

## **CAPFAA State and Federal Relations Committee – News Update**

**2/28/25**

### **Committee Chair:**

- Ryan Jones, Campus Supervisor, CT State Community College (Gateway Campus)

### **ED: NSLDS Post-Screening Eligibility Changes Files Available for Download**

The Department of Education (ED) [announced](#) that the NSLDS Post-screening Eligibility Changes files are now available to download from the Common Origination & Disbursement (COD) website. [Earlier in January](#), ED announced that NSLDS Postscreening Results would not appear on Institutional Student Information Records (ISIRs) until “early Spring 2025.” As a result, with postscreening results now delayed for several months, ED [created a new tool for institutions to mitigate the delay](#) – the NSLDS Post-screening Eligibility Changes file, which is an Excel file of students whose eligibility status may have changed as a result of new information in NSLDS since their initial 2024-25 FAFSA submission.

### **FSA Releases Maximum and Minimum Pell Grant Award Amounts for 2025-26**

Federal Student Aid (FSA) [released](#) the Pell Grant maximum and minimum award amounts for the 2025-26 award year. The maximum Pell Grant award is \$7,395 and the minimum award is \$740. However, FSA noted, Congress has only [passed](#) a short-term spending bill to fund the government through March 14, 2025 – meaning the funding law will expire unless Congress acts to extend it. If Congress does pass legislation that modifies the current maximum award for 2025-26, FSA will publish revised maximum and minimum award amounts.

### **Freshman Enrollment Increased Among All Demographics This Fall**

After a glitchy rollout of the 2024-25 FAFSA and fears that this rollout could hinder students from enrolling in college, [new data from the National Student Clearinghouse Research Center](#) (NSCRC) found that freshmen enrollment this fall is up 5.5% from the previous year, with total postsecondary enrollment up 4.5% this fall.

According to the NSCRC, freshman enrollment grew among students from all different races and ethnicities, with Asian students up 6%, Hispanic students up 5.1%, Black students up 3.5%, and white students up 0.9% from the previous year. This data is part of the NSCRC’s “Current Term Enrollment Estimates” report, published annually every January and May to give final enrollment estimates for the fall and spring terms.

This month’s findings come after an earlier estimate last year from the NSCRC “Stay Informed” report – which was created to quantify the effects of Covid-19 pandemic. The estimate claimed that freshman enrollment for fall 2024 decreased 5%. Earlier this month, the NSCRC [announced an error](#) in its “Stay Informed” report and clarified that freshman enrollment is actually up.

According to an interview with [Inside Higher Ed](#), Doug Shapiro, NSCRC’s executive director, said the error has been present for every prior “Stay Informed” report going back to the organization’s initial report unveiled in 2020. Shapiro told Inside Higher Ed that more information on the cause of the error in the “Stay Informed” report will be released once available.

Overall, total postsecondary enrollment rebounded above pre-Covid levels, the center noted. Specifically, undergraduate enrollment increased 4.7% and graduate enrollment increased 3.3% from the previous year.

Bill DeBaun, National College Attainment Network’s (NCAN) senior director of data and strategic initiatives, created and maintains the organization's FAFSA Tracker, tracking FAFSA completions at the national and state levels. For him, the NSCRC’s findings were surprising considering fewer high school seniors completed the FAFSA.

[As of December 2024](#), NCAN’s FAFSA tracker shows a 9.6% decline in national FAFSA completions for the 2024-25 cycle from the previous year. And specifically for the class of 2024, 54.4% of high school seniors completed a FAFSA – that’s compared to 61.6% for the 2023 class.

“If you had asked me on June 30th last year, staring down an 11.6% decline year over year in FAFSA completions, if I thought that incoming freshmen enrollment would go up this fall, I would have said no,” DeBaun said. “Because historically, it hasn't. [The NSCRC data] is very surprising, it's encouraging, it's welcomed, and we're working to better understand how this happened.”

DeBaun added that NSCRC’s findings show that even though the rollout was difficult, FAFSA simplification is working as intended, with more students having access to federal student aid to enroll into college.

## **UNDERSTANDING THE TEMPORARY PAUSE ON FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

In recent days, confusion surrounding a temporary pause on federal financial assistance programs has led to concerns across higher education. On January 27, 2025, the Office of Management and Budget (OMB) issued a directive requiring federal agencies to halt the obligation and disbursement of federal financial assistance while reviewing whether programs align with the administration’s priorities. Multiple legal challenges quickly followed, culminating in a federal court injunction on January 28 that temporarily blocked the pause until at least February 3, 2025, just hours before the freeze was scheduled to take effect.

