

H.R. 1 and the Healthcare Workforce

Implications for Graduate Student Borrowing and Workforce Supply in Washington State

Research Report

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Introduction

In July 2025, the federal government passed H.R. 1, more commonly known as the One Big Beautiful Bill Act.¹ The bill, which instituted changes across multiple federal agencies and programs, included significant revisions to the Federal Direct Loan Program’s individual borrowing limits.² Set to take effect on July 1, 2026, these revisions will impact new borrowers who enroll in programs beginning in Fall 2026.³ Keeping in mind that in 2020,⁴ more than 40 percent of graduate students took out federal loans, it’s worth examining two major changes that will directly affect the availability of student loans for graduate and professional students:⁵

- **Placing annual and aggregate limits on graduate students’ borrowing under the Direct Loan program.**⁶ Under H.R. 1, graduate students can borrow only up to \$20,500 per year and up to \$100,000 in aggregate. Professional students can borrow only up to \$50,000 per year and up to \$200,000 in aggregate.⁷ Before H.R. 1, graduate and professional students could borrow only up to \$20,500 per year and \$138,500 in aggregate.⁸ While the new limit under H.R. 1 is higher for professional students, the old limit permitted additional borrowing through the Graduate PLUS Student Loan Program.⁹
- **Eliminating the Graduate PLUS Student Loan Program.** Previously, once graduate and professional students exhausted their funding through the Direct Unsubsidized Stafford Loan, they could use the Graduate PLUS loan to cover any remaining expenses up to the cost of attendance.¹⁰ Under H.R. 1, the Graduate PLUS Student Loan Program will no longer exist; once students reach the loan limit, they will have to seek alternative ways to finance their education.

These changes will necessarily impact students’ decisions about whether to enroll in graduate school and how to pay for it. As a result of the changes under H.R. 1, it is predicted that an estimated \$8 billion in federal loans previously on the table will be unavailable to graduate students.¹¹ For programs with high costs and high labor demand, such as healthcare, the result could be more pronounced healthcare worker shortages in more communities nationwide. Indeed, Washington’s data suggest many

Who counts as a graduate or professional student?

As part of the negotiated rule-making around H.R. 1, the federal government defined a graduate student as “a student enrolled in a program of study that is above the baccalaureate level and awards a graduate credential (other than a professional degree)” and a professional student as “a student enrolled in a program of study that awards a professional degree.”

healthcare professionals borrow over the federal limit and will thus be directly impacted by the changes.

Although it is hard to predict the specific impacts of H.R. 1's changes, this report explores three possible outcomes:

- Fewer people will pursue pathways that require graduate or professional degrees.
- Those who do enroll will either become more reliant on private loans or pay more out of pocket.
- The upfront costs of alternative financing approaches could worsen basic needs insecurity.

This report will start with an overview on graduate student borrowing, and then examine the potential impacts of H.R. 1's changes on Washington's healthcare sector. It closes with a discussion of Washington's efforts to continue growing and sustaining the healthcare workforce despite changes in federal policy.

Three Trends in Graduate Student Borrowing

In the last 20 years, the landscape of graduate student borrowing has changed drastically, especially in terms of how much is borrowed, where funding comes from, and what the expected payoff is.

- **Average loan amounts among graduate students have increased steadily since 2008.** Between 2008 and 2016, the average amount of federal loans borrowed by graduate students jumped from \$41,805 to \$61,390.¹² As of 2020, approximately 26 percent of all graduate federal borrowers borrowed more than the new H.R. 1 loan limits will allow, with the majority of those enrolled in master's (51 percent) or professional (34 percent) degree programs.¹³
- **Graduate student borrowers became more reliant on Graduate PLUS loans and less reliant on private loans.** In 2005, before the Graduate PLUS Student Loan Program was created, graduate students borrowed \$5.3 billion from the private loan market.¹⁴ By 2024, this amount had dropped by nearly 75 percent, to just under \$1.4 billion.¹⁵ At the same time, the total amount borrowed through the Graduate PLUS Student Loan Program rose from \$218.9 million during the 2006–07 academic year to \$13.27 billion in the 2022–23 academic year.¹⁶
- **While average borrowing has trended upward, graduate student earnings premiums have remained stagnant.** In 2005, individuals with master's degrees earned 60 percent more than high school graduates, but by 2020, that figure had dropped to 55 percent.¹⁷ Moreover, the earnings premium for doctoral/professional degrees is trending downwards.

