

**Testimony of
The Commission on Independent
Colleges and Universities**

Joint Budget Hearing on Higher Education

Tuesday, February 24, 2026

Good morning, Chairpersons Krueger and Pretlow, and members of the Finance Committees.

My name is Lola Brabham, and I am President of the Commission on Independent Colleges and Universities (CICU). CICU represents more than 100 private, not-for-profit institutions that educate 44 percent of all higher education students in New York. I appreciate the opportunity to testify regarding the 2027 State Budget.

We are at a defining moment in the history of American higher education. From declining enrollments and rising operational costs, to cuts and eliminations in federal funding, to misguided policy changes complicating the higher education landscape; the urgent and immediate threat to educational access and economic development is real. Nationwide colleges and universities are feeling the pain.

In New York, the risks are particularly acute. Due to recent changes to federal student loan programs, our state stands to lose 75,000 students, \$426 million in student and visitor spending, and more than 29,000 on-campus jobs—resulting in a projected loss of \$221 million in state payroll and sales tax revenue. These figures represent significant economic consequences across all sectors of higher education—public and private alike. Without swift intervention, New York’s future workforce and economy are at risk.

BUILD ON NEW YORK’S LEGACY OF OPPORTUNITY AND ACCESS

New York’s private not-for-profit colleges and universities produce 70 percent of New York’s future nurses and healthcare workers, 62 percent of STEM graduates, and 52 percent of our future teachers.

To support students, independent institutions provided \$8.1 billion in institutional financial aid last year alone, assisting 85 percent of first-time students. As major employers and economic anchors, these institutions generate \$97 billion in economic activity annually and support more than 407,000 jobs statewide.

Yet pressures on the independent sector are intensifying. Declining state support, demographic shifts, reductions in federal research funding, and student loan program changes are compounding challenges for students, families, and communities across New York.

CICU urges the Legislature to protect against these disruptions by implementing the necessary interventions to support New York’s students and families.

Establish the New York State College Access Program (NY-CAP) (\$110M – 500M)

The FY27 Executive Budget recognizes that reduced federal loan availability is reshaping the financial aid landscape for all borrowers. The next step is clear: New York must establish a state-backed loan program to expand financing access and help institutions and students navigate this new reality.

CICU is encouraged by the inclusion of enhanced funding for the Education Debt Consumer Assistance Program (EDCAP) in the proposed Budget. However, counseling alone will not offset the loss and limitation of federal student loan options—particularly for graduate students.

By establishing a state-backed lending program with strong borrower protections and competitive rates, New York can offer a safe, accessible, and affordable alternative to high-cost private loans. Such a program would address financing gaps in critical workforce fields, including teaching, nursing, and STEM.

CICU has partnered with nationally recognized consulting firms Ithaka S+R and EY-Parthenon to conduct extensive market research and scenario planning to inform this proposal. *Our detailed policy framework is included in Appendix A.*

Expand the Tuition Assistance Program (TAP) (\$92M)

The State must also strengthen existing financial aid programs to support low and middle-income students facing new economic pressures. Last year’s historic expansion of TAP helped ensure that the program remains transformative for millions of students and families. Now, New York must build on that progress.

Following the elimination of the federal Grad PLUS program, restoring, and increasing Grad TAP (\$79M) is essential. This investment will allow graduate students to continue pursuing advanced credentials in critical fields, strengthening recruitment and retention of teachers, nurses, mental health professionals, engineers, scientists, and healthcare providers, among others, across our State.

In addition, New York should finally provide financially independent students with full TAP benefits (\$13M). These students are working, paying taxes, and often supporting families while attending college. They deserve full state support to succeed.

Reject Proposed Cuts and Increase Investments in New York's Educational Opportunity Programs (\$22.85M)

New York's opportunity programs provide critical pathways to college for educationally and economically disadvantaged students.

CICU respectfully asks the Legislature to reject the Governor's proposed cuts and instead increase funding by 20 percent to ensure continued access and success.

Programs such as HEOP, EOP, STEP, CSTEP, and the Liberty Partnerships Program collectively serve more than 15,000 New York residents annually. These initiatives expand access for students with demonstrated financial need and strong academic potential. Proposed cuts threaten the economic mobility of thousands of New Yorkers who rely on these programs as their pathway to higher education.

We are grateful that the Legislature rejected similar reductions last year and remain hopeful that you will once again protect these vital investments.

Restore Bundy Aid to full \$35M (\$18M needed to restore to FY2024 levels)

Bundy Aid provides essential support to independent colleges and universities to maximize student aid and fund academic support services, including tutoring, summer bridge programs, and services for students with disabilities.

The elimination of Bundy Aid for certain campuses has been deeply disruptive. Continuing to limit Bundy Aid will ultimately increase costs for students and families. I strongly urge the Legislature to restore Bundy Aid to all impacted institutions.

Reject Proposed Cuts and Increase Funding for Cutting Edge Research (\$10.7M)

New York's economy is rapidly evolving. From semiconductor development to artificial intelligence, our independent colleges and universities are critical partners in preparing the workforce for the future.

Programs such as the Centers for Advanced Technology (CATs), Centers of Excellence (COEs), and the NYSTAR Matching Grants Leverage Program generate \$1 billion in annual economic activity through partnerships with startups and New York-based companies. We urge the Legislature to reject proposed cuts and increase funding to \$1.25 million per center to sustain this innovation ecosystem.

