



Agenda Item 14:

Overview of Federal Student Loan Cap Changes

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Presentation to the HCAI HWET Council · July 23, 2026



The Financing Gap: H.R. 1's New Borrowing Caps vs. Reality

NEW FEDERAL CAPS

\$50,000

per year

\$257,000

lifetime cap*

*Grad PLUS Loans
eliminated July 1, 2026*

PHYSICIANS

Avg. Total Cost

\$300,000

GAP: \$100,000+

71% take loans

\$212,341 avg debt

DENTISTS

Avg. Total Cost

\$344,000

GAP: \$144,000+

83% take loans

\$312,000 avg debt

* \$257K cap includes undergraduate and graduate education · Nursing (MSN/DNP ~\$30K–\$100K) and behavioral health (PsyD/LCSW) generally fall within the cap

Who Bears the Burden — and What California Can Do

⚠️ DISPROPORTIONATE IMPACT

- Students from low-income families lack family wealth, co-signers, or private credit access
- Underrepresented students face higher rejection rates on private loans and worse terms
- Risk of a two-tiered system: wealthy students advance; others are priced out
- Private loans disqualify borrowers from Public Service Loan Forgiveness (PSLF)
- Added financial barriers accelerate attrition from health professions training

CALIFORNIA POLICY LEVERS - EXISTING AND NEW

- **CalHealthCares** Up to \$300K loan repayment for Medi-Cal providers; expand eligibility to cover tuition
- **Song-Brown / CalMedForce / CalMedForce+** Add student loan assistance and bridge scholarships
- **Public-Private Partnerships** Need-based support, institutional scholarships targeting gaps, and service requirements
- **State-Backed Loans** State-supported reduced-interest loans linked to practice in target regions and professions
- **Western States Collaboration** Share best practices with OR, WA, NV, AZ; pool purchasing power

The cost of inaction — reduced care access, worsened outcomes — far outweighs the investment needed to keep diverse pathways into health professions open.