

Graduate and Professional Student Loan Limits Under O BBB

The student loan provisions in the One Big Beautiful Bill (OB BBB) Act are scheduled to go into effect on July 1, 2026. This will affect students looking to enroll in the 2026-2027 academic year.

Among these provisions are the elimination of the Grad PLUS Loan and new limits on the amount of Direct Loans students can receive to finance graduate or professional education. Together, these changes will reduce access to postsecondary education for students and constrain entry into fields that are critical to the economy and the workforce.

Under O BBB, Congress set different limits for certain students enrolled in graduate and professional degree programs. In the Department of Education's (ED) December 2025 negotiated rulemaking session, which reached consensus, ED defined 11 fields as "professional degrees. These include 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 Clinical Psychology (Psy.D. or Ph.D.). Since that decision, the higher education community has raised concerns that this list does not include fields such as Nursing, Social Work, and Library Science.

The Department should create and disseminate a comprehensive list of professional degree programs.

- This extremely narrow definition of professional degrees is inconsistent with the much broader definition included in the text of O BBB and excludes hundreds of thousands of students from additional loan eligibility. Many excluded programs meet rigorous academic standards and require professional licensure after graduation.
- Professions excluded from this definition include, but are not limited to: Nursing and Nursing Specialties (M.S.N. or D.N.P.), Audiology (Au.D.), Physician Assistant (M.P.A.S.), Occupational Therapy (M.O.T. or O.T.D.), Physical Therapy (D.P.T.), Public Health (M.P.H.), Accounting (M.Acc. or M.S.A.), Architecture (M.Arch.), Social Work (M.S.W. or D.S.W.), and Special Education (M.Ed. or M.S.Ed.).
- Members of Congress are already moving to address this issue through legislation. Rep. Mike Lawler (R-NY-17) is pushing the "Professional Student Degree Act," which adds additional degrees to the current list, including nursing programs, social work, and teaching.¹ Rep. Timothy Kennedy (D-NY-26) introduced the "Loan Equity for Advanced Professionals Act," which would set the annual loan limit for all graduate and professional students at \$50,000, with a lifetime aggregate limit of \$200,000.² Rep. Josh Harder (D-CA-9) is also introducing legislation to delay the termination of Direct PLUS loans and delay the limits being imposed on loans for graduate and professional students at institutions with certain public health designations.³

¹ Lawler, M. (2025, December 17). *Congressman Lawler expands definition of professional degrees in new bill* [Press release]. Office of Congressman Mike Lawler. <https://lawler.house.gov/news/documentsingle.aspx?DocumentID=5209>

² Kennedy, T. M. (2025, December 22). *The clock is ticking: Students have only a few months to make grad school decisions — Kennedy pushes for passage of the LEAP Act to provide equal access to higher education for in-demand professions* [Press release]. U.S. House of Representatives. <https://kennedy.house.gov/news/documentsingle.aspx?DocumentID=2340>

³ To Amend the Higher Education Act of 1965 to Delay, Until July 1, 2030, the Termination of Authority to Award Certain Federal Direct PLUS Loans and the Implementation of Limits on Certain Loans for Graduate and Professional Students Enrolled at Institutions With Certain Public Health Designations, H.R. 6862, 119th Cong. (2025). *Congress.gov*. <https://www.congress.gov/bill/119th-congress/house-bill/6862/text>

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Students pursuing highly skilled, in-demand professional programs that are critical to our economy will no longer have access to the financial assistance they need to complete their programs.

- First-time professional degree-seeking students who enroll in a professional degree program after July 1, 2026, will have an annual loan limit of \$50,000 and an aggregate loan limit of \$200,000. First-time graduate degree-seeking students enrolled in a graduate degree program will have an annual loan limit of \$20,500 and an aggregate limit of \$100,000.
- If a graduate student decides to pursue a second degree that is a professional degree, their aggregate loan limit will increase to \$200,000. However, they must subtract what they borrowed for their first graduate degree. The new lifetime borrowing limit for student loans is \$257,500.
- About 28 percent of all student loan borrowers need to borrow amounts that exceed these new limits. This problem is most acute for professional programs in fields such as health, education, architecture, and business administration. A total of 39 percent of students in master's-level health programs annually borrow an average of \$28,500 more than the new limits, and 67 percent of students in doctoral-level students in health programs borrow \$26,7000 more than the new limits.⁴

There are over 3.3 million students enrolled in post-baccalaureate master's, doctoral, and professional degree programs, and over 1.3 million of those students rely on federal student loans to finance their post-baccalaureate education.⁵

- Students will be forced to seek non-federal aid, such as private student loans, increasing the risk of worsening the student debt crisis. Over 1.3 million current graduate students—approximately 41.12 percent—rely on federal student loans to pay for their education.⁶ In 2020, about 4.27 percent of all graduate students borrowed private loans, totaling approximately \$2.9 billion, which would require the private student loan industry to increase its lending to at least \$8 billion to offset the new limits in OBBB.⁷
- Private lenders often rely on students' credit scores, and many students do not have the credit history or scores necessary to secure those loans. Among graduate students who rely exclusively on federal student loans, 20 percent have an adverse credit rating and 40 percent have a credit score that falls below 620. By contrast, among students who rely on private student loans, only 9 percent have an adverse credit rating and 15 percent have a credit score of 620 or below.⁸
- Even borrowers who are able to secure private loans will pay a significant premium to do so. Federal Grad PLUS loans currently carry an interest rate of 8.94 percent, while private student loan rates for borrowers without cosigners and credit scores in the mid-600s reach as high as 18-19 percent and do not include the protections and repayment options available to federal student loan borrowers.
- Federal student loans are clearly serving a student population the private market will not serve.

⁴ Monarrez, T. E., Matsudaira, J., & Ritter, D. (2025, December). *Student loans for graduate school: Who will be affected by the new federal lending limits?* Federal Reserve Bank of Philadelphia. <https://www.philadelphiahfed.org/-/media/FRBP/Assets/Consumer-Finance/Reports/student-loans-for-graduate-school.pdf>

⁵ Matsudaira, J., Caldwell, T., Welch, M., & Vásquez, M. L. (2025, October). *How will graduate student and parent borrowing be affected by new federal loan limits?* PEER Center, School of Public Affairs, American University. https://www.american.edu/spa/peer/upload/loan-limits-from-npsas_rpt_final.pdf

⁶ Matsudaira et al. (2025), *Graduate student and parent borrowing*.

⁷ Matsudaira et al. (2025), *Graduate student and parent borrowing*.

⁸ Monarrez et al. (2025), *Student loans for graduate school*.