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[00:00:43] **Speaker 1** With Wisconsin trying to tackle a physician shortage, new limits around graduate student federal loans could dissuade some would-be doctors from going to medical school at all. New federal provisions passed as part of the One Big Beautiful Bill Act set lower borrowing limits for medical and law students and eliminate grad plus loans. For what the changes mean for graduates and undergraduates we're joined by a specialist in this area. Nick Hillman, professor in the UW Madison School of Education. And professor, thanks very much for being here.

[00:01:17] **Speaker 2** Of course, thank you for the invitation.

[00:01:19] **Speaker 1** How big of a sea change is this when it comes to federal student loans?

[00:01:25] **Speaker 2** It's significant for two main reasons. One is that these are now amendments to the Higher Education Act. So these are not laws. And a lot of student loan policy has been done through regulations. And so it's a big C change because it really galvanizes these changes into legal statutes. So that's one thing, which means it's also gonna be harder to change over time. But the other thing is that it just really shifts the flavor of student loans, how students are going to be interacting with the loan system, and it brings some simplicities to the system, but it also brings some complexities.

[00:01:58] **Speaker 1** I'm going to dig into that a little bit, but have you heard of medical students say deciding not to attend medical school because of kind of the caps on borrowing?

[00:02:10] **Speaker 2** I've heard rumblings of this. I haven't heard that directly from prospective students, but I have heard concerns in different forums and through different networks about, what does this mean for me in terms of how to pay for college? If loans are less available to me, then. I have two options. I can go and try to find a loan in the private market, which might have high interest rates, or I can decide maybe I should do something else with my career. I think that's the tension that either people are already feeling or they will soon be feeling.

[00:02:42] **Speaker 1** Because describe how much lower the caps are on barrow.

[00:02:48] **Speaker 2** Well, for, it's kind of splitting hairs here. You have graduate students and then professional students. And so professional students would be your medical, your law students, a lot of professional fields. And those limits do come down a bit. $200,000 over the lifetime of the career of that student's professional degree is how much they can borrow, it was 200,000. And that is down from. Well, I don't have the number offhand in front of me, but it is down. And then for graduate students, that's who I've been focusing a lot on, is their cumulative is $100,000, and that's down from 138,500. So that's definitely a lower ceiling. But in both cases, there's some tighter limits on how much they can take out under the federal aid programs.

[00:03:37] **Speaker 1** So the law also eliminates, I understand, the grad plus loan. What will that mean?

[00:03:45] **Speaker 2** Well, the grad plus loan is pretty significant. About 17% of all federal student loans are in that program. And so this is a sizable share of federal student loan. And if that's no longer available to borrowers, then again, they'll likely go out to the private sector, to banks or to different lenders and take out loans that could be as high as 25% interest rates. These loans currently have the, these plus loans currently have like eight and 9% interest rate.

[00:04:14] **Speaker 1** Do you know what the justification for all of this was?

[00:04:18] **Speaker 2** To save money for the One Big Beautiful Bill Act. I believe it's in the hundreds of billions of dollars. 270 billion is one Congressional Budget Office estimate of how much some of these changes have saved the federal government. And ultimately, that's the end game here, is to restrict the amount of spending that the federal governments. Um.

[00:04:39] **Speaker 1** Back to details, there were also changes to loan repayments, is that significant?

[00:04:47] **Speaker 2** That is in a couple of different ways. So this is what I said earlier about the simplicity and the complexity. There are some things that I think are pretty popular about the new repayment options for borrowers. There is now basically just two different options that borrowers can have starting in 2026. They could do a standard repayment plan that's pegged to how much they borrowed. And then they could do a repayment assistant plan that's pegged to how much they earn. And so in either of those cases, the idea is to have loan repayment be more sensitive to borrower's economic circumstances. However, there are some details that also make it more difficult and even potentially punitive for some of the lowest income borrowers.

[00:05:31] **Speaker 1** Interestingly also, there's new accountability standards for undergraduates. What's that?

[00:05:39] **Speaker 2** There are, and this is something that's really under the radar, but very much on my radar, is essentially a bachelor's degree recipient has to earn more than a high school graduate at some point in their future. And that by itself doesn't seem very problematic. That's kind of the whole point of education is to boost your economic well-being. But there are a lot of majors and academic programs where the gap between a high school graduate and a college graduate are not that large. And so these accountability measures are going to, starting in 2026, they're going to start to identify what academic programs at colleges and universities across the country are showing that positive return above a high school graduate. And I worry that maybe it's not this year, maybe it is not the next year, but at some point down the road, a lot of programs that produce graduates who go into public sector and nonprofit work that tend to have low wages. Are going to be either penalized by being withheld federal funds, or colleges might just say, we're not going to do this, it's too risky to run this program anymore.

[00:06:44] **Speaker 1** Lastly, do you think that student borrowers know about these changes?

[00:06:50] **Speaker 2** No, I think there's a lot of confusion and one of the big struggles that I see and I'm hearing about is the timeline of all of these changes are supposed to be taking place July 1st, 2026, that's 10 months away and so prospective students, current students and current borrowers are all wondering there's already been several years of a lot of miscommunication, confusion and misunderstanding about the student loan system and I worry especially as the federal government winds down the Department of Education has laid off at least 50% of staff at the Department of Education. I'm very concerned about how this will be implemented. And how well it will be implemented.

[00:07:25] **Speaker 1** Well, we will be watching Professor Nick Hillman. Thanks very much.

[00:07:30] **Speaker 2** Of course, thank you.

[00:07:31] **Speaker 1** For more on this and other issues facing Wisconsin, visit our website at pbswisconsin.org and then click on the news tab. That's our program for tonight. I'm Frederica Freyberg. Have a good weekend.

[00:08:22] **Speaker 3** You