

Trump's Graduate Student Loan Cap Rules Finalized As Is (2)

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Summary by Bloomberg AI

- The Trump administration finalized rules implementing new caps on federal loans for graduate students, with only 11 degree programs qualifying for higher loan amounts.
- The regulations split graduate students into two categories with different loan limits, with students in "graduate" programs able to borrow up to \$20,500 annually and students in "professional" programs able to borrow up to \$50,000 a year.
- The new limits aim to put pressure on higher education institutions to lower the cost of their programs, with critics saying universities have allowed costs to skyrocket in the absence of limits on federal subsidies.

The Trump administration Thursday finalized rules implementing new caps on federal loans for graduate students imposed in the GOP's tax-and-spending law.

Only 11 degree programs will qualify for higher loan amounts—despite calls from health care professionals, medical industry groups and other specialties to expand that list.

The **regulations** from the Education Department split graduate students into two categories with different loan limits. 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.

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.

Accountants **had also urged the Education Department** to explicitly qualify the profession for less stringent loan limits as their industry seeks to fill job vacancies with young recruits. But that request was also rejected, with the department arguing in its

regulations that the average accounting student borrows less than the “graduate” loan limit for their education.

The regulations also sunset the Grad PLUS program, which allowed graduate students to borrow up to the full cost of their education. Parent PLUS loans, which allow parents of students to take out loans up to the full amount of their education, would be capped at \$20,000 annually. All of these changes go into effect July 1.

The Trump administration’s new limits aim to put pressure on higher education institutions to lower the cost of their programs, to tackle what’s widely seen as a student loan debt crisis.

Borrowers owe \$1.8 trillion in federal student loans total, according to the Education Data Initiative. Critics say that universities have allowed the cost of attending their programs to skyrocket in the absence of limits on these federal subsidies.

“Through these reasonable loan caps, we are instituting a ceiling for institutions to live within their means,” Education Under Secretary Nicholas Kent told reporters Thursday.

Universities and the trade groups that represent them say the regulations will create additional barriers to accessing graduate education.

“Students, particularly those from low-income backgrounds, need access to affordable loans to complete vital programs that enhance their career prospects and make vital contributions to the nation’s workforce,” said Waded Cruzado, president of the Association of Public and Land-grant Universities, in a [statement](#).

“The nation needs more graduates with advanced degrees in fields such as physical therapy and social work to meet workforce needs in underserved communities and the nation,” Cruzado said.

Preston Cooper, a senior fellow at the American Enterprise Institute, said the limits will “protect students excessive debt” and rein in an “out-of-control student loan program.”

New Repayment Plan

The regulations also implement the overhaul of student loan repayment options in the GOP’s tax-and-spending law. The current handful of options would be replaced with

two: a new standard repayment plan and the income-based “Repayment Assistance Plan” (RAP).

The latter sets monthly payments to a \$10 minimum, an increase compared to existing plans. Borrowers would have to make payments for 30 years until their remaining balance is canceled, compared to the current 20 or 25 year standard.