actual monthly payment amount that you're required to pay each month. The "Monthly Payment Amount Based on Your AGI Range" table includes the range of monthly payment amounts derived from the base payment percentages.

Monthly Payment Amount Based on Your AGI Range*

Range	Monthly Payment Amount Range
$0–$10,000	$10.00
$10,001–$20,000	$10.00–$16.67
$20,001–$30,000	$33.34–$50.00
$30,001–$40,000	$75.00–$100.00
$40,001–$50,000	$133.34–$166.67
$50,001–$60,000	$208.34–$250.00
$60,001–$70,000	$300.01–$350.00
$70,001–$80,000	$408.34–$466.67
$80,001–$90,000	$533.34–$600.00
$90,001–$100,000	$675.01–$750.00
More than $100,000	At least $833.33

*This chart assumes you have no dependents. You can subtract $50 from the monthly payment amount for each dependent you claim on your federal income tax return, but your monthly payment amount can never be less than $10.

Payment Processing
Unless you're required to pay late charges or other costs, when you make a payment on your loan, we apply the payment first to any amount of outstanding interest as of the date the payment was received. If the payment amount is more than the amount of outstanding interest, we apply the remainder of your payment to your principal.

If you're required to pay late charges or other costs, we apply your payment differently depending on your repayment plan. If you're repaying under RAP, we apply your payment first to outstanding interest, then to late charges and other costs, and then to your principal.

If you're repaying under the Tiered Standard Plan, we apply your payment first to late charges and other costs, then to outstanding interest, and then to your principal.

Interest Subsidy
Borrowers whose full, on-time monthly payments are less than the interest accrued between the previous due date and the current payment date will have their unpaid interest for that month subsidized.
Only the interest that accumulates from due date to due date after entering RAP will be subsidized. Interest that accrues during any periods of nonrepayment or that accrued before entering RAP won't be subsidized.

Assuming all payments are made on time and in full and that you don't take any breaks (like a deferment or forbearance) after entering RAP, then **your total outstanding balance will never go higher than your total outstanding balance when you entered RAP.**

Under RAP, the interest subsidy is applicable to both subsidized and unsubsidized loans and is available for the entire time a borrower is enrolled in the plan. Unlike the Income-Based Repayment (IBR) and Pay As You Earn (PAYE) plans, this subsidy is **not** limited to the first three years of payments.

Starting in spring 2027, payments for the IBR Plan must be made on time and in full in order for you to receive the interest subsidy.

Additional Considerations

- The interest subsidy is applicable only for Direct Loans being repaid under RAP and can be applied only to months for which (1) a borrower receives a bill with a monthly payment amount that's derived using the RAP formula when (2) the borrower (or someone on the borrower's behalf) makes a full and on-time payment to satisfy that same bill.
- If a borrower's monthly payment amount isn't enough to cover the interest that accrued since the previous due date *and* the borrower (or someone on the borrower's behalf) chooses to pay more than the monthly payment amount, then any amount paid above the monthly payment amount will be applied first to accrued interest and then to the principal. This means that the additional amount paid may reduce or eliminate any interest subsidy that the borrower would've been entitled to if they hadn't paid more than the amount due.
- In the near future, we'll provide more information about how the interest subsidy will work when a borrower pays more than their amount due.

Matching Principal Payment
When a borrower makes a full, on-time payment and the principal *isn't* reduced by at least $50, then we make a matching principal payment to ensure that the borrower's principal is always reduced by at least the total amount paid (but not to exceed $50).

A month's eligibility to receive the matching principal payment is based on whether or not that month's payment is made on time and in full. However, the determination for the *amount* of the matching principal payment to be applied to the loan is based on the actual amount paid by the borrower (or on the borrower's behalf) for that month.

