

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND**

STATE OF MARYLAND,
200 Saint Paul Place
Baltimore, MD 21202

STATE OF NEW YORK,
28 Liberty Street
New York, NY 10005

STATE OF NEVADA,
1 State of Nevada Way, Suite 100
Las Vegas, NV 89119

STATE OF COLORADO,
1300 Broadway
Denver, CO 80203

STATE OF ARIZONA,
2005 North Central Avenue
Phoenix, AZ 85004

PEOPLE OF THE STATE OF CALIFORNIA,
455 Golden Gate Avenue, Suite 11000
San Francisco, CA 94102

STATE OF CONNECTICUT,
165 Capitol Avenue
Hartford, CT 06106

STATE OF DELAWARE,
820 North French Street
Wilmington, DE 19801

DISTRICT OF COLUMBIA,
400 6th Street NW
Washington, DC 20001

STATE OF HAWAI'I,
425 Queen Street

Case No. 26-cv-1957

Honolulu, HI 96813

STATE OF ILLINOIS,
115 South LaSalle Street
Chicago, IL 60603

OFFICE OF THE GOVERNOR *ex rel. Andy*
Beshear, in his official capacity as Governor of the
COMMONWEALTH OF KENTUCKY,
700 Capitol Avenue, Suite 106
Frankfort, KY 40601

STATE OF MAINE,
6 State House Station
Augusta, ME 04333

COMMONWEALTH OF MASSACHUSETTS,
1 Ashburton Place
Boston, MA 02108

STATE OF MICHIGAN,
525 West Ottawa Street
Lansing, MI 48909

STATE OF MINNESOTA,
445 Minnesota Street, Suite 600
Saint Paul, MN 55101

STATE OF NEW JERSEY,
25 Market Street
Trenton, NJ 08625

STATE OF NEW MEXICO,
408 Galisteo Street
Santa Fe, NM 87501

STATE OF NORTH CAROLINA,
P.O. Box 629
Raleigh, NC 27602

STATE OF OREGON,
100 Southwest Market Street
Portland, OR 97201

INTRODUCTION

1. For decades, the federal student loan program has expanded access to graduate and professional degrees without regard to discipline. By enabling more students to obtain post-baccalaureate degrees, the federal government has helped create a skilled workforce of well-paid professionals, with tremendous benefits for the Nation as a whole and Plaintiff States in particular.

2. In July 2025, Congress passed the One Big Beautiful Bill Act (“H.R. 1”), which dramatically reduced the availability of federal student loans for graduate and professional students. For the first time, H.R. 1 established different student loan limits for “graduate” and “professional” programs. After July 1, 2026, “graduate students” will be permitted to borrow only up to \$20,500 annually (\$100,000 in aggregate); “professional students” will be permitted to borrow only up to \$50,000 annually (\$200,000 in aggregate).

3. H.R. 1 distinguishes between “graduate students” and “professional students” by incorporating the definition contained in a federal regulation when H.R. 1 was enacted. *See* 20 U.S.C. § 1087e(a)(4)(C)(ii). Specifically, H.R. 1 provides that “the term ‘professional student’ means a student enrolled in a program of study that awards a professional degree, as defined under section 668.2 of title 34, Code of Federal Regulations (as in effect on July 4, 2025), upon completion of the program.” *Id*; *see* U.S. Dep’t of Educ., Final Rule, *Reimagining and Improving Student Education*, 91 Fed. Reg. 23,768, 23,789 (May 1, 2026) (“[T]he statute means what the regulation said on the date of enactment.”). That regulation defines “professional degree” as:

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.).

4. Thus, after H.R. 1’s provisions go into effect on July 1, 2026, whether a program of study meets 34 C.F.R. § 668.2’s definition will determine whether students in that program may borrow up to the higher limit (for professional degrees) or lower limit (for graduate degrees).

5. On May 1, 2026, the Department of Education (“Department”) promulgated a new Final Rule (the “Final Rule” or “Rule”), effective July 1, 2026, which alters the definition of “professional degree” that Congress adopted. The Final Rule narrows the definition incorporated into H.R. 1 and effectively makes the illustrative list of degrees exclusive, thereby excluding many healthcare and other professional degrees that would otherwise be eligible for the higher limits.

6. Congress never intended anything of the sort. The Rule’s definition of “professional degree” directly contravenes H.R. 1 and is thus contrary to law in violation of the Administrative Procedure Act (“APA”). Congress spoke clearly: A professional degree must meet three criteria—(1) “signif[ying] completion of the academic requirements for beginning practice in a given profession”; (2) signifying “a level of professional skill beyond that normally required for a bachelor’s degree”; and (3) “generally” enabling “professional licensure”—that were in the regulation Congress expressly incorporated into H.R. 1. Congress did not require anything more or less. But Defendants’ Rule unlawfully adds criteria to that straightforward statutory definition and limits professional degrees to the illustrative list, contrary to the statute’s plain terms.

7. The Rule is also arbitrary and capricious in violation of the APA. The Department arbitrarily relied on several factors Congress did not intend it to consider—such as whether professionals are subject to supervision and the “historical context” of the Department’s regulation—and its application of those factors is inconsistent and contradictory. The Department also failed to explain its rejection of an alternative definition during the negotiated rulemaking.

14. The State of Nevada, represented by and through Attorney General Aaron D. Ford, is a sovereign State within the United States of America. The Attorney General is the chief law enforcement officer of the State of Nevada and is authorized to pursue this action under Nev. Rev. Stat. § 228.110 and Nev. Rev. Stat. § 228.170.

15. The State of Colorado is a sovereign state in the United States of America. Colorado is represented by Philip J. Weiser, the Attorney General of Colorado. The Attorney General acts as the chief legal representative of the State and is authorized by Colo. Rev. Stat. § 24-31-101 to pursue this action.