Shortly after the court action, the administration announced that it rescinded the original OMB memo but maintained that the overall review of grant and funding programs remains in place. In a news release titled [Another Day, More Lies](#), officials clarified that the President’s Executive Orders on federal funding remain “in full force and effect” and will be “rigorously implemented.”

United States Press Secretary Karoline Leavitt tweeted:

- “This is NOT a rescission of the federal funding freeze. It is simply a rescission of the OMB memo. Why? To end any confusion created by the court’s injunction. The President’s EO’s on federal funding remain in full force and effect and will be rigorously implemented.”

Although the OMB directive initially raised alarms across the sector, key clarifications have since been issued. Title IV federal student aid programs—including Pell Grants, Federal Student Loans, Federal Work-Study (FWS), and Federal Supplemental Educational Opportunity Grants (FSEOG)—are not affected by the pause. These programs are legally exempt because they provide direct financial assistance to students rather than institutions.

The ED has provided minimal guidance on the impact of this executive action, likely due to a separate regulatory freeze imposed by the administration on January 20, 2025. Under this freeze, executive departments and agencies cannot issue new guidance, regulations, or rules until they are reviewed and approved by a department or agency head appointed by the President. This restriction has contributed to the limited formal updates from the Department, leaving institutions to rely on indirect clarifications from reporters and higher education organizations for information.

Some financial aid professionals have asked whether FWS and FSEOG could still be affected, as these programs are awarded annually to schools, which then allocate the funds to students. Initially, there was some uncertainty, but the Department clarified that all Title IV programs remain exempt from the pause. Institutions should not expect disruptions in their ability to administer Work-Study wages or disburse FSEOG funds.

While core student aid programs remain intact, the pause continues to apply to certain discretionary grants supporting higher education institutions. These include research funding and some campus-based student services:

- Graduate school research funding: Grant programs through the National Institutes of Health (NIH) and the National Science Foundation (NSF) have already seen disruptions, with application reviews temporarily paused. Faculty and graduate students relying on federal research dollars remain concerned about potential funding gaps.
- TRIO and other student success initiatives: Programs such as Upward Bound and McNair Scholars may be reviewed for alignment with the administration's priorities. Legal experts and advocacy groups note that minority-serving institutions could face interruptions if their grants are deemed discretionary.
- Institutional grants for student services: Although the Department stated that Historically Black Colleges and Universities (HBCUs) and Minority-Serving Institutions (MSIs) are not affected, certain grants tied to DEI initiatives may be reconsidered. Funding for student childcare programs, food pantries, and other campus-based support services remains uncertain until the administration completes its review.

For Title IV financial aid programs, institutions should continue administering Pell Grants, Federal Student Loans, FWS, and FSEOG as usual. There is no change to awarding, disbursement, or compliance requirements for these programs.

Because the Department's ability to issue formal guidance is restricted by the regulatory freeze, financial aid offices should stay alert for further announcements once that freeze is lifted. Institutions relying on discretionary grant funding for research, student services, or institutional aid may want to review contingency plans in case of future disruptions.

For now, financial aid offices should operate under current regulations, continuing Title IV administration while awaiting additional guidance from the Department.

## **REGULATORY FREEZE LIKELY DELAYS NEW MISREPRESENTATION GUIDANCE FOR THIRD-PARTY SERVICERS**

In the final days of the Biden administration, the Department of Education issued [Dear Colleague Letter GEN-25-01](#), interpreting the misrepresentation regulations under 34 C.F.R. 668, Subpart F and reinforcing that institutions are responsible for false, misleading, or inaccurate statements made by their third-party servicers.

This guidance specifically targets Online Program Managers (OPMs) and other external service providers engaged in recruitment, marketing, and program management. Under GEN-25-01, the Department emphasized three types of statements that could constitute misrepresentation:

- False Attribution of Employment – Employees of third-party servicers cannot present themselves as institutional employees, including by using school email addresses that imply direct employment.
- Deceptive Use of Titles – Recruiters cannot describe themselves as academic counselors or advisors if their role is sales-driven.
- Misleading Program Equivalency Claims – Schools cannot claim an online program managed by a third-party provider is “the same as” an in-person program unless there is substantive parity in curriculum, faculty, and student resources.

