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Professional Program Exceptions Would Swallow the Rule on Loan Limits

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The Department of Education (Department) kicks off negotiated rulemaking next week to iron out the details of the student loan provisions in the recent budget reconciliation law, the *One Big Beautiful Bill Act* (OBBBA). A major question for the first rulemaking table will be how to delineate between “graduate” and “professional” programs for new federal loan limits. That decision will have wide-reaching effects on programs’

access to student loans, with programs newly incentivized to classify themselves as “professional” to get access to more taxpayer dollars. In the definition of “professional student” proposed in its discussion paper for the first rulemaking table, the Department laid out a limited list of degrees and noted the Secretary’s authority to designate any other degrees through the rulemaking process. Adding fields to that list is not, however, required. To avoid allowing exceptions to swallow the rule, negotiators should keep the definition stringent and narrow, following the intent of Congress to address unnecessary student debt.

What’s at Stake?

Although institutions self-report degree classifications to the Integrated Postsecondary Education Data System (IPEDS), there was no necessary distinction between “graduate” and “professional” programs before the OBBBA. Graduate programs are commonly thought of as master’s or academic doctorate programs. In contrast, professional programs have been interpreted to encompass a small subset of advanced degrees like those in law and medicine that require a high level of specialized professional skill. But that precise definition is now center stage under the bill’s new loan limits for graduate and professional programs. Beginning July 1, 2026, new borrowers will be eligible for federal loans up to \$20,500 annually and \$100,000 in aggregate for graduate programs, or \$50,000 annually and \$200,000 in aggregate for professional programs. What was once a trivial reporting requirement for institutions now carries financial implications, creating an incentive for programs to classify themselves as professional to benefit from the higher loan limits.

Defining Professional Degrees

In its discussion paper, the Department proposes a discrete list of professional degrees, to which the Secretary may add through rulemaking: pharmacy, dentistry, veterinary medicine, chiropractic, law, medicine,

optometry, osteopathic medicine, podiatry, and theology. In identifying this list, the Department aligned its proposal to the working definition for professional programs in the Code of Federal Regulations, 34 CFR 668.2.

Professional degree: 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. Professional licensure is also generally required. Examples of a professional degree include, but are not limited to, 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.), and Theology (M.Div. or M.H.L.).

-Code of Federal Regulations, 34 CFR 668.2; replicated in Discussion Paper and Proposed Regulatory Text: Loan Limit Provisions and Definitions.

While this list is not exclusive, Congress did not indicate that it intended to include any other fields in crafting the OBBBA loan limits. In the absence of such guidance, the Secretary can opt not to include other degrees beyond those listed as “professional,” and negotiators should strongly consider this option as both valid and appropriate. It’s clear from the delineated programs that the intent for a professional degree is to require highly specific training beyond a bachelor’s degree, and in nearly all circumstances beyond a master’s degree (with the exception of theology programs specified in the existing regulatory definition). The legislative text of the OBBBA explicitly references the limited list of professional programs found in 34 CFR 668.2, signaling lawmakers’ understanding that

the overall pool of programs qualifying for a professional loan limit is narrow. By codifying this list as written, the Department can best enforce the legislative intent of ensuring that students aren't overborrowing for graduate school and have manageable debt compared to their program's earnings.

Professional student: In this paragraph, the term 'professional student' means a student enrolled in a program of study that awards a professional degree, as defined under section 668.2 of title 34, Code of Federal Regulations (as in effect on the date of enactment of this paragraph), upon completion of the program.

-The One Big Beautiful Bill Act

The proposed definition is likewise bolstered by its consistency with that in use by other federal education entities. The National Center for Education Statistics (NCES) applies a similar definition, recognizing a "first professional degree" as "limited to degree programs that require a level of professional skill beyond that normally required for a bachelor's degree as well as a professional license." In this circumstance, a professional license generally refers to state-required licenses for professions like doctors, dentists, chiropractors, pharmacists, optometrists, lawyers, and veterinarians.

Inevitably, some industries are already lobbying for programs in a given field of study to be classified as professional instead of graduate, trying to exploit perceived loopholes in the definition through the negotiated rulemaking process. We saw this on display during the public hearings in early August, as the reality of forthcoming loan limits set in. Programs in education and social work are among those attempting to make the case

that they should qualify for the higher loan limits of a professional degree. Yet not only are these programs not included in the 34 CFR 668.2 definition, but most are also master’s degrees. Further, many lack the loan repayment outcomes that would justify higher student and taxpayer investment. These programs should remain defined as “graduate” programs to appropriately calibrate their risk and outcomes and ensure consistency with Congressional intent.

With the start of negotiated rulemaking next week, the Department should remember who this legislation was meant to benefit: students and taxpayers. Lawmakers on both sides of the aisle have opined for years about the challenges facing borrowers and the student loan system. The new loan limits for graduate and professional programs will go a long way in addressing the amount of federal loans disbursed, protecting students from high-cost programs with lower returns, and improving borrowers’ postgraduate repayment outcomes. As stakeholders prepare to gather around the negotiating table next week, their imperative in settling this definition should be to avoid creating exceptions that undermine the law on which they are regulating by codifying narrow definitions of graduate and professional programs and applying them consistently.

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