

“One Big Beautiful Bill” Education Caps: Lowering Student Debt or Limiting Access to Education?

By: Emma Kizer

As the United States approached its 249th birthday, the country’s eyes were turned towards Congress’s heated debates surrounding the *One Big Beautiful Bill Act* (OBBBA) that was filled with [cuts to social safety net programs](#) such as Medicaid and Supplemental Nutrition Assistance Program (SNAP). The OBBBA cut these programs in order to fund tax cuts for corporations and the wealthy and [shift funding to finance immigration enforcement and national defense](#). This bill heralded President Trump’s domestic policy and was signed into law on July 4, 2025—Happy birthday, America.

Though there are ample reasons for concern within the nearly 1,000 page Grand Old Party (GOP) bill, many students, particularly graduate and professional students, were uneasy as they took a closer look at the Committee on [Health, Education, Labor, and Pensions \(HELP\) Provisions](#). The HELP Committee Provisions of the OBBBA made serious changes to federal student loans. The OBBA also made significant changes regarding Pell Grants and student loan repayment; however, this blog post will focus specifically on the new education caps for professional students (medicine, law, etc.). The changes to the availability of federal student loans will [adversely affect access to higher education, especially for students from historically underrepresented and low-income backgrounds](#).

Beginning July 1, 2026, Grad PLUS loans will be unavailable for new borrowers, and the New Graduate Unsubsidized Direct Loan Limits will be in effect. [For graduate programs](#), a student

is able to borrow up to \$20,500/year with a \$100,000 lifetime borrowing limit, and for professional programs, a student is able to borrow up to \$50,000/year with a \$200,000 lifetime borrowing limit. Combined with loan limits for undergrad, the law caps a professional student at [\\$257,500](#). The issue that arises from the elimination of Grad PLUS loans and the new loan limits is that [the new cap falls below the cost of attendance for many programs](#). The national median cost of attendance for law school in 2024 was around [\\$79,000](#). Even if a program's tuition falls below \$50,000 annually, the Grad PLUS loan would disburse based on cost of attendance that [includes rent, food and books](#). After the Grad PLUS loan applies to tuition and fees, the school will give the excess amount to the student to live off of for the year.

The reason the Trump Administration gave for placing [“commonsense limits”](#) on federal student loans for graduate degrees is that these limits will force institutions to lower the cost of graduate programs. The Department of Education cites to one example of a law school seemingly cutting the cost of tuition due to the OBBBA. [Santa Clara Law will provide a guaranteed \\$16,000 scholarship](#) to all incoming students to offset the effect of the new law. Though this is a reduction in the sticker price that takes tuition from just over [\\$63,000](#) to around \$47,000, that only leaves \$3,000 to live off of with the new annual caps. This is a solution that only solves a portion of the problem.

This reasoning by the Trump Administration is a common justification for politicians. William J. Bennett, former U.S. Secretary of Education under the Reagan Administration, introduced the *Bennett Hypothesis* in 1987 that argues the increased availability of student loans [has caused institutions to drive up the price of tuition](#). The problem with this hypothesis is that it is not grounded in strong empirical evidence. [Studies struggle to find a strong relationship](#) between Grad PLUS loan limits and tuition prices in law schools. Essentially, politicians are going out on

a limb by implementing sweeping legislation and using students as gambling chips before the implications of these policies are fully realized.

Increased access to federal student loans was provided for in the Higher Education Act of 1965 with [the intention of providing more Americans access to higher education](#). The number of student loans available has always been a topic of hot debate, and oftentimes, student loans can be viewed as a double-edged sword. One cannot overlook the fact that the increasing amount of student debt is a heavy burden; however, these loans have expanded education opportunities for students who may have [lacked the financial means to participate in higher education](#). Educational trends for graduate students typically show that [students of color, first-generation college students, and women](#) borrow in larger amounts than white male students. Though there is the possibility that this will lead to heavier educational debt, it can also lead to high returns. For example, the difference in median earnings between individuals with advanced degrees versus bachelor's degrees is [high among Black wage earners](#).

Legal commentators are concerned with how the new caps will affect not only the demographics of the law school environment, but also the impact this will have on the communities that are served. Low-income and first-generation students tend to already be underrepresented in law school, and [these are the students that have the greatest interest in pursuing careers in legal aid, public defense, and nonprofit advocacy](#).

These education caps are even more daunting for medical students, as the average debt of a graduating medical student is [over \\$212,000](#), solely for medical school tuition. Similar to the demographics of legal education, [socioeconomic diversity in medical school is already lowering](#), and the lack of federal student loans to adequately cover the cost of attendance is unlikely to assist

in this matter and likely harm instead. Additionally, medical students from underserved communities are [more likely to practice in lower income areas](#).

Higher education accessibility is a continuous debate in a constantly changing political landscape. Though it is uncharitable to overlook the elephant in the room of rising student debt, it is also unfair to use superficial solutions to attempt to solve the longstanding problem of student debt. The fear of many when this law was passed is that historically underrepresented students are either going to turn to private loans, [which have fewer borrower protections](#), or avoid pursuing higher education altogether.