While GEN-25-01 does not create new regulations, it signals an enforcement shift in how the Department interprets misrepresentation under Title IV rules. Schools could face fines, limitations, or even termination of Title IV eligibility if third-party servicers mislead students.

On January 20, 2025, the incoming administration issued a Regulatory Freeze Pending Review, a common action during presidential transitions that halts the implementation of agency guidance until reviewed by the new administration’s leadership. While this freeze primarily applies to formal rulemaking, it also affects sub-regulatory guidance like GEN-25-01 by preventing immediate enforcement.

Although GEN-25-01 does not require publication in the Federal Register, the freeze effectively pauses its implementation by requiring all executive agencies, including the Department of Education, to reassess pending guidance before moving forward. The Department’s new leadership could choose to modify, delay, or rescind the interpretation altogether.

Adding further uncertainty, the Supreme Court’s 2024 decision overturning Chevron deference means courts will no longer automatically defer to the Department’s interpretation of ambiguous statutes. This shift weakens the legal authority of GEN-25-01, making it more vulnerable to legal challenges from institutions or third-party providers who argue that the Department is exceeding its statutory authority.

For now, Title IV financial aid offices should continue administering programs as usual while awaiting further guidance. The regulatory freeze does not impact routine financial aid operations, but it does put new policy interpretations like GEN-25-01 on hold. Schools that contract with third-party servicers

should monitor for updates from the Department and ensure compliance with existing misrepresentation rules while awaiting further clarity.

### **FY 2022 DRAFT COHORT DEFAULT RATES COMING SOON**

The ED is set to release the Fiscal Year 2022 3-Year Draft Cohort Default Rates at the end of February.

The Draft 3-Year Cohort Default Rates (CDR) for Fiscal Year 2022 is calculated by dividing the number of borrowers who entered repayment in 2022 by the number of borrowers who entered repayment in 2022 and defaulted in 2022, 2023 or 2024.

As with any other year, schools will have 45 days from receipt of the report to submit challenges and appeals during the draft cycle. Although there are no sanctions associated with the draft rates, schools should review the data used to calculate the rate for accuracy, because this data forms the basis of a school's official cohort default rates which come out in September. A school that fails to challenge the accuracy of its draft cohort default rate data through an Incorrect Data Challenge may not contest the accuracy of the same cohort data when it receives its official cohort default rate when it comes out later this year at the end of September.

#### ***What are the sanctions for schools that have a high Cohort Default Rate?***

When a school's three most recent official cohort default rates are 30.0 percent or greater for the three-year calculation:

- A school will lose Direct Loan and Federal Pell Grant Program eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two fiscal years.

When a school's current official cohort default rate is greater than 40.0 percent, for the three-year CDR calculation:

- A school will lose direct Loan Program eligibility for the remainder of the fiscal year in which the school is notified of its sanction and for the following two years.

### **1098-E STUDENT LOAN INTEREST PAYMENTS FOR 2024**

It is tax time, and that means students may be calling with questions about their 1098-E's.

Not to be confused with 1098-T tuition Statements which schools are required to send to students to report payments received for qualified tuition and related expense, 1098-E's are sent by loan servicers to report Student Loan Interest Paid, which is deductible in certain circumstances. Students who made federal student loan payments may receive a 1098-E and may be eligible to deduct a portion of the interest on their federal income tax return.

Federal loan servicers must report payments on IRS Form 1098-E by Jan. 31, 2025 if a borrower paid more than \$600 in interest on their student loan during the tax year. If a borrower paid less than \$600 in interest to a federal loan servicer during the tax year, the borrower may contact their servicer for the exact amount of interest paid during the year and request a 1098-E. Most borrowers will receive one 1098-E, but borrowers with multiple loan servicers may receive one from each and may have to contact several borrowers if they do not meet the \$600 threshold for each loan held by different servicers.

### **MAKE NOTE OF THESE IMPORTANT DEADLINES FOR CAMPUS-BASED PROGRAMS**

The Department of Education announced that the deadline for schools to apply for a waiver of the Underuse Penalty for the 2025-2026 academic year for the Campus-Based Programs is February 3, 2025. The award year reference can be confusing because the penalty would be assessed in the 2025-2026 award year, but the waiver is applicable to underspent FWS and/or FSEOG funds from the 2023-2024 award year. If a school failed to expend more than 90% of its 2023-2024 allocation, the underuse penalty will be applied to the 2025-2026 award allocations.

