

# Federal Higher Education Update

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Oregon Higher Education Coordinating Commission

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State Higher Education Executive Officers Association (SHEEO)



## **SHEEO**

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State Higher Education  
Executive Officers Association

## About SHEEO

- The State Higher Education Executive Officers Association (SHEEO) serves the chief executives of statewide governing, policy, and coordinating boards of postsecondary education and their staffs.
- Founded in 1954, SHEEO promotes an environment that values higher education and its role in ensuring the equitable education of all Americans, regardless of race/ethnicity, gender, or socioeconomic factors.
- Offices in Boulder and Washington DC, with a focus on policy research, leadership, and advocacy.
- We are the leading nonpartisan national association representing states in higher education.

# Today's Presentation

- The “Big, Beautiful Bill” (Reconciliation Package)
- FY26 Budget Summary
- Initiatives and Grant Priorities at the U.S. Department of Education
- New Executive Orders
- Other News



# Reconciliation Package-The “Big, Beautiful Bill”

- Congress is pursuing policy change via the budget reconciliation process
- This is a special process allowing tax, spending, and debt limit bills to bypass the Senate filibuster.
- Mandatory spending programs (Medicaid, SNAP, student loans, etc.---Social Security excluded)
- This allows Congress to advance President Trump’s priorities, including
  - Extending the 2017 Tax Cuts
  - Increased border security
  - Defense buildup
- The bill has passed the House, now in the Senate



# Reconciliation Package-The “Big, Beautiful Bill”

## Deficit Impact of the House-Passed One Big Beautiful Bill Act

Committee	FY 2025-2034 Deficit Increase (-)/Decrease
Agriculture	\$238 billion
Armed Services	-\$144 billion
Education & Workforce	\$349 billion
Energy & Commerce	\$1,086 billion
Financial Services	\$5 billion
Homeland Security	-\$79 billion
Judiciary	-\$9 billion
Natural Resources	\$18 billion
Oversight & Government Reform	\$12 billion
Transportation & Infrastructure	\$37 billion
Ways & Means	-\$3,754 billion
Interactions	-\$175 billion
<b>Subtotal, Primary Impact</b>	<b>-\$2,416 billion</b>

Source: Committee for a Responsible Federal Budget

# Reconciliation Package-The “Big, Beautiful Bill”

- *Non-Education Provisions Will Shift Costs to States*
  - **Medicaid Cuts**
    - House bill: There are cuts to Medicaid in the House bill that will affect states
    - Senate TBD
  - **SNAP Cuts**
    - House bill: States will have to take on at least 5%---and up to 25%---of SNAP costs (\$100 billion/10 years) based on error rates. The 50/50 administrative costs split with states will now be 75/25, with states taking the additional costs (\$27 billion/10 years)
    - Senate: Scaled back version of the House, capped at 15%. States pay nothing if 6% or lower. Administrative costs same as House.

# Reconciliation Package-The “Big, Beautiful Bill”

APPENDIX TABLE 1

## States’ SNAP Error Rates Vary Substantially; Based on Past History, Most States Could Face at Least a 15% or Higher Cost-Shift at Some Point

Only 1 state has never had an error rate above 6% in data back to 2003 (the beginning of the current SNAP sanction system)

State	2023 State Combined Payment Error Rate	Lowest Error Rate Between 2003 to 2023	Highest Error Rate Between 2003 to 2023
Oregon	16.76	3.54	22.99

Source: Center on Budget and Policy Priorities

APPENDIX TABLE 2

## States Would Be Hit Hard by the 5% to 25% Cost-Shift in the House Agriculture Committee’s Reconciliation Bill

State	State Share of 5% Cost-Shift in FY2028 (millions) (under 6% error rate)	State Share of 15% Cost-Shift in FY2028 (millions) (6% to 7.99% error rate)	State Share of 20% Cost-Shift in FY2028 (millions) (8% to 9.99% error rate)	State Share of 25% Cost-Shift in FY2028 (millions) (10% or higher error rate)
Oregon	\$79	\$238	\$317	\$397

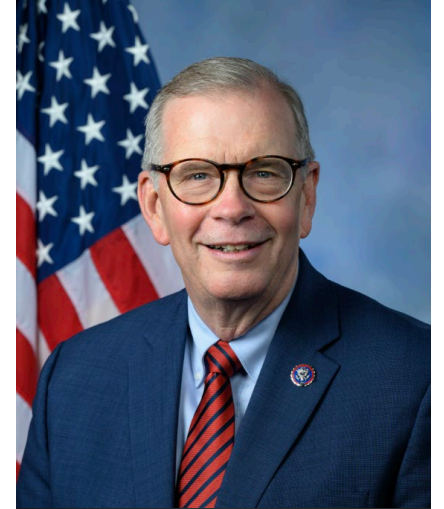
# Reconciliation Package-The “Big, Beautiful Bill”

## Senate Reconciliation HELP Savings

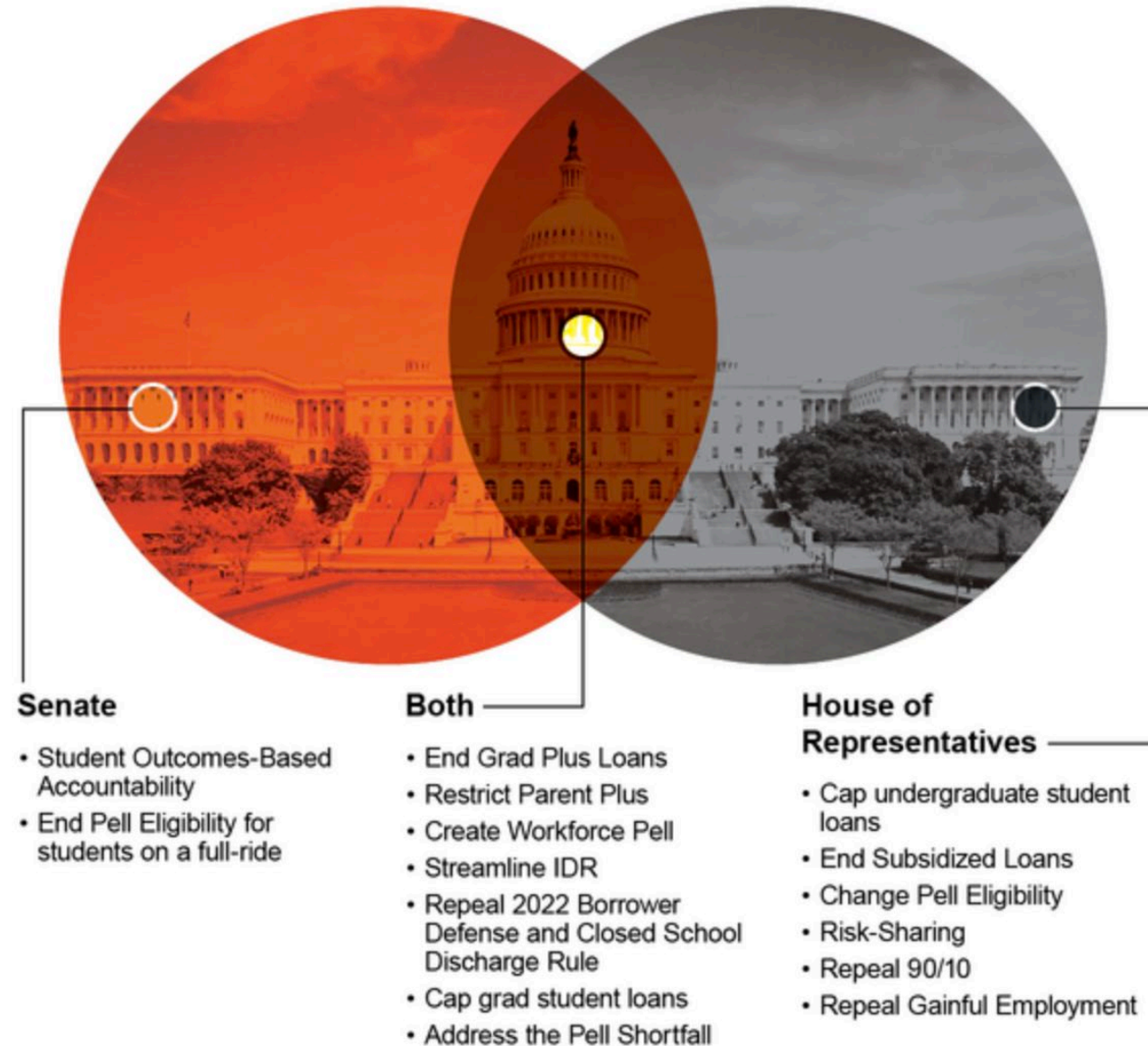
Policy	Cost(-)/Savings, FY 2025-2034 (billions)	
	House E&W	Senate HELP
Simplify and reform loan repayment	\$295	\$270*
Limit borrowing for graduate students and by enrollment intensity	\$50	\$50*
Prevent Presidents from unilaterally enacting debt cancellation	\$32	\$32
Eliminate in-school interest forgiveness	\$20	N/A
Repeal loan discharge authority	\$16	\$16
Modify Pell eligibility	\$8	N/A
Create new accountability rules	\$6	\$3*
Repeal for-profit accountability rules	-\$7	N/A
Fund Pell Shortfall and create Workforce Pell	-\$11	-\$11
Restrict parent borrowing and increase undergraduate limits	-\$19	N/A
Interactions	-\$41	-\$40*
<b>Total Education Provisions</b>	<b>\$349</b>	<b>\$320*</b>
Fund Appropriations for ACA Cost Sharing Reductions	\$34 (E&C)	\$34
<b>Total, All Major HELP Provisions</b>	<b>\$383</b>	<b>\$355</b>

