

# Reimagining and Improving Student Education (RISE)

## Negotiated Rulemaking

### Discussion Paper and Proposed Regulatory Text: Loan Limit Provisions and Definitions

Session 1, September 29 – October 3, 2025

**Discussion:** William D. Ford Federal Direct Loan (Direct Loan) Program Amendments

**Legislative Action:** On July 4, 2025, President Trump signed the One Big Beautiful Bill Act (Pub. L. 119-21) (OB BB) into law. Among a wide array of provisions, the OB BB included statutory changes that affect Title 34 of the Code of Federal Regulations. The OB BB introduces significant reforms to federal student loan programs, with the aim to streamline loan repayment, reduce borrower burden, and enhance accountability.

**Statutory citation:** Section 455(a) of the Higher Education Act of 1965, as amended (HEA).

**Regulatory citation:** 34 CFR 685.102, 34 CFR 685.200, 34 CFR 685.201, and 34 CFR 685.203

**Proposal:** The Department is proposing corresponding changes to the regulatory and statutory citations throughout this section as well as proposing to modify the regulatory text to reflect the following amendments under OB BB:

- Terminate authority to make Direct PLUS Loans to graduate and professional students on or after July 1, 2026
- Revise annual loan limits for graduate and professional students, as well as parents who borrow a Direct PLUS loan on behalf of a dependent student, beginning on July 1, 2026
- Revise aggregate loan limits for graduate and professional students, as well as parents who borrow a Direct PLUS loan on behalf a dependent student, beginning on July 1, 2026
- Revise lifetime maximum aggregate loan amounts for all students on or after July 1, 2026

- Provide an interim exception—during the student’s expected time to credential—to the application of the new loan limits for students who, as of June 30, 2026, are enrolled in a program of study at an institution of higher education and have received a Direct Loan (or on whose behalf a Direct Loan was made) for such program of study
  - These student borrowers (and parent borrowers who borrow a loan on behalf of the dependent student) shall not be subject to the annual, aggregate, lifetime maximum aggregate loan limits and restrictions for making Direct PLUS Loans
- Require loan amounts to be proportionally reduced for students enrolled less-than full-time
- Provide authority for institutions to limit federal loan eligibility for student or parent borrowers enrolled in specific programs of study
- Define the term *graduate student* to mean a student enrolled in a program of study that awards a graduate credential (other than a professional degree) upon completion of the program
- Define the term *professional student* to mean a student enrolled in a program of study that awards a professional degree, as defined under § 668.2, upon completion of the program
- Define the term *expected time to credential* to mean 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 the program length for the program of study in which the individual is enrolled; and the period of such program of study that such individual has completed as of the date of the determination
- Define the term *program length* to mean the minimum amount of weeks, months, or years that is specified in the catalog, marketing materials, or other official publications of an institution of higher education for a full-time student to complete a specific program of study

**Proposed amendatory text in redlines represents additions, edits, and paragraph restructuring in the following sections:**

§ 685. 102 Definitions.

Revise paragraph (a) to read as follows:

(a) \*\*\*

Expected time to credential: 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 its equivalent; or

(2) the period determined by calculating the difference between—

(i) the program length for the program of study in which the individual is enrolled; and

(ii) the period of such program of study that such individual has completed as of the date of the determination under paragraph (2) of this definition.

\*\*\*

Graduate student: A student enrolled in a program of study that is above the baccalaureate level and awards a graduate credential (other than a professional degree) upon completion of the program.

\*\*\*

Professional student: A student enrolled in a program of study that awards a professional degree upon completion of the program;

(1) A professional degree is a degree that signifies both 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, where professional licensure is also generally required, and includes the following degrees Pharmacy (Pharm.D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), 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.), and any other degrees designated by the Secretary through rulemaking, as

required by 20 U.S.C. 1098a and 5 U.S.C. 553. ~~other degrees designated as professional degrees by the Secretary in a notice published in the FEDERAL REGISTER, with updates to that list published as needed.~~

(2) A professional student under this definition:

(i) May not receive title IV aid as an undergraduate student for the same period of enrollment;

(ii) Must be enrolled in a program leading to a professional degree under paragraph (1) of this definition; and

(iii) Has completed the equivalent of at least three years of full-time study either prior to entrance into the program or as part of the program itself.

\*\*\*

Program length: The minimum amount of time in weeks, months, or years that is specified in the catalog, marketing materials, or other official publications of an institution for a full-time student to complete the requirements for a specific program of study.

\*\*\*\*\*

§ 685.200 Borrower eligibility.

Revise paragraph (b) to read as follows:

(b) Student PLUS borrower.

(1) A graduate student or professional student is eligible to receive a Direct PLUS Loan if the student meets the following requirements:

(~~1~~i) The student is enrolled, or accepted for enrollment, on at least a half-time basis in a school that participates in the Direct Loan Program.

