



How Federal Budget Changes Could Reshape Higher Education in NYC

IBO's Federal Changes, Local Impacts series is a collection of short reports that examine areas of New York City's budget, economy, and operations that are particularly reliant on federal funding, subject to notable federal policy changes, or both. These reports are intended to inform public discussion by objectively highlighting how federal decisions may affect the City. IBO encourages readers to visit its [website](#) to explore additional topics covered in this series.

Since the One Big Beautiful Bill Act/H.R. 1 was enacted in July 2025, the Trump administration has indicated that, beginning in September, it will refer to the measure as the "Working Families Tax Cut Act." In this report, IBO continues to use the bill's original name.

Introduction

The federal government does not directly run higher education institutions in the United States, with the exception of military academies, but it still does play a major role in how colleges operate. This influence is particularly strong in New York City, home to many universities with large research programs, which are supported by federal dollars. Federal programs, like Pell Grants for lower-income students and federally-subsidized student loans, also make higher education accessible for a large share of students in New York City. These federal funds also help attract students and researchers both from across the country, and around the world.

Since assuming office in January 2025, the Trump administration has initiated several policy and funding changes that critically affect higher education. These include freezing or canceling some existing grants, visa rule changes and fees, and passing the One Big Beautiful Bill Act (OBBBA), which reforms the federal student loan system. Together, these actions could disrupt how NYC's public and private colleges operate, how students pay for college, and how universities employ faculty and staff.

In this report, IBO outlines how higher education in New York City depends on federal funding, specifically in three key areas:

- Federal research and development (R&D) dollars that fund university research

- Federal financial aid that helps students afford college and facilitates economic mobility
- Federal policies that affect international students, the local workforce, and the broader economy

Higher Education Institutions in New York City

Higher education institutions comprise a key sector of New York City's economy and society. In recent years, the sector has enrolled half a million students across 100 higher education institutions (including satellite campuses), employed more than 140,000 workers, and generated around \$35 billion in annual economic activity [by one estimate](#).

Over the past two decades, several major universities have expanded or added new campuses in the City. For example, New York University's Brooklyn campus, Cornell University's TechNYC campus on Roosevelt Island, and the imminent arrival of a satellite Vanderbilt University campus.¹ Each year, the City's colleges award nearly 150,000 degrees, increasingly in science, technology, engineering, and math (STEM) fields.

New York City's higher education sector is diverse, spanning public, private nonprofit, and for-profit institutions. Figure 1 shows the 20 largest post-secondary institutions in NYC.

- For-profit colleges (11 in total) include schools like DeVry College, Berkeley College, and Monroe University. Together, they enrolled about 16,000 students in fall 2023. Most of these colleges are relatively small, with the exception of School of Visual Arts which was attended by 4,000 students.
- Private nonprofit institutions, which include internationally renowned and research-intensive universities as well as smaller niche colleges. Some of these, like NYU and Columbia University, tend to be large and attract large numbers of out-of-state and international students.
- Public institutions, mainly the City University of New York (CUNY) and State University of New York (SUNY) systems, educate hundreds of thousands of students across the five boroughs.

The CUNY system has a larger presence within the public college system, with 11 senior colleges, 7 community colleges, and 8 graduate programs. [CUNY is the largest urban university system in the country](#), enrolling more than 240,000 students and employing about 40,000 staff, including 18,000 full-time and part-time faculty. In 2023–2024, [CUNY granted](#) nearly 10,000 graduate and professional degrees, more than 23,000 baccalaureate degrees, and over 11,000 associate degrees.

SUNY operates four NYC campuses – College of Optometry, Downstate Health Sciences, Fashion Institute of Technology, and Maritime College. As their names suggest, these colleges specialize in particular subjects, with College of Optometry and Downstate Health Sciences mostly serving graduate students. With almost 8,000 students, mostly undergraduates, Fashion Institute of Technology is the largest SUNY campus in the City.

Based on [data](#) from the National Center for Education Statistics, there were over 108,000 full-time equivalent (FTE includes both full-time and part time) higher education

FIGURE 1
Largest Higher Education Institutions in New York City, by Fall Enrollment (2023)

Institution	Undergraduates	Graduates	Total Enrollment (Grad & Undergrad)
New York University	29,747	27,477	57,224
Columbia University	9,111	26,272	35,383
CUNY Hunter College	17,378	7,067	24,445
CUNY Bernard M. Baruch College	16,086	4,286	20,372
CUNY Kingsborough Community College	19,070	Not Applicable	19,070
CUNY Borough of Manhattan Community College	18,225	Not Applicable	18,225
CUNY Queens College	13,998	2,890	16,888
Fordham Univ (Rose Hill-Lincoln Ctr)	10,252	5,691	15,943
CUNY City College	12,356	3,205	15,561
CUNY Brooklyn College	11,330	3,235	14,565
CUNY Fiorello H. La Guardia Community College	13,998	Not Applicable	13,998
CUNY NYC College of Technology	13,767	Not Applicable	13,767
CUNY Herbert H. Lehman College	11,227	1,884	13,111
St. John's University	9,153	3,858	13,011
CUNY Graduate School and University Center	3,237	9,137	12,374
CUNY College of Staten Island	9,786	1,187	10,973
CUNY Queensborough Community College	10,251	Not Applicable	10,251
Pace University - NYC Campus	5,858	3,868	9,726
The New School	6,843	2,593	9,436
SUNY Fashion Institute of Technology	7,843	265	8,108