# Key Provisions for Higher Ed Portion of the Bill

- Key focus areas:
  - Pell Grants
  - Student Loans
  - Student Loan Repayment
  - Institutional Accountability
  - Regulations



## Comparing the Senate and House Plans



Source: Inside Higher Ed

# Key Provisions for Higher Ed Portion of the Bill

- Pell Grants:
  - Agreement:
    - No Pell for students with Student Aid Indexes (SAI) more than twice the max Pell Award.
    - **Funding: Both include \$10b to address Pell funding shortfall, but House spread across three years**
    - **Workforce Pell: Mostly similar in both bills, with Senate restrictions on remedial, non-credit, or study broad**
    - Both have largely similar provisions on Pell Grants eligibility restrictions for non-citizens

# Key Provisions for Higher Ed Portion of the Bill

- Pell Grants:
  - Divides
    - House cuts off Pell for less than half-time students, defines full-time as 30 credits in an academic year. Not in Senate version.
      - AACC: 1 in 5 community college students lose Pell in House bill.
      - ACE: 700,000 students would lose access to Pell
  - Senate cuts off Pell for those that receive full cost of attendance scholarships, institutional aid, state aid, etc. Not in House version.

State	Estimated Impact of Proposed Changes to Pell Eligibility			Estimated Impact of Elimination of Subsidized Loans	
	Est. Students - Any Impact	Range - Estimated Total Loss		Recipients	Estimated Dollars More - Loan Lifetime of Recipients
Oregon	37,427	\$34,881,548	\$47,936,265	44,737	\$222,619,240

# Key Provisions for Higher Ed Portion of the Bill

- Student Loans
  - **House would eliminate subsidized student loan for undergraduate students. This is not in the Senate version.**
  - Both end the Grad PLUS program.
    - House allows borrowing up to median annual cost of program, with undergraduate borrowing capped at \$50K, Master's at 100K. Professional at \$150k. Total cap is \$200K
    - Senate: Undergraduate stays at current levels. Masters degree at \$20.5K annually, \$100K max. Professional is \$50K annually, \$200K max.
  - Both put caps on Parent PLUS. House is \$50k after exhausting unsubsidized loans. Senate is \$20K annually, \$65K max.

# Key Provisions for Higher Ed Portion of the Bill

- Student Loan Repayment:
  - Both the House and the Senate would create a standard loan repayment program with fixed payments from 10-25 years based on the total amount borrowers
  - Both bills also create an income-based Repayment Assistance Program (RAP)
  - Both bills do not allow residency to count toward Public Service Loan Forgiveness (PSLF)

# Key Provisions for Higher Ed Portion of the Bill

- Institutional Accountability
  - Senate: Gainful employment for all
    - End new federal student loans for undergraduate degree programs where the majority of graduates earn less than the median high school graduate in the same state.
    - It discontinues new federal loans for graduate programs where the majority of students earn less than a median bachelor's degree recipient in the same field in the same state.
    - To lose eligibility, programs would have to fail to meet the standard for two years in a three-year period.
  - House: Risk-Sharing
    - Includes a complicated formula starting in 2028-29 to make institutions reimburse the Secretary for a portion of the unpaid student loan balance.
    - Includes performance-based grants to institutions for low tuition, strong earnings, and graduating low-income students. (Promise Grants)

# Key Provisions for Higher Ed Portion of the Bill

- Regulatory Changes
  - Both the House and Senate remove Biden-era regulations on closed school discharge and borrower defense to repayment.
  - Both ban the Secretary from issuing new regulations increasing the cost of the student loan programs. No new debt relief, loan cancellation, or repayment plans.
  - House removes the 90/10 rule and Gainful Employment, but Senate does not.