16. The State of Arizona, represented by and through its Attorney General, Kristin K. Mayes, is a sovereign state of the United States of America. The Attorney General of Arizona is the State's chief law enforcement officer and is authorized to "[r]epresent this state in any action in a federal court[.]" Ariz. Rev. Stat. § 41-193(A)(3).

17. The People of the State of California, represented by and through their Attorney General, Rob Bonta, bring this action on behalf of the sovereignty of the State of California. Cal. Gov. Code § 100. As the State's chief legal officer, the Attorney General is authorized to act on behalf of the People in this matter.

18. The State of Connecticut is a sovereign state of the United States of America. Connecticut is represented by and through its chief legal officer, Attorney General William Tong, who is authorized under General Statutes § 3-125 to pursue this action on behalf of the State of Connecticut.

19. The State of Delaware is a sovereign state of the United States of America. This action is brought on behalf of the State of Delaware by Attorney General Kathleen Jennings, the "chief law officer of the State." *Darling Apartment Co. v. Springer*, 22 A.2d 397, 403 (Del. 1941).

Attorney General Jennings also brings this action on behalf of the State of Delaware pursuant to her statutory authority. Del. Code Ann. tit. 29, § 2504.

20. The District of Columbia is a municipal corporation organized under the Constitution of the United States. It is empowered to sue and be sued, and it is the local government for the territory constituting the permanent seat of the federal government. The District is represented by and through its chief legal officer, Attorney General Brian L. Schwalb. The Attorney General has general charge and conduct of all legal business of the District and all suits initiated by and against the District. D.C. Code. § 1-301.81.

21. The State of Hawai‘i, represented by and through its Attorney General Anne E. Lopez, is a sovereign state of the United States of America. The Attorney General is Hawaii’s chief legal officer and chief law enforcement officer and is authorized by Hawai‘i Revised Statutes § 28-1 to pursue this action.

22. The State of Illinois, represented by and through its Attorney General Kwame Raoul, is a sovereign state of the United States of America. Attorney General Raoul is the chief legal officer for the State of Illinois and is authorized to pursue this action under Illinois law. *See* 15 ILCS 205/4.

23. Office of the Governor, *ex rel.* Andy Beshear, brings this suit in his official capacity as the Governor of the Commonwealth of Kentucky. The Kentucky Constitution makes the Governor the Chief Magistrate with the “supreme executive power of the Commonwealth,” Ky. Const. § 69, and gives the Governor, and only the Governor, the duty to “take care that the laws be faithfully executed,” Ky. Const. § 81. In fulfilling his constitutional duties, the Governor has authority to bring this action.

24. The State of Maine is a sovereign state of the United States of America. Maine is represented by Aaron M. Frey, the Attorney General of Maine. The Attorney General is authorized to pursue this action pursuant to 5 Me. Rev. Stat. Ann. § 191.

25. The Commonwealth of Massachusetts is a sovereign state in the United States of America. Massachusetts is represented by Attorney General Andrea Joy Campbell, who is the chief law enforcement officer of Massachusetts.

26. The State of Michigan is a sovereign state of the United States of America. Michigan is represented by Attorney General Dana Nessel, who is the chief law enforcement officer of Michigan.

27. The State of Minnesota is a sovereign state of the United States of America. Minnesota is represented by Keith Ellison, the Attorney General of the State of Minnesota. The Attorney General's powers and duties include acting in federal court in matters of State concern. Minn. Stat. § 8.01. The Attorney General has the authority to file suit to challenge action by the federal government that threatens the public interest and welfare of Minnesota residents and to vindicate the State's sovereign and quasi-sovereign interests.

28. The State of New Jersey is a sovereign State of the United States. New Jersey is represented by Attorney General Jennifer Davenport who is the chief legal officer of New Jersey.

29. The State of New Mexico, represented by and through its Attorney General, is a sovereign state of the United States of America. Attorney General Raúl Torrez is the chief legal officer of the State of New Mexico and is authorized to prosecute all actions and proceedings on behalf of New Mexico when, in his judgment, the interest of the State requires such action. N.M. Stat. Ann. § 8-5-2(B). Attorney General Torrez is also authorized to appear before federal courts to represent New Mexico when, in his judgment, the public interest of the state requires such

action. N.M. Stat. Ann. § 8-5-2(J). This action is brought pursuant to Attorney General Torrez's statutory authority.

30. The State of North Carolina is a sovereign state of the United States of America. North Carolina is represented by Attorney General Jeff Jackson who is the chief law enforcement officer of North Carolina.

31. The State of Oregon is a sovereign state of the United States. Oregon is represented by Attorney General Dan Rayfield. The Attorney General is the chief legal officer of Oregon and is authorized to institute this action.

32. Josh Shapiro brings this suit in his official capacity as Governor of the Commonwealth of Pennsylvania. The Pennsylvania Constitution vests "[t]he supreme executive power" in the Governor, who "shall take care that the laws be faithfully executed." Pa. Const. art. IV, § 2. The Governor oversees all executive agencies in Pennsylvania.

33. The State of Rhode Island, represented by and through its Attorney General Peter Neronha, is a sovereign State of the United States of America. As the State's chief legal officer, the Attorney General is authorized to act on its behalf of the State in this matter.

34. The State of Vermont is a sovereign state of the United States. Vermont is represented by its Attorney General, Charity Clark, who is the chief legal officer of Vermont and has authority to represent the State in this matter.

35. The Commonwealth of Virginia is a sovereign state of the United States of America. Virginia is represented by Attorney General Jay Jones, the chief executive officer of the Department of Law. Va. Code § 2.2-500. Attorney General Jones is authorized to represent the Commonwealth and its interests in controversies with the federal government. *Id.* § 2.2-513.