Under the federal rules for Campus-Based programs, a school's allocation of Federal Supplemental Educational Opportunity Grant (FSEOG) or Federal Work-Study (FWS) will be reduced if it doesn't expend at least 90% of its allocation each year. This waiver allows schools to request relief from the penalty if they can demonstrate that extenuating circumstances, prevented them from fully utilizing their funds.

To check if your campus is subject to the underuse penalty, check your most recent FISAP. For instructions on how to do that, check out this electronic announcement from Federal Student Aid.

Tentative 2025-2026 award year Funding Levels for Campus-Based FSA Programs were released on the Common Origination and Disbursement website recently on January 31, 2025.

Institutions participating in the FWS and FSEOG programs are normally required to provide a non-federal share under each program. Certain institutions, however, are eligible for a waiver of those requirements. To receive this waiver of the FWS and FSEOG non-federal share requirement, an institution must be designated by the Department of Education's Office of Postsecondary Education Institutional Service (OPE/IS) as an eligible Title III or Title V institution under the Higher Education Act of 1965 (HEA). To apply for the waiver for the 2024-2025 award year, do so by the end of February, however the Department has not provided confirmation of the deadline date.

### **HEIGHTENED FEDERAL OVERSIGHT ON CAMPUS ANTI-SEMITISM**

On January 29, 2025, President Trump issued an Executive Order on Additional Measures to Combat Anti-Semitism, reinforcing prior directives and expanding federal enforcement under Title VI of the Civil Rights Act. Colleges and universities should anticipate heightened scrutiny from the Department of Education's Office for Civil Rights and the Department of Justice, with increased investigations, compliance audits, and potential funding risks for institutions that fail to address anti-Semitic harassment.

Federal agencies will conduct a comprehensive review of all Title VI complaints related to anti-Semitism since October 7, 2023. Schools currently under investigation should expect intensified oversight, while those not yet reviewed may still face proactive compliance audits. Institutions that do not take decisive action against anti-Semitic incidents could face federal probes, loss of Title IV or grant funding, and increased litigation. The order also directs federal agencies to assess visa holders involved in anti-Semitic threats or violence, signaling a shift in immigration scrutiny that may require colleges to monitor and report certain activities.

Colleges should take immediate steps to assess past complaints, update campus security and conduct policies, and ensure Jewish students can access campus spaces safely. Strengthening enforcement against harassment and violence, preparing for federal audits, and training faculty and administrators on evolving compliance expectations will be critical. With expanded federal oversight, institutions that fail to act decisively risk financial, legal, and reputational consequences.

### **IPEDS WINTER SURVEY**

Institutions are required to submit data to the National Center for Education Statistics. The multiple IPEDS surveys provide the Department of Education a wide variety of open-access data on higher education. Among the information gathered from IPEDS reporting, the Secretary will publish annual college affordability and transparency lists related to college costs including information on tuition and fees for full-time undergraduate students, cost of attendance, and the number of undergraduate students receiving each type of financial aid. In addition, institutions must report the following: average annual cost of tuition, fees, room and board, books, supplies, and transportation; the net price of the institution, and the average annual cost of tuition and fees. IPEDS surveys focus on student financial aid, graduation rates and completions, admissions, enrollment (fall semester and 12 month), finance, human resources, academic libraries, institutional characteristics.

An institution identified by the Secretary in the 5% of those with the largest 3-year increases, measured as a percentage change, in tuition and fees or in net price is required to report a description of the major areas in the institution's budget with the greatest cost increases, an explanation of those cost increases, and a description of the steps the institution will take to reduce them. For more information click here: <https://surveys.nces.ed.gov/ipeds/>.

### **ED Shares Upcoming Technical Changes Impacting Recent FAFSA Cycles**

The ED announced [in a press release](#) on Tuesday that the upcoming 2026-27 FAFSA form is on track for an October 1 launch date and that this cycle would see several changes to the form aimed at improving completion rates.

The announcement comes on the heels of ED [announcing](#) that the comment period for the 2026-27 FAFSA is now open.

In the press release – which also notes that [James Bergeron](#) is now serving as acting undersecretary of education – the department noted that it is redesigning the contributor invite process, which is “cumbersome for both students and parents.”

