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What's Next for the Graduate vs. Professional Loan Fight

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What defines a "graduate" or "professional" degree has been a hot topic of conversation since the Department of Education (Department) wrapped up negotiated rulemaking earlier this year. Previously, the delineation was an arbitrary reporting requirement for colleges and universities. With a dollar amount now attached through new federal borrowing caps, the change has struck a nerve among students and professionals who view the loan limits and policy shifts as a statement about the value of their work. Amid swirling lawsuits and court rulings issued just before the July 1 implementation date, this explainer outlines the state of play for graduate and professional loans, the potential impact on new borrowers, and what to expect going forward.

The Issue: Defining Graduate vs. Professional Degrees

Last summer's changes to federal lending simultaneously ended the Graduate PLUS loan program and set new borrowing limits for graduate students: $20,500 annually and $100,000 in aggregate for graduate programs, or $50,000 annually and $200,000 in aggregate for professional programs. In doing so, Congress relied on an established regulatory definition of professional programs. That definition does not include programs such as nursing, education, and social work—prompting an aggressive lobbying campaign by many of these professions to ensure that their programs would be made eligible for the higher lending limits through the negotiated rulemaking process, in which the details of the law would be hashed out.

Yet that didn't happen: earlier this year, negotiators agreed to a narrow definition of professional programs in line with federal statute and congressional intent for curbing graduate student borrowing. Negotiators did add clinical psychology programs and adopted a new framework using Classification of Instructional Programs (CIP) to identify a limited amount of additional "professional programs," provided they meet other established criteria.

What Happened: Legal Action and a Temporary Definition

The Department received over 80,000 written comments on its proposal and published the final rule in May 2026. In the meantime, a flurry of groups and state attorneys general began preparing litigation in advance of July 1, the implementation date set by the statute.

While a handful of lawsuits are pending, including one from a group of state attorneys general from 25 states and the District of Columbia, a separate consolidated case brought by a coalition of health care-related professional associations resulted in a court temporarily pausing the implementation of the Department's final graduate and professional program definition and its associated framework in late June. In response to the court's ruling, the Department announced an interim list that expanded the list of professional programs from 11 to 29 while the lawsuit plays out.

Interim Professional Degrees Include:

Veterinary Medicine *(D.V.M.),* ***Law*** *(L.L.B.; J.D.),* ***Divinity/Ministry*** *(M.Div.),* ***Rabbinical Studies*** *(M.H.L.),* ***Clinical Psychology*** *(Ph.D.; Psy.D.),* ***Counseling Psychology*** *(Psy.D.),* ***School Psychology*** *(Psy.D.),* ***Clinical Child Psychology*** *(Psy.D.),* ***Health/Medical Psychology*** *(Psy.D.),* ***Family Psychology*** *(Psy.D.),* ***Forensic Psychology*** *(Psy.D.),* ***Clinical, Counseling, and Other Applied Psychology*** *(Psy.D.),* ***Chiropractic*** *(D.C.; D.C.M.),* ***Audiology/Audiologist*** *(AuD),* ***Speech-Language Pathology/Pathologist*** *(SLP),* ***Dentistry*** *(D.D.S.; D.M.D.),* ***Anesthesiologist Assistant*** *(CAA),* ***Physician Associate/Assistant*** *(MSPA; PA),* ***Athletic Training/Trainer*** *(MSAT; MAT),* ***Medicine*** *(M.D.),* ***Osteopathic Medicine*** *(D.O.),* ***Podiatry*** *(D.P.M.; D.P.; Pod.D.),* ***Optometry*** *(O.D.),* ***Pharmacy*** *(Pharm.D.),* ***Occupational Therapy/Therapist*** *(OT; MSOT; OTD),* ***Physical Therapy/Therapist*** *(PT; DPT),* ***Registered Nursing/Registered Nurse*** *(MSN),* ***Nurse Anesthetist*** *(DNAP),* ***Nursing Practice*** *(DNP).*

-Department of Education, Federal Student Aid, Update to List of Professional Degree Programs Due to Court Order, July 10, 2026.

Looking Ahead: What to Expect and Why It Matters

In the best-case scenario, the legal process will take several months to play out. The National Association of Student Financial Aid Administrators (NASFAA) recently outlined the court's schedule and potential outcomes—all of which are complex. Given the variables at play on both sides of the case, it's possible that the court may not decide how to proceed before December 2026. This timeline applies *only* to the consolidated lawsuit led by the coalition of health care-related professional associations. To further complicate the issue, other lawsuits are still moving through the courts, and bills recently introduced in Congress would alter the graduate and professional definition in their own distinct ways.

Yet looking past the legalese, it's important to take note of the calendar. The academic year begins for most students in just a few short weeks, and there's now significant confusion about the amount they may be able to borrow from the federal government for advanced degrees. A major consequence of litigation is the limbo it creates for students, institutions, and borrowers. While some programs on the Department's interim list may now be eligible for a higher loan limit, there's no guarantee the court will keep them there going forward. With institutions now able to set their own lending limits for different programs, this uncertainty also places colleges and universities in the tricky position of having to decide whether to use that authority to make certain programs eligible for higher loans now, with the potential that the amount available to them may be lower in the future, or keep those programs at a lower loan limit until the court's decision.

Conclusion

There are still many questions about how the graduate vs. professional loan fight will play out over the next few months. While the current cases move through the legal process, borrowers must grapple with additional uncertainty and institutions with strategic decisions about how to implement these loan limits as the academic year begins. For those watching, it will be important to keep an eye on how the plaintiffs and the Department approach their written arguments, as well as coverage on how institutions and borrowers plan to navigate this period. The other unknown is whether Congress will choose to weigh in on the definition by moving any of the introduced legislation to the floor. The coming months will determine how the law is ultimately interpreted and applied.