

# *Federal Update*

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MOHELA

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# *White House - Trump Administration*



# Deregulation: a Top Priority for Trump Administration...

UNLEASHING  
PROSPERITY  
THROUGH  
DEREGULATION

## 10-to-1 Deregulation Initiative –

- ✓ Any new rule, regulation, or guidance requires the agency to identify at least **10** to be repealed.
- ✓ Total incremental cost of all new regulations, including ones repealed, must be significantly less than zero in the fiscal year 2025.



## Additional Implications:

- ✓ Reverses Biden Admin memo that exempted IRS from regulatory oversight.
- ✓ Exempts regs that address homeland security or immigration-related functions.
- ✓ Directs OMB to exempt regs or regulatory categories requested by WH COS (Susie Wiles) or Deputy COS for Policy (Stephen Miller).



# *...Including Executive Orders & Activity*

To date, the President has:

- Signed approximately 147 EOs
- Issued 50 proclamations
- Issued 37 memorandums
- Signed the Reforming Accreditation To Strengthen Higher Education EO
- Signed the Laken Riley Act (CR)
- Protecting American Communities From Criminal Aliens
- Signed miscellaneous pieces of legislation revoking Biden era rules

# ... and a Focus on Higher Education and ED

**Trump expected to sign Education Department executive order**  
©CBS NEWS

Op Eds  
**The Harvard Crimson**  
**Higher Ed Is Under Attack. An Organized Faculty Is Its Best Defense.**

**Higher Education Is in Trouble**

Among o**THE WALL STREET JOURNAL**ould curtail DEI and stop taking political sides.

**Universities Are Under Attack. **The Nation** Not an Option.**

*University presidents are staying quiet as Trump tries to destroy their institutions. It won't work.*

- ✓ Expanding number of investigations underway at the Department of Education's Office for Civil Rights (OCR)
- ✓ Pressure on universities to self-censor, with an emphasis on DEI & ESG initiatives
- ✓ Reform of Accreditation
- ✓ Reorg of the Dept of Ed, which will have significant implications on federal funding and oversight for institutions of higher education (IHE)
- ✓ Restore state control of education
- ✓ Eliminate government overreach

