

## Student Financial Aid Policy Changes – Frequently Asked Questions

February 2026

### Medical Student Borrower FAQs

#### 1. What is the new federal loan borrowing cap for medical students?

Starting **July 1, 2026**, new federal loan caps will apply:

- **Professional Students:**
  - Annual cap: \$50,000
  - Lifetime cap: \$200,000
- **Graduate Students:**
  - Annual cap: \$20,500
  - Lifetime cap: \$100,000
- **Lifetime federal loan cap: \$257,500**

#### 2. What is the difference between undergraduate, graduate and professional students?

- **Undergraduate students** are working toward an associate bachelor's degree (like a BA or BS). This is usually the first level of college after high school.
- **Professional students** have already earned a bachelor's degree and are now enrolled in programs generally at the doctoral level that lead to a licensed profession, such as medicine, law, pharmacy, or dentistry. DO programs are considered "professional degree" programs.
- **Graduate students** include students enrolled in post-baccalaureate programs that are not considered "progressional degree" programs, such as master's or most PhD programs.

#### 3. Does the lifetime cap of \$257,500 include undergraduate debt?

Yes. The **\$257,500 lifetime federal loan cap** includes **all federal student loan borrowing**, which encompasses both undergraduate (\$57,500 maximum) and graduate/professional debt (\$200,000 maximum).

#### 4. When do these caps go into effect?

The new loan caps go into effect on **July 1, 2026**.

#### 5. I have already borrowed federal loans for my medical degree. How do these caps impact me?

If you borrowed **before July 1, 2026** for a program in which you remain enrolled, you can **continue to borrow under the existing loan limits** for **3 additional years** or until your **expected degree completion date**, whichever comes first. The new caps apply to **only new borrowers** or those who begin borrowing **on or after July 1, 2026**.

#### 6. What is happening to the Grad PLUS loan program?

The **Grad PLUS Loan Program will be eliminated for new borrowers on July 1, 2026.**

**7. I've already taken out a Grad PLUS loan for my medical degree. How does Grad PLUS elimination affect me?**

If you received a Grad PLUS loan **before July 1, 2026** for a program in which you remain enrolled, you will:

- Retain eligibility under existing terms.
- Be allowed to continue borrowing Grad PLUS loans for **up to 3 additional years** or until your **expected degree completion date**, whichever comes first.

**8. I have taken out a Grad PLUS loan but am completing that program and planning to enroll into a DO program after July 1, 2026. Would I be grandfathered into the Grad PLUS loan program?**

No, you would not be grandfathered into Grad PLUS for your DO program. To be grandfathered for the DO program, you would need to be enrolled in the DO program as of June 30, 2026 and have taken a Grad PLUS loan for that program before July 1, 2026. If you complete the other program prior to July 1, 2026 you would not be grandfathered for that program either.

**9. My 2026-27 academic year begins July 1, 2026 but my loan disbursement date is in June 2026. Is this a timeframe that a Grad PLUS loan could be awarded? What if your 2026-27 academic year begins in June and the loan is originated and disbursed in June?**

A student is enrolled as of the date they have completed all registration requirements (except for payment of tuition and fees) at the institution he or she is attending. Thus, a program's courses do not necessarily have to have started prior to July 1, 2026 for the grandfathering provision to apply. Borrowers who are enrolled in a program as of June 30, 2026 and have received a Grad PLUS loan before July 1, 2026 for that program may continue borrowing for up to 3 additional years or until their expected degree completion date, whichever comes first; provided they remain continuously enrolled throughout the extended eligibility period.

**10. I have Grad PLUS loans and am eligible for grandfathering but I have to take a leave of absence (LOA) due to a medical or personal issue. How does this impact my Grad PLUS eligibility?**

The proposed rule revokes grandfathering eligibility if a student withdraws or otherwise ceases to be enrolled in the program in accordance with 34 CFR 668.22 at any point after receiving the grandfathering exception. Grandfathering eligibility will not be revoked for a student who remains continuously enrolled through a leave of absence (LOA) to satisfy existing regulatory requirements.

Under existing regulations, a leave of absence is not considered a withdrawal so long as:

- The institution has a formal policy regarding leaves of absence;
- The student followed the institution's policy in requesting the leave of absence;

- The institution determines that there is a reasonable expectation that the student will return to the school;
- The institution approved the student's request in accordance with the institution's policy;
- The leave of absence does not involve additional charges by the institution;
- The number of days in the approved leave of absence, when added to the number of days in all other approved leaves of absence, does not exceed 180 days in any 12-month period;
- Except for a clock hour or nonterm credit hour program, upon the student's return from the leave of absence, the student is permitted to complete the coursework he or she began prior to the leave of absence; and
- If the student is a title IV, HEA program loan recipient, the institution explains to the student, prior to granting the leave of absence, the effects that the student's failure to return from a leave of absence may have on the student's loan repayment terms, including the exhaustion of some or all of the student's grace period.

**11. I need to borrow more than the cap to finance my medical degree. What can I do?**

If you anticipate needing to borrow more than the new **federal loan cap** to finance your medical degree, you have several options:

- If you are already enrolled or are enrolling before July 1, 2026, consider taking out at least one Grad PLUS loan to retain your eligibility and previous caps for up to 3 additional years.
- Explore service-based scholarship programs such as the National Health Service Corps, Scholarships for Disadvantaged Students, and the Health Professions Scholarship Program.
- Consult with your financial aid office regarding available private student loan options.

**12. I plan to participate in the Public Service Loan Forgiveness (PSLF) Program after I graduate. How is that program impacted?**

**Time in medical residency or internships continues to count** toward PSLF eligibility. Although earlier versions of the bill sought to exclude this time, that provision **was not included in the final bill**—a major advocacy win.

