The One Big Beautiful Bill Act (OBBBA) and PA School Financing

Key Takeaways

- The OBBBA changes how PAs can finance school starting in July 2026.
- Multiple loan, scholarship, and debt repayment programs remain available.
- Planning early will help to minimize debt and maximize opportunities.

Paying for School Pre - OBBBA

Prior to the enactment of the OBBBA, PA students were able to borrow up to $20,500 annually through unsubsidized Stafford loans. Beyond this annual limit, students then were able to borrow the remainder of their cost of attendance through Grad PLUS loans at a slightly higher interest rate, enabling most students to borrow entirely through the federal system.

Paying for School Post - OBBBA

Under the OBBBA, professional students, defined as those pursuing “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 [with] professional licensure [also being] generally required,” are capped at borrowing up to $50,000 in unsubsidized Stafford loans annually along with a phase-out of Grad PLUS loans beginning for students matriculating after July 1, 2026. Under the law, students that have already matriculated will continue to be able to borrow Grad PLUS loans through the completion of their program.

Following the transition, professional students will have access to an aggregate amount of federal graduate loans up to $200,000 depending upon the number of federal financial aid years in which they complete their programs. For any financial aid needs beyond this limit, private student loan options will continue to exist along with alternate financing mechanisms.

What This Means for PA Students

- Some PA students may not be able to cover the full cost of attendance with federal loans alone.
- Private loans may become a larger share of financing with fewer protections, higher costs, and usually require a cosigner.
- PA students will need to rely more on scholarships, service-based loan repayment, and financial planning to finance their education than in previous years.

Strategies to Reduce Debt

PA students can utilize the following scholarship and repayment programs to help finance their education and reduce debt:

- ***Public Service Loan Forgiveness (PSLF)***: Forgives remaining federal loans after 10 years of nonprofit/government employment.
- ***National Health Service Corps (Scholarship & Loan Repayment):*** Tuition, stipends, or repayment in exchange for service in underserved areas.
- ***VA Health Professional Scholarship Program:*** Full tuition and stipend for veteran PA students (with VA service commitment).
- ***Military & Employer-Based Repayment Programs:*** Terms vary by branch and organization.

For additional information, please contact tsmith@PAEAonline.org.

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