According to ED, the contributor invite process has led to the largest drop-off of students who decide not to complete the FAFSA. The department is prioritizing this redesign with the aim of reducing calls to the FAFSA Call Center and increasing completions from students and families.

Additionally, ED shared information on changes and updates to the most recent FAFSA cycles (2024-25 and 2025-26).

ED will remove “nonbinary” as a gender identification option from the 2025-26 FAFSA to comply with President Donald Trump’s [executive order](#) which states that it is the “policy of the U.S. to recognize two sexes, male and female.”

ED also gave an update on batch corrections functionality, which the department provided a timeline for [in January](#). As of this week, ED said it plans to release full batch correction capability by the end of February.

Lastly, ED said it will provide post-screening data from the National Student Loan Database System (NSLDS) and will notify schools about changes in student eligibility.

### **Public Comment Period Now Open for 2026-27 FAFSA**

The ED announced [via the Federal Register](#) that the upcoming 2026-27 FAFSA is now open to public comment.

Under the [comment period](#), members of the public have until Monday, April 7, to submit comments on a draft version of the 2026-27 FAFSA.

“Only comments regarding the FAFSA form and related forms should be submitted during this comment period. Federal Student Aid (FSA) will only be responding to comments related to the FAFSA form or the FAFSA Submission Summary,” the [announcement](#) reads. “Comments related to topics such as the FSA ID or verification process should not be submitted during this comment period as they are outside the scope of this collection.”

The department also noted that comments related to state deadlines should not be submitted since those dates are only placeholders; final state deadlines will be included during the next round of public comments.

ED has also provided [updated draft documents](#) for the 2026-27 FAFSA form and included instructions to download those files in another [electronic announcement](#).

### **A Preview and Recap of the Reconciliation Process**

Now that President Donald Trump has returned to the presidency with Republicans in control of both the House and the Senate, the administration can pursue a legislative process that allows for lower vote thresholds to enact certain laws that directly impact the federal budget.

While the majorities, particularly in the House, are incredibly narrow, Republicans still have a chance to pursue a process known as “reconciliation.” This process does not need to meet the normal 60-vote



threshold in the Senate. It needs a simple majority of 51 votes to pass. In the House, it simply needs a majority of members to pass.

The process begins with a joint budget resolution that calls for reconciliation agreed to by both the House and Senate. That package will then set the stage for the eventual legislative text containing specific spending-related policies related to the federal budget. If agreed to, the drafted budget could be used to push through several Republican priorities related to federal spending.

However, congressional Republicans need to agree on the programs and tax policies they'd like to prioritize. Their legislation will then be subject to certain Senate rules and can be eliminated should the Senate parliamentarian deem them extraneous to the budget. The parliamentarian's role, dubbed the "[Byrd Rule](#)," is used to prohibit policies that do not change spending levels or address the debt limit. The Senate can vote to overrule the parliamentarian's ruling but that vote requires 60 votes.

Republicans are currently meeting with their leadership and the White House to circulate varying plans that could be tied to the process.

In early January, Speaker Mike Johnson (R-La.) began to outline a timeline for the reconciliation process with the goal of enacting legislation sometime around [Memorial Day](#). Such a narrow timeline would require significant committee and floor time, which Democrats can delay with tactics like forcing committee clerks to read through the entirety of the text before debate begins. Congress also needs to deal with a March 14 [short-term spending deadline](#) concerning the spending levels for fiscal year 2025, which is a separate process.

Currently, the House has not yet scheduled a markup for the budget framework and [Republicans are still very far apart](#) on coming to an agreement that could even advance out of their committee.

Since this process is mostly used during a trifecta of control in Washington and is subject to certain limits within the budget, it has not been pursued too frequently, especially since unified control of each chamber and the White House does not happen all that often.

The Biden administration completed one reconciliation process, which resulted in the [American Rescue Plan](#) being signed into law, while the administration's second effort ([Build Back Better](#)) ultimately stalled.

During Trump's first administration, his first reconciliation effort was to "repeal and replace" the Affordable Care Act, which fell short in the Senate. However, his second effort concerning changes to tax policy, The Tax Cuts and Jobs Act, was signed into law.

