UNITED UNIVERSITY PROFESSIONS

Testimony on
Federal Lending Changes in Higher Education

Presented to

Assemblymember Alicia Hyndman, Chair
Committee on Higher Education
and
Assemblymember Clyde Vanel, Chair
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Chairperson Hyndman, Chairperson Vanel, distinguished members of the Assembly Committees on Higher Education and Banks, thank you for the opportunity to testify on the impacts of federal lending changes in higher education.

My name is Dr. Frederick E. Kowal, and I am the president of United University Professions (UUP), the largest higher education union in the country. It is my honor to represent more than 42,000 academics and professionals who work at SUNY. Our members live and work in communities across the state of New York, serving hundreds of thousands of students and patients at 29 SUNY comprehensive, technical, specialized and university centers, SUNY academic medical centers and state-operated public teaching hospitals, and System Administration.

The "One Big Beautiful Bill Act" and ensuing regulations from the Department of Education have made a number of changes to federal student aid that will negatively impact students and SUNY institutions. First, I will discuss some of the most notable changes to lending, including new caps on Parent PLUS loans, caps on loans for graduate and professional school, and the elimination of Graduate PLUS Loans. These three policy changes will make it more difficult for families to afford higher education and will likely hurt enrollment, campus revenue, and certain programs at SUNY institutions. Next, I will briefly discuss the ways the new earnings test and prorating of loans for part-time students present additional barriers to students pursuing a college degree.

Taken together, the federal lending changes hinder people's ability to seek higher education. This is counterproductive as these changes will likely mean more students opting not to attend college at all, or to drop out because they cannot afford to complete their degree. The financial barriers placed on students by the federal lending limitations will hold students back from pursuing their dreams and achieving upward mobility. Beyond the individual impact, the federal changes threaten the financial stability of SUNY campuses. And, zooming out to a broader perspective, the federal lending changes will mean less educated workers to fill critical jobs in high-need fields, such as in healthcare, teaching, and technology. Furthermore, we will have less educated citizens to advance our society and economy forward.

New York needs to stand up for higher education and help fill in the gaps left by the loss of federal loans. I applaud you for holding this hearing to shine light on this pressing issue and demonstrating your continued commitment to education for New York's residents. UUP suggests the following actions: increasing direct state aid to SUNY campuses, establishing a state loan program for graduate students, and expanding funding for the Educational Opportunity Program.

New Loan Caps and Elimination of Graduate PLUS Loans

The "One Big Beautiful Bill Act" (OBBBA) established new annual and aggregate caps on unsubsidized loans for graduate and professional school. Graduate students face an annual loan limit of $20,500 and an aggregate cap of $100,000. Students pursuing professional degrees (e.g. medicine, dentistry, etc.) face an annual limit of $50,000 and an aggregate cap of $200,000. Additionally, the OBBBA established annual and aggregate caps for Parent PLUS Loans. These are loans that parents take out to pay for their dependent child's education. While parents used to be able to borrow up to the full cost of attendance, they are now subject to an annual cap of $20,000 per dependent. Additionally, there is a $65,000 aggregate cap per dependent. Finally, all students are subject to a new lifetime limit of $257,500 for all federal loans combined, excluding Parent PLUS Loans.

These changes will likely leave many families unable to afford higher education, including at SUNY. While SUNY's tuition is competitive, the full cost of attendance falls above the cap. The cost of attendance, after accounting for housing and food, is roughly $25,000 to $35,000 per year for an in-state undergraduate student at SUNY. For out-of-state students, the annual cost of attendance ranges from approximately $38,000 to $60,000. These prices account for both direct costs paid to the university (tuition and fees) and indirect costs, including housing, food, and other personal expenses. Not only do the annual costs surpass the new yearly loan caps, but the total four-year cost also exceeds the aggregate loan caps.

Furthermore, the federal government eliminated the Graduate PLUS Loan program, which allowed graduate students to borrow up to the full cost of attendance, including housing expenses. In addition, the list of programs that qualify as professional is currently being contested. The Department of Education issued a narrow list of professional programs, which notably excluded nursing. A federal judge issued a temporary injunction on this restrictive list, allowing several degree programs to qualify as professional until the final ruling is issued. This list includes Nurse Anesthetist, Nursing Practice, Clinical Psychology, Counseling Psychology, Speech-Language Pathology, Physician Assistant, Optometry, and Physical Therapy, among others. If these degree programs are not permanently classified as professional, they will be subject to the lower graduate loan caps, hindering people entering these high-need fields.

Figure I on the next page shows the undergraduate cost of attendance at the University at Albany for in-state and out-of-state students.[1] For NYS residents, the total annual cost approaches $35,000 while the cost is nearly $58,000 for out-of-state students.

Figure I: Undergraduate Cost of Attendance at the University at Albany

Total Estimated Annual Undergraduate Cost of Attendance for New York State Residents

Type of Cost	On-campus Student	Off-campus Student
Tuition	$7,070	$7,070
Fees	$4,010	$4,010
Housing & Food	$19,924	$19,458
Books, Course Materials, Supplies & Equipment	$1,200	$1,200
Personal Expenses	$1,842	$1,842
Travel	$724	$1,190
Federal Loan Fees	$74	$74
Total	**$34,844**	**$34,844**

Total Estimated Annual Undergraduate Cost of Attendance for Out-of-state Residents

Type of Cost	On-campus Student	Off-campus Student
Tuition	$29,814	$29,814
Fees	$4,010	$4,010
Housing & Food	$19,924	$19,458
Books, Course Materials, Supplies & Equipment	$1,200	$1,200
Personal Expenses	$1,842	$1,842
Travel	$1,024	$1,490
Federal Loan Fees	$74	$74
Total	**$57,888**	**$57,888**

Source: University at Albany

Figure II on the following page shows the annual cost of attendance for the MD program at Upstate Medical University in Syracuse.[2] For in-state students, the program costs roughly $82,000 to $88,000 a year. For non-residents, the yearly cost ranges from $107,000 to $113,000.

Figure II: MD Program Cost of Attendance at Upstate Medical University

Costs	Year 1	Year 2	Year 3	Year 4
NYS Resident Tuition	$46,470	$46,470	$46,470	$46,470
Non-Resident Tuition	$71,190	$71,190	$71,190	$71,190
Mandatory Fees				
Student Activities Fee	$180	$180	$180	$180
Health Services Fee	$417	$417	$417	$417
SUNY College Fee	$50	$50	$50	$50
Technology Fee	$321	$321	$321	$321
Disability Insurance	$73	$73	$73	$73
USMLE Review Fee	$200	$200	$200	$200
Microscope Fee	$60			
Gross Anatomy Lab Fee	$300			
Living Expenses				
Food	$6,600	$6,600	$7,200	$7,200
Housing and Utilities	$16,500	$16,500	$18,000	$18,000
Personal Expenses	$3,300	$3,300	$3,600	$3,600
Travel	$3,300	$3,300	$3,600	$4,200
Fees				
Loan Fees	$1,937	$2,021	$1,987	$2,125
Educational Expenses				
Books, Study Guides, Supplies	$2,580	$2,580	$2,400	$2,000
Licensure/Certification		$680	$680	$3,750
Resident Estimated Total Cost	**$82,323**	**$82,727**	**$85,213**	**$88,621**
Non-Resident Estimated Total Cost	**$107,043**	**$107,447**	**$109,993**	**$113,341**

Source: Upstate Medical University

Taken together, the new loan caps and the elimination of Grad PLUS loans create a massive hurdle to students pursuing higher education. These degree programs train students to fill critical workforce needs. These new federal loan changes will cause financial hardship, and many students will likely decide not to pursue these programs, thinking there is no way they can afford it. Another major concern is students dropping out because they can't afford the rest of their degree due to loan limits, leaving them saddled with debt and nothing to show for it.

Many SUNY students rely on federal loans to fund their post-secondary education. For instance, 70-80% of medical students attending the Renaissance School of Medicine at Stony Brook University will finance their medical education solely or partially through the Federal Direct Loan Program.[3] Additionally, in the 2022-23 academic year, approximately 98,000 SUNY undergraduates received federal loans, totaling over $731 million. Also in that year, almost 15,000 SUNY graduate students received federal loans, totaling over $393 million.[4] Figure III below shines a spotlight on federal aid to students at the four most distressed SUNY campuses. This demonstrates that most students rely on federal loans to fund their education at these institutions, and without sufficient federal loans, these students' education and the institutions' financial stability may be compromised. Please note, 2022-2023 is the most recent year for which data are available for SUNY Fredonia. The data are sourced from the Common Data Set and the National Center for Education Statistics' College Navigator.