In order to determine the amount of the matching principal payment that will be applied, we use the following steps:

1. Determine that the monthly payment was made on time (no later than its due date)
2. Determine that the amount of money that was actually paid in that month is not less than the total amount due for the month
3. Determine whether (after applying the payment) there was an outstanding principal reduction of less than $50
4. Determine which is less: $50 *or* the total amount paid* in the month following the previous due date
5. Subtract the total amount applied to the outstanding principal (in Step 3) in that month

*Amount does not include payments that were used to resolve delinquency.

Additional Considerations

- If a borrower makes a payment (or a payment is made on the borrower's behalf) in a month in which the borrower hasn't been billed due to being enrolled in RAP and/or because the borrower's loan isn't in a repayment status, then that month won't be eligible for a matching principal payment.
- If a borrower's monthly payment amount would result in their principal being reduced by less than $50, but the borrower (or someone on the borrower's behalf) pays more than the amount due for that month, then the expected matching principal payment might be reduced or eliminated for that month, since additional amounts paid can affect the calculation.
- In the near future, we'll provide more information about how matching principal payments will work when a borrower pays more than their amount due.

Loan Discharge
Under RAP, any remaining loan balance may be discharged after you've satisfied 360 qualifying monthly payments over a period of at least 30 years.

Qualifying payments for RAP include the following:

- Any progress toward discharge earned before entering RAP, which could include payments made under income-driven repayment (IDR) plans.*
- Generally, payments made after enrolling in RAP or the Tiered Standard Plan that are made on time, meaning that the payment is made on or before the date that the payment is due (commonly referred to as a monthly due date)

*If you change from one IDR plan to another, your repayment period might also change. For example, if you're enrolled in the PAYE Plan, which has a 20-year repayment period, and you subsequently enroll in RAP, which has a 30-year repayment period, then your payments under the PAYE Plan will count toward discharge under RA[illegible] repayment period would increase from 20 to 30 years.

Additionally, the on-time payment must be made in full, meaning that the total amount due (sometimes referred to as the monthly payment amount or the amount billed) is made on or before its monthly due date.

If you're eligible for the IBR, ICR or PAYE plans and you enroll in RAP, you're permitted to reenroll in the IBR, ICR or PAYE plan. However, payments made under RAP won't count toward discharge under the IBR, ICR or PAYE plans, with the following exception:
- If the monthly payment amount while under RAP is greater than or equal to the 10-year Standard Repayment Plan monthly payment amount, then the month can count toward the IBR, ICR, and PAYE plans.

Public Service Loan Forgiveness (PSLF)
Generally, payments made under the RAP are eligible for Public Service Loan Forgiveness (PSLF) as long as the payment is made on time and in full.

In the near future, we'll provide more information about the how RAP and the PSLF Program will interact.

Federal and State Income Tax
Except for PSLF, you might have to pay federal and/or state income taxes on any loan amount that is discharged. We'll notify you when your loan is identified as eligible for discharge, and you'll be provided 21 days to opt out of the discharge.

Tiered Standard Plan

Under the Tiered Standard Plan, your required monthly payment amount is based on
- the amount of your principal balance that you owe at the time that you enter the plan,
- the interest rate on your loans, and
- the length of the repayment period.

Borrower and Loan Eligibility
If you have a single loan—including a Direct Consolidation Loan—that is first disbursed on or after July 1, 2026, then you'll have access to only the Repayment Assistance Plan (RAP) and the Tiered Standard Plan as repayment options for all of your Direct Loans, including any type of Direct Loan first disbursed before July 1, 2026.

All Direct Loan borrowers will have access to the Tiered Standard Plan for their Direct Loans. Additionally, the following loan types are eligible for repayment **only** under the Tiered Standard Plan:

- Direct PLUS Loans for parents
- Direct Consolidation Loans that paid off a Direct PLUS Loan for parents
- Direct Consolidation Loans that paid off a Direct Consolidation Loan that paid off a PLUS loan for parents (sometimes referred to as a double consolidation)

Typically, all of your Direct Loans must be paid under the same plan. However, if you have one of the loan types listed above *and* any of the following Direct Loan types listed below, *then* the loans listed below may be repaid either together with those above (under the Tiered Standard Plan) **or** separately (under the RAP):

- Direct Subsidized Loans
- Direct Unsubsidized Loans
- Direct PLUS Loans for graduate or professional students
- Direct Consolidation Loans that don't include a PLUS loan for parents

You might automatically be placed in the Tiered Standard Plan—even though you didn't choose it—because
- you're entering or returning to repayment and haven't chosen another eligible plan or
- you're required to leave an existing plan and your loan type can be repaid only under the Tiered Standard Plan.