Washington Healthcare Professionals

Leveraging loan data collected as part of the [Washington Health Corps \(WHC\)](#), this section offers a glimpse into graduate and professional borrowing among Washington's healthcare professionals.¹⁸ Administered by the Washington Student Achievement Council (WSAC), the WHC is one of many

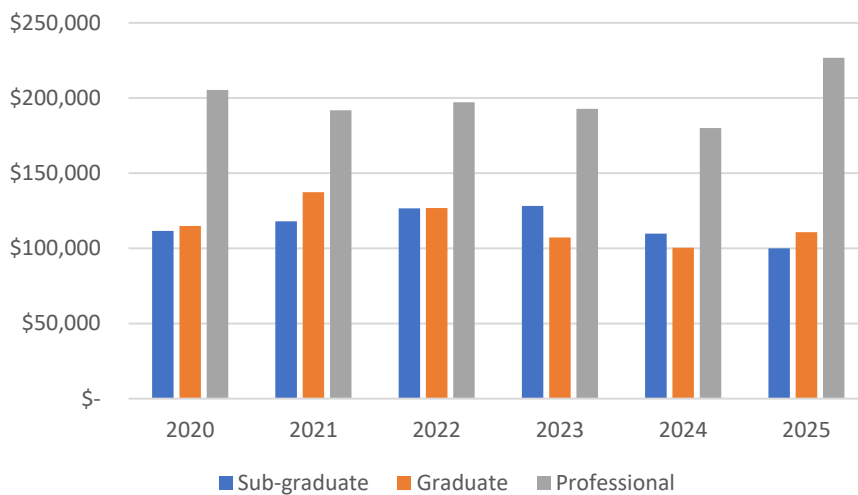
state aid programs that provides financial assistance to students pursuing a career in healthcare as well as to current healthcare providers.

Although the program can provide funding only to fewer than 200 individuals each year, the rapid growth in the number of applicants suggests significant demand for financial assistance with student loans. In 2020, approximately 380 individuals applied for the WHC program, and in 2025 that number skyrocketed to more than 700.¹⁹

Examining the data provided in these applications affords an opportunity to better understand borrowing trends among Washington’s healthcare professionals.

- Healthcare providers who earn a degree through a graduate program accumulate more than \$100,000 in student loans (Figure 1).
- Healthcare providers who earn a degree in a professional program accumulate approximately \$200,000 in student loans (Figure 1).
- In 2023, over 30 percent of graduate and professional WHC applicants reported federal loan balances above the new H.R. 1 loan limits (Figure 2).²⁰

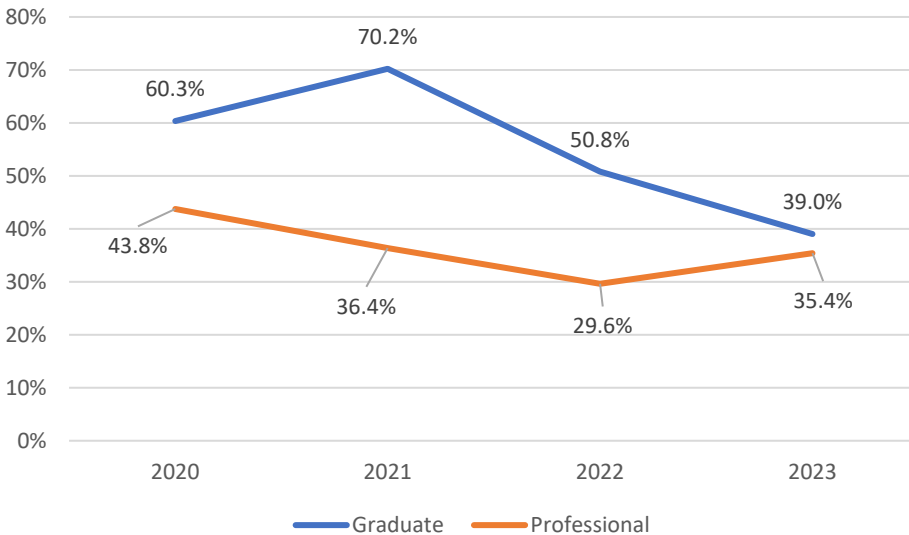
Figure 1. Average total loans for all WHC applicants from 2020–2025



Source: WHC application data from 2020 through 2025.

