



## Student Loans and the “Professional Program” Designation: Explanation, Analysis, and Advocacy

The "One Big Beautiful Bill Act" (OB3), the sweeping tax and spending law enacted in July 2025, made several major changes to student loan programs that will have a significant impact on educator preparation programs (EPPs) and their students. These changes take effect on July 1, 2026, but most are phased in to limit the immediate impact on current students.

In addition to the changes already specified in OB3, the Department of Education (ED) is currently writing regulations to carry out the new law. Through the regulatory process, ED will make policy decisions that will have a significant impact on the affordability of EPPs and on the ability of programs to recruit and retain students. As described below, the most significant of these decisions is which graduate programs will be designated as “professional programs.”

### What changes are in the new law?

#### Undergraduate Students

- **Parent PLUS Loans:** These loans have enabled parents of dependent undergraduates<sup>1</sup> to borrow up to the full cost of attendance (tuition, fees, and an institution-set budget for books, housing, food, and other living expenses). Under OB3, Parent PLUS loans will be capped at \$20,000 per student per year with a \$65,000 lifetime limit per dependent student.
- **Pro-ration of Federal Direct Loans for Less Than Full-time Students.** Through regulation, ED must specify how this will work, but it is likely that the amount that students may borrow annually will be reduced in direct proportion to their attendance status. For example, a half-time student will only be able to borrow up to half of the annual loan limit. For undergraduates, the annual loan limits vary based on year in school and student type (dependent or independent); they range from \$5,500 for first-year dependent students to \$12,500 for third-year and higher independent students. Dependent students who exhaust their loan eligibility may receive funds through a PLUS loan to their parents. Independent students do not have this option. In 2019-20 (the last year for which we have field-specific information), 44% of undergraduate education students were independent.

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<sup>1</sup> For federal financial aid purposes, undergraduates are considered financially dependent on their parents if they are age 23 or younger, unmarried, not parents or guardians, and not a servicemember or veteran. Undergraduates who do not meet these criteria, and all graduate students, are considered independent. Parental income and assets are considered in determining financial aid eligibility for dependent students. For independent students, only the student's income and assets (and those of a spouse) are considered.

## Graduate Students

- **Grad PLUS Loans:** This program, which enabled graduate students to borrow up to the full cost of attendance, has been eliminated.
- **Borrowing Limits:** The cumulative borrowing limit for graduate education under the Federal Direct Student Loan program is reduced from \$137,500 to \$100,000. The annual borrowing limit for most graduate programs is unchanged at \$20,500.
- **Pro-ration of Federal Direct Loans for Less Than Full-time Students:** see description above for undergraduates. A half-time graduate student will most likely be eligible to borrow up to \$10,250 annually.
- **Professional Students Category:** Students who fall into this category, which is new for the student loan programs, will be eligible for \$50,000 in annual borrowing and up to \$200,000 cumulatively. The definition of which students will fall in this category is being determined through regulation; at present, education is not included in the [draft rule](#). Professional students are also subject to pro-ration if they attend on less than a full-time basis.

There are also changes to repayment plans, which will limit the options borrowers have to reduce their monthly student loan bills. Further, because some students will have less access to federal loans, their capacity to receive loan forgiveness through the Public Service and Teacher Loan Forgiveness programs will be reduced.

## **What is the potential impact on education students?**

- Part-time undergraduate and graduate students will have considerably less access to federal loans, creating significant affordability concerns if institutions are unable to substitute institutional or other funds in their financial aid awards.
- Graduate students will not have the option to augment their borrowing through the Grad PLUS program and may need access to private loans. In addition to having less favorable terms and conditions, these loans will not be eligible for the Public Service and Teacher Loan Forgiveness programs.
- If AACTE and its members can successfully advocate for education to be considered in the “professional student” category, it will significantly improve students’ access to loan capital and alleviate much of the need for private borrowing.

## **What do the available data tell us?**

- The impact of the proposed changes will fall hardest on graduate students (although undergraduates also will be affected). Almost 60% of degrees and certificates awarded in the field of education are at the graduate level (46% of all education degrees and certificates are master's degrees). At private for-profit and private not-for-profit four-year institutions, the proportion of graduate students is even higher (78% and 72%, respectively).
- Graduate students will be severely impacted due to the combined effect of pro-ration and the elimination of Grad PLUS:

- In 2019-20 (the last year for which we have field-specific information), half of all education graduate students attended less than full-time.
- Among half-time master's degree students in education, 47% borrowed, and their average Federal Direct Loan amount was \$12,000 — so, even 5 years ago, they were borrowing more on average than the \$10,250 they would likely be allowed under OB3.
- At the doctoral level, 60% of half-time students borrowed, and the average amount was \$15,000.
- Of course, the last five years have seen significant inflation, so student expenses have only increased. Without access to additional loans to fill the gap, it is unclear how most graduate students in education will afford their programs.

## What can you do?

The current [draft proposal](#) does not include education among the list of programs qualifying for “professional” status. However, this is not the end of the process. We expect that, either later this month or in January, ED will release a proposed regulation with the new definition for public comment, most likely with a 30-day response deadline. We need a groundswell of calls to include education in the professional category when the regulations are released for public comment. Starting now, you can take several steps:

- [Register](#) to attend AACTE’s Town Hall discussion about this issue on **December 18 at 12 p.m. ET** to learn more, ask questions, and discuss this issue with colleagues. AACTE will also hold a more detailed public [webinar on January 14](#), which will be a great opportunity to educate your faculty, staff, students, and partners.
- Ensure that your institution intends to comment on the proposed regulation and that, when it does, it seeks inclusion of education in the professional category. Make sure senior leaders, including your president, provost, and senior government relations officer, understand the likely impact on your program(s).
- Work with your financial aid and institutional research offices to quantify the expected impact on your students and program(s). Be ready to answer questions such as the following: *How many students will be affected? How much of an affordability gap will they face? What will this mean for recruitment and retention, and ultimately for the educator workforce in our region?*
- Reach out to key K-12 partners, such as local superintendents and union leaders, to make sure they understand this issue and its potential impact. Rally them to assist you in advocating for inclusion of education in the professional student category.
- Ideally, in partnership with other EPP and K-12 leaders in your community, write an op-ed for your local paper(s) explaining this issue and its impact on your local schools. Soon, AACTE will provide a sample op-ed. In the meantime, see [this story](#) focused on nursing as an example. If you have relationships with reporters, make sure they are aware of this issue.
- Get active on social media about this issue, and encourage your faculty, staff, students, and K-12 partners to do the same. Tag ED and Secretary McMahon on your posts (see [HERE](#) for their handles on various platforms). AACTE will provide a sample social media toolkit alongside the sample op-ed.

- Encourage state and local leaders to comment on the proposed regulations and, where they have relationships, to reach out directly to senior officials in the Department of Education.
- Reach out to your members of Congress and encourage them to contact ED leadership. This is especially important regarding Republican members. AACTE will issue an action alert when the proposed regulations are posted for comment, but it is not too soon to contact your members of Congress. They will be in their district/state offices in January, so that is a great time. Look for any town halls or other events when you (or your students or partners) can raise this issue directly.

AACTE is here to help. Over the coming days and weeks, AACTE will share communication and advocacy resources with you and speak out on this issue nationally. If you need advocacy advice or assistance, please contact Jacqueline King ([jking@aacte.org](mailto:jking@aacte.org)). For media relations, contact Tyler Pointer ([tpointer@aacte.org](mailto:tpointer@aacte.org)).