Invest in Educational Infrastructure with the Higher Education Capital Matching Grant Program (HECap) (\$40M)

HECap is one of the State’s most effective capital investment tools. For every state dollar invested, institutions contribute at least three dollars in matching funds—often significantly more. HECap has generated more than \$1.9 billion in infrastructure spending and created over 31,000 jobs statewide, including more than 10,300 construction jobs paying prevailing wages.

New appropriation is essential to address urgent capital needs, including health and safety upgrades, energy-efficiency improvements, and modernization of laboratories and classrooms.

Fund Workforce Development for Rural Colleges in the Independent Sector (\$10M)

Twenty independent colleges are in rural communities across New York. These institutions serve as economic anchors and among the largest employers in their regions. Targeted workforce development investments would stabilize local economies, strengthen workforce pipelines, retain students who might otherwise leave the State, and minimize long-term tax revenue losses.

Operational support for rural independent colleges is an investment in regional stability and statewide economic resilience.

Enhance Support for Students with Disabilities for Postsecondary Success (SWDPS) (\$4M)

Access and affordability must never be barriers for students with disabilities. By investing in comprehensive support, from enhanced mental health services to robust disability accommodation, we ensure that students can thrive academically and personally.

CICU supports the NYSED request of \$4 million for students with disabilities.

A VISION FOR THE FUTURE

New York has always been a beacon of access and opportunity for all. Recent federal actions put all that at risk—and will lead to fewer students in New York and accelerated workforce shortages.

At a time of growing federal constraint, New York’s response matters more than ever. Legislative action is vital to protecting New York’s students and families. That means fully investing in the programs we know work and, supporting the State’s higher education ecosystem. Our public and independent colleges and universities are deeply interconnected. When access is limited in one part of the system, the impact is felt across campuses, communities, and the workforce statewide.

Legislative leadership in this matter is essential. By ensuring students across both sectors of higher education have access to affordable pathways, you are investing in the future of our state.

New York students should have the ability to stay and thrive in New York. The State spends millions on recruiting tourists to visit for a weekend. We must also invest in students to be part of our long-term economy, and stand together in calling for greater investment, smarter policy, and real solutions.

Appendix A

New York State College Access Program (NY-CAP) Proposal

Background

The “One Big Beautiful Bill Act” (OBBBA) of July 2025 represents the most significant overhaul of the 2008 Higher Education Opportunity Act, which enhanced borrower protections, lowered interest rates for millions of students, and created public service loan forgiveness. The changes outlined below signal an impending economic crisis for the State by closing off access to critical degree programs in both the private and public sectors of higher education, hurting affordability, and slashing workforce readiness in key fields.

- o The elimination of Grad PLUS Loans will significantly reduce access to advanced degrees, particularly in fields that are essential to New York’s workforce (e.g., teaching, social work, health sciences, the arts, and public service). Approximately 32,000 New York graduate students utilized Grad PLUS loans to cover the full cost of their attendance in 2024-25. The elimination of this program is projected to drive enrollment declines of 8-10 percent in critical fields such as nursing and education.
- o With the Grad PLUS program gone, the U.S. Department of Education has essentially created two categories, the standard master's degree and the professional master's degree, and is enforcing new, lower loan caps (\$20,500/year for standard master’s, \$50,000/year for professional). Fields such as social work, teaching, nursing, accounting, engineering, architecture, and physician assistant, among others, are now classified as standard graduate programs. Without access to adequate financing to complete their degrees, many students will be pushed into the predatory private loan market and forced to pay higher interest rates to finance their education or abandon graduate studies. Analysis projects that 60 percent of Graduate PLUS borrowers will not qualify for private loans. By acting swiftly to fill financing gaps for the neediest students, New York can sustain broad access to higher education, maintain its national leadership in educational opportunity and innovation, and safeguard institutional competitiveness.
- o Caps on Parent PLUS borrowing, now limited to \$65,000 in aggregate, will force undergraduates and families to pursue alternative lenders, with less favorable terms and without the benefit of federal loan protections. In 2024-25, there were 43,000 New York students associated with Parent PLUS Loans.
- o Under new federal provisions, academic programs that fail to meet minimum earnings thresholds will lose eligibility to offer federal Direct Loans for at least two years. Early career earnings in critical fields like teaching, social work, the arts, and human services are modest. Low initial earnings increase the likelihood that these programs will lose federal loan eligibility, lowering enrollment and in turn posing significant negative impacts on the State’s ability to address workforce shortages in high-needs fields.

Recommendation

Extensive market research done by EY-Parthenon suggests that because of recent federal policy changes specific to student loans, New York could stand to lose an estimated 75,000 students. To support New York's students and insulate the State's economy, policymakers could establish a State-run or contracted loan program with borrower protections and competitive rates to expand financing access and reduce loan burden.

- Open to New York State residents enrolled in a graduate degree program at an accredited New York college or university.
- Target students pursuing a degree in fields most critical to New York's workforce and economy. Critical gaps in access would be closed for key workforce fields like STEM, allied health, and education.
- Serve an estimated 11,300 - 13,800 neediest students.
- Program could be established through the existing Dormitory Authority of the State of New York (DASNY) Supplemental Higher Education Loan Financing Program. Students and families would save thousands of dollars on interest costs compared to private sector loans with higher interest rates.
- Alternatively, the State could partner with a neighboring state such as Pennsylvania, that already offers a state-run student loan program to originate and service loans under New York's lending parameters.
- Cost \$110M - \$500M depending upon established program parameters.