Figure III: Federal Aid to SUNY Undergraduates at Distressed Campuses

Campus	Total Federal Aid (Grants and Loans) 2025-2026	Total Federal Loans Awarded to Undergraduates 2025-2026	% of Undergraduates Receiving Federal Loans 2025-2026
Potsdam	$11 million	$5.9 million	76%
Buffalo State	$26.7 million	$7.1 million	63%
Fredonia	$17 million (2022-2023)	$10.3 million	88% (2022-2023)
ESF	$5 million	$1.8 million	53%

Source: Common Data Set and the National Center for Education Statistics

There are legitimate questions about whether private lenders will step in and fill the gap left by the loss of federal loans. They may not be willing to loan to borrowers with low credit scores, no credit history, or no cosigner. And if they do, they may charge exorbitant interest rates. Private loans do not come with the same oversight and protections as federal loans, and borrower safety is an even greater concern given that the Trump administration has gutted the Consumer Financial Protection Bureau. Economically disadvantaged borrowers are most likely to be negatively impacted by these changes and are at the highest risk for predatory lending.

These lending changes will likely hurt enrollment, reduce revenue for institutions, and strain the financial position of institutions. SUNY institutions are especially vulnerable. SUNY intuitions suffered over a decade of austerity budgeting, and SUNY Downstate's finances took a massive hit when former Governor Cuomo designated it as a Covid-only hospital. I thank you and Governor Hochul for your financial support for SUNY and for beginning to turn around this pattern of underfunding. The financial recovery of the SUNY system is still a work-in-progress, and these federal changes threaten to undermine that progress.

One of the Trump administration's hopes is that the new loan caps will force colleges to lower their tuition. Some colleges have lowered their sticker price so students stay under the loan cap. However, SUNY does not have the ability to do this like wealthy private institutions do. SUNY's tuition is already competitive, and tuition is a major source of revenue since state funding makes up a smaller percentage of revenue than it used to. Additionally, some programs, particularly in the health sciences, are expensive to deliver. SUNY operates based on public mission, not profit, and simply doesn't have the financial flexibility to cut tuition.

With diminishing federal loans, we may see not only a general dip in enrollment, but also an outsized dip in out-of-state enrollment. Non-resident students pay a higher tuition rate at SUNY, and with less federal loans, they may decide going out of state is too expensive and may choose a public institution in their own state. This hurts SUNY's enrollment, revenue stream, and New York's workforce, since approximately 80% of SUNY graduates stay to live and work in New York. This will also compound the existing issue of declining international student enrollment due to other changes by the Trump administration, such as changes to Duration of Status policy and proposed increases to H-1B visa fees. While federal courts have blocked or delayed some of these changes, they have still caused uncertainty for international students, and the federal government's relentless detention and deportation agenda does not send a welcoming message to international students.

In fact, international enrollment at SUNY state-operated campuses declined by 5.7%, or 1,057 students, between Fall 2024 and Fall 2025.[5] This loss of international students has hurt programs at SUNY, such as the Engineering program at the University at Buffalo. There are less graduate students to participate in research and serve as teaching assistants for undergraduate courses. The potential loss of out-of-state and in-state graduate students due to loan changes will further destabilize programs at SUNY that rely on them.

Prorating Loans for Part-Time Students

New federal changes prorate loan availability based on how many credits a student is taking if they are enrolled less than full-time. This creates a problem when students need to drop a course, whether for academic reasons, work, or family obligations. When a student reduces their number of credits, the amount of federal loans they are entitled to decreases, and they will either need to take extra credits the next semester or pay back the balance. This can create hardship for students. Additionally, the policy is confusing and burdensome for students, faculty, and staff. Financial aid administrators requested additional guidance from the Education Department because the existing rules do not adequately explain how to deal

with all the possible circumstances and case-by-case situations. With insufficient official guidance, financial aid advisors, faculty, and academic advisors are left to try to figure out how to properly advise students.

Earnings Test

The OBBBA created an earnings test for college graduates that threatens access to federal financial aid. While this earnings test is not projected to affect many students, I would like to briefly address it. This new policy will require college graduates to earn more than high school graduates. It also requires individuals with master's degrees to earn more than those with a bachelor's degree. This is called the "earnings premium." If a certain degree program does not meet the earnings threshold for its graduates for two out of three consecutive years, it loses access to federal loans for two years. Additionally, an institution loses Pell grant eligibility if half of its students are enrolled in failing programs or if half of its federal aid goes to failing programs.

A significant portion of SUNY students rely on Pell grants. For example, in Fall 2025, 40.4% of SUNY students at state-operated campuses received Pell grants, or 62,713 students. Among the state-operated SUNY campuses, technology campuses have the highest rate of Pell grant students at 44.1%. The comprehensive colleges rank second with 41.3% of students receiving Pell.[6] As such, the loss of Pell grants would disproportionately hurt the smaller regional SUNY campuses, which are already strained financially.

The earnings test is antithetical to the mission of higher education. It sends a concerning message that a degree only has value if it leads to making a certain amount of money. This policy undermines service-based jobs that are critical to our society. It also devalues the pursuit of knowledge. While expanded economic opportunities and job preparation are a critical aspect of higher education, so are the liberal arts, service, pursuit of knowledge, critical and analytical thinking, civic education, and exposure to new ideas.

Institutions will not lose any funds until at least 2028 since multiple years of data need to be collected. A recent report from American University's Postsecondary Education & Economics Research Center estimates that only a small number of programs across the country will fail the earnings test, reflecting just 1.8% of students.[7] This is encouraging, but we will continue to monitor closely as the Trump administration implements this new policy. We hope the impact will be minimal on SUNY, but even if one program were to lose federal aid, that means real impacts on students and faculty, possibly jeopardizing jobs, causing program closures, and preventing students from pursuing their dreams.

Furthermore, this policy is shortsighted and unfair because it holds institutions accountable for wages in the job market, which they have no control over. Wages are especially unpredictable right now with AI disruptions to the workforce and the impacts of federal policies such as tariffs. This policy ultimately sets institutions and students up for failure.

UUP's Recommendations

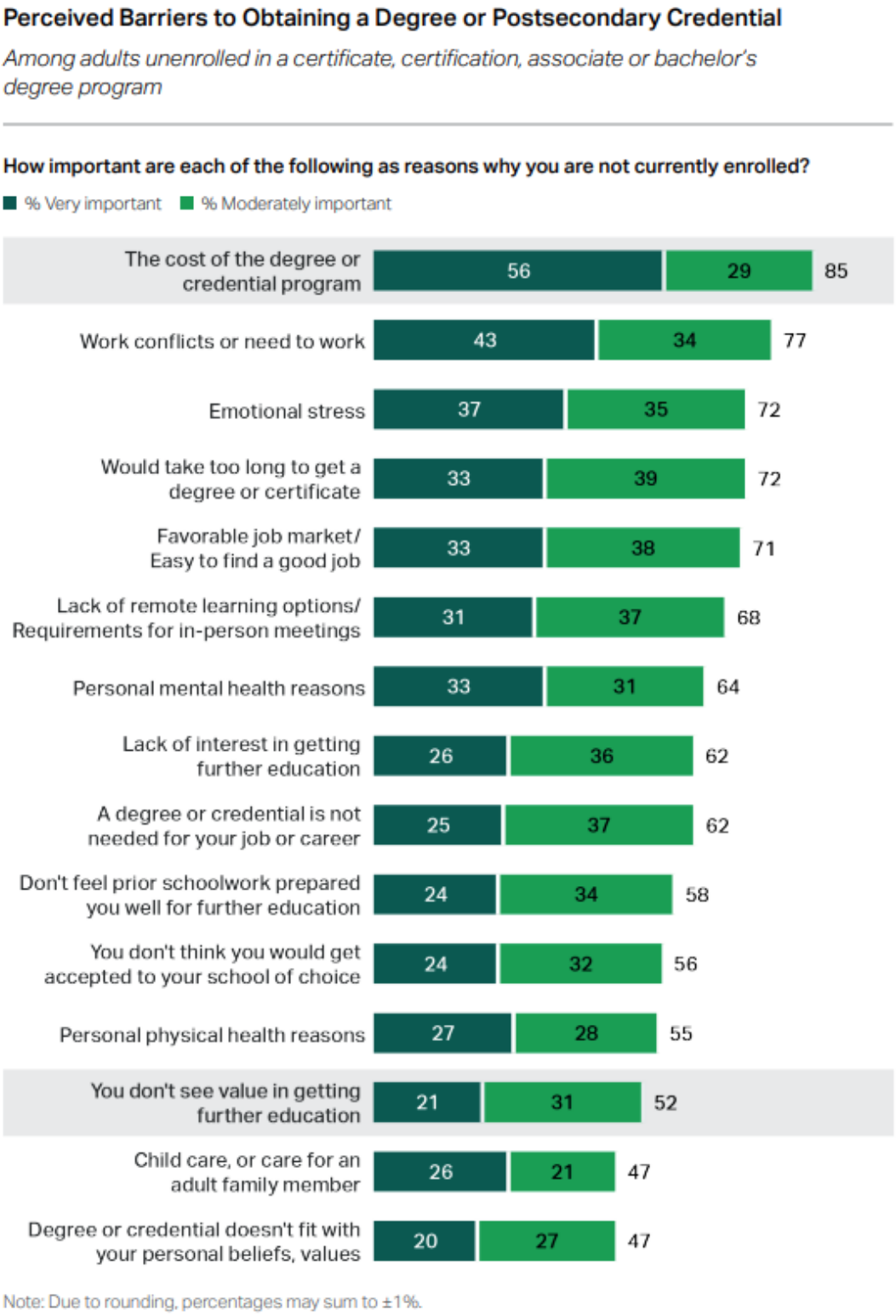
It is imperative that New York State take steps to support students and institutions amid these federal cuts, or it will be at a competitive disadvantage. First, there is no better way to support SUNY than through direct state appropriations. I am deeply grateful for your financial support to SUNY in the last four years. We need this trend to continue if we are going to make up for over a decade of austerity budgets following the Great Recession cuts, which were never fully restored. Increasing overall operating funding, especially the core instructional budgets of SUNY institutions, will allow SUNY to maintain high academic quality and improve their programs. This will allow campuses to remain academically competitive and attract and retain students. In the face of federal cuts and attacks on higher education, it is more important than ever for New York to fund its public higher education system and demonstrate its commitment to educating our society and offering opportunities for upward mobility.

