

Health Groups Warn Student Loan Limits Will Strain Workforce

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Reporter

- Nurses, physician assistants, and other health care professions are warning the Education Department that new limits on federal loans for graduate students will worsen persistent labor shortages.
- The administration plans to split graduate students into two categories with different loan caps, with students in health care-related programs facing more stringent limits.
- The Education Department says the caps are meant to “drive down” the price of tuition and tackle the student loan debt crisis, but health care trade groups and associations have urged the department to broaden the scope of the loan categories.

Nurses, physician assistants, and other health care professions are warning the Education Department that new limits on federal loans for graduate students will worsen persistent labor shortages as the agency moves closer to finalizing the changes.

The administration plans to split graduate students into two categories with different loan caps, as it implements financial aid provisions of President Donald Trump’s sweeping \$3.3 trillion tax and spending law. Students in a range of health care-related programs would face more stringent limits under a proposal with a comment period ending Monday.

“At a time when we need more people in health care, this has the impact of shrinking the pipeline,” said Todd Pickard, president of the American Association of Physician Associates, which submitted a comment letter to Education Secretary Linda McMahon Feb. 25, among the thousands submitted by a range of interests. “We’re trying to help the administration see that you have to invest in the pipeline when you want more people taking care of patients.”

The Grad PLUS program, which allowed graduate students to borrow up to the full cost of their education, will shutter July 1. The new loan categories go in effect the same

day. Students in “graduate” programs can borrow up to \$20,500 annually, with a total of \$100,000. Students in “professional” programs can borrow up to \$50,000 a year and \$200,000 total.

The Education Department, working with a panel of experts and stakeholder groups last year, deemed just 11 programs and doctorate degrees as “professional.”

Among those that made the cut include: medicine, pharmacy, podiatry, chiropractic, clinical psychology, optometry, osteopathic medicine, and dentistry. Those left out include nursing, physician assistant, occupational therapy, and physical therapy.

Debt Crisis

The department says the caps are meant to “drive down” the price of tuition and tackle what’s broadly seen as a student loan debt crisis. Borrowers owe \$1.8 trillion in [total](#), according to the Education Data Initiative.

“We have a clear path forward to fulfill the President’s promise of making higher education more affordable and ensuring that every professional in America—from teachers and nurses to physicians and clergy—can pursue their careers without taking on debt they may never be able to repay,” Under Secretary of Education Nicholas Kent [said](#) in January.

Republican lawmakers have also championed the cuts. Senate Health, Education, Labor, and Pensions Chair Bill Cassidy (R-La.) advanced the limits in his committee’s portion of last year’s tax and spending law.

Congressional Democrats have pushed back. House lawmakers [proposed legislation](#) to amend parts of the legislation that set the limits. And a bipartisan House and Senate coalition argued in a [letter](#) to the department that nursing degrees should be under the “professional” category.

Health Care Demands

Health care trade groups and associations representing workers, local hospital systems, and insurance companies have urged the department to broaden the scope of these loan categories in a slew of comment letters.

“Excluding nursing, physician assistant, physical therapy, occupational therapy, and social work degrees does not reflect the advanced expertise, clinical responsibilities, and critical contributions these professionals provide to our patients every day,” Duke Health said in its comment letter Feb. 27.

The cost of earning a graduate degree has risen 233% since 2000, according to a 2024 [study](#) by Georgetown University. Nursing students in graduate programs report that their average yearly education costs are more than \$38,000, according to a recent [survey](#) by the American Association of Colleges of Nursing.

The limits will lead more students to take out private loans with higher interest rates, commenters said.

“Sending people to predatory loans or limiting the amount of good, affordable loans where you’re not saddled with so much debt—I don’t think that’s the way to make tuition rates change or costs change,” Pickard wrote.

Demand for health care roles continues to grow. For nursing professionals, it’s projected to increase by about 35% in the next decade, [according to](#) the Bureau of Labor Statistics.

Other Industries Impacted

The National Association of Tax Professionals said in a December letter that the rule “threatens the stability of the tax preparation workforce” as the profession “is already facing increased complexity in tax law, heightened compliance demands and ongoing shortages of qualified preparers.”

Most graduate accounting programs would not be hit by the caps because average tuition falls within the limit, the department [told](#) Bloomberg Tax in December.

Higher education groups and universities also weighed in.

“Historically, the federal government has partnered with universities to achieve our shared goal of creating a more highly-skilled workforce that meets employer needs, supports the public, and serves the national interest,” Boston University president

Melissa Gilliam said in her letter. The change “does not support this shared goal and will make it more challenging for students to access higher education.”

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