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New Federal Loan Limits and 7 Facts about Medical Student Loan Borrowers

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The UCLA Latino Policy and Politics Institute acknowledges the Gabrielino and Tongva peoples as the traditional land caretakers of Tovaangar (the Los Angeles basin and Southern Channel Islands) and that their displacement has enabled UCLA's flourishing. As a land grant institution, we pay our respects to the Honuukvetam (Ancestors), Ahiihirom (Elders), and Eyoohiinken (our relatives nations) past, present, and emerging.

DISCLAIMER

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Introduction

Overview of New Federal Loan Limits for Student Borrowers

On July 4th, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law. In addition to tax and spending reforms, this bill includes new policies sharply limiting student loan borrowing across graduate and professional degree programs. Effective on July 1st, 2026, students borrowing federal loans will face a $20,500 annual cap and a $100,000 lifetime limit. Students enrolled in professional schools (e.g., medical and law schools) will face a $50,000 annual cap and a $200,000 total limit. In addition to these new loan caps, the Graduate PLUS Loans program, which previously allowed students to borrow federal loans for educational expenses not covered by other financial aid, will be terminated.[1] These changes in federal policy may limit flexibility in student lending practices and enrollment in professional schools.

Limits on Student Loan Borrowing and the Future of Latino Physicians

Latino medical students are particularly affected by changes in federal student loan limits, as more than three-quarters (76%; see Figure 3) rely on federal loans to cover the cost of attendance. Long-term, these changes are likely to worsen the shortage of Latinos in the physician workforce, as rising tuition costs and limited financing options limit access to medical school. Between 2008 and 2020, the annual cost of medical school increased by 38%, and the share of students who relied on Graduate PLUS Loans increased from 13% to nearly half (47%).[2] Additionally, the median four-year cost of attendance for the graduating class of 2026 was $298,000 at public schools and more than $408,000 at private schools.[3] Costs for both types of institutions exceed the $200,000 federal loan cap imposed through the OBBB. Rising costs, combined with limited financing options, may leave students relying more on private loans or other financing sources to cover the full cost of medical school.

Greater diversity in the physician workforce is crucial in providing low-income communities of color with culturally and linguistically competent care, especially for many Latino patients who experience language barriers in health care settings.[4] Latino physicians are also more likely to work in medically underserved areas,[5] playing a crucial role in addressing health needs among marginalized communities. Despite being valuable assets to the health care workforce, Latinos remain underrepresented among physicians. Latinos represent about one-fifth (19%) of the U.S. population,[6] but account for only 7% of all physicians,[7] indicating a need to improve the physician pipeline for Latinos, including financial accessibility.

To better understand these dynamics, this data brief highlights key facts on how Latino students financed their medical school education during the 2019 to 2020 academic year, using the most recent data available from the National Postsecondary Student Aid Study (NPSAS).[8] While these estimates reflect financing patterns from the 2019 to 2020 academic year, they provide important context for understanding which students may be most affected by recent federal loan limits. Estimates with standard errors exceeding 50 percent of the estimate are not reported.