Other loan programs—like the Federal Family Education Loan (FFEL) Program, the Perkins Loan Program, and the Health Education Loan (HEAL) Program—are not permitted to be repaid under RAP or the Tiered Standard Plan. If you have a mix of loans in a program that's ineligible for the new plans *and* you have Direct Loans that are eligible for the new plans, then you may repay your Direct Loan(s) under either of the two new plans according to loan type eligibility and the non-Direct Loan(s) separately under one of the existing plans for which it is eligible.

Monthly Payment Amount

Under the Tiered Standard Plan, you'll make fixed monthly payments and repay your loan in full within the maximum repayment period outlined in the chart below (not including periods of deferment or forbearance) from the date the loan entered the Tiered Standard Plan. If you add additional loans to the plan at a later date (or leave the plan and return to it), your maximum repayment period will be recalculated based on the total outstanding principal balance on your Direct Loans upon reentering the Tiered Standard Plan. Your payments must be at least $50 a month and can be more, if necessary, to repay the loan within the required time period.

Maximum Repayment Period

Total Direct Loan Outstanding Principal Balance	Maximum Repayment Period
Less than $25,000	10 years
Equal to or greater than $25,000 but less than $50,000	15 years
Equal to or greater than $50,000 but less than $100,000	20 years
Equal to or greater than $100,000	25 years

Public Service Loan Forgiveness (PSLF)
Payments made while enrolled in the Tiered Standard Plan are not considered qualifying payments for PSLF or Temporary Expanded Public Service Loan Forgiveness (TEPSLF).

Federal Pell Grants for Eligible Workforce Programs

Pell Grant eligibility has been expanded to include students enrolled in eligible workforce programs under *OBBBA*.

An eligible workforce program is a short-term program designed to provide education in high-skill, high-wage, or in-demand industry sectors or occupations. The program can be as short as eight weeks but no longer than 14 weeks of instruction and can consist of 150–599 clock hours, four to 15 semester credit hours, or six to 23 quarter credit hours.

Any college or career/trade school that participates in federal student aid programs can apply for ED's approval to offer these programs beginning July 1, 2026. Check with your school for program offerings.

Eligible workforce programs may be taught in-person or online, but they can't include correspondence, remedial, or English-as-a-second-language coursework. They also can't include study abroad programs.

Students enrolled in an eligible workforce program—including those who already have a bachelor's degree—may be eligible to receive a Pell Grant. Students must also meet other Pell Grant and general student eligibility criteria, including satisfactory academic progress, high school diploma or equivalent requirements, Pell Grant lifetime limits, etc.

Students who have earned, are enrolled in, or are accepted for enrollment in a graduate or professional degree aren't eligible to receive a Pell Grant for an eligible workforce program. Additionally, individuals who have already reached their Pell Grant lifetime eligibility limit aren't eligible for additional Pell Grant funds.

For the 2026–27 academic year, the maximum Pell Grant amount is $7,395. As workforce programs are shorter than an academic year, eligible students will receive a prorated or reduced amount of Pell Grant funds for enrollment in an eligible workforce program. For specific Pell Grant amounts, please contact your school's financial aid office for assistance.

Students enrolled in eligible workforce programs are not eligible for other types of federal student aid. However, you may be eligible for aid from other sources, including other federal benefits (e.g., the GI Bill), your state, institution, or private sources.

To apply for a Pell Grant, you must complete a *Free Application for Federal Student Aid* (FAFSA®) form for each academic year you are enrolled in the program.

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