Note: These averages include both the federal and commercial (or private) loans that students took out to finance their education.

Figure 2. Percentage of graduate and professional WHC applicants over the H.R. 1 aggregate loan limit²¹



Source: WHC application data from 2020 through 2023.

Three ways H.R. 1 may impact Washington’s healthcare sector

Washington already faces a healthcare shortage: each one of Washington’s 39 counties has at least one health professional shortage area (HPSA) in primary care, dental health, and/or mental health.²² The high costs of healthcare degree programs, combined with the existing shortage, suggest that new, lower loan limits could impact the state’s healthcare professional pipeline. Previous trends and research provide insight into three possible outcomes.

Fewer people will pursue pathways that require graduate or professional degrees

The number of graduate and professional degrees conferred has increased since 2007, when the Graduate PLUS Student Loan Program was first introduced.²³ Ending the Graduate PLUS Student Loan Program and lowering the borrowing limit for Direct Loans could therefore have the reverse effect: People who had planned to pursue a graduate degree may forego doing so if they are unable to cover the cost of their education.²⁴

As evidenced in Figure 2, over 30 percent of WHC applicants borrowed an amount greater than the new H.R. 1 graduate student loan limits would allow. Some of these individuals likely would have opted out of enrolling in graduate or professional school had the H.R. 1 borrowing limits been in effect. For each opt out, the consequence would be one fewer healthcare professional in a community with documented shortages, thus exacerbating the statewide healthcare professional shortage.

Those who do enroll may become more reliant on private loans or pay more out of pocket

Students migrated from private loans to federal loans when the Graduate PLUS Student Loan Program was created.²⁵ It is possible that, with fewer federal loans available, this trend will now reverse.²⁶ Based on data from the WHC, a reversal could mean the average graduate student takes

out more than \$50,000 in private loans, and the average professional student more than \$125,000. Private loans can be beneficial to help fill gaps left when federal funding is not available, but there are negative implications for short-term costs and long-term repayment. In the short term, payments on private loans typically begin immediately after borrowing. In the long term, private loans typically have higher and more variable interest rates, and they are often not eligible for income-based repayment plans or other protections and supports that federal student loans offer.²⁷ As a result, loans could become more expensive in the long run and have longer repayment periods with higher monthly payments. To be sure, a 2024 report revealed that some private loan borrowers are required to make payments that amount to over 40 percent of their total monthly income, and others had routinely made payments for years without reducing the principal of their loan.²⁸

Alternatively, students may still enroll but find a way to pay out of pocket, which could result in lower completion rates in the long term.²⁹ Paying out of pocket would reduce debt burdens, but it may also lead to additional financial stress while enrolled, and financial stress is shown to impact retention in programs.³⁰ One report revealed that 56 percent of adults who either dropped out or never enrolled said cost is a “very important” reason driving their lack of enrollment, and 31 percent of adults currently enrolled considered dropping out because of costs.³¹