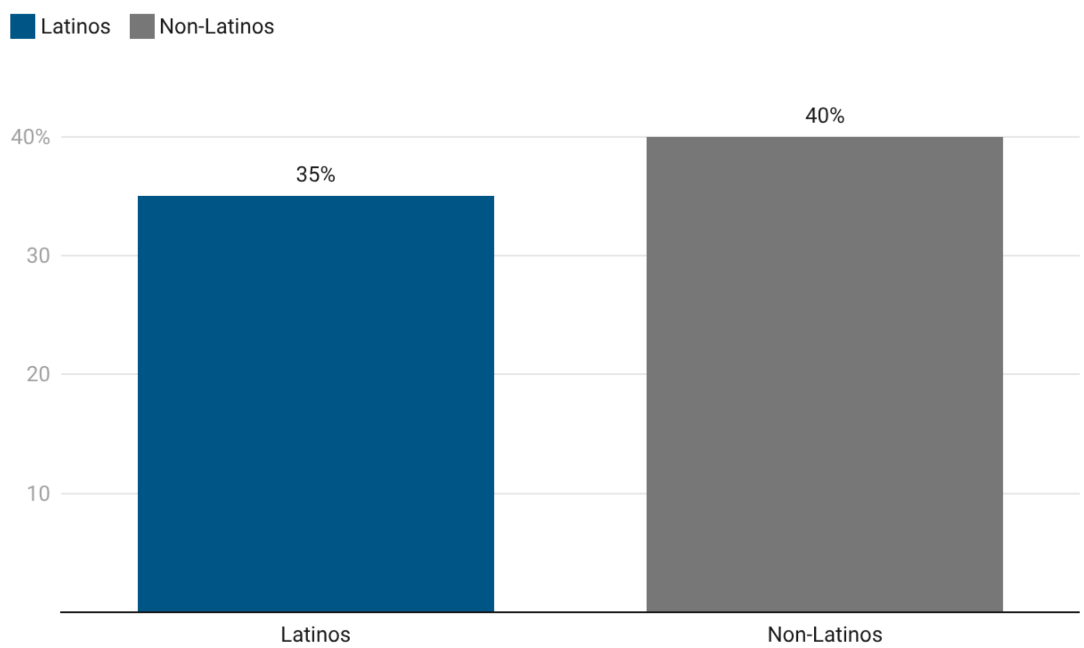
Key Findings

1 Key Finding 1: New federal loan limits may affect over one-third of Latino medical students.

More than one-third (35%) of Latino medical students borrowed over $50,000 in federal loans—the new annual cap under the OBBB—compared to 40% of non-Latino students during the 2019 to 2020 academic year (see Figure 1). While these estimates reflect borrowing patterns before the implementation of new federal loan limits, they provide important insights into how the new loan caps will impact aspiring physicians as medical schools become increasingly more expensive.[9] Looking ahead, medical students who borrow the maximum amount of total federal loans allowed ($200,000) will have to supplement between $98,000 and $208,000 in alternate funding to cover the total cost of attendance.[10]

Alternative financing options, such as private loans, can lead to greater overall borrowing debt as interest accrues rapidly, prolonging repayment timelines and impeding long-term wealth generation. Additionally, private loans do not qualify for Public Service Loan Forgiveness (PSLF); only federal Direct Loans are eligible.[11] Fewer options for federal loans and a greater reliance on private loans may disincentivize physicians from working with PSLF-eligible non-profit or academic institutions that provide care to underserved populations, worsening the physician shortage in vulnerable communities. The prospect of incurring larger debt in the form of private loans may also deter medical students from electing much-needed but lesser-paid specialties like primary care that are in short supply of physicians.[12]

Figure 1. Share of Medical Students Who Reported Borrowing Over $50K in Federal Loans by Latino Ethnicity, 2019-2020



Notes: New federal loan policies will limit the maximum borrowing amount for a professional school (e.g., law, medicine, dentistry) at 50,000 annually. Master's will have a limit of 20,500 annually.

Source: LPPI analysis of the National Postsecondary Student Aid Study: 2020 Graduate Students.

Key Finding 2: A greater share of Latino students borrow federal loans to cover their medical education than non-Latino students.

More than three-fourths (76%) of Latino medical students took out federal loans to cover their educational expenses for the 2019 to 2020 academic year, compared with 70% of non-Latino medical students (see Figure 2). Among students with federal loans, however, Latino students borrowed smaller amounts. The median amount borrowed by Latinos was $47,000, compared to $58,000 for non-Latinos. Differences in borrowing amounts may be explained by pragmatic decisions to attend less expensive schools and by the use of alternative funding sources to cover educational expenses, such as family support, credit cards (see Figure 6), or scholarships.

Figure 2. Share of Medical Students Who Borrowed Federal Loans and the Median Amount by Latino Ethnicity, 2019-2020

	% Students Who Borrowed Federal Loans	Amount Borrowed
Latinos	76%	$47K
Non-Latinos	70%	$58K

Notes: Federal loans captured in the figure include Graduate PLUS Loans and unsubsidized Stafford Loans. The reported median excludes data from individuals who did not borrow federal loans, reflecting only those who did.

Source: LPPI analysis of the National Postsecondary Student Aid Study: 2020 Graduate Students.

