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New Federal Loan Limits and 6 Facts about Law 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.



Photo Credit: Andrey Popov

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Overview of New Federal Loan Limits for Student Borrowers

On July 4, 2025, the One Big Beautiful Bill Act (OBBB) was signed into law.¹ 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 1, 2026, students borrowing federal loans for graduate programs will face a \$20,500 annual cap and a \$100,000 lifetime limit. Students enrolled in professional schools (e.g., law and medical 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.² Generally, federal loans for graduate school tend to be less generous than those for undergraduate education;³ they are unsubsidized, and the interest that accrues can result in larger debt. Recent changes in federal policy will further limit flexibility in student lending practices.

Limits on Student Loan Borrowing and Future Latino Lawyers

New changes to federal student loan limits, as illustrated by our key findings, may limit enrollment in professional schools, and could disproportionately affect students from low-income and marginalized backgrounds, especially Latino students, 84% of whom relied on federal loans to afford their education.⁴ These changes could exacerbate the existing shortage of Latinos in the legal workforce, as rising tuition costs and more restrictive financing options limit access to law school. During the 2023 to 2024 academic year, the average cost of attendance for law school was \$217,000,⁵ exceeding the \$200,000 federal loan cap imposed by the OBBS, meaning many students may need to rely on private loans or other financing sources to cover the full cost. In 2025, Latinos represented only 6% of all lawyers nationwide, despite making up 19% of the U.S. population.⁶ New limits in federal student loans may require Latino and other underrepresented students to choose between obtaining private loans with higher interest rates and fewer consumer protections, or reconsidering their ability to pursue a legal education.⁷



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The Case for The Latino/a Lawyer

Increasing the number of Latino lawyers is crucial for ensuring the justice system better reflects the communities it serves. Additionally, Latino lawyers serve an integral role in expanding access to culturally and linguistically competent legal services.⁸ Having a Latino Lawyer, who is more likely to speak Spanish, can make legal proceedings more accessible to clients with limited English proficiency. Bilingual lawyers can explain difficult legal concepts, provide emotional support, and connect their clients to appropriate resources in a language they understand.⁹ Latino lawyers are also more likely to work in nonprofit and government sectors, where they are more likely to serve low-income clients than in the private sector.¹⁰ Additionally, Latina lawyers who work in public interest report high levels of satisfaction in their roles because of their ability to advocate on behalf of vulnerable and underserved clients.¹¹ New federal loan limits threaten to reduce the number of future Latino lawyers and limit access to the legal services they provide.

To better understand these dynamics, this brief highlights key facts about how Latino law students financed their legal education during the 2019-2020 academic year using data from the National Postsecondary Student Aid Study (NPSAS). While these estimates reflect financing patterns from the 2019-2020 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.



Photo Credit: NVB Stocker



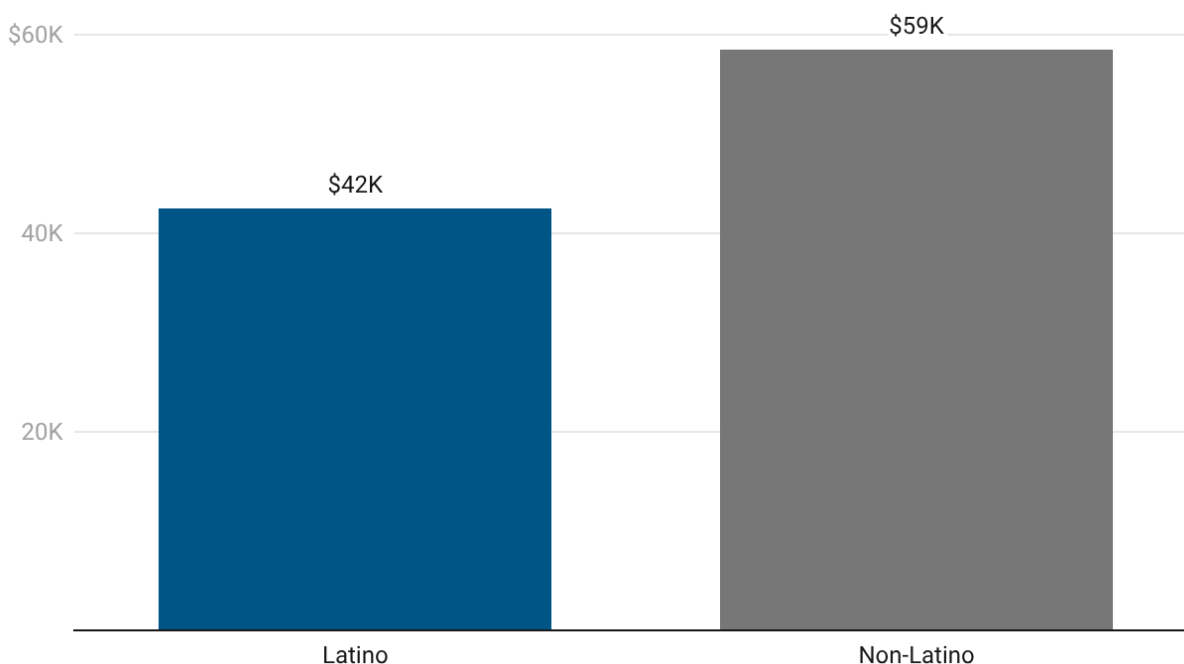
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Key Findings

1. Latino students have lower costs of attendance than non-Latino students.

During the 2019-2020 academic year, Latino students attended law schools with lower costs of attendance than their non-Latino peers. Latino students attended law schools with a median annual cost of attendance of \$42,000, compared to \$59,000 for non-Latino students (see Figure 1). This trend may reflect cost-saving strategies among Latino students to make higher education more affordable.¹²

Figure 1. Median Cost of Attendance for Law School by Latino Ethnicity, 2019-2020



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

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

2. Latino students report a greater reliance on federal loans than non-Latino students to finance their legal education.

More than four-fifths (84%) of Latino law students took out federal loans to cover their educational expenses for the 2019 to 2020 academic year, compared with 65% of non-Latino law students (see Figure 2). Latino students also borrowed larger amounts; the median amount borrowed by Latinos was \$38,000, compared to \$31,000 for non-Latinos. Large amounts of student debt can have long-term consequences for lawyers after graduation. Debt is found to be associated with poor mental health among lawyers,¹³ and can discourage legal professionals from living fulfilling lives, including postponing marriage, children, and buying a home.¹⁴

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

	% Students Who Borrowed Federal Loans	Amount Borrowed
Latinos	84%	\$38K
Non-Latinos	65%	\$31K

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

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

3. Latino students are more likely to borrow Graduate PLUS Loans than non-Latinos to finance their legal education.

Half of Latino law students (50%) relied on Graduate PLUS Loans to cover their educational expenses for the 2019 to 2020 academic year, compared to 41% of non-Latino students (see Figure 3). Latino students borrowed similar amounts as their non-Latino peers, about \$25,000 and \$26,000, respectively. Notably, as part of the OBBB, the Graduate PLUS Loan program will be terminated,¹⁵ leaving law students to rely on alternative financing sources to cover their educational expenses, including private loans, which typically offer fewer borrower protections and limited forgiveness options.¹⁶

Figure 3. Share of Law Students Who Borrowed Grad PLUS Loans and the Median Amount by Latino Ethnicity, 2019-2020

	% Students Who Borrowed Graduate PLUS Loans	Amount Borrowed
Latinos	50%	\$25K
Non-Latinos	41%	\$26K

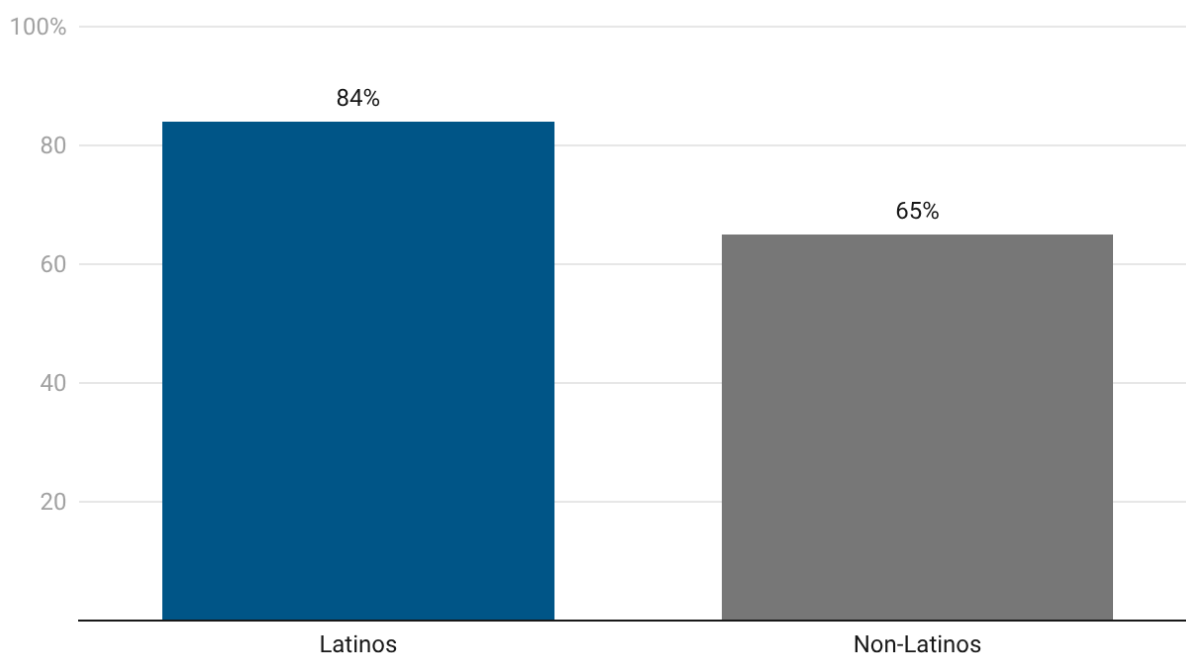
Note: The reported median excludes data from students who did not borrow Graduate PLUS Loans, reflecting only those who did.

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

4. Latino students are more likely than non-Latino students to borrow federal unsubsidized loans to pay for law school.

More than four-fifths (84%) of Latinos in law school reported borrowing unsubsidized loans (i.e., unsubsidized Stafford Loans) compared to 65% of non-Latinos (see Figure 4). The median amount borrowed was \$20,500 for Latino and non-Latino students.¹⁷ In other words, students who borrow this type of loan generally borrow the maximum amount allowed. Federal unsubsidized loans are among the most common types of loans students borrow for law 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 commence.¹⁸ 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. Moving forward, this will be the only federal loan option available for graduate students.¹⁹

Figure 4. Share of Law Students Who Borrowed Direct Unsubsidized Loans by Latino Ethnicity, 2019-2020



Note: The 2019-2020 loan limit for direct unsubsidized loans was \$20,500 for graduate students, including law students.

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



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5. Latinos are less likely to receive grants to pay for law school than non-Latinos.

Less than half of Latino law students (48%) received grants to cover their law school expenses during the 2019 to 2020 academic year, compared to almost three-fourths (72%) of their non-Latino peers (see Figure 5). Among those who received grants, Latinos received smaller amounts, reporting a median of \$15,000 in grants for the 2019 to 2020 academic year, compared to \$19,000 among non-Latino students. Students are not obligated to repay grants, helping reduce their reliance on loans. With the enactment of the OBBB, grants may play an important role in reducing law students' debt burden, especially for Latino students.

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

	% Students Who Received Grants	Amount Received
Latinos	48%	\$15K
Non-Latinos	72%	\$19K

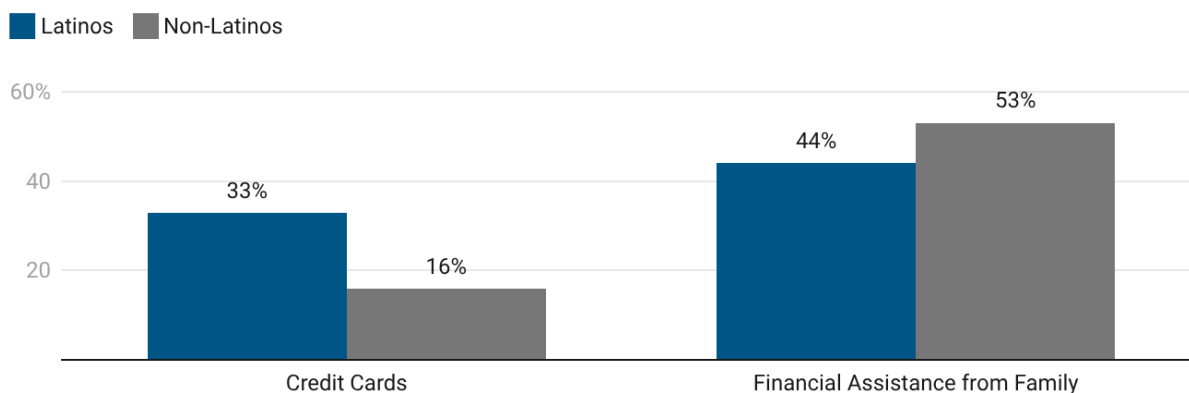
Notes: Grant amounts captured in the figure include federal, state, institutional, and outside grants. The reported median excludes data for students who did not receive grants, reflecting only those who did.

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

6. Latino students report a greater reliance on credit cards and less financial support from family than non-Latino students to cover law school expenses.

During the 2019 to 2020 academic year, Latino students were more than twice as likely as non-Latino students to use credit cards to pay for tuition and fees (33% vs. 16%; 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 less likely than non-Latino students to receive financial support from friends, family, and spouses while in law school (44% vs. 53%). This type of financial support can significantly reduce a student's reliance on loans and long-term debt. Because Latino law students rely more heavily on federal loans and have fewer alternative financial resources, they may be more vulnerable to recent federal loan limits.

Figure 6. Share of Law 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.



Photo Credit: Joshua A./peopleimages.com

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