SOURCE: Fall 2023 Enrollment Data, Higher Education Reports, NYSED

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employees in 2023–2024, with 38,000 serving as instructional staff. New York University and Columbia University dominate the higher education workforce, each employing more than 20,000 FTE staff. Weill Medical College employs close to 10,000 staff while CUNY Hunter College and CUNY City College each employ around 2,000.

Federal Research Funding

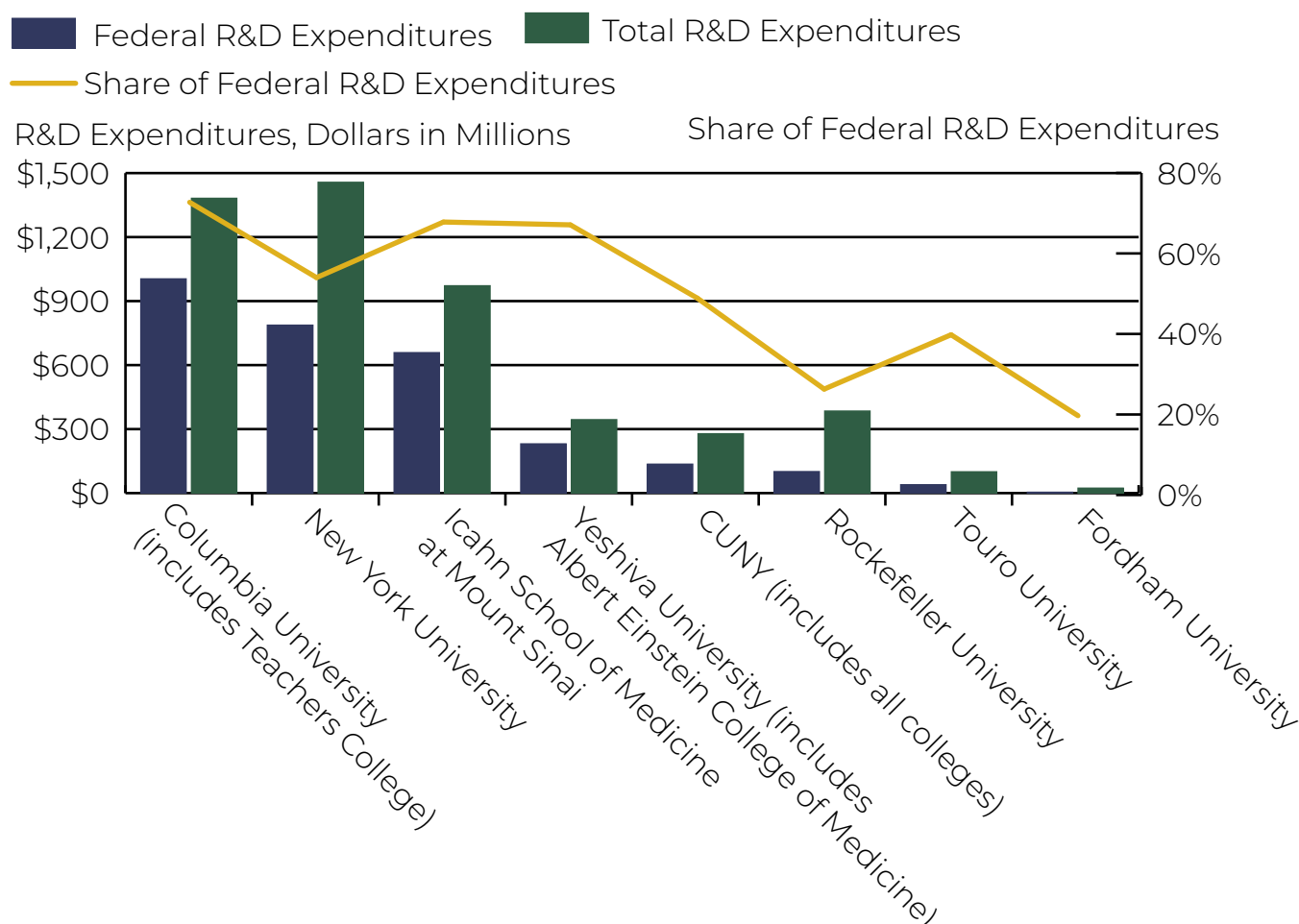
Research and development (R&D) at universities drives innovation, job creation, and economic growth. Since World War II, the federal government has been a primary funding partner through agencies like the National Institutes of Health (NIH) and the National Science Foundation (NSF).