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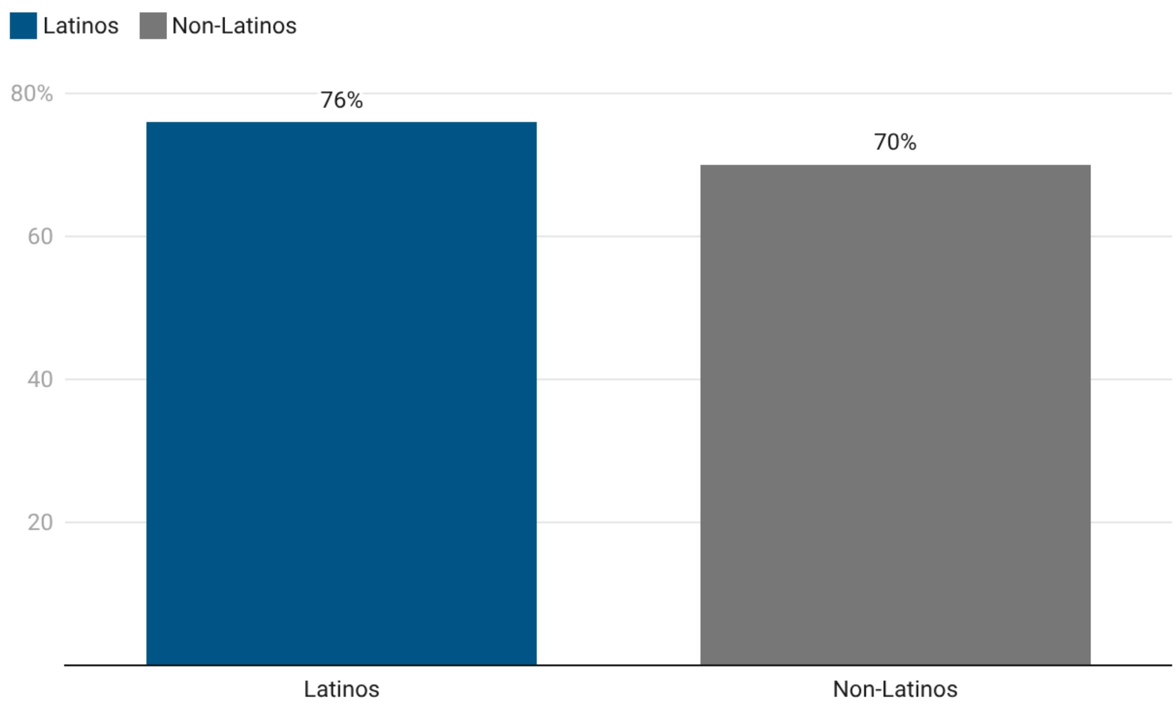
3 Key Finding 3: A greater share of Latino students than non-Latino students borrow federal unsubsidized loans to pay for medical school.

Latino medical students reported higher borrowing rates of unsubsidized loans (i.e., unsubsidized Stafford Loans): 76% compared to 70% of non-Latinos (see Figure 3) for the 2019 to 2020 academic year. The median amount of direct unsubsidized loans borrowed for Latino and non-Latino students was $47,722.[13] In other words, students who borrow these types of loans generally borrow the maximum allowed.

Federal unsubsidized loans are among the most common types of loans students borrow for medical school because they are available to everyone, regardless of income. They often have low interest rates and have a six-month grace period following graduation before payments are due.[14] As of July 1, 2026, loan limits for federal unsubsidized loans will be capped at $20,500 per year for most master's and doctoral programs and $50,000 for professional doctoral degrees, including medicine and law.[15] Moving forward, this will be the only federal loan option available for graduate and professional students.

Figure 3. Share of Medical Students Who Borrowed Direct Unsubsidized Loans by Latino Ethnicity, 2019-2020



Note: The 2019-2020 loan limit for direct unsubsidized loans for health professions was $40,500. During this academic year, some institutions were eligible to increase limits depending on the program length.

Source: LPPI analysis of the National Postsecondary Student Aid Study: 2020 Graduate Students.

4 Key Finding 4: Latino medical students are less likely than non-Latino students to rely on Graduate PLUS Loans to finance their education.

More than one-third (37%) of Latino medical students reported borrowing Graduate PLUS Loans to cover their educational expenses during the 2019 to 2020 academic year, compared to 43% of non-Latino students (see Figure 4). Latino students also borrowed smaller amounts than their non-Latino peers, about $18,000, compared to $26,000. Notably, as part of the OBBB, the Graduate PLUS Loan program will be terminated, leaving medical students to rely on alternative financing sources to cover their educational expenses. Alternative options include private loans, which typically offer fewer borrower protections and limited forgiveness options, resulting in larger monthly payments, longer repayment plans, and reduced eligibility for income-driven repayment programs.[16]

Figure 4. Share of Medical Students Who Borrowed Grad PLUS Loans and the Median Amount by Latino Ethnicity, 2019-2020

	% Students Who Borrowed Graduate PLUS Loans	Amount Borrowed
Latinos	37%	$18K
Non-Latinos	43%	$26K

Note: The reported median excludes data from individuals who did not borrow Graduate PLUS loans, reflecting only data from students who did.

Source: LPPI analysis of the National Postsecondary Student Aid Study: 2020 Graduate Students.

Key Finding 5: Latino medical students are more likely than non-Latino students to receive grants to cover medical school expenses.

Latino medical students were more likely than non-Latino students to receive grants during the 2019 to 2020 academic year (47% vs. 44%; see Figure 5). Among those who received grants, Latinos also received larger amounts, reporting a median of $15,000 awarded in grants, compared to $9,000 among non-Latino students. Grants can help reduce students' reliance on loans, as they are not obligated to repay them. With the enactment of the OBBB, grants may be crucial in reducing medical students' debt burden, especially for Latino students.

Figure 5. Share of Medical Students Who Received Grants and the Median Amount by Latino Ethnicity, 2019-2020

	% Students Who Received Grants	Amount Received
Latinos	47%	$15K
Non-Latinos	44%	$9K

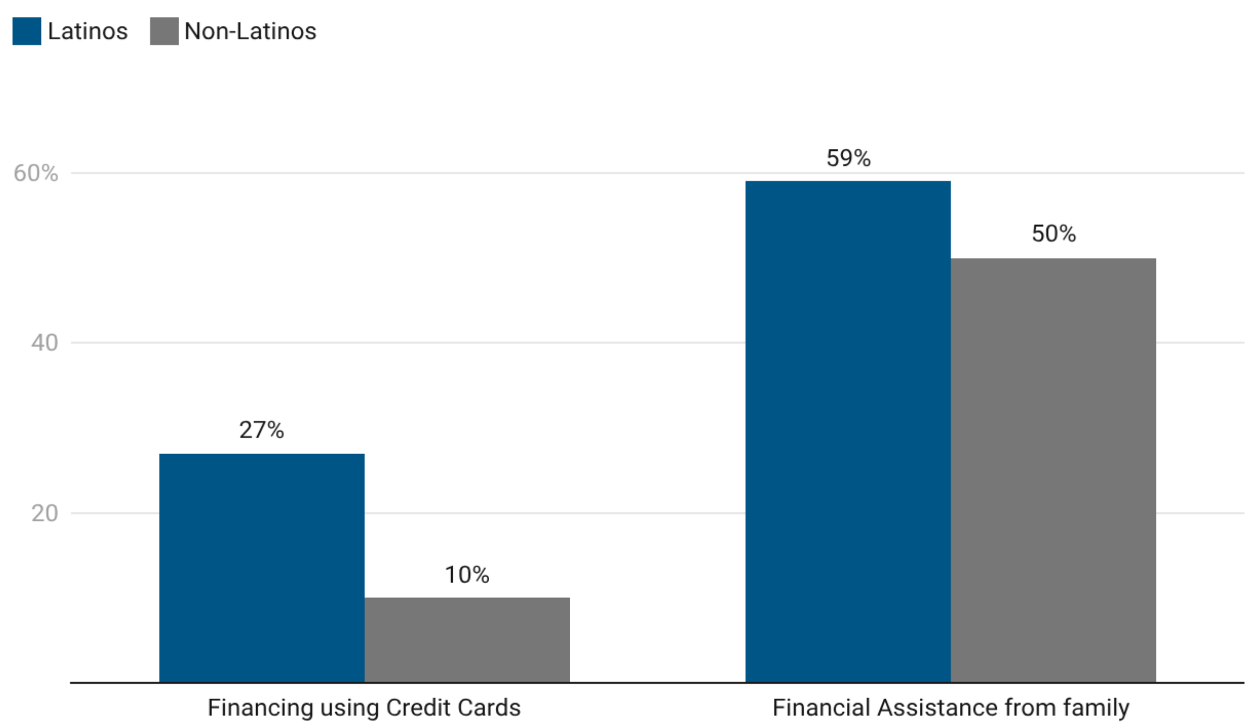
Note: Grant amounts captured in the figure include federal, state, institutional, and outside grants. The reported median excludes those who did not receive grants, reflecting the data for those who did.

Source: LPPI analysis of the National Postsecondary Student Aid Study: 2020 Graduate Students.

Key Finding 6: Latino students are more likely than non-Latino students to fund their medical school education with credit cards and financial support from family.

During the 2019 to 2020 academic year, Latino students were almost three times as likely as non-Latino students to use credit cards to pay for tuition and fees (27% vs. 10%; see Figure 6). Although credit cards are an accessible resource to cover educational expenses, high interest rates can quickly lead to crippling debt if they are not paid on time. Additionally, Latino students were more likely than non-Latino students to receive financial support from friends, family, and spouses while in medical school (59% vs. 50%). This type of financial support can significantly alleviate a student's reliance on loans and, consequently, their long-term debt burden. However, for Latino medical students who largely represent low-income households compared to their white and Asian counterparts,[17] this support can also be unsustainable for their families, who may sacrifice other needs to fund their education.

Figure 6. Medical Students who Report Using Credit Cards and Receiving Financial Assistance from Family by Latino Ethnicity, 2019-2020



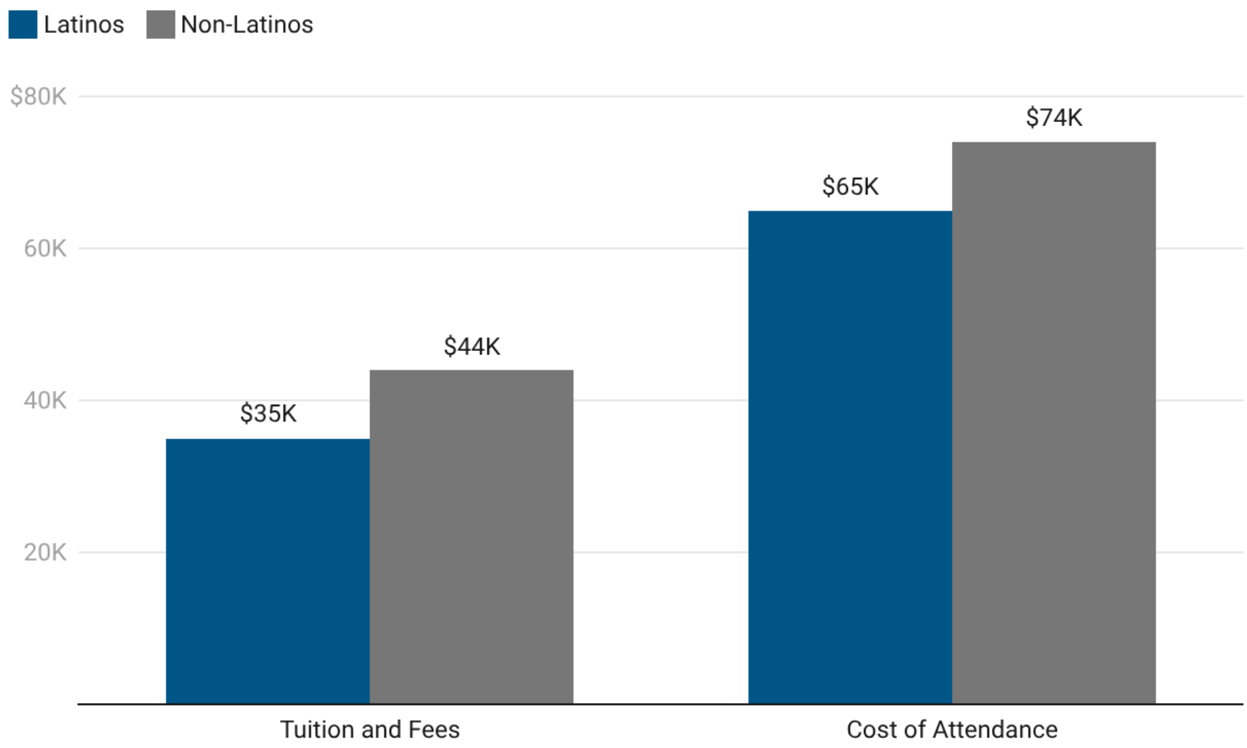
Note: Financial assistance from family includes spouses, partners, parents, guardians, friends, or family members.

Source: LPPI analysis of the National Postsecondary Student Aid Study: 2020 Graduate Students.

7 Key Finding 7. Latino medical students have lower tuition and fees, and overall costs of attendance than non-Latino students.

During the 2019 to 2020 academic year, Latino students attended medical schools with lower tuition and fees and overall lower costs of attendance than their non-Latino peers. Latino students attended medical schools with a median tuition of $35,000 per year, compared to $44,000 for non-Latino students (see Figure 7). Similarly, the cost of attendance for Latino students was $65,000, compared to $74,000 for non-Latino students. This trend may reflect a cost-saving strategy made by Latino students to make higher education more affordable.[18]

Figure 7. Median Cost of Medical School by Latino Ethnicity, 2019-2020



Note: Cost of attendance includes tuition and fees and total non-tuition expenses (e.g., housing, food, and books).

Source: LPPI analysis of the National Postsecondary Student Aid Study: 2020 Graduate Students.

Endnotes

[1] Internal Revenue Service, "One, Big, Beautiful Bill provisions," accessed April 29, 2026, available online.

[2] This percentage accounts for inflation between 2008 and 2020. Tarun Ramesh, Kushal T. Kadakia, Michael Liu, and Hao Yu, 2026, “Federal Loans Among US Medical Students, 2008–2020,” JAMA 335 (2): 179–81, available online.

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[4] Yohualli Balderas-Medina Anaya, Paul Hsu, Seira Santizo Greenwood, and David Hayes-Bautista. 2023. Improvement Needed in Latina Physician Representation. UCLA Latino Policy and Politics Institute, available online; Arturo Vargas Bustamante and Jie Chen, 2011, “Physicians Cite Hurdles Ranging from Lack of Coverage to Poor Communication in Providing High-Quality Care to Latinos,” Health Affairs (Project Hope) 30 (10): 1921–29, available online; Arturo Vargas Bustamante, Laura E. Martinez, and Yohualli Balderas-Medina Anaya, California’s Physician Shortage: White Paper, (Los Angeles: UCLA Latino Policy & Politics Initiative, 2026), availble online.

[5] Komaromy, M., K. Grumbach, M. Drake, et al. 1996. “The Role of Black and Hispanic Physicians in Providing Health Care for Underserved Populations.” The New England Journal of Medicine 334 (20): 1305–10, available online.

[6] Latino Data Hub, “Percent of the Total Population in the United States, 2023,” Accessed March 30, 2025, available online.

[7] Rosalie Kelly, “U.S. Physician Workforce Data Dashboard,” American Association of Medical Colleges, accessed February 23, 2026, available online.

[8] The National Postsecondary Student Aid Study covers all 50 states, D.C., and Puerto Rico.

[9] Melanie Hanson, "Average Cost of Medical School [2025]: Yearly + Total Costs," Education Data Initiative, September 5, 2025, available online.

[10] This estimate is based on the median cost of public and private medical schools, respectively, for the graduating class of 2026. See Earle et al., Medical Student Education: Debt, Costs, and Loan Repayment Fact Card for the class of 2025, American Association of Medical Colleges.

[11] In order to qualify for Public Service Loan Forgiveness, individuals must work for a qualifying U.S. federal, state, or local government entity or not-for-profit organization and make 120 qualifying monthly payments (equivalent to 10 years of payments). See Federal Student Aid, “Are private education loans eligible for Public Service Loan Forgiveness (PSLF)?” accessed June 2, 2026, available online.

[12] Edward P. Hoffer. 2024, “Primary Care in the United States: Past, Present and Future,” The American Journal of

Medicine 137 (8): 702–5, available online.

[13] LPPI analysis of the National Postsecondary Student Aid Study.

[14] During the 2019-2020 academic year, the interest rate for unsubsidized Stafford Loans was 6% compared to fixed rates for private student loans ranging from 4% to 12% and 2% to 14% for loans with variable rates. Rene T. McNulty, "New Federal Student Loan Interest Rates for 2019-2020 Announced," Consumer Finance Monitor, May 31, 2019, available online; UCLA Financial Aid and Scholarships, "Loans," accessed April 6, 2026, available online; Max Fay, "Interest Rates on Student Loans," Debt.org, November 30, 2020, available online.

[15] "One Big Beautiful Bill Act Updates," Federal Student Aid, accessed May 15, 2026, available online.

[16] Association of American Medical Colleges, "Federal vs. Private Education Loans," accessed April 24, 2026, available online; Healthforce Center at UCSF, "Federal Student Loan Changes: Impact on Medical and Dental Education Access for Underrepresented Students," December 2025, available online.

[17] Arman A. Shahriar et al., "Socioeconomic Diversity of the Matriculating US Medical Student Body by Race, Ethnicity, and Sex, 2017-2019," JAMA Network Open 5, no. 3 (2022): e222621, available online.

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