Beginning July 1, 2026, the Grad PLUS Loan Program will be eliminated for new borrowers. As a result, **students may need to rely on private loans, which are not eligible for PSLF.**

The **Department of Education (ED) published regulations** that affect which employers qualify under PSLF. The regulations reflect a March 2025 [Executive Order](#) from President Trump and exclude organizations that engage in illegal activities to an extent that the organization has a “substantial illegal purpose.” Employees of newly disqualified employers could lose PSLF eligibility and would need to change jobs to remain eligible.

### 13. What repayment options will be available to me after graduation?

For new borrowers after July 1, 2026, only two repayment plans will be available:

- A standard repayment plan with fixed monthly payments over 10–25 years based on how much you borrowed.
- The new Repayment Assistance Plan (RAP) — an income-based plan with monthly payments tied to your income and family size.

If you are a current borrower (with no new loans after July 1, 2026), you can remain on current Standard, current Income Based (IBR), Graduated, and Extended repayment plans, or switch to RAP if desired.

### 14. How will these changes be implemented by the Department of Education and are there opportunities to influence the process?

On January 29, 2026, ED **published** a notice of proposed rulemaking (NPRM) with proposed regulations to implement the statutory changes to the federal student loan program under the OBBBA (e.g., loan caps, Grad PLUS, repayment options). Written public comments will be accepted through March 2, 2026.

### 15. What can I do now to impact current or future loan options for students?

- Continue **advocacy with Congress and the Department of Education** to minimize negative impacts and pursue improvements.
- Monitor for potential **technical fixes** during rulemaking.
- Stay engaged with organizations like **AACOM**, which will support ongoing legislative advocacy and implementation efforts.

## Institutional FAQs

### 1. What is the institutional accountability framework?

Starting **July 1, 2026**, educational programs will be subject to a new accountability formula:

- Compares **median earnings of working graduate degree graduates** four years post-completion to the median earnings of **working bachelor's degree holders** ages 25–34 (the “earnings premium test”).
- Programs that fail this test in **2 out of 3 years** will **lose federal student loan eligibility for at least 2 years**.

Additionally, an institution must demonstrate that at least half of its Title IV recipients are not enrolled in, and at least half of its Title IV volume is not from, programs failing the earnings premium test (the “enhanced administrative capability test”).

- Institutions that fail this test in 2 out of 3 years will be placed on provisional status and its failing programs will lose access to all Title IV funds (not just loans).

## 2. How does it impact Title IV loan eligibility of programs at my school?

If a program fails the earnings premium test **in two out of three years**, the program will **lose access to federal student loans** for at least two years. Additionally, if an institution fails the enhanced administrative capability test in two out of three years, the institution is placed on provisional status and its programs failing the earnings premium test will lose all Title IV eligibility.

The first calculation will occur in early 2027, using 2025 earnings data for students who graduated in 2021. The second calculation will occur in early 2028, using data for completers in the 2022 award year. Programs that fail the calculation in both 2027 and 2028 will lose access to federal student loans beginning July 1, 2028.

The aim is to incentivize schools to ensure positive student financial outcomes. Failure to obtain Title IV funding would force students into the private market to obtain medical student loans.

## 3. How will institutional accountability provisions be implemented and are there opportunities to be engaged in the process?

On January 9, 2026, ED **concluded the final of its negotiated rulemaking meetings** to develop regulations to implement changes to institutional and programmatic accountability (**e.g., institutional accountability, Gainful Employment, and Financial Value Transparency**). It is expected that in the first quarter of 2026, the Department will publish an NPRM proposing regulations that reflect the consensus achieved by the negotiated rulemaking committees. The NPRM will invite public comments for a period of likely 30 days before ED publishes final rules that go into effect July 1, 2026.

## 4. What is the new endowment tax provision included in the reconciliation package?

It replaces the flat 1.4% endowment tax with a graduated system that ranges from 1.4% to 8% for certain private colleges and universities based on an institution’s student-adjusted endowment.

## 5. Which institutions are affected by the increased endowment tax?

The endowment tax applies to private nonprofit colleges and universities with:

- More than 3,000 tuition-paying students, and
- A student-adjusted endowment of at least \$500,000 per student

Institutions with fewer than 3,000 tuition-paying students are exempt.

**6. When does the new endowment tax rate go into effect?**

The new endowment tax rates apply to taxable years beginning after December 31, 2025.

**7. Are other Department of Education regulations impacted by the bill?**

Yes, the bill includes:

- **Delayed implementation** (but not repeal) of **closed school discharge** and **borrower defense to repayment** rules until **2035**.
- No changes to the **90/10 rule** or **gainful employment** metrics, as they were not addressed in the final bill.

**Learn More**

- [AACOM OBBBA Summary](#)
- [AACOM Comments on RISE and AHEAD establishment](#)
- [ACE OBBBA Summary](#)
- [ED Dear Colleague Implementation Letter](#)
- RISE [Session One](#) and [Session Two](#) Summaries
- AHEAD [Session One](#) and [Session Two](#) Summaries
- [RISE and AHEAD Negotiated Rulemaking Consensus Summaries](#)
- [NASFAA OBBBA Resources](#)
  - o [Earnings Accountability Regulations Comparisons](#)
  - o [Student Loan Repayment Plan Options As of July 1, 2026](#)
  - o [Flowchart: 2026-27 & Beyond Graduate/Professional Student Loan Borrowing Limits](#)
  - o [Federal Student Aid Changes from the One Big Beautiful Bill Act](#)