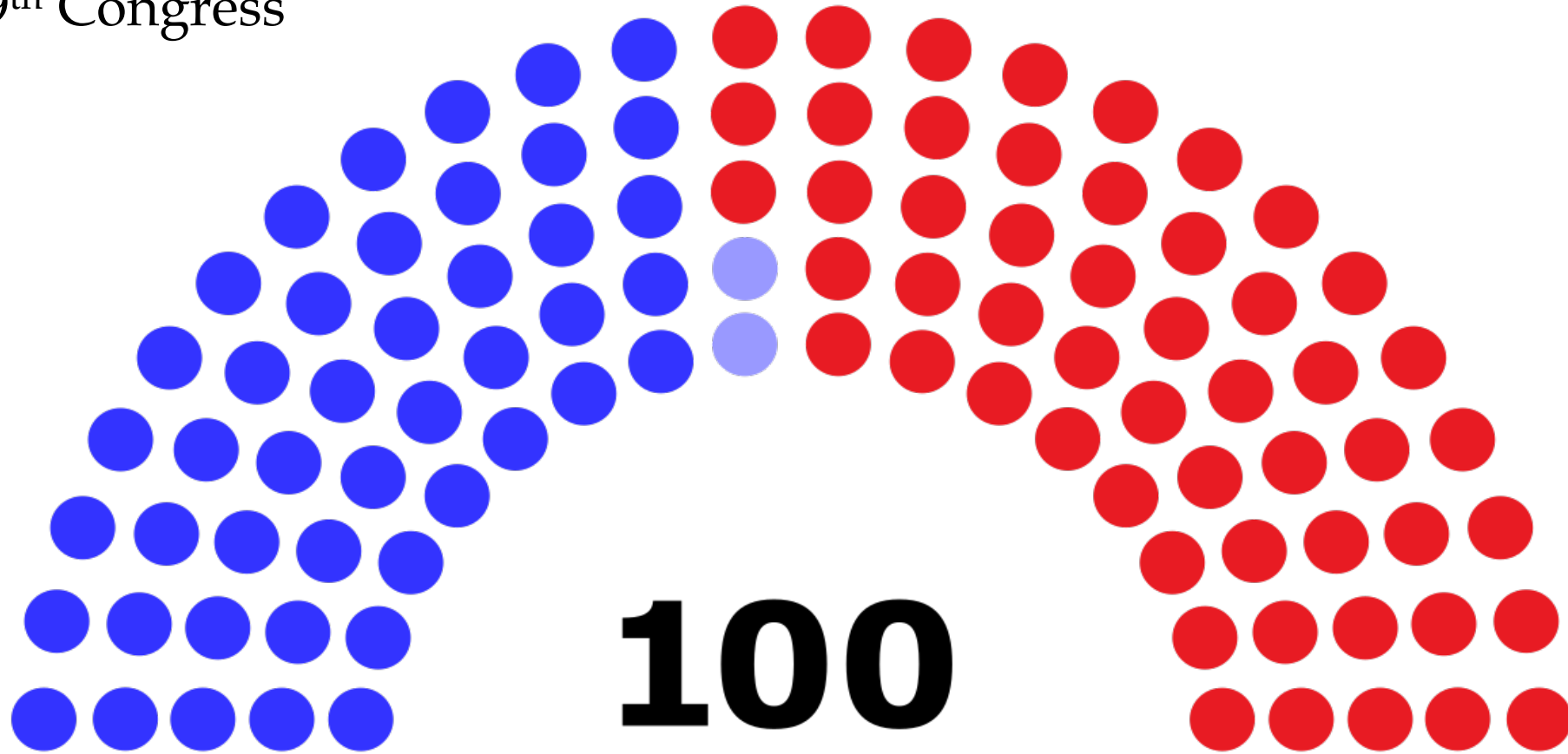
## *...All In Less-Than*

- Today is “Day 113”
- “Day 100” for the Administration was April 30, 2025
- 1,347 days remain (January 20, 2029)