### **Senate Schedules McMahon's Confirmation Hearing for Next Thursday**

The Senate Health, Education, Labor, and Pensions (HELP) Committee has [scheduled](#) a confirmation hearing for Linda McMahon, President Donald Trump's nominee to lead the Department of Education (ED).

The hearing will take place on Thursday, February 13, and much of the discussion will likely focus on the Trump administration's [reported effort](#) to [dismantle](#) the department.

Reports have also [indicated](#) that the White House may unveil an executive order to dismantle ED after McMahon's hearing. Still, the timing and contents of that order remain unclear.

McMahon, a former wrestling executive, [served](#) during Trump's first term as head of the Small Business Administration. In the education space, McMahon served on the Connecticut State Board of Education in 2009.

On issues related to higher education, McMahon has voiced support for [expanding](#) the Pell Grant program, endorsed the [bipartisan short-term Pell Grant legislation](#), and advocated for [increasing access](#) to career and technical education programs.

In recent [remarks](#), Trump has said McMahon should "put herself out of a job" and use her appointment to put the states in charge of education.

### **Amid Reports of an Executive Order to Abolish ED, Democrats Press Department Official for Answers**

After reports that President Donald Trump is planning to sign an executive order to dismantle the Department of Education (ED), top Democrats in both the House and Senate [called on ED](#) to provide information on the steps the department is taking to ensure the continuity and administration of its programs.

The letter, sent to acting ED Secretary Denise Carter, was signed by Sens. Bernie Sanders (I-Vt.), ranking member of the Senate Health, Education, Labor and Pensions Committee, Patty Murray (D-Wash.), vice chair of the Senate Appropriation Committee, Tammy Baldwin (D-Wisc.), and Reps. Bobby Scott (D-Va.), ranking member of the House Education and Workforce Committee, and Rep. Rosa DeLauro (D-Conn.) ranking member of the House Appropriations Committee.

In the letter, the five lawmakers take issue with Trump's "sweeping" executive orders where the administration has sought to "illegally freeze financial assistance," pointing to the recent dismantling of the U.S. Agency for International Development. The letter also cites Trump's attempt to [freeze federal payments](#) for grants and other programs, which was ultimately rescinded by the administration and blocked by a federal judge. Furthermore, the lawmakers alleged that Elon Musk – head of Trump's "Department of Government Efficiency" – is gaining access to the federal government's data systems – [including ED](#).

"These actions appear to be part of a broader plan to dismantle the federal government until it is unable to function and meet the needs of the American people," the lawmakers wrote. "We will not stand by and allow the impact that dismantling the Department of Education would have on the nation's students, parents, borrowers, educators, and communities."

The lawmakers write that they are particularly concerned with reports of non-government workers from the "Department of Government Efficiency" having access to sensitive, personally identifiable information that students and their families have shared with ED. This has also caused many workers across the federal government, including those at ED, to [fear their jobs](#) will be terminated or reclassified.

As ED continues to implement the 2025-26 FAFSA, the lawmakers stressed that it "cannot afford any disruptions to that critical work."

Therefore, the lawmakers requested several pieces of information from ED.

Specifically, they requested a list of all individuals – including their job titles and offices and whether they are federal government employees – who have been granted access to personally identifiable or sensitive information since January 20, and the training that was provided to these individuals to handle sensitive information.

The letter also wants ED to outline steps it has taken to protect sensitive and identifiable data, including data from the National Student Loan Data System, the Common Origination and Disbursement System, and the FAFSA Processing System.

Additionally, the lawmakers called on ED to provide a list of all workers placed on administrative leave or terminated from ED since January 20, and to provide all communication from ED to those workers since January 20.

The lawmakers also call on ED to confirm that it has not “frozen, paused, impeded, blocked, canceled, or terminated any awards or obligations” since January 20 other than the cancellation of training and service contracts announced by ED on January 23.

The lawmakers are requesting this information from ED by Friday, February 7.

“We urge you to provide information on the steps the Department is taking to ensure the continuity of programs that Americans depend on, the ability of the Department to effectively administer programs for their intended purposes without waste, fraud and abuse, and the safeguards in place to protect student data privacy,” the lawmakers wrote.

### **New CBO Projection: Pell Grant Program Faces Budget Shortfall**

The Congressional Budget Office (CBO) in late January [released](#) new projections for the Pell Grant program, indicating a possible funding shortfall in fiscal year (FY) 2025 of about \$2.7 billion that would apply to the 2025-26 school year. By the end of FