

Graduate and Professional Student Loan Limits Under OBBB

Background

The student loan provisions in the One Big Beautiful Bill (OBBB) 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 will constrain entry into fields that are critical to the economy and the workforce.

Under OBBB, Congress set different limits for certain students enrolled in graduate and professional degree programs. In the Department of Education's (Department) November 2025 negotiated rulemaking session, which reached consensus, the Department 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.

On January 30, 2026, the Department published in the Federal Register a [Notice of Proposed Rulemaking \(NPRM\)](#) on the issue of federal student loan limits for graduate and professional students. This NPRM proposes to adopt the extremely narrow definition of who is considered a professional student. The public comment period will be open for 30 days. Comments must be submitted on or before March 2, 2026. Public comments can be submitted on Regulations.gov at [this link](#).

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 OBBB 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., D.N.P., or Ph.D.), 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. Two bills seek to expand the number of professional degree programs. Rep. Mike Lawler (R-NY-17) introduced the "Professional Student Degree Act," which would add an additional 13 programs to the Department's list, including nursing programs, social work, teaching, audiology, and public health.¹ Rep. Debbie Dingell (D-MI-6) introduced the "Clarity in Professional Degree Act," which would add an additional 10 programs to the Department's list, with fewer but overlapping programs in the Professional Student Degree Act.²
- Other efforts seek to amend the new loan limits or delay their implementation date. 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 \$200,000.³ Rep. Josh Harder (D-CA-9) introduced the "Protecting Health Care Workforce Pipeline Act," which would delay the termination of Direct PLUS loans and delay the limits being imposed on loans for graduate and professional students at institutions

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 Dingell, D. (2025, December 16). *Dingell introduces legislation to protect access to student aid and address critical workforce shortages* [Press release]. Office of Congresswoman Debbie Dingell. <https://debbiedingell.house.gov/news/documentsingle.aspx?DocumentID=6488>

³ 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>

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with certain public health designations.⁴ Rep. Ritchie Torres (D-NY-15) introduced the “Professional Degree Access Restoration Act,” which would reinstate the annual and aggregate federal direct loan limits that existed prior to the OBBB loan limits for graduate and professional students.⁵

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 health programs borrow \$26,700 more than the new limits.⁶

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.⁷

- 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.⁸ 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.⁹
- 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.¹⁰
- 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 *Protecting Health Care Workforce Pipelines Act*, H.R. 6862, 119th Cong. (2025). Congress.gov. <https://www.congress.gov/bill/119th-congress/house-bill/6862/text>

⁵ Torres, R. (2025, December 11). *Rep. Ritchie Torres introduces the Professional Degree Access Restoration Act: Bill would restore federal loan access for graduate and professional students* [Press release]. U.S. House of Representatives. <https://ritchietorres.house.gov/posts/rep-ritchie-torres-introduces-the-professional-degree-access-restoration-act-bill-would-restore-federal-loan-access-for-graduate-and-professional-students>

⁶ 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.philadelphiafed.org/-/media/FRBP/Assets/Consumer-Finance/Reports/student-loans-for-graduate-school.pdf>

⁷ 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

⁸ Matsudaira et al. (2025), Graduate student and parent borrowing.

⁹ Matsudaira et al. (2025), Graduate student and parent borrowing.

¹⁰ Monarrez et al. (2025), Student loans for graduate school.