How the OBBBA Impacts PA School Financing: What Prospective PAs and Advisors Should Know

Tyler Smith, MPH
Chief Policy Officer

Catherine Majewski
Manager, Government Relations

Agenda

- How Do PA Students Pay for Their Education?
- Pre-OBBBA Financing Structure
- Student Loan Changes Under OBBBA
- Implications for Students
- Debt Reduction Strategies
- Q&A

How Do PA Students Pay for Their Education?

- Federal Student Loans
- Private Student Loans
- Scholarships
- Family Aid/Personal Savings

PA School Financing Pre-July 2026

- Tiered federal borrowing structure
  - Unsubsidized Direct loans (lowest interest rate)
    - Up to $20,500 per year
    - PAs classified as non-health professional graduate students
    - Other health professions students (physicians, dentists, etc.) eligible for higher unsubsidized borrowing limits
  - Grad PLUS loans
    - Up to cost of attendance – other aid
    - Higher interest rate/origination fees than unsubsidized Direct loans
- Private student loans available for those interested
  - Fewer borrower protections, generally require cosigner, ineligible for major loan forgiveness programs like Public Service Loan Forgiveness

Scenario

- PA Student Jordan attends a 2-year PA program and has $120,000 in educational costs to finance
  - Year 1:
    - $20,500 in unsubsidized Stafford loans at 7.9%
    - $39,500 in Grad PLUS loans at 8.9%
  - Year 2:
    - $20,500 in unsubsidized Stafford loans at 8.2%
    - $39,500 in Grad PLUS loans at 9.2%
- No private student loans, Jordan can take advantage of federal student loan protections, forgiveness programs

Student Loan Changes Under OBBBA

- Phase out of Grad PLUS loans for new borrowers after July 1, 2026
- Creation of new unsubsidized Direct loan limits for graduate and professional students
  - For non-professional graduate students:
    - $20,500 annual
    - $100,000 lifetime
  - For professional students:
    - $50,000 annual
    - $200,000 lifetime
- Lifetime borrowing limit of $257,500 for all federal loans (both undergraduate and graduate)

Key Question: Who is a “Professional Student?”

Professional Student Definition

- Under OBBBA, Congress requires the Department of Education to use the regulatory definition of professional degree in effect at the time the law was enacted:
  - “A degree that signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor's degree. Professional licensure is also generally required.”
  - Examples of a professional degree **include but are not limited to** Pharmacy (Pharm.D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Law (L.L.B. or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod.D.), and Theology (**M.Div., or M.H.L**.).”

Key Takeaways

- PA students meet all components of the definition of professional degree:
  - Program completion = completion of academic requirements for beginning practice in a given profession
  - All PA programs award a master's degree ("a level of skill beyond that normally required for a bachelor's degree")
  - Professional licensure is required to practice
- Non-exhaustive list of examples includes **both doctoral and master's level programs** and therefore cannot be restricted by policy to just doctoral degrees

NAICU Guidance

Are graduate nursing degrees, doctorates in physical therapy, OTDs, PAs, ED.Ds, PsyDs, FNPs, etc., considered professional programs?

Although these programs and many others are likely to meet the regulatory definition of professional degree program in 34 CFR 668.2, they are not explicitly listed in the list of professional programs published by the Department of Education. Institutions should review their programs and determine whether they meet the definitional requirements in 34 CFR 668.2 for professional programs and students and decide whether to classify their programs as professional.

Important Note

- Department of Education is anticipated to provide additional confirmatory guidance on qualifying programs through the negotiated rulemaking process to mitigate confusion among institutions regarding qualifying professional programs
- The Department of Education **must** adhere to the definition of professional students stipulated in OBBBA

Scenario On These Assumptions

- PA Student Jordan attends a two-year PA program and has $120,000 in educational costs to finance
  - Year 1:
    - $50,000 in unsubsidized Stafford loans at 7.9%
    - $10,000 in private student loans at 9%
  - Year 2:
    - $50,000 in unsubsidized Stafford loans at 8.2%
    - $10,000 in private student loans at 9.3%

PAEA

Implications for Students

- In some cases (higher cost programs, limited personal resources) students will no longer be able to fully finance their education using federal borrowing options
- Greater reliance on private student loans with fewer protections, higher interest rates for some students
- Greater reliance on alternative financial aid options (scholarships, loan repayment programs, etc.)
- **More advance financial planning required**

Debt Mitigation Opportunities

Public Service Loan Forgiveness

- Loan forgiveness program available to those who work for government or nonprofit employers for 10 years
- Full federal loan forgiveness available after 10 years of qualifying payments
- Examples of qualifying employment:
  - PA at a federally qualified health center
  - PA faculty member at a non-profit institution of higher education
- Note: Private student loans are not eligible for forgiveness under PSLF

National Health Service Corps (Scholarship)

- Full payment of tuition and eligible fees as well as living stipends in exchange for practice commitment in a qualifying health professional shortage area
- Minimum of two-years required to participate – 1 year service commitment for 1-year of scholarship support

National Health Service Corps (Loan Repayment)

- Loan repayment assistance in exchange for practice in a health professional shortage area
- Various component programs
  - Federal Loan Repayment
  - State Loan Repayment
  - Students to Service Loan Repayment
  - Targeted Community/Need Loan Repayment
- **Both federal and private student loans can be repaid with NHSC assistance**

Department of Veterans Affairs Health Professional Scholarship Program

- Full scholarship as well as living stipend available to veteran PA students
- 2 year service commitment at a VA facility post-graduation is required

Armed Services Opportunities

- Examples
  - Navy Health Professions Loan Repayment Program
  - Air Force Health Professions Loan Repayment Program
  - National Guard Student Loan Repayment Program
- Total award amounts/service commitments vary by branch

Employer-Based Programs

- Many private health care employers offer retention-based loan repayment programs with varying service commitments/repayment amounts

Key Takeaways

- While the OBBBA creates new barriers to pursuing a career as a PA, multiple financing streams remain to allow students to pay for PA school.
- Some students will likely have to rely on private loans to complete their education after July 2026.
- Many service-based scholarship and loan repayment opportunities exist for those who are interested.
- Start financial planning for PA school ASAP.

Q&A