In 2024, NIH [awarded](#) \$37 billion to about 2,600 institutions nationwide, with \$2.8 billion to 110 NYC institutions. A 2025 NIH [study](#) found that these investments supported over 407,000 jobs and generated \$94.6 billion in new economic activity, or roughly \$2.56 in output for every federal dollar spent. A November 2024 [study](#) by the Dallas Federal Reserve Bank found that federal nondefense R&D expenditures generate significant value to the economy.

NYC colleges spent over \$5 billion on R&D [in 2023](#), with the federal government accounting for half of those expenses. More than 30 local institutions received federal research support.

FIGURE 2

Largest NYC Institutions by Research & Development (R&D) Expenditures, Total and Federal, FY 2023



SOURCE: Higher Education Research and Development, Fiscal Year 2023 Data Tables, November 25, 2024, National Center for Science and Engineering Statistics

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Columbia University led with over \$1 billion in R&D expenditures, followed by NYU at about \$800 million, and Mount Sinai's Icahn School of Medicine, which relied on federal funds for two-thirds of its nearly \$1 billion in research spending. At Yeshiva University, which houses the Albert Einstein College of Medicine, about two-thirds of research funding also came from federal sources. Across CUNY campuses, federal funds totaled roughly \$136 million, nearly half of all research spending (see Figure 2).

Federal Student Financial Aid

In addition to directly supporting a vast array of research activities, the U.S. government has historically played a large role in ensuring that educational opportunities at the post-secondary level are broadly available. To this end, the federal government helps students access college through financial aid programs like Pell Grants, GI Bill benefits, and student loans.

In [2022–2023](#), students attending NYC institutions received nearly \$3.5 billion in federal grants and loans, split almost evenly between undergraduate (\$1.8 billion) and graduate students (\$1.7 billion). Federal grants made up the majority of total student aid at most colleges in the City, including CUNY, SUNY, and private institutions.

By dollar amount, NYU and Columbia students received the most federal aid partly by virtue of their sheer sizes, but collectively, the CUNY system was the largest recipient overall. Because many CUNY students are from lower-income families and are first-generation college attendees, they are much more likely to rely on the federal Pell Grants.

- NYU students received over \$725 million in federal aid in 2022–2023, accounting for 43% of the university's total student aid.
- At CUNY, federal aid comprised 55–65% of total student financial aid across most campuses. CUNY undergraduates received \$689 million, and graduate students received \$146 million in federal aid that year (see Figure 3).