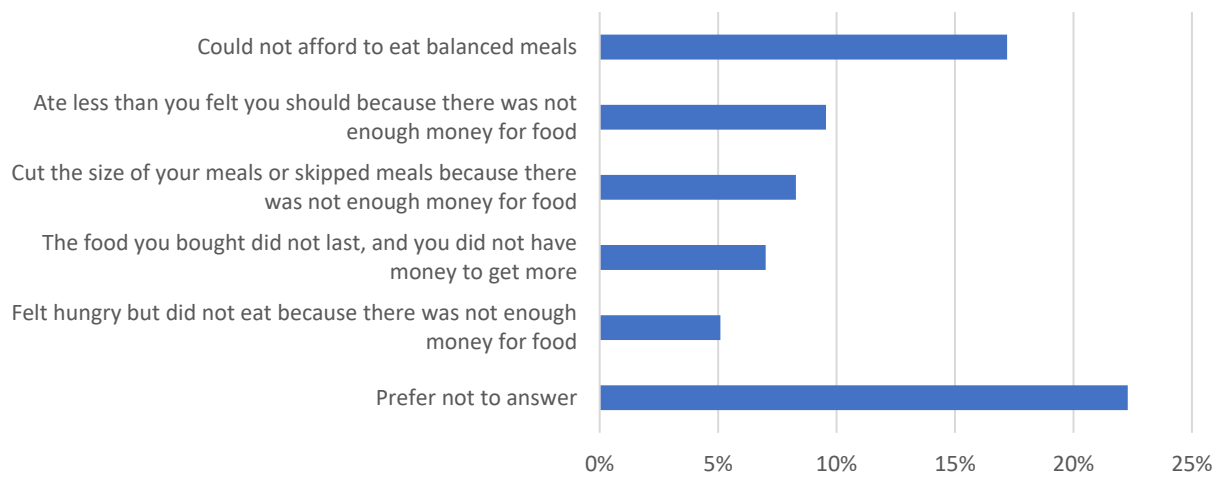
The upfront costs of alternative financing approaches could worsen basic needs insecurity

If students’ monthly costs increase, either because they take out private loans or attempt to pay out of pocket, then the prevalence of basic needs insecurity may increase.³² According to a WSAC-administered survey on basic needs:

- 17 percent of healthcare professionals said that in the last 30 days they could not afford to eat balanced meals (Figure 3).
- 25 percent had a rent or mortgage increase that made it difficult to pay within the past 12 months.
- 21 percent experienced issues accessing primary care for themselves in the past 12 months.

Because unmet basic needs are linked with lower completion rates, more students experiencing basic needs insecurity could result in fewer students completing health programs and therefore fewer healthcare professionals entering the workforce.³³

Figure 3. Measures of food insecurity among healthcare professionals receiving financial aid



Source: WSAC adult basic needs survey administered in December 2025.

How Washington programs can mitigate the impacts of H.R. 1’s graduate student loan borrowing limits on the healthcare sector

H.R. 1 loan limits might or might not lead to the negative impacts outlined above. Either way, Washington is well-positioned to stave off negative consequences through the strategic investment in, and the expansion of, state programs designed to increase the number of healthcare professionals operating within the state.

The Rural Health Transformation Program can support efforts to recruit, train, and retain Should H.R. 1’s federal loan limits lead to decreases in the number of people pursuing a career in healthcare, Washington has a program and funding to help counteract the effect. Authorized under H.R. 1, the Rural Health Transformation Program provides funds to help states improve healthcare access in rural communities.³⁴ Washington received \$181 million through the program, and funds will be used to support efforts to recruit, train, and retain healthcare workers in rural areas.³⁵

WHC loan repayment programs can help lower debt burdens of healthcare professionals The WHC program aims to alleviate the debt burdens that healthcare professionals face when it comes time to repay their loans. Whether the loans are federal, commercial/private, or both, this program provides quarterly funding (up to \$75,000 total) for recipients to use toward lowering loan balances.

To receive this funding, an individual must work as an eligible provider type at an eligible site and must agree to complete a service obligation ranging from two to five years, depending on the funding amount and their employment status. Through an internal evaluation of this program, WSAC learned that the average participant’s total loan amount decreased by more than \$60,000 between their initial enrollment in the program and completion of their service obligation. Funding recipients shared that the funding reduced the stress they feel about paying off loans. These

preliminary quantitative and qualitative findings demonstrate the positive impact this program has on reducing the debt burden associated with student loans.

The Behavioral Health Conditional Scholarship can keep students in healthcare pathways

The Behavioral Health Conditional Scholarship (BHCS) program provides undergraduates pursuing an eligible behavioral health program with up to \$41,000 in financial support in exchange for a three-year service commitment at an approved site after graduation.³⁶ The program is intended to reduce students' reliance on loans and lower debt upon completion.

The BHCS can support only approximately 30 students each year, so its reach is limited. That said, its availability could directly counteract all three potential negative outcomes highlighted in this report. Participating students can still enroll without turning to the private loan market or out of pocket costs, which minimizes the potential for increased financial hardship while in school.