In addition, UUP supports the creation of a state-administered loan program for graduate students. Thank you, Chair Hyndman, for introducing legislation (A.11549/ S.10568) alongside Chair Stavisky to create such a program. Ensuring graduate students have access to low-interest loans will help to ameliorate the negative impacts of federal lending changes. I would welcome the opportunity to discuss this bill in further detail with you.

Another way the state can support students amid these federal changes is to increase funding for the Educational Opportunity Program (EOP). Cuts to federal loans and potential cuts to Pell grants will disproportionately hurt low-income students who don't have another way to pay for college. Expanding EOP is one way New York can step up and support students who are economically disadvantaged. EOP changes lives and offers the opportunity of higher education to students who never thought it would be possible for them. UUP appreciates that the Speaker and the Assembly majority conference have made EOP a funding priority.

Expanding EOP allows students who never would have been able to attend college the opportunity to achieve a higher education, upward mobility, and economic security. Additionally, EOP is a valuable tool to help campuses increase their enrollment to counteract the negative impacts of new federal loan policy. While student demographics have shifted, there are still many individuals who are interested in higher education but cannot afford it. In fact, a 2024 Gallup-Lumina survey found that adults without a degree consistently rate cost as the most important factor in their decision not to pursue a postsecondary education.[8] The chart on the following page illustrates that 56% of respondents said cost of the program was a very important reason they were not enrolled. It also shows that cost ranks more than 10 percentage points higher than any other reason.

Figure IV: Reasons for Not Pursuing Higher Education



Source: Gallup and Lumina Foundation

Giving as many people as possible the opportunity to obtain a college education and degree is both socially and economically beneficial to New York State. EOP is a proven way to realize this goal.

In conclusion, I thank you for the opportunity to testify on the impacts of federal lending changes. New loan caps and the elimination of Graduate PLUS Loans have the greatest potential to negatively impact students and SUNY institutions. Enhanced state financial support for SUNY and EOP will go a long way in ensuring the financial stability of SUNY campuses and in securing affordable educational opportunities for students. The addition of a state loan program for graduate school will further assist students in pursuing advanced degrees and contributing to New York's workforce. I am happy to answer any questions you may have. Thank you.

[1] "Cost of Attendance," *University at Albany,* https://www.albany.edu/cost-aid/tuition-fees/cost-attendance

[2] "Estimated Cost of Attendance," *Upstate Medical University*, https://www.upstate.edu/financialaid/applying/coa.php

[3] "Financing Your Medical Education," *Renaissance School of Medicine at Stony Brook University*, https://renaissance.stonybrookmedicine.edu/admissions/financial_info

[4] "Federal Funding and New York," *Office of the State Comptroller*, https://www.osc.ny.gov/reports/budget/fed-funding-ny/federal-impact-higher-education

[5] "Fall 2025 Enrollment Highlights," *State University of New York*, https://www.suny.edu/media/suny/content-assets/documents/news/Fall-2025-Enrollment_Highlights.pdf

[6] "2025-2026 SUNY Intuitional Research Executive Data Summary," *State University of New York*, https://system.suny.edu/media/suny/content-assets/documents/institutional-research/2025-2026-SUNY-Executive-Data-Summaries-as-of-January-15,-2026.pdf

[7] Caldewell, Tia, et al., "How Do College Programs Measure Up Against the One Big Beautiful Bill Act's New Accountability Standard?," *American University*, https://www.american.edu/spa/peer/upload/obbba-accountability_rpt_final.pdf

[8] "Cost of College: The Price Tag of Higher Education and Its Effect on Enrollment," *Gallup*, https://www.gallup.com/file/analytics/643526/gallup-lumina%20foundation-cost%20of%20college%20report.aspx