

Agency Update: ED Publishes Final Rules on Student Loan-Related Policies

Lewis-Burke Associates LLC – May 1, 2026

On May 1, 2026, the U.S. Department of Education (ED) [published](#) its Reimagining and Improving Student Education (RISE) Federal Student Loan Program Final Regulations. These regulations implement changes to Title IV student aid programs created by the *One Big Beautiful Bill Act* (OBBBA), which was signed into law on July 4, 2025. The RISE final rule covers a number of topics including the restructuring of student loans, student loan repayment plans, and institutionally determined loan limits, among other changes. Of notable import, the regulations create a graduate student loan limit and a professional student loan limit. The final rule did not significantly change from the proposed rule across all major provisions.

Loan Limits

The definition of a professional degree program creates a new loan limit of \$50,000/year with a \$200,000 aggregate cap on federal loans. The definition of a graduate degree program maintains loan limits for graduate students at \$20,500/year but now with a \$100,000 aggregate cap. ED did not change the 11 program fields that qualify as professional, which include pharmacy, dentistry, veterinary medicine, chiropractic, law, medicine, optometry, osteopathic medicine, podiatry, theology, and clinical psychology. Exacerbating these restrictions in borrowing is the elimination of Grad PLUS loans by OBBBA.

Parent PLUS borrowers are capped annually at \$20,000, with an aggregate cap of \$65,000 per dependent. Additionally, all borrowers who receive a loan made on or after July 1, 2026, are subject to an aggregate lifetime loan limit of \$257,500, with certain exceptions:

- Grad PLUS loans that a borrower has received will be **included** in the new aggregate lifetime limit, unless the borrower qualifies for the interim exception:
 - *Interim Exception:* For borrowers enrolled in a program before July 1, 2026, and who have already received a loan for that program, borrowers may continue borrowing under the prior (pre-OBBBA) annual, aggregate, and lifetime loan limits for the **lesser of three years** or their **expected time to credential**.
- Parent PLUS loans made to a borrower for their dependent students are excluded from a borrower's lifetime limit.

These changes go into effect July 1, 2026.

Student Loan Repayment

The final rule implements a new Repayment Assistance Plan (RAP), which replaces the Income-Contingent Repayment (ICR), Pay As You Earn (PAYE), and Saving on a Valuable Education (SAVE) repayment plans. It also creates a new Tiered Standard plan, which will be the only fixed repayment option available to borrowers who receive a Direct Loan on or after July 1, 2026. The new plans will

be available to new and current borrowers beginning on July 1, 2026. As noted in ED's factsheet announcing the final rule, the RAP plan "waives unpaid interest for borrowers who make on-time payments that do not fully cover accruing interest." Additionally, on-time payments made under RAP will count as qualifying payments for the purposes of the Public Service Loan Forgiveness (PSLF) program.

Rehabilitation

The final rule will allow borrowers in default to rehabilitate their loans twice. The new limit applies to each loan as opposed to just the borrower. This change will go into effect on July 1, 2027.

Institutionally Determined Loan Limits

The final rule provides institutions with the ability to limit the total amount of loans a student, or a parent borrowing on a dependent student's behalf, may incur for a program of study. These limits must be applied consistently to all students enrolled in that program. The ability is available on July 1, 2026.

Changes to deferments, forbearances, and loan limits for part-time students were also included in the final rule. On July 1, 2026, institutions are required to apply a schedule of reductions formula for students enrolled less than full-time.

The final rule maintain ED's claim that it was not bound to observe the HEA Master Calendar requirement (generally that regulations must be issued by November 1 to take effect by July 1). ED also notes that the "Department believes that the classification degrees between "professional" or "graduate" degrees is severable... the Department is confident in how we classified the degrees... however, if a court disagrees with our analysis, we believe and intend that this portion of the regulation is entirely severable and does not substantially impact any other portion of the regulation or any other part of this final rule."

Lewis-Burke anticipates there will be legal action challenging many aspects of the final rule. Legislation looking to expand or restore access to graduate borrowing has seen bipartisan support in Congress, though legislative action this Congress is unlikely.

Sources and Additional Information

- The final rules, published in the federal register, can be found at:
<https://www.federalregister.gov/documents/2026/05/01/2026-08556/reimagining-and-improving-student-education-federal-student-loan-program-final-regulations>
- A fact sheet published by ED that includes a summary of the provisions related to the new student loan policies and repayment plans can be found at:
<https://www.ed.gov/media/document/rise-final-rule-fact-sheet-113947.pdf>
- ED's press release on the final rules published in the federal register can be found at:
<https://www.ed.gov/about/news/press-release/us-department-of-education-finalizes-landmark-rule-lower-college-costs-and-simplify-student-loan-repayment>