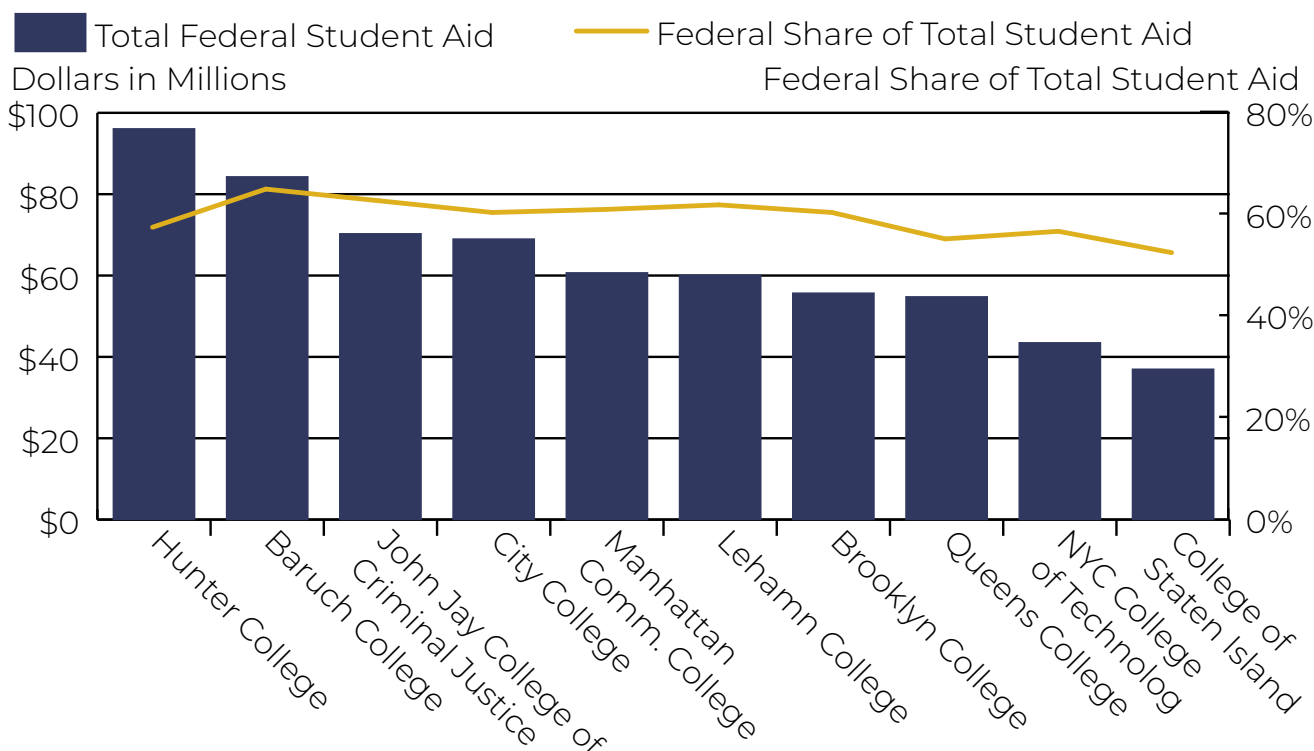
Pell Grants and GI Bill Benefits

The Pell Grant is a [need-based financial aid](#) awarded by the U.S. Department of Education to help eligible lower-income students pay for college costs, with eligibility based on available family resources. It is the largest grant program offered by the federal government to undergraduate students. In 2023–24, 6.4 million students across the country received [\\$31.4 billion in Pell Grants](#).

The GI Bill, first instituted in the aftermath of World War II to assist returning veterans in readjusting to civilian life, has evolved over the years and now provides a range of educational benefits to veterans, active-duty service members, and their families. In 2023–2024, 587,000 veteran students in the nation availed of [\\$12.0 billion in federal grants](#).

FIGURE 3

CUNY Colleges With Most Federal Student Aid (Grants + Loans)



SOURCE: Student Financial Aid, Higher Education Reports, NYSED

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Enrollment of International Students

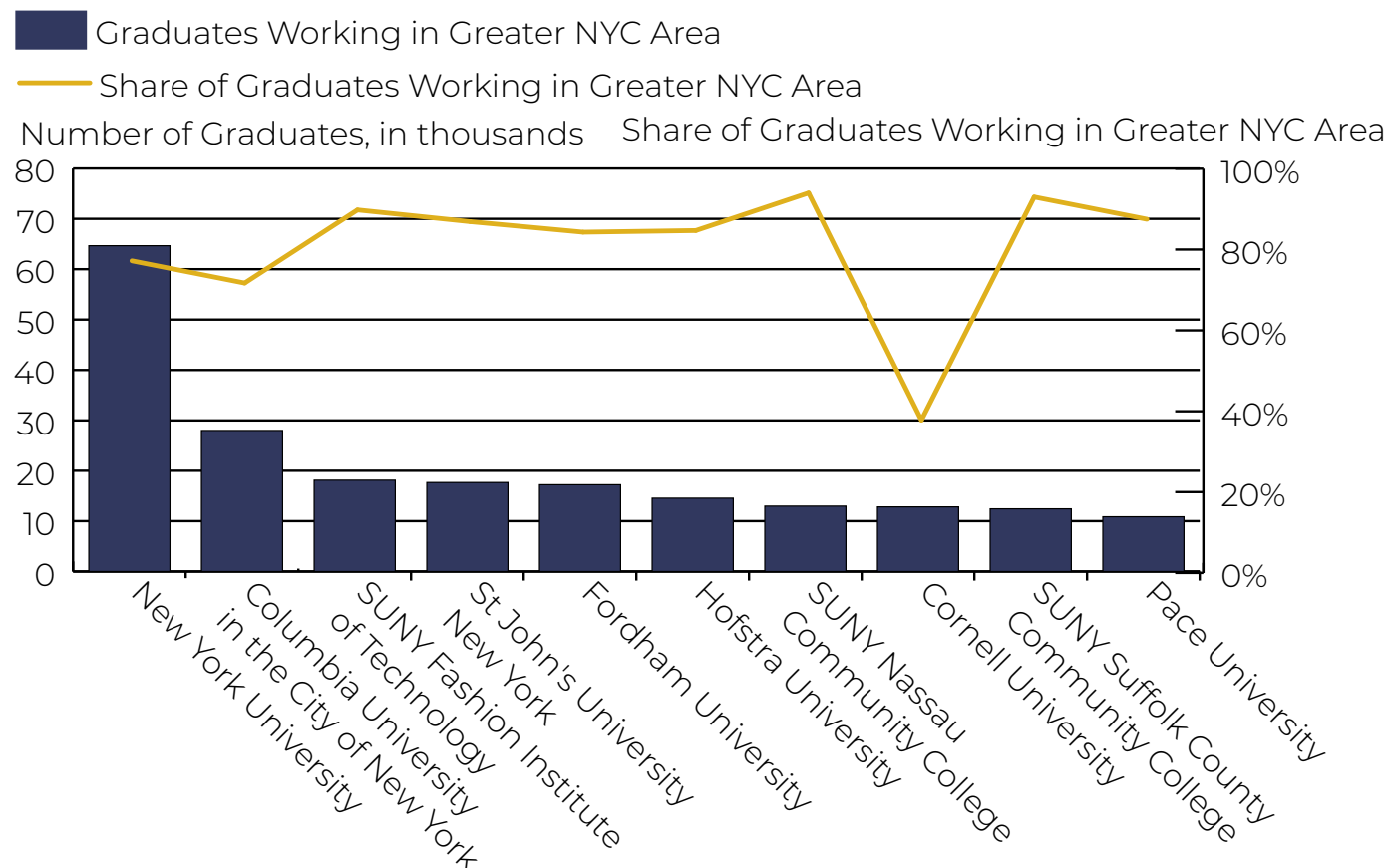
NYC's universities attract tens of thousands of international students each year, drawn by strong academic and research programs. These students contribute significantly to both the City's economy and cultural life. In 2023-2024, international students in the U.S. [contributed \\$43.8 billion to the national economy](#) and supported over 378,000 jobs.

New York City [hosted](#) over 60,000 international students in Fall 2022. According to the [2024 Open Doors Report](#) on foreign student enrollment:

- New York University and Columbia University enrolled the largest numbers of international students in the state. Among undergraduate institutions, Barnard College ranked within the top five nationally. At the associate degree level, CUNY LaGuardia Community College and CUNY Borough of Manhattan Community College were both listed among the top 15 community colleges nationwide.
- Among master's-level institutions, the School of Visual Arts ranked 6th nationally for international student enrollment, CUNY Baruch College ranked 11th, and the SUNY Fashion Institute of Technology placed within the top 30.
- For special focus institutions, Pratt Institute, the Manhattan School of Music, and the Juilliard School were each included among the top 30 colleges enrolling nonresident students.

FIGURE 4

NYC Institutions With Most Graduates Working in Greater NYC Area (Except CUNY Graduates), 2011-2015 College Cohorts



SOURCE: Grads on the Go: Measuring College-Specific Labor Markets for Graduates, by Johnathan G. Conzelmann, Steven W. Hemelt, Brad Hershbein, Shawn M. Martin, Andrew Simon & Kevin M. Stange, NBER Working Paper 30088, May 2022
NOTE: IBO includes Cornell University in this figure because it has satellite campuses in NYC

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New York City College Graduates Remain for Work

Many students who attend NYC colleges stay and work in the City after graduation, strengthening the local economy.

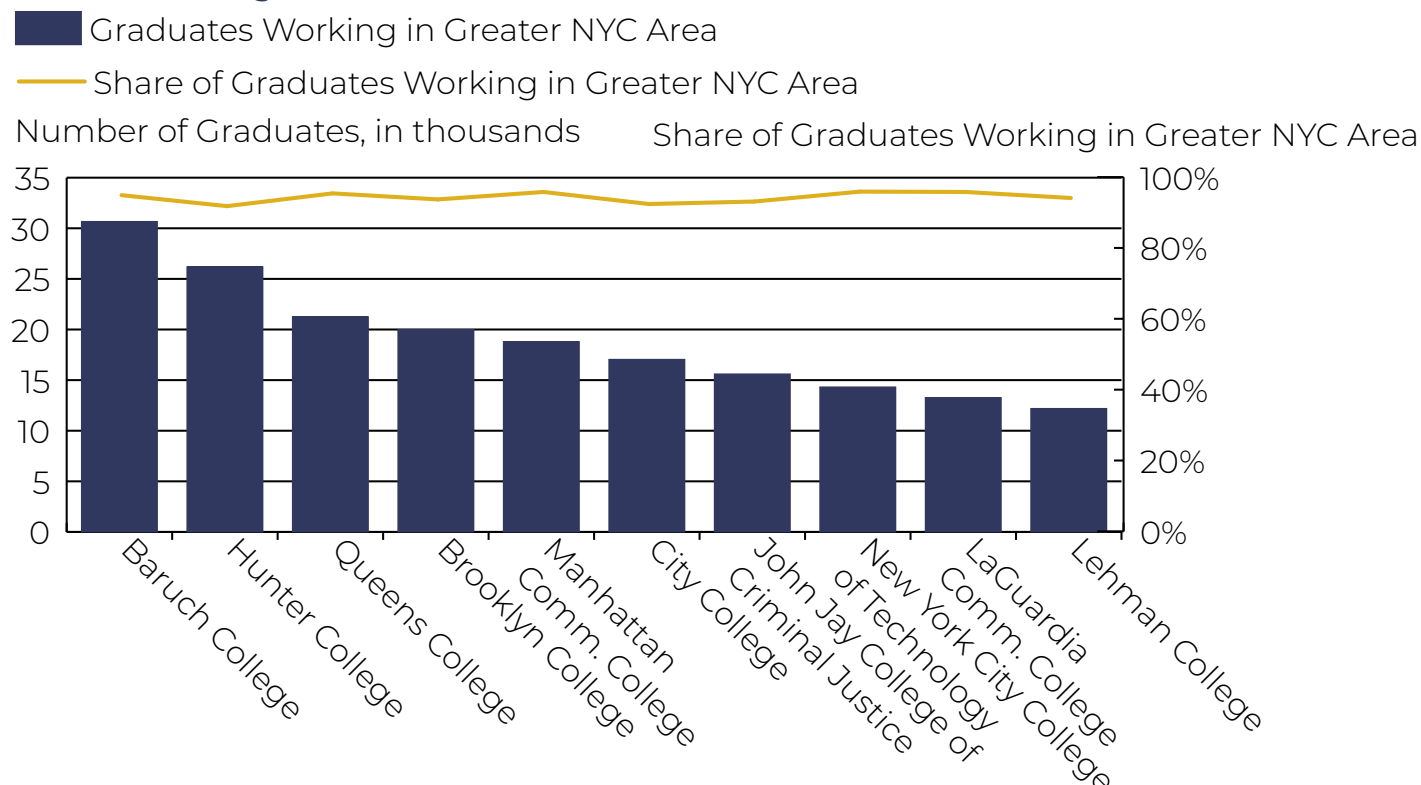
A 2022 study using LinkedIn data found that:

- About 70% of graduates from Columbia, NYU, Fordham, and FIT work in the greater NYC metro area after graduation.
- An even higher share of CUNY graduates stay in NYC—over 90%.

Figures 4 and 5 show that graduates from New York City institutions have a high propensity to work in New York City Metro area.

FIGURE 5

CUNY Institutions With Most Graduates Working in Greater NYC Area, 2011-2015 College Cohorts



SOURCE: Grads on the Go: Measuring College-Specific Labor Markets for Graduates, by Johnathan G. Conzelmann, Steven W. Hemelt, Brad Hershbein, Shawn M. Martin, Andrew Simon & Kevin M. Stange, NBER Working Paper 30088, May 2022

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Spotlight on CUNY

CUNY's Role in Economic Mobility

CUNY is a cornerstone of upward mobility for lower- and moderate-income New Yorkers. A 2020 [study](#), building off Harvard University's [Opportunity Insights](#) team led by economist Raj Chetty, ranked CUNY 6th nationally for helping families move up the economic ladder. A [Third Way](#) study has also highlighted its strong outcomes for affordability and return on investment, particularly for lower- and middle-income families. Building on its mission of access and equity, CUNY enrolls a broad range of students, including transfer, part-time, and non-degree seekers. CUNY's student body remains highly demographically diverse: one-third Hispanic, with white, Asian, and Black students each comprising about one-fifth.

CUNY has been rebuilding following the impacts of the pandemic. During 2019-2023, enrollment fell 16.7% from 271,000 students to 225,900 students. This follows a national trend of enrollment declines at community colleges. Since then, however, CUNY has [gained 12,000 students](#) (a 5.2% increase), in the past two years.

Key Student Support Programs

CUNY operates several programs that help students persist and graduate on time:

- Accelerated Study in Associate Programs (ASAP) and Accelerate, Complete, Engage (ACE). These two flagship programs help students graduate on time by providing additional academic, financial, and mentoring support. ASAP now serves more than 22,000 community college students, with a companion program for part-time students launching this fall. ACE now supports almost 3,000 students across seven CUNY senior colleges. Research studies have found that both [ASAP](#) and [ACE](#) programs have significant, positive outcomes for students.
- CUNY Reconnect seeks to help former students who did not complete over three years to return to college, and has enrolled over 47,000 students and graduated more than 8,400 students.
- CUNY Transfer Initiative, has streamlined the transfer process between community colleges and four-year programs, ensuring that most transfer students retain their credits.
- This fall, CUNY is launching CUNY Beyond, which creates a campus roadmap for career success.

Recent State Initiatives

In January 2025, Governor Hochul proposed making [SUNY and CUNY community college tuition-free](#) for adults ages 25–55 pursuing degrees in high-demand fields like nursing, education, engineering, and technology. The \$47 million program has already drawn nearly [7,000 applicants](#) for free community college at CUNY.

New York State also [consolidated three aid programs](#) into Part-Time Tuition Assistance Program (TAP), lowering the credit requirement from six to three per semester, and simplified the Excelsior Scholarship program, expanding tuition-free options for families earning up to \$125,000 annually

CUNY Budget and Oversight

While CUNY’s senior colleges and graduate programs are overseen and predominantly funded by New York State, the community colleges are overseen and directly funded by New York City. CUNY’s community colleges had a \$1.5 billion operating budget in fiscal year 2025, about 1% of the City’s \$123 billion budget. Notably, this only represents funding for operations—funding to support students through federal student loans and grants is not included in the City budget. The breakdown as of the June 2025 [Financial Plan Expense](#) is:

- 46% City funds
- 22% tuition
- 21% State funds
- 11% intra-city funds
- 1% other categorical funds

New York State Funding for Higher Education

New York State provides operating support for SUNY and CUNY (mainly CUNY's senior colleges) and student financial aid assistance. As of Fiscal Year 2025, New York State [allocated](#):

- \$3.4 billion in assistance and grants for higher education
- \$7.6 billion for SUNY operations and \$587 million for SUNY assistance and grants, mostly for community colleges
- \$2.1 billion for CUNY assistance and grants, mostly for senior colleges

New York State provides \$690 million in tuition assistance, scholarships, awards, and aid for part-time study. The State's TAP accounts for \$600 million of this support, helping New York residents who attend in-state post-secondary institutions on either a full- or part-time basis. [Award amounts](#) depend on factors such as income, financial status, family college enrollment, and tuition costs. The Excelsior Scholarship further supports families earning up to \$125,000 by covering tuition costs at SUNY and CUNY institutions, and the 2025–2026 enacted budget [streamlined Excelsior payments](#) to simplify access.

Since the COVID-19 pandemic, tuition freezes at CUNY and SUNY campuses have kept the cost of college attendance from rising. The 2025–2026 budget [expands eligibility for part-time TAP](#) to students taking as few as three credits per semester, down from six, making thousands of additional students eligible for aid.

To further promote access, Governor Hochul announced on October 6, 2025, that New York high school seniors [would not need to pay application fees](#) for nearly 130 colleges statewide during the fall application period. This follows an ongoing initiative where the State has waived fees during application season for the last three years to facilitate college enrollment. As a result, twenty CUNY campuses will waive application fees from October 27 to November 21 for all New York City high school students. Last year's four-week fee waiver period resulted in [60,000 freshman applications](#). Students can also apply to up to five SUNY campuses, and some private colleges in the City (including Fordham University and Pace University), for free.

Proposed Changes and Implications

One Big Beautiful Bill Act (OBBBA)

The One Big Beautiful Bill Act (OBBBA), signed by President Trump in July 2025, includes a comprehensive set of reforms to the federal student loan program. While earlier versions of OBBBA proposed changing eligibility requirements for Pell grants, the final version [leaves](#) the program largely unchanged, adds \$10 billion to address a funding shortfall, and creates a Workforce Pell grant program.

However, OBBBA imposes stricter loan caps for graduate students and parents (see Figure 6). Key changes include:

FIGURE 6

Loans for Postsecondary Education: A Comparison of Current Limits and Limits under OBBBA

Borrower	Current Loan Limits	Loan Limits under OBBBA
Undergraduate Students	\$5,500 to \$12,500 annually; \$31,000 to \$57,500 in aggregate	\$5,500 to \$12,500 annually; \$31,000 to \$57,500 in aggregate
Parents of Undergraduate Students (Parent Plus Loans)	Cost of attendance (defined by college)	Parent borrowing under the federal Parent PLUS loan program is now capped at \$20,000 per year per student with a \$65,000 lifetime limit.
Graduate Students (Professional)	Cost of attendance (defined by college)	\$50,000 annually; \$200,000 in lifetime loans
Graduate Students (Non-professional)	Cost of attendance (defined by college)	\$20,500 annually; \$100,000 in lifetime loans
Grad PLUS Loans	Cost of attendance (defined by college) minus any federal aid	Grad PLUS loans are eliminated entirely after July 1, 2026 - current borrowers can continue for three academic years or the remainder of their expected time to credential, whichever is less

Source: An Analysis of the One Big Beautiful Bill Act's Effects on Student Loans, by Preston Cooper, American Enterprise Institute, July 2025; Trump's 'big beautiful bill' caps student loans. Here's what it means for borrowers, by Jessica Dickler, CNBC, July 16

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- Parent PLUS loans: capped at \$20,000 per year and \$65,000 lifetime per student.
- Graduate students (non-professional): capped at \$20,500 per year, \$100,000 lifetime.
- Professional graduate students (law, medicine, etc.): capped at \$50,000 per year, \$200,000 lifetime.
- Grad PLUS loans: eliminated entirely.

Additionally, OBBBA stipulates that private, non-profit universities with more than 3,000 students and with large endowments will face a higher tax on their investment income. Columbia University would be facing a total liability of [more than \\$84 million between 2026 and 2030](#).

Graduate education is key to a thriving higher education sector in New York City. In Fall 2023, there were 85,500 full-time and 53,900 part-time graduate students enrolled in the City's higher education institutions, for a total of 139,400 graduate students. Though some of these colleges offer generous aid to students from lower-income families, many other students are left to take out loans.

The lifetime borrowing limits under OBBBA will have adverse consequences for students' pursuit of graduate education – at a time when the share of jobs [requiring and rewarding graduate training](#) has been steadily increasing. Many students, especially those already carrying undergraduate debt, may find [graduate study unaffordable](#). On the other hand, some argue that college tuition is too high because of the [availability of student loans](#), and may lead some students to take on debt that they cannot reasonably repay. The OBBBA includes an accountability provision from the federal government requiring an “earnings test,” with college programs at risk of being ineligible for federal loans if their graduates fail to meet the test. It is unclear what effect these changes will have on New York City's college students or overall economy.

Reductions in Research Funding

Since early 2025, the Trump administration has frozen or terminated several university research grants, citing alleged inefficiency of research dollars or political bias. In NYC, the most notable case was a \$400 million NIH freeze on Columbia University in March 2025 over its handling of campus pro-Palestinian student protests (see below for more details on Columbia's subsequent agreement).

These disruptions threaten vital research in health, economics, and social science. Nationwide, the U.S. government spent \$60 billion for universities in federal research and development (R&D) funding in 2023. Cuts in NYC have stalled projects [on 9/11 responder health](#), female mortality, and [federal work-study outcomes](#). Overall, a large part of R&D at many selective institutions are federally supported.

The Trump administration also sought to cut funding for research overhead at colleges. On February 7, 2025 the NIH announced that it would [cap reimbursement for indirect research costs](#) to 15% for current and new grants, a move initially struck down in court but under appeal. [A study by IMPLAN](#), a company that produces models of economic impacts based on changes to specific inputs, found that this cap on indirect costs for grants awarded by NIH (about \$36.7 billion in 2024) would result in a loss of \$5.5 billion annually, impacting 46,000 jobs nationwide. Furthermore, it would reduce national GDP by \$6.1 billion and labor income by \$4.6 billion.

Foreign Visa Bans, Delays in Visa Processing, Federal Pressure to Limit Foreign Enrollment, and H-1B Fee Hike

New visa rules and fees have made studying and working in the U.S. more difficult for international students. The Trump administration has [delayed processing](#), imposed [country-based bans](#), and [raised H-1B visa fees](#) from \$2,000–\$5,000 up to \$100,000. It also proposed [capping the length of stay](#) for student visas at four years, regardless of program length. As a result of these restrictions and disruptions, colleges all over the country are bracing for significant reductions in foreign student arrivals this year and beyond. This would have far-reaching consequences, both nationally and locally.

Preliminary [estimates by NAFSA](#) suggest that a potential 30%-40% decline in new foreign student enrollment in the U.S. in Fall 2025 could result in a 15% decline in overall enrollment, in turn causing almost \$7 billion in lost revenue and 60,000 fewer jobs. NAFSA estimates the loss for New York State could be [almost \\$1 billion](#) and the second largest in

the country after California.

In its [agreement](#) with the Trump administration, Columbia University agreed to review its international admissions processes and reduce financial reliance on foreign students. The Office of the New York State Comptroller has also warned of an upcoming [“looming enrollment cliff”](#) with a projected decline in the college-aged population.

Potential declines in the number of students at NYC higher education institutions could also negatively impact the larger NYC workforce. In March 2025, [New York University](#) placed an immediate hold on hiring and sought to lower salary increases for faculty and staff in response to the federal threats to withdraw federal research funding dollars. Cornell University also [announced](#) in August 2025 that it would soon start restructuring the institution’s operations and reducing its workforce at its NYC campuses in response to “an uncertain and unprecedented federal landscape.”

The United States’ global leadership in innovation and economic competitiveness depends on its ability to attract, educate, and retain talent from around the world. Such efforts have resulted in breakthroughs in science, arts, technology and industry, and can be key to ensuring the country’s long-term prosperity in an increasingly interconnected world.

Conclusion

Federal support has long helped New York City’s higher education system thrive: funding world-class research, broadening access through student aid, and attracting global talent. But current federal actions are creating major uncertainty. Cuts to research grants, stricter visa rules, and new loan limits could weaken NYC’s higher education ecosystem at a time of renewed growth and innovation.

If these federal trends continue, local universities, and the City’s broader economy, could suffer lasting damage.² State and city governments are unlikely to fully offset lost federal support, putting at risk one of New York’s greatest assets: its role as a global hub for education, innovation, and opportunity.

Endnotes

- 1 IBO used the county-level listing of higher education institutions, obtained from New York State Department of Education (NYSED), to identify colleges in New York City. IBO also used the [Fall Enrollment data file](#), published as part of its [Higher Education Data Reports](#) by NYSED, which lists colleges in each of the five boroughs of the City. Note that some colleges, with main campus elsewhere in New York State, have satellite campuses in New York City. Conversely, some colleges primarily based in New York City might operate in other jurisdictions as well. In such cases, IBO focused on branches located in New York City when possible. A recent report by the Office of the New York State Comptroller on economic impact of higher education follows the same procedure and same data source to assign colleges to jurisdictions (including New York City) within New York State, see [Economic Impact: Higher Education](#), Office of the New York State Comptroller, September 2024.
- 2 On other countries capitalizing on the current U.S. gridlock, see [As Trump Pushes International Students Away, Asian Schools Scoop Them Up](#), by Lydia DePillis and Jin Yu Young, The New York Times, August 14, 2025, [America’s Brain Drain Could Become the World’s Brain Gain](#), by Christopher Mims, The Wall Street Journal, July 11, 2025, and [The World Is Wooing U.S. Researchers Shunned by Trump](#), by Patricia Cohen, The New York Times, May 14, 2025.

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