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Q&A: Why the Difference Between Graduate and Professional Degrees Suddenly Matters

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Is nursing a “profession”? Is a graduate training program for social workers considered “professional”? If you recently stumbled across these topics in the news, on social media, or in conversation with a friend who is in grad school, you may wonder what all the fuss is about. The conversation around graduate and professional degrees is one of those technical policy areas that has historically lived in niche corners of the higher education ecosystem rather than in public discourse. Thanks to major federal policy changes taking effect this year, that is no longer the case. The following is a breakdown of what you should know.

Is There a Difference Between Graduate and Professional School?

In the context of American higher education, all professional degrees are graduate degrees, but not all graduate degrees are professional degrees.¹ Graduate school, or a graduate program, is the broad term for a course of study one pursues after completing a bachelor’s (undergraduate) degree. This includes everything from master’s programs to PhDs.

Under that umbrella, there is a specific category called professional degrees. These are practitioner degrees, or graduate-level programs designed to prepare someone for direct entry into a specific, licensed profession.² Doctors (MD), lawyers (JD), dentists (DDS), and pharmacists (PharmD) are often cited as examples of professional fields requiring an advanced degree that have a standardized and practical curriculum, meaning they focus on applied skills, ethics, and practice-based knowledge. They almost always include mandatory internships or clinical placements.

Why is Everyone Talking About This Distinction Now?

The sudden spotlight on these categories is due to congressional updates to federal student loan limits for graduate students. For the last twenty years, graduate and professional students have had access to the Graduate PLUS (Grad PLUS) federal student loan program, which allowed them to borrow any amount up to their school’s cost of attendance.³ (Cost of attendance is the amount that schools calculate that represents the full cost of attending a program, so it includes tuition and fees as well as estimates of living costs.) Grad PLUS was meant to be an option to help students avoid risky private loans in the event they needed financing beyond what they received via institutional financial aid and/or traditional federal student loans.

Before this change, graduate and professional students could borrow up to \$20,500 annually (and up to \$138,000 in total, including any borrowing for undergraduate

attendance).⁴ There were exceptions to these amounts for students in various medical and health care programs, who could borrow up to \$224,000 over the course of their time as a student.⁵ And on top of these limits, all graduate and professional students could borrow from the Grad PLUS program to cover costs of attendance not covered by traditional federal loans or other financial aid. This amounted to virtually unlimited access to federal loans to finance graduate study.

However, Congress has now eliminated the Grad PLUS program entirely and updated the maximum amounts students can borrow from the federal loan program.⁶ Starting this summer, these new limits will take effect:

- General graduate students will have new limits of \$20,500 per year and \$100,000 total.
- Students in specifically identified professional programs will be able to borrow up to \$50,000 per year and \$200,000 total.

What Are the Financial Stakes in This Debate?

The “professional” label now comes with the ability to borrow \$200,000 versus \$100,000 in total, and more than double the amount of loans available to other graduate programs in a given academic year. For a student pursuing postbaccalaureate training, that delineation could mean the difference between being able to afford their education or not. If they can’t afford to fill in the gap, students would have to choose either not to pursue their desired degree, or to consider private loans, which may offer less generous terms.

And many of the fields fighting for professional designation are also fields with high social value but lower personal financial returns.⁷ For example, licensed clinical social workers must hold an advanced degree, yet starting salaries hover in the \$47,000 range.⁸ It is a paradox worth resolving. Aspiring social workers, educators, and health care providers are asked to serve society, yet they may struggle to do so if the programs that train future professionals are not supported through the implementation of new federal borrowing limits or changes to the compensation models for their fields.

What Caused the Confusion and Controversy?

Confusion set in when the Department of Education (Department) rolled out these changes by focusing the public narrative on which fields would be granted the coveted “professional” designation.⁹ Previously, a program’s designation as graduate or

professional was merely a way for schools to identify programs in data they reported to the federal government and was not tied to particular limits on student borrowing.¹⁰

When drafting the new regulations, the Department started with a pre-existing list of professional degree examples that have long existed in federal administrative law.¹¹ This meant that fields like medicine, law, and theology were already considered for the higher borrowing limits based on this legal definition, while other fields in which some jobs require graduate degrees, like social work, nursing, and education, were not on the initial list and faced the prospect of being capped at the lower graduate student limit.

The Department's exercise in identifying professions caused widespread misunderstanding. Some believed the government was reclassifying fields and even downgrading some from professional to graduate.¹² The Department of Education has since clarified that the graduate-professional distinction is not a value-laden judgement. Even so, the policy change creates an incentive for programs to lobby for the "professional" label and its access to higher borrowing limits.¹³

Why Does the Term “Professional” Touch a Nerve?

The conversation has been emotionally charged because it is not just bureaucratic jargon; it touches on identity, economics, and how we value different types of work. For students pursuing advanced degrees—including in fields like education and social work, in which a master's degree is often required—being told their program isn't "professional" under the new law can feel like a public dismissal of the rigor, complexity, and importance of their work.¹⁴

For those in the education field this has felt like a continuation of old debates about whether teaching is a profession or a vocation, where to be a profession implies a higher status.¹⁵ This is particularly sensitive because American teachers have faced increasing professionalization requirements over recent decades, like longer training, higher standards, and more certifications, only to find themselves with the responsibility of a professional but less of the autonomy and control over their workplace than a professional might expect.¹⁶ Unfortunately, reining in student loan borrowing by defining which degrees are *called* professional (and, as a result, which are not) has reopened persistent wounds.

Is There a Silver Lining To This Policy Fight?

A silver lining is that these policy fights have pulled back the curtain on the long-standing reality that graduate schools (fueled by a phenomenon known as credentialism) have been cash cows for universities for years. Institutions have strategically expanded and promoted graduate programs primarily to generate significant revenue rather than out of a core academic or workforce mission, and the system has relied on students taking on increasing amounts of debt.¹⁷ Now that the federal government is reining in unchecked borrowing, we can have a conversation about who pays for advanced training and how we square the mismatch between the degrees we require and the wages employers are willing to pay.

This debate is forcing a public reckoning around professionals in fields that offer high social value but low personal return on investment who want to know if their life's work is valued and if they can afford to do it.¹⁸ In the context of an affordability crisis and already-undermined education and health systems, there is understandable anxiety around what it means if the answer to both is, "No." To preserve access to essential professions, decisionmakers owe it to graduate and professional students and the communities they serve to ensure that pursuing a life of purpose does not require a lifetime of unmanageable debt.

What Happens From Here?

The Department of Education received feedback on its proposed regulations to implement the new borrowing limits and will use that to develop a final version. However, because negotiators agreed upon the definition during the development of the proposed rules, minimal changes are anticipated. Assuming the timeline set by Congress holds, adjustments to federal student loan programs will take effect July 1, 2026.

While the coming changes to federal student loans will certainly alter the financial equation for advanced degrees, they also present an opportunity to build a more thoughtful and sustainable funding ecosystem for training into essential careers. Universities, employers, and other key decision makers should respond to the moment by developing and expanding solutions to realign the value of graduate education with career outcomes, ultimately allowing future students to pursue their training with far less debt and far greater confidence in their return on their investment.

ENDNOTES



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