

## Congress Must Delay Implementing New Graduate and Professional Loan Caps

Currently, graduate and professional students can borrow up to \$20,500 per year and \$138,000 in aggregate in federal direct unsubsidized loans to pay for their education. They can finance the remaining cost of attendance with Grad PLUS loans. However, new U.S. Department of Education (ED) rules implementing the One Big Beautiful Bill Act (OBBBA) will eliminate the Grad PLUS loan program as a source of financial aid and impose a new tiered system of annual and lifetime loan caps for graduate and professional degrees.

Starting July 1, 2026, students pursuing an arbitrarily selected group of 11 “professional” degrees will be eligible to borrow up to \$50,000 annually and up to \$200,000 in aggregate. Students pursuing a professional degree not on this list will continue to face the \$20,500 annual limit and a lower lifetime limit of \$100,000. Grad PLUS loans, which offer greater consumer protections than private loans, will no longer be available, forcing some to seek out financing in the private loan market or forgo graduate and professional education altogether. This timeline does not provide current and prospective students, families, and institutions of higher education adequate time to prepare for these changes.

### What can Congress do?

AAU requests Congress to delay implementation of the new graduate and professional loan caps and tiered system of borrowing by at least one year. Congress should also consider expanding the list of professional programs that qualify for higher loan amounts.

### Upcoming Changes to Graduate and Professional Loans

		Before July 1 OBBBA implementation	After July 1 OBBBA implementation
<b>Graduate Students</b>	<b>Direct annual limit</b>	\$20,500	\$20,500
	<b>Direct aggregate limit</b>	\$138,500, including undergraduate loans	\$100,000
	<b>Grad PLUS loans</b>	Available to cover the remaining cost of attendance	Eliminated
<b>Professional Students*</b>	<b>Direct annual limit</b>	\$20,500	\$50,000
	<b>Direct aggregate limit</b>	\$138,500, including undergraduate loans	\$200,000
	<b>Grad PLUS loans</b>	Available to cover the remaining cost of attendance	Eliminated

\*Limited to professional degree programs proposed by the Department of Education: 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.). Any program not included on ED's list will be subject to graduate student loan limits.



## Why must Congress delay implementation of the loan caps?

### **The new loan caps restrict individual choice and access to graduate and professional education for millions of Americans.**

- A recent analysis found that 40% of all graduate students borrowed from the federal government to pay for their education in 2020.
- A separate analysis found that 28% of recent graduate and professional students borrowed more than the new loan caps and would need \$21,700 on average to make up for the lost financing.
- Among them, 4 in 10 would struggle to secure a private loan without a cosigner because they either don't have a credit score or their credit scores are too low.

### **The government's list of "professional" degree programs is narrow and undermines the will of Congress.**

- In its notice of proposed rulemaking, ED lists only 11 professional programs as qualifying for higher loan amounts. The department's list excludes dozens of fields that require advanced degrees—including advanced practice nursing, physical therapy, architecture, and social work—to obtain a license to practice.
- ED's list omits a key phrase—"includes but is not limited to"—from the Code of Federal Regulation's definition of "professional degree," subverting what Congress intended in passing the OBBBA.
- AAU proposes less arbitrary criteria for determining the professional status of occupations—one that will not exclude vital fields the nation relies upon—and invites ED to convene an additional negotiated rulemaking session to discuss.

### **The loan caps will exacerbate workforce shortages in critical health professions.**

- Dozens of critical health professions were excluded from the list of programs that qualify for higher loan caps, including advanced practice nursing, physical therapy, occupational therapy, respiratory therapy, physician associate, speech language pathology, and others.
- The health care system "cannot operate" without these professions, and restricting access to higher loan amounts will "prevent many qualified candidates from enrolling or completing their programs," according to the American Hospital Association.
- Recent surveys confirm anticipated health care workforce shortages and negative impact on patient care if the rule is finalized as proposed.
- Even students pursuing professional degrees with higher loan limits—medicine, dentistry, optometry—are at risk since annual and aggregate costs of attendance exceed the new limits.

### **Americans seeking to finance graduate and professional education will be forced to seek out private loans with less favorable terms.**

- The changes will inevitably steer student borrowers to private lenders, whose loans have variable interest rates and who typically do not offer income-drive repayment plans or loan forgiveness.
- Students with no or poor credit history will be unable to secure private loans without a cosigner.