Conclusion

There is no doubt that loan limits set under H.R. 1 will change how graduate and professional students finance their education. The new loan limits are likely to have a more pronounced effect for students in higher-cost graduate and professional programs, like healthcare. Evidence from studies of student loan borrowing suggests that H.R. 1's changes may lead to fewer people pursuing graduate degrees, higher costs (either through private loans or increased upfront costs) for people who do enroll, and enrolled students experiencing more unmet basic needs.

As loan limits reshape access to graduate and professional education in unpredictable ways, Washington is working to sustain training pathways and mitigate financial barriers. Over time, the state should continue to examine how the loan limits change borrowing habits, how those changes impact graduate degree attainment and the Washington workforce, and what steps the state can take to help minimize any negative consequences of the loan limits.

Sources

¹ H.R. 1 - 119th Congress (2025-2026): An act to provide for reconciliation pursuant to title II of H. Con. Res. 14. (2025, July 4). <https://www.congress.gov/bill/119th-congress/house-bill/1>.

² National Association of Student Financial Aid Administrators. (n.d.). *Federal Student Aid Changes from the One Big Beautiful Bill Act*. https://www.nasfaa.org/uploads/documents/Federal_Student_Aid_Change_OB3.pdf.

³ Matsudaira, J., Caldwell, T., Welch, M., & Vásquez, M. L. (2025). *How Will Graduate Student and Parent Borrowing Be Affected by New Federal Loan Limits?*. Postsecondary Education & Economics Research Center. https://www.american.edu/spa/peer/upload/loan-limits-from-npsas_rpt_final.pdf.

⁴ The referenced report uses data from 2020 because it was the most recent year for available data from the [National Postsecondary Student Aid Survey \(NPSAS\)](#).

⁵ Matsudaira, J., Caldwell, T., Welch, M., & Vásquez, M. L. (2025). *How Will Graduate Student and Parent Borrowing Be Affected by New Federal Loan Limits?*. Postsecondary Education & Economics Research Center. https://www.american.edu/spa/peer/upload/loan-limits-from-npsas_rpt_final.pdf.

⁶ The aggregate limits do not include amounts borrowed as an undergraduate.

⁷ According to the Department of Education's proposed rule to define "Professional Student": frequently asked questions, there are 11 fields in which a professional degree could be awarded, including: 1) Pharmacy, 2) Dentistry, 3) Veterinary Medicine, 4) Chiropractic, 5) Law, 6) Medicine, 7) Optometry, 8) Osteopathic Medicine, 9) Podiatry, 10) Theology, and 11) Clinical

Psychology. See: The Department of Education’s Proposed Rule to Define “Professional Student”: Frequently Asked Questions. (2026, April 6). <https://www.congress.gov/crs-product/R48768>.

⁸ Before H.R. 1, some health professional programs had higher loan limits; however, the amounts varied by program. For more information on which professions had higher limits and what those limits were, see U.S. Department of Education, Federal Student Aid. (2025). *Federal Student Aid Handbook 2025–2026, Volume 8: The Direct Loan Program, Chapter 4: Annual and aggregate loan limits*. https://fsapartners.ed.gov/sites/default/files/2025-2026/2025-2026_Federal_Student_Aid_Handbook_knowledge-center_fsa-handbook_2025-2026_vol8_ch4-annual-and-aggregate-loan-limits.pdf.

⁹ U.S. Department of Education, Federal Student Aid. (2025). *Federal Student Aid Handbook 2025–2026, Volume 8: The Direct Loan Program, Chapter 4: Annual and aggregate loan limits*. https://fsapartners.ed.gov/sites/default/files/2025-2026/2025-2026_Federal_Student_Aid_Handbook_knowledge-center_fsa-handbook_2025-2026_vol8_ch4-annual-and-aggregate-loan-limits.pdf.

¹⁰ For more information on the different federal student loans, see Federal Student Aid. (n.d.). *Federal Student Loans*. <https://studentaid.gov/understand-aid/types/loans>.

¹¹ Matsudaira, J., Caldwell, T., Welch, M., & Vásquez, M. L. (2025). *How Will Graduate Student and Parent Borrowing Be Affected by New Federal Loan Limits?*. Postsecondary Education & Economics Research Center. https://www.american.edu/spa/peer/upload/loan-limits-from-npsas_rpt_final.pdf.

¹² Monarrez, T., & Matsudaira, J. (2023). *Trends in Federal Student Loans for Graduate School*. US Department of Education, Office of the Chief Economist. https://av-prod.atl1.cdn.digitaloceanspaces.com/uploads/PDFs/OCE_Graduate_Debt_Report.pdf.

¹³ Matsudaira, J., Caldwell, T., Welch, M., & Vásquez, M. L. (2025). *How Will Graduate Student and Parent Borrowing Be Affected by New Federal Loan Limits?*. Postsecondary Education & Economics Research Center. https://www.american.edu/spa/peer/upload/loan-limits-from-npsas_rpt_final.pdf.

¹⁴ The Institute for College Access & Success. (n.d.). *Trends in Private Loan Borrowing Among Graduate and Professional Students*. https://ticas.org/wp-content/uploads/2026/01/Grad-Focused-Private-Loan-Fact-Sheet_Jan-2025.pdf.

¹⁵ Ibid.

¹⁶ Author’s calculations of Direct Loan Program Q4 data from the Title IV Program Volume Reports (<https://studentaid.gov/data-center/student/title-iv#loan-volume>).

¹⁷ Monarrez, T., & Matsudaira, J. (2023). *Trends in Federal Student Loans for Graduate School*. US Department of Education, Office of the Chief Economist. https://av-prod.atl1.cdn.digitaloceanspaces.com/uploads/PDFs/OCE_Graduate_Debt_Report.pdf.

¹⁸ This report relies on loan data collected from [Washington Health Corps \(WHC\)](#) applicants from 2020 through 2025.

¹⁹ Beginning in 2024, individuals could also apply for conditional scholarships to support their enrollment in a graduate program.

²⁰ To understand the implications of the federal loan limit, these calculations excluded any commercial (or private) loans and only examined federal loans.

²¹ Because of data limitations, we are unable to report on the aggregate graduate loan limit for students who applied in 2024 and 2025.

²² See the Washington Department of Health’s Healthcare Professional Shortage Area Maps: <https://doh.wa.gov/public-health-provider-resources/rural-health/data-maps-and-other-resources>.

²³ Monarrez, T., & Matsudaira, J. (2023). *Trends in Federal Student Loans for Graduate School*. US Department of Education, Office of the Chief Economist. https://av-prod.atl1.cdn.digitaloceanspaces.com/uploads/PDFs/OCE_Graduate_Debt_Report.pdf.

²⁴ Research shows that students forego educational opportunities when they lack the necessary funds. For example, see Fincher, M., & Katsinas, S. (2017). Testing the Limits of the Price Elasticity of Potential Students at Colleges and Universities: Has the Increased Direct Cost to the Student Begun to Drive down Higher Education Enrollment? *Journal of Higher Education Policy and Management*, 39(1), 31–39. <https://doi.org/10.1080/1360080X.2016.1211975>.

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²⁶ Much research predicts that with limited access to federal loans, students will be forced to take out more in private loans. For example, see

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²⁷ Federal Student Aid. (n.d.). *Federal Versus Private Loans*. <https://studentaid.gov/understand-aid/types/loans/federal-vs-private>.

²⁸ Consumer Financial Protection Bureau. (2024). *Annual Report of the CFPB Student Loan Ombudsman*. https://files.consumerfinance.gov/f/documents/cfpb_2024-annual-student-loan-ombudsmans-report_2024-11.pdf.

²⁹ Black et al. (2023) note that before the Graduate PLUS Student Loan Program was created, students relied on savings or private loans to finance their education. Therefore, it is plausible that when federal loans are more limited under H.R. 1, students may return to using savings to finance their education. See Black, S. E., Turner, L. J., & Denning, J. T. (2023). *PLUS or minus? The effect of graduate school loans on access, attainment, and prices* (No. w31291). National Bureau of Economic Research. https://www.nber.org/system/files/working_papers/w31291/w31291.pdf.

³⁰ Research shows that students who experience greater financial stress are more likely to discontinue their education. For example, see Britt, S. L., Ammerman, D. A., Barrett, S. F., & Jones, S. (2017). Student loans, financial stress, and college student retention. *Journal of Student Financial Aid*, 47(1), 3. <https://files.eric.ed.gov/fulltext/EJ1141137.pdf>.

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