

H.R.1 and the Healthcare Workforce: Implications for Graduate Student Borrowing and Workforce Supply in Washington State

Report Snapshot

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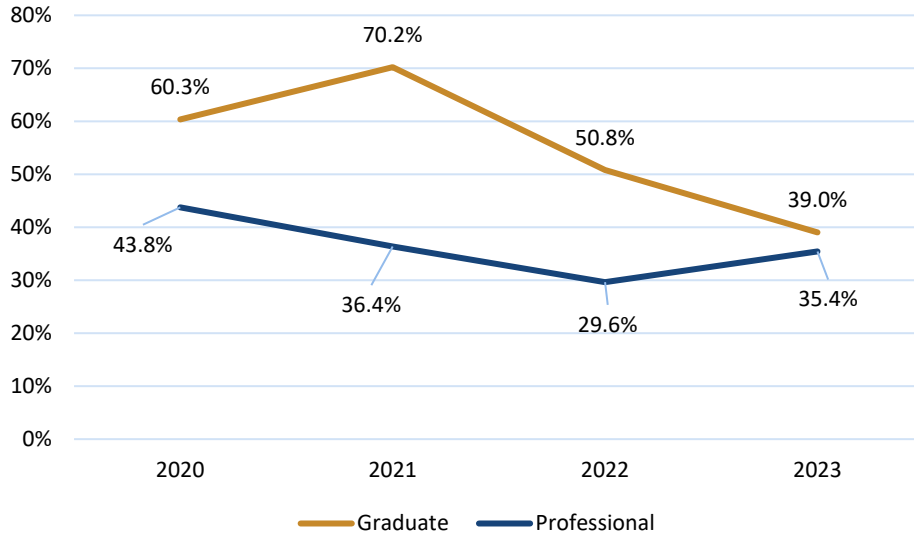
Impacts of H.R. 1 loan limits on graduate students

H.R. 1 is set to take effect in July 2026 and includes many changes to the Federal Direct Loan Program. These changes include placing annual and aggregate loan limits on graduate students' borrowing under the Direct Loan Program and eliminating the Graduate PLUS Student Loan Program. Given trends in graduate student borrowing over the last 20 years, these changes are expected to have implications for whether students enroll in graduate school and how they pay for it. Three possible outcomes include:

- **Fewer people pursuing pathways that require graduate or professional degrees.** Since the creation of the Graduate PLUS Student Loan Program – which allowed graduate students to borrow up to their cost of attendance – the number of graduate degrees conferred has increased. Without this funding, students may choose to forgo graduate degrees if they are unable to cover the cost of their education. This is especially the case for degrees that have a higher cost of attendance, like those in healthcare.
- **Those who do enroll will either become more reliant on private loans or pay more out of pocket.** The creation of the Graduate PLUS Student Loan Program shifted students away from private loans. Indeed, private student loan borrowing dropped 75% between 2005 and 2024. Absent the Graduate PLUS Student Loan Program, students may either opt to pay out of pocket or turn to private loans, which tend to be more expensive and offer fewer borrower protections than federal student loans.
- **The upfront costs of alternative financing approaches could worsen basic needs insecurity.** If students take out private loans or attempt to pay out of pocket for their degrees, their monthly costs may increase. This in turn may increase unmet basic needs, which is linked with lower completion rates.

Possible impacts on the Washington healthcare professional pipeline

In Washington, the impacts of these new loan limits are expected to be particularly pronounced for healthcare workers who often borrow more than these new limits will allow. For each year since 2020, **over 30% of Washington Health Corps (WHC) applicants who held graduate or professional degrees had federal loan balances above the new H.R. 1 aggregate loan limits.**



Furthermore, a survey administered by the Washington Student Achievement Council (WSAC) to Washington Health Corps members revealed that healthcare professionals **experience high levels of unmet basic needs:**

<p>17%</p> <p>could not afford to eat balanced meals in the last 30 days.</p>	<p>25%</p> <p>had a rent or mortgage increase that made it difficult to pay within the past 12 months.</p>	<p>21%</p> <p>experienced trouble accessing primary care for themselves in the past 12 months.</p>
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With the new H.R. 1 loan limits, healthcare professionals may have to resort to more expensive options to finance their education, thus worsening the existing unmet basic needs, and potentially impacting their completion rates.

Washington already faces a shortage of healthcare professionals, and these new loan limits may exacerbate the existing shortages. While the state has invested in efforts to sustain healthcare training pathways and mitigate financial barriers, Washington should continue to examine how the loan limits change borrowing habits, how those changes impact graduate degree attainment and the Washington workforce, and what additional steps the state can take to help minimize any consequences of the H.R. 1 loan limits.