# *Congress*



Senate 119<sup>th</sup> Congress



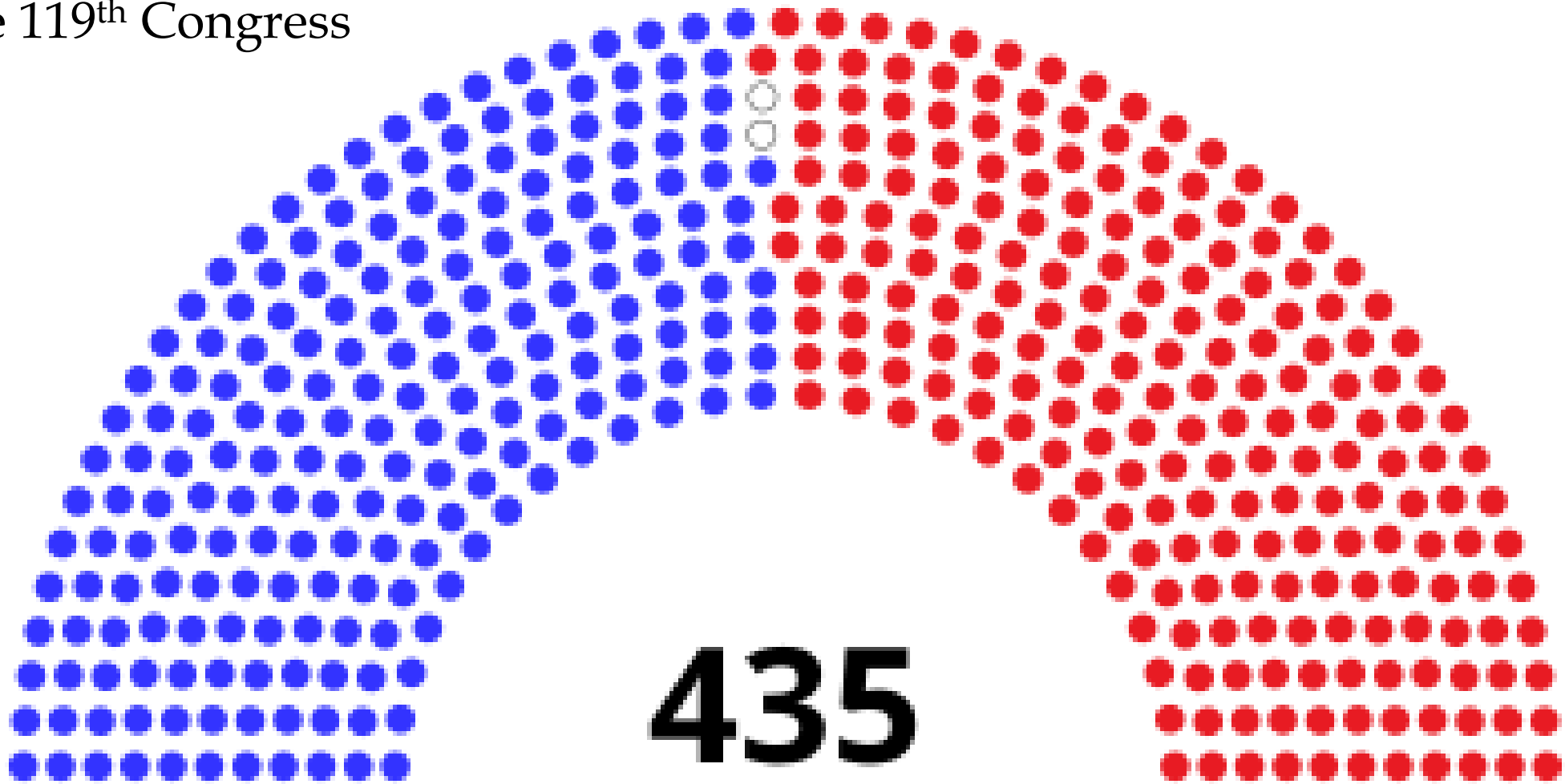
53 Republicans

45 Democrats

2 Independents who caucus with Democrats



# House 119<sup>th</sup> Congress



220 Republicans

213 Democrats

2 Vacant

# *Why The Numbers Matter \*\**

## *(Why The Rush...?)*

- Senate is fairly-solid red, and will be for foreseeable future
- House is in major flux and at risk
  - Stefanik United Nations nomination pulled
- 538 days until the 2026 midterm elections
  - Congress meets 280 or more days APPROX
  - 120 – 140 days or so in session each year
- Clock is ticking to get things done

# *Priorities To Be Managed*

- Debt Ceiling – U.S. is \$36T in debt. Ceiling technically reached
  - Extraordinary Measures – Speaker Johnson
    - Action will be needed this summer, based on receipts/spending
- Spending Cuts – Speaker Johnson (\$1.5T)
- Renew Tax Cuts – Speaker Johnson & Leader Thune
- Border Security – Speaker Johnson & Leader Thune
- Defense Spending – Leader Thune
- Energy Deregulation – Leader Thune

## *... \*\* Budget Reconciliation*

- Procedural process whereby Congress (Senate) can bypass the 60-vote requirement for simple majority (50 + 1)
  - Byrd Rule (Byrd Bath) – Senate Parliamentary rules
- These past weeks Congress passed budget resolution which is critical step towards budget reconciliation
  - Education Committee cuts: (HELP and E&W make cuts)
    - Floor \$1.5 billion
    - Ceiling \$330 billion
    - Elimination of Saving on A Valuable Education (SAVE) Plan \$240 billion

# *House Approach To \$330 Billion*

- College Cost Reduction Act from last year (Committee passed)
  - Regulatory relief, limits ED regulatory authority
  - Eliminates PLUS Loan program, caps aggregate student loan borrowing, would limit the total aid to median cost of program, and creates a risk sharing system
  - Streamlines loan repayment plans
- Most savings come from SAVE elimination (\$240B approx.)
  - First-come, First-served
    - Courts vs. Congress – must act fast
- House Education and Workforce saved \$350B

# *Senate Approach to \$1.5 Billion*

- Senate has no companion bill to CCRA
- HELP Chair Cassidy quiet on education priorities for reconciliation.
- Some hints on policies may include:
  - College Transparency Act
  - Borrowing limits
  - Elimination of PLUS Loans
  - Streamline repayment plans
- Senate historically wins on complex education legislation
  - No clear roadmap at this time

# *Budget Reconciliation What's Next?*

- E&W and HELP work to finalize legislative language in coming weeks/months
- Provisions that SAVE MONEY will be prioritized
- Provisions that cost money will likely be excluded (short-term Pell), though maybe a few concepts with small net-costs included
- Statutory elimination of ED will NOT be included
- Pell projected to run a deficit, which could explode to \$98 billion shortfall. Permanent fix is expected in reconciliation
- Bill released from the House April 28, 2025

# *Budget Reconciliation What's Next?*

- House Mark-up was April 29, 2025
- Some provisions include:
  - The bill would prohibit new subsidized undergraduate student loans with the start of the 2026-27 award year, except for presently enrolled students.
  - The bill would prohibit new Grad Plus student loans with the start of the 2026-27 award year, except for presently enrolled students.
  - With the start of the 2026-27 award year, students would be required to borrow at the maximum amount of unsubsidized undergraduate loans in order for their parent to borrow through the Parent Plus program, except for presently enrolled students.
  - Undergraduate students would be permitted to annually borrow up to the **median cost of the college** of their program of study and would be limited to \$50,000 in the aggregate.
  - Graduate students would also be permitted to annually borrow up to the **median cost of the college** of their program of study and would be limited to \$100,000 and \$150,000 for graduate and professional degrees respectively in the aggregate (which would also account for amounts borrowed as an undergraduate).
  - Parent Plus borrowing is limited to \$50,000 in the aggregate (including if the parent borrows for multiple children).
  - Institutions may limit the amount of loan eligibility (below the statutory limits) if such limits are applied consistently to all students enrolled in a program of study.