## FY25

- The U.S. Department of Education and other agencies received flat appropriations through a full-year continuing resolutions
- We are waiting on the administration's approach to distributing FY25 spending
  - GEAR UP has just been announced for FY25
- Some TRIO continuation grants have been cancelled due to changes in DEI policies

# FY26 Budget Blueprint-U.S. Dept of Education

- The Trump Administration's budget blueprint calls for a 15.3% overall reduction in the U.S. Department of Education
- This includes proposing to eliminate
  - Strengthening Institutions
  - TRIO
  - GEAR UP
  - SEOG
  - Teacher Quality Partnerships
  - CCAMPIS (childcare)
  - FIPSE
- Pell Grant max would be reduced by \$1,685 to \$5,710
- Federal Work-Study would be reduced by ~80%
- Institute for Education Sciences (IES) would be reduced by 67% as they look to reimagine its work
- Congress is currently holding hearings and review the proposal



# U.S. Department of Education Initiatives

- Reduction in Force
- Restarting student loan repayment
- New guidance on accreditation
- Combating Antisemitism
- Cracking down on student aid fraud
- Negotiated Rulemaking
- Title IX Month

# New Supplemental Grant Priorities

- Secretary Linda McMahon has announced new supplemental priorities to align discretionary grant priorities
- These are
  - Evidence-based literacy
  - Expanding education choice
  - **Returning education to the states**
    - *Proposed Priority:* Projects or proposals that will be carried out by one or more of the following:
      - (a) State educational agencies (as defined in [20 U.S.C. 7801\(49\)](#)),
      - (b) Governors,
      - (c) State workforce development agencies or boards,
      - (d) State vocational rehabilitation agencies,
      - **(e) State higher education agencies (as defined in [20 U.S.C. 1003\(22\)](#)),**
      - (f) Entities identified, designated, or endorsed by a Governor or chief State education official for purposes of implementing the project or proposal,
      - (g) An Indian Tribe (as defined in [25 U.S.C. 5304\(e\)](#)), Tribal organization (as defined in [25 U.S.C. 5304\(l\)](#)), or Tribal educational agency (as defined in [20 U.S.C. 7452\(b\)\(3\)](#)), or
      - (h) Consortia of the entities identified under this priority.

# **Executive Orders/Proclamations**

- 6/4/25 Restrictions and Partial on Entry of Foreign Nationals (“Travel Ban”)
- 4/28/25 “Protecting American Communities from Criminal Aliens”
- 4/23/25 Accreditation Reform
- 4/23/25 “Preparing Americans for High-Paying Skill Trade Jobs of the Future
- 3/20/25 Facilitating Closure of U.S. Department of Education
- 2/5/25 Keeping Men Out of Women’s Sports
  
- Others: Advancing AI, Transparency on Foreign Influences on College Campuses  
Restoring Equality of Opportunity and Meritocracy

## Indirect Cost Caps

- The Department of Defense has sent out a memo with 15% caps on indirect costs for research grants
- Existing grants will be revisited
- This is similar to other caps at
  - NSF
  - NIH
  - Dept. of Energy
- The caps have been challenged in court by research university associations, and some have been blocked
  - **DOD**: Lawsuit expected
  - **NIH**: Injunction. currently being appealed
  - **DOE**: Preliminary injunction granted
  - **NSF**: Lawsuit filed



## Other Issues

- Travel ban implemented on select countries
- New scrutiny of Chinese students
- Pause on student visas

# SHEEO Daily Policy Update

- SHEEO provides daily policy updates with links to research, news stories, etc.
- Free and open to the public.
- <https://sheeo.org/sheeo-newsletter-signups/>

**SHEEO****Higher Education  
Policy Update**

**Monday, March 31, 2025**

[\*Call for Nominations: SHEEO Excellence Awards 2025\*](#)

## **National Policy**

[Report: Top Public Policy Issues Facing Governing Boards in 2025–2026](#)

*AGB* (Date posted: March 28, 2025)

[Report: Title IX and Athletics: Legal Basics](#)

*Congressional Research Service* (Date posted; March 27, 2025)

[Report: Deep Dive: How the Fiscal Year 2025 Long-term Continuing Resolution May Impact Federal Funding for the U.S. Department of Education](#)

*EducationCounsel* (Date posted: March 28, 2025)

[Report: Investing in College Readiness: Societal Benefits and Costs of the El Dorado College Promise Program](#)

*EdWorkingPaper* (Date posted: March 2025)

[Report: To Give or to Take: Exploring Effects of Reductions in Pell Lifetime Eligibility](#)

*The Journal of Higher Education* (Date posted: March 27, 2025)

# Questions and Contact Information

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