(~~2~~ii) The student meets the requirements for an eligible student under 34 CFR part 668.

~~(3iii)~~ The student meets the requirements of paragraphs (a)(1)(iv) and (a)(1)(v) of this section, if applicable.

~~(4iv)~~ The student has received a determination of his or her annual loan maximum eligibility under the Direct Unsubsidized Loan Program and, for periods of enrollment beginning before July 1, 2012, the Direct Subsidized Loan Program; and

~~(5v)~~ The student meets the requirements that apply to a parent under paragraphs (c)(2)(viii)(A) through (G) of this section.

(2)(i) Beginning on July 1, 2026, a graduate student or professional student may not borrow a Direct PLUS Loan.

(ii) The limitation for making new Federal Direct PLUS Loan awards described in paragraph (b)(2)(i) of this section shall not be applicable to student borrowers during the period of the student's expected time to credential, if the student—

(A) is enrolled in a program of study at an institution as of June 30, 2026; and

(B) received a Direct Loan for such program of study prior to July 1, 2026.

(3) If the student ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (b)(2)(ii) of this section, the limitations under paragraph (b)(2)(i) shall apply.

\*\*\*\*\*

§ 685.201 Obtaining a loan.

Revise subsection (b)(2)(ii) to read as follows:

(b)(2) \*\*\*

(ii) On or after July 1, 2026, a graduate student or professional student may only apply for a Direct PLUS

Loan if the student satisfies the conditions set forth in § 685.200(b) (2) (ii).

\*\*\*\*\*

§ 685.203 Loan limits.

Revise subsection (b) (2) to read as follows:

(b) (2) \*\*\*

(iii) In the case of a graduate or professional student for a period of enrollment beginning on or after July 1, 2012, and ending on or before June 30, 2026, the total amount the student may borrow for any academic year of study under the Direct Unsubsidized Loan Program may not exceed \$8,500.

(iv) Loan Limits for Graduate and Professional Students for Periods of Enrollment Beginning On or After July 1, 2026

(A) (1) A graduate student, who is not a professional student, for a period of enrollment beginning on or after July 1, 2026, may borrow up to \$20,500 for any academic year under the Direct Unsubsidized Loan Program.

(2) A professional student, for a period of enrollment beginning on or after July 1, 2026, may borrow up to \$50,000 for any academic year under the Direct Unsubsidized Loan Program.

(B) The limitations in effect on July 1, 2026, for annual loan limits as described in paragraph (b) (2) (iv) (A) of this section shall not be applicable to student borrowers during the period of the student's expected time to credential if the student—

(1) is enrolled in a program of study at an institution as of June 30, 2026; and

(2) received a Direct Loan prior to July 1, 2026, for such a program of study.

(C) If the student ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (b) (2) (iv) (B) of this section, the limitations under paragraph (b) (2) (iv) (A) shall apply.

\*\*\*

Revise subsection (c) (2) to read as follows:

(c) (2) \*\*\*

(v) In the case of a graduate or professional student for a period of enrollment through June 30, 2026, \$12,000.

\*\*\*

Revise subsection (e) to read as follows:

(e) Aggregate limits for unsubsidized loans.

\*\*\*

(3) For a graduate or professional student enrolled before July 1, 2026, \$138,500, including any loans for undergraduate study, minus any Direct Subsidized Loan, Subsidized Federal Stafford Loan, and Federal SLS Program loan amounts.

(4) Beginning on July 1, 2026, for a graduate student enrolled on or after July 1, 2026—

(i) who is not and has never been a professional student, \$100,000.

(ii) who is or has been a professional student, \$200,000, minus any amounts such student borrowed as a graduate student.

(5) Beginning on July 1, 2026, for a professional student, \$200,000, minus any Direct Subsidized Loan, Subsidized Federal Stafford Loan, and Federal SLS Program loan amounts

and any amounts such student borrowed as a graduate student, if applicable.

(6) The limitations for aggregate loan limits described in paragraphs (e) (4) and (e) (5) of this section shall not be applicable to student borrowers during the period of the student's expected time to credential, if the student—

(i) is enrolled in a program of study at an institution as of June 30, 2026; and

(ii) received a Direct Loan for such program of study prior to July 1, 2026.

(7) If the student ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (e) (6) of this section, the limitations under paragraphs (e) (4) or (e) (5) shall apply, as applicable.

\*\*\*

Revise subsection (f) to read as follows:

(f) Direct PLUS Loans annual limit.

(1) Annual Limits Before July 1, 2026. The total amount of all Direct PLUS Loans that a parent or parents may borrow on behalf of each dependent student, or that a graduate or professional student may borrow, for any academic year of study before July 1, 2026, may not exceed the cost of attendance minus other estimated financial assistance for the student.

(2) Annual Limits On or After July 1, 2026

(i) Beginning on July 1, 2026, the total amount of all Direct PLUS Loans that all parents may borrow on behalf of each dependent student for any academic year of study may not exceed \$20,000 minus other financial assistance (as defined in Sec. 480(i) of the Act) for the student.