# *Budget Reconciliation What's Next?*

- The bill would adopt a new requirement for institutions participating in the Direct Student Loan Program to annually make payments to ED based on the “non-repayment” balance of borrower cohorts. This would apply to loans made on or after July 1, 2027.
- The bill would limit the eligibility of certain non-citizens that are presently eligible under the Higher Education Act.
- The bill would repeal several requirements on certain institutions as well as certain recently promulgated regulations, including:
  - 90/10 requirements;
  - Gainful employment (the statutory mentions of such term);
  - Recently Promulgated Closed School Discharge Regulations; and
  - Recently promulgated Borrower Defense to Repayment Regulations.
- Next Steps
  - Senate and then (maybe) Conference Committee

# Meanwhile @ED



**Secretary Linda McMahon**



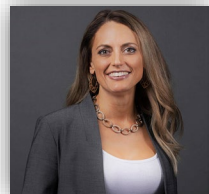
**Deputy Secretary Penny Schwinn, *nominee***



**Under Secretary Nicholas Kent, *nominee***



**Deputy Under Secretary  
James Bergeron**



**General Counsel, Jennifer “Jenn” Mascott,  
*nominee***

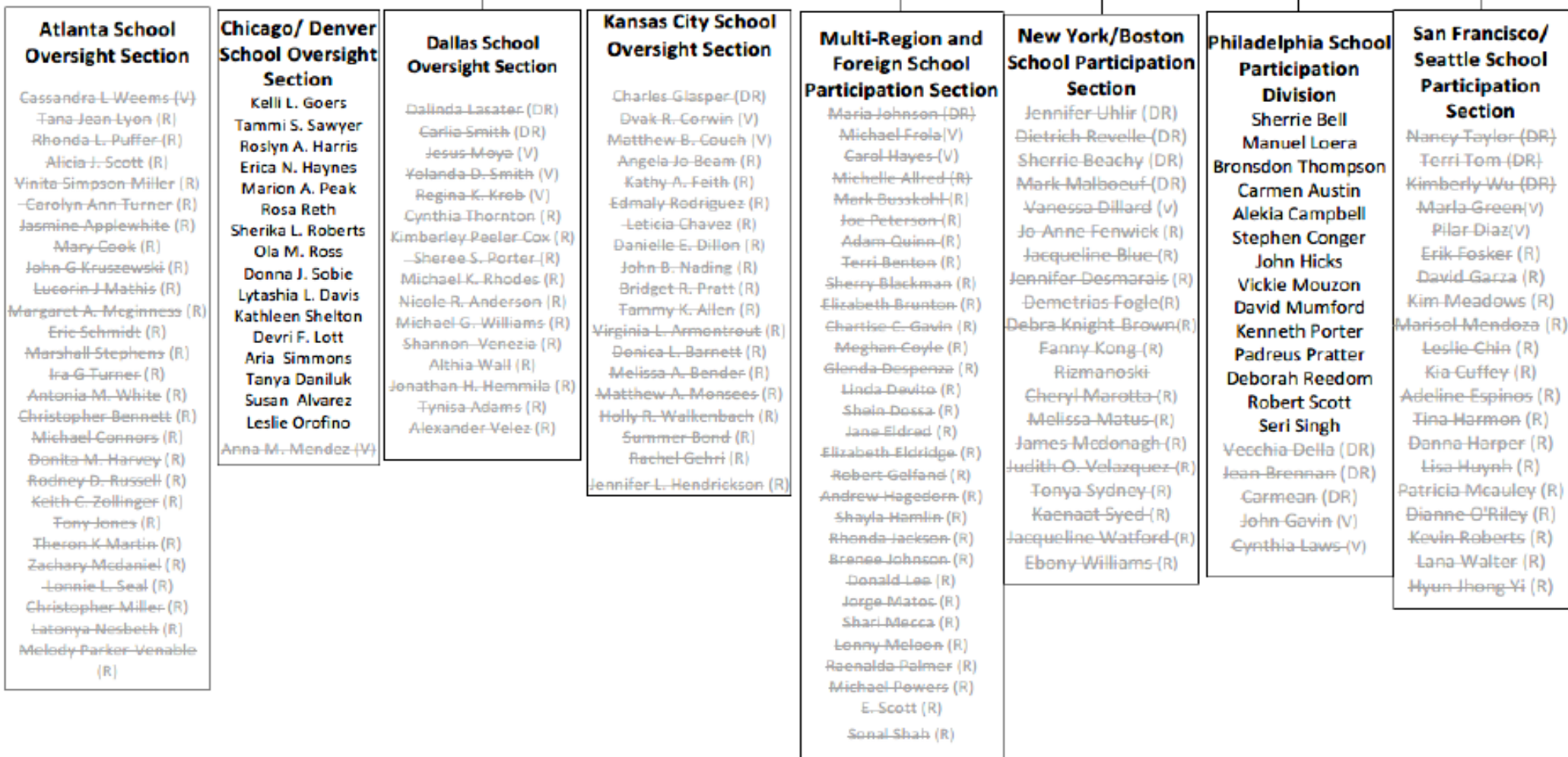
Name	Postion
Rachel Oglesby	Chief of Staff
Kim Richey	Office of Civil Rights, <i>nominee</i>
Mary Christina Riley	Assistant Secretary, Office of Legislation & Congressional Affairs, <i>nominee</i>
Jonathan Pidluzy	Deputy Chief of Staff for Policy & Programs

# *Meanwhile @ED*

- January 28, 2025 OPM “...the majority of federal agencies are likely to be downsized through restructurings, realignments, and reductions in force (RIF)...” unveiled “deferred resignation program”
- March 11, 2025 ED initiated RIF, according to ED’s Newsroom, reduced agency about 4,130 to about 2,180
  - 259 EEs accepted Deferred Resignation Program
  - 313 EEs accepted the Voluntary Separation Incentive Payment
- EEs in RIF receive full pay & benefits till June 9, 2025 and severance/retirement benefits based on length of service

*Office of IHE Oversight and Enforcement  
Continued*

**School Eligibility and Oversight  
Service Branch**  
*Continued*



# *Meanwhile @ED*

- March 14, 2025 Electronic Announcement, Acting Undersecretary James Bergeron observed that “[a]lthough certain regional offices and staff that handle matters impacting institutions of higher education (such as program reviews, changes in ownership, and program participation agreements) were impacted by the RIF, these important functions are being transferred to other offices and experts.
- Same day, ED notified schools that FSA is centrally responding to all questions related to completion of the E-App and general school eligibility inquiries, which schools should direct “to [CaseTeams@ED.gov](mailto:CaseTeams@ED.gov). The CASE Teams mailbox is monitored closely every weekday, and support continues to be available at 1-800-848-0978

# *Meanwhile @ED - Regulatory Freeze Order*

- Is now common, the new administration prohibiting Federal Government from proposing to issuing any new rules pending review/approval by a Trump appointed or designated official.
- Order also withdraws any regulations not yet published in the Federal Register & encourages agencies to postpone the effective date of new regulations that have not yet taken effect.
- No impact on existing regulations, such as GE/FVT and Borrower Defense to Repayment, but could impact the new distance education and R2T4 rules.

# *Return To Repayment & Other Items*

- Communication to schools to increase involvement (last 5 years of graduates...)
- Credit reporting including delinquencies
- Default collections restart – TOP and Wage Garnishment (announced April 21, 2025 – Effective May 5, 2025)
- Time-based forgiveness will end
- IDR plans will change
- Public hearings on one or more Negotiated Rule Making Committees
  - PSLF, PAYE, ICR, or other topics that would streamline current federal financial assistance programs

# *Return To Repayment*

- Secretary McMahon CNBC interview April 21, 2025
  - “...we should be looking at lowering the cost of higher education, I think Congress is looking at some measures to help with that...”
  - “...putting things in place to help these payments get restarted and repaid...”
  - “...doing things that we can to bring down the cost of colleges...”
- Wall Street Journal Op Ed April 21, 2025 (updated)
  - ...Many of the degree-granting programs that qualify for student loans are worthless on the job market, but colleges continue to accept students to these programs and encourage them to borrow to pay for them. Accountability is a two-way street. As we push to hold student borrowers to account, we will also push colleges to be responsible and transparent...”



# *In The Interim - What Can Institutions Do*

- Pending policy inquiries with certain FSA staff will not be successfully transitioned – identify new staff and resubmit.
- Remain patient with Program reviews, audits, investigations, certifications, and processes underway, but no deadline or adverse consequence is looming.
- Pay attention to FY 2026 appropriations, which may include additional cuts to postsecondary programs.
- Determine next steps on the EO for undocumented HS graduates who receive in-state tuition.

*Questions?*

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