

FEBRUARY 23, 2026

Impact of H.R. 1 on Access to Medical School and Student Debt

PRESENTED TO:

Assembly Budget Subcommittee #1 on Health
Hon. Dawn Addis, Chair

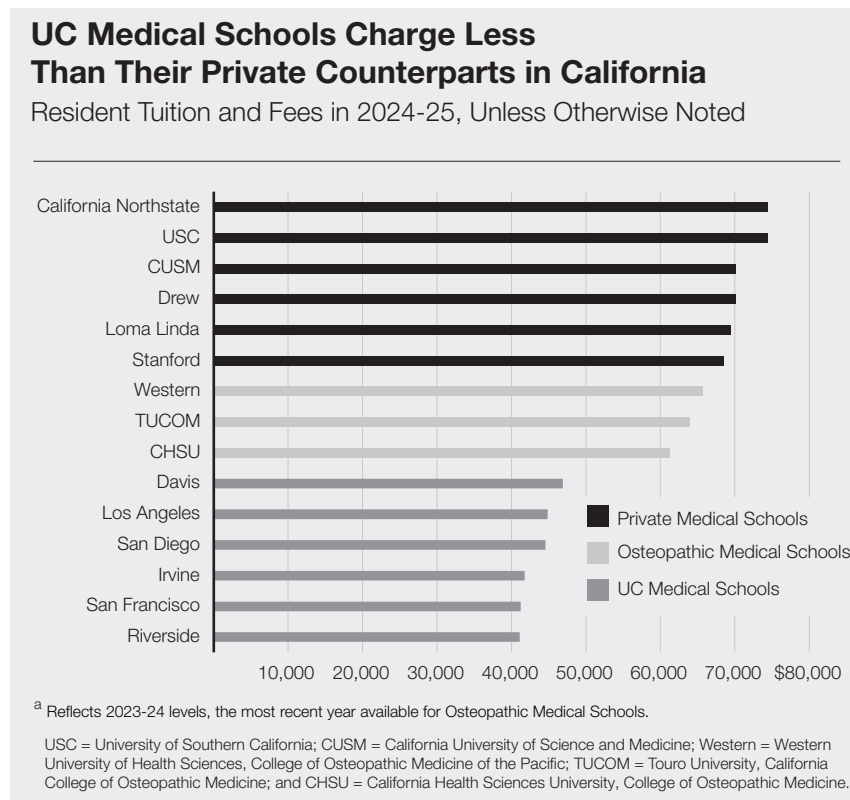


LEGISLATIVE ANALYST'S OFFICE

Background

How Much Does Medical School Cost?

- Medical school is among the most expensive graduate programs, with annual tuition and fee levels in California ranging from about \$40,000 to nearly \$75,000. As the figure below shows, University of California (UC) medical schools tend to have lower tuition charges than their private counterparts.
- Students must also pay for housing, food, books, supplies, and other living costs while attending medical school. At UC, the average estimated total cost of attendance for medical students is over \$80,000 in 2024-25. Living costs account for about half of the total cost of attendance at UC.



Background

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How Do Students Pay for Medical School?

- Students generally pay for medical school through a mix of scholarships, loans, and paying out of pocket.
- Most UC medical students (87 percent in 2024-25) receive a scholarship or grant, with the average amount (\$35,700 in 2024-25) covering a sizable portion of annual tuition and fee costs.
- More than half (57 percent in 2024-25) of UC medical students take out loans in a given year, with the average amount (\$47,000 in 2024-25) covering a sizable portion of other attendance costs.

What Kinds of Loans Are Available for Medical Students?

- **Federal Direct Unsubsidized Loans.** The federal government provides loans to graduate students regardless of their financial need. (Graduate students generally do not qualify for subsidized loans.) Prior to House Resolution 1 of 2025 (H.R. 1), unsubsidized loans were capped at roughly \$47,000 annually, with an aggregate limit of \$224,000 (including undergraduate borrowing).
 - Nearly all UC medical students who take out loans receive this federal loan.
- **Graduate PLUS (Grad Plus) Loans.** These are additional, secondary loans intended to help graduate students cover remaining costs. Before H.R. 1, Grad PLUS loans did not have a fixed dollar cap (annual or lifetime) for medical students.
 - A smaller portion of UC medical students (20 percent in 2023-24) have these loans.
 - Nationwide, graduate students from low-income households account for the majority of Grad PLUS borrowers, as these students often lack the means to cover costs beyond current federal loan limits.
- **Private Loans.** Very few medical students currently take out private loans (which comprised less than 1 percent of all graduate medical debt in 2024-25).

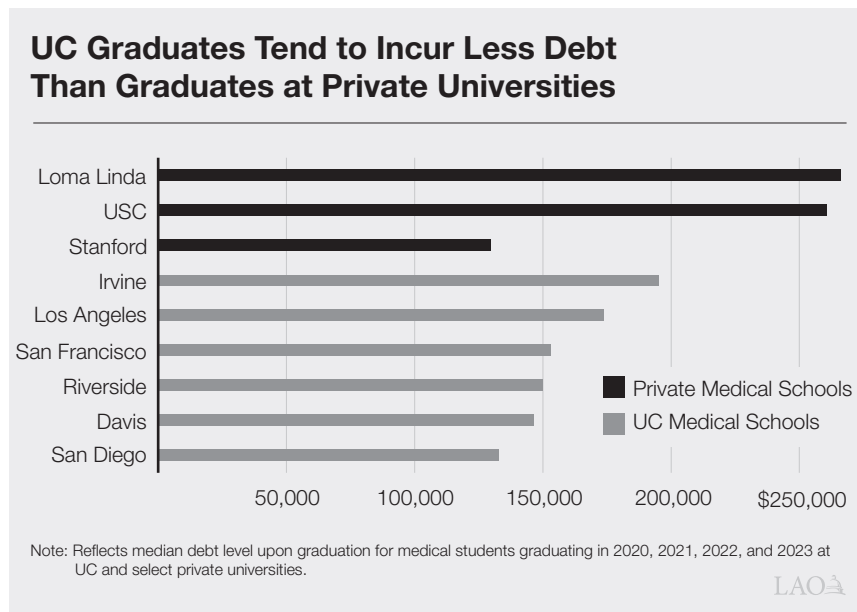


Background

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How Much Debt Do Medical Students Incur?

- Nationally, the median education debt of medical students who graduated in 2025 was \$220,000, of which \$200,000 was for medical school alone. In 2024, median education debt was \$200,000 for public school graduates and \$230,000 for private school graduates.
- In California, UC medical students tend to graduate with lower debt than students at private medical schools. As the figure below shows, graduates of some private medical schools in California incur close to \$100,000 more debt than UC graduates.
- At UC, around two-thirds of medical students graduate with some level of debt, with median debt levels hovering around \$150,000.



Key H.R. 1 Provisions

H.R. 1 makes three key changes to federal loans, each going into effect July 1, 2026.

Restructures Direct Loan Caps

- Under H.R. 1, direct loans for graduate students in specified professional programs have an annual cap of \$50,000 and an aggregate program cap of \$200,000.
- The new annual caps are slightly higher than previous caps.
- These caps apply to 11 programs: chiropractic, clinical psychology, dentistry, law, medicine, optometry, osteopathic medicine, pharmacy, podiatry, theology, and veterinary medicine.

Eliminates Grad PLUS for New Borrowers

- H.R. 1 ends the Grad PLUS program. Existing students generally will be able to continue receiving Grad PLUS loans until they graduate.

Creates New Lifetime Debt Cap

- H.R. 1 creates a new lifetime cap—\$257,500—on federal student loans (includes undergraduate and graduate borrowing).

H.R. 1 Sets New Federal Loan Caps for Medical Students

	Previous Caps	New Caps
Annual Loan Cap	From \$40,500 for a standard 9-month academic year to \$47,167 for a 12-month program ^a	\$50,000
Program Loan Cap	None	200,000
Lifetime Loan Cap ^b	\$224,000	257,500
Grad PLUS Loans	No cap	Grad PLUS loans no longer offered to new borrowers
Are the Loan Caps Adjusted for Inflation?	No	No

^a The cost of attendance (COA) budget is used to set the maximum loan cap. The lower cap typically applies during certain phases of medical school, whereas the higher cap applies during other phases.

^b Includes undergraduate and graduate debt, except for Grad PLUS debt.



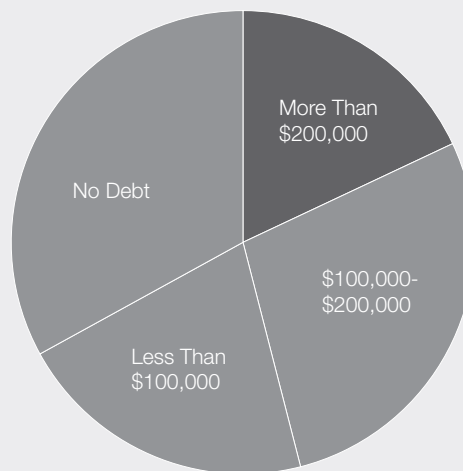
Key Potential Impacts of H.R. 1 Changes

Impact Depends on Loan Reliance

- Medical students who otherwise would have taken out Grad PLUS loans to cover medical school costs in excess of \$200,000 are likely to be the group most affected by the H.R. 1 loan changes.
- As the figure below shows, approximately 20 percent of medical students incur more than \$200,000 of debt over their time at UC. The share of medical students carrying more than \$200,000 in program debt is likely to be somewhat higher at private schools in California. (This is the case at the national level.)
- Whether at UC or private medical schools, students who rely solely on federal direct loans or who do not take out loans would generally not be affected by the new loan rules.

Around One in Five UC Medical Students Graduate With More Than \$200,000 in Debt

Share of Students by Loan Debt at Graduation, 2024-25



LAOA



Key Potential Impacts of H.R. 1 Changes

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Greater Use of Private Loans

- Research has found that Grad PLUS loans largely replaced private loans after their introduction in 2006. With the elimination of Grad PLUS loans, some medical students may turn back to private loans. Private loans apply more stringent application criteria, such that some students might not qualify for them.
- Private loans could come with higher borrowing costs, with some students potentially paying interest rates several percentage points higher than the rate on federal loans.
- Unlike federal loans, private loans typically do not offer income-driven repayment or forgiveness options.
- Low-income students could be particularly affected if they have limited or poor credit history, lower credit scores, or lack well-qualified cosigners.

Other Impacts

- Since the new loan caps have not taken effect, it is not yet clear how students and medical schools will change their behavior. Some potential changes that could emerge over time include:
 - A shift in the composition of enrolled students, with a lower share of low-income students (who tend to be more sensitive to up-front costs).
 - A shift in specialty choice, with more students pursuing higher-paying specialties over lower-paying primary care fields to manage repayment.
 - A shift in where graduates practice, with stronger incentives to seek employment in higher-paying regions of the state, also to help manage repayment.
 - Institutional mitigation strategies, such as expanding scholarships and grants, lowering tuition, or reducing program costs.