(ii) The limitation for annual loan limits described in paragraph (f) (2) (i) of this section shall not be applicable to parent borrowers, who borrowed a loan on behalf of a dependent student, during the period of the student's expected time to credential, if—



(A) the student is enrolled in a program of study at an institution as of June 30, 2026; and

(B) the parent borrower received a Direct Loan for such program of study on behalf of the dependent student, or the dependent student received a Direct Loan for such program of study.

(iii) If the student ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (f)(2)(ii) of this section, the limitations under paragraph (f)(2)(i) of this section shall apply to the parent borrower of that dependent student.

\*\*\*

Revise subsection (g) to read as follows:

(g) Direct PLUS Loans aggregate limit.

(1) Aggregate Limits Before July 1, 2026. The total amount of all Direct PLUS Loans that a parent or parents may borrow on behalf of each dependent student, or that a graduate or professional student may borrow before July 1, 2026, for enrollment in an eligible program of study may not exceed the student's cost of attendance minus other estimated financial assistance for that student for the entire period of enrollment.

(2) Aggregate Limits On or After July 1, 2026. Beginning on July 1, 2026, the total amount of all Direct PLUS Loans that all parents may borrow on behalf of each dependent student for enrollment in an eligible program of study may not exceed \$65,000 for the entire period of enrollment, without regard to any amounts repaid, forgiven, canceled, or otherwise discharged on any such loan. Any amount of loan funds that have been returned by the institution, or the borrower will not count against the aggregate loan limit under this paragraph (g)(2).

(3) The limitation for aggregate loan limits described in paragraph (g)(2) of this section shall not be applicable to

parent borrowers during the period of the student's expected time to credential, if—

(i) the student is enrolled in a program of study at an institution as of June 30, 2026; and

(ii) the parent received a Direct PLUS Loan for such program of study on behalf of the dependent student, or the dependent student received a Direct Loan for such program of study prior to July 1, 2026.

(4) If the student ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (g) (3) of this section, the limitations under paragraph (g) (2) of this section shall apply.

\*\*\*

Revise subsection (j) to read as follows:

(j) Maximum loan amounts.

(1) In no case may a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan amount exceed the student's estimated cost of attendance for the period of enrollment for which the loan is intended, less—

(~~1~~i) The student's estimated financial assistance for that period; and

(~~2~~ii) In the case of a Direct Subsidized Loan, the borrower's expected family contribution for that period.

(2) Effective July 1, 2026, the lifetime maximum aggregate amount of loans made, insured, or guaranteed under the Act that a student may borrow, excluding Federal PLUS loans or Federal Direct PLUS loans, shall be \$257,500 without regard to any amounts repaid, forgiven, canceled, or otherwise discharged on such loans. Any amount of loan funds that have been returned by the institution, or the borrower, will not count against the lifetime maximum aggregate loan limit in this paragraph (j) (2).

(3) The limitation for lifetime maximum aggregate loan limits described in paragraph (j) (2) of this section shall

not be applicable to student borrowers during the period of the student's expected time to credential, if the student—

(i) is enrolled in a program of study at an institution as of June 30, 2026; and

(ii) received a Direct Loan for such program of study prior to July 1, 2026.

(4) If the student ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (j)(3) of this section, the limitations under paragraph (j)(2) of this section shall apply.

\*\*\*

Revise subsection (1) to read as follows:

(1) Additional Rules for Loan Limits.

(1) *Less Than Full-Time Enrollment.* Notwithstanding any provision of 34 CFR parts 682 or 685, in any case in which a student is enrolled in an eligible program at an institution on a less than a full-time basis during any academic year, the amount of any Direct Loan that student may borrow for an academic year or its equivalent shall be reduced in direct proportion to the degree to which that student is not so enrolled on a full-time basis, rounded to the nearest whole percentage point, as provided in a schedule of reductions published by the Secretary.

(2) *Institutionally Determined Loan Limits*

(i) Beginning on July 1, 2026, an institution may limit the total amount of Direct Subsidized, Unsubsidized, and PLUS loans that a student, or a parent on behalf of such student, may borrow for a program of study for an academic year, as long as any such limit is applied consistently to all students enrolled in that program of study.

(ii) An institution that limits the total amount of Direct Loans for an eligible program under paragraph (1)(2)(i) of this section must document its decision and follow the record retention and examination requirements in 34 CFR 668.24.

(iii) An institution must provide clear and conspicuous information describing any program of study that is subject to the loan limitation to current and prospective students, including, but not limited to: publication in the institution's course catalog, publication on institution's website(s), and award notifications.

(iv) Prior to taking such action under paragraph (1)(2)(i) of this section, an institution must notify the student who plans to enroll or is enrolled in the program subject to this limitation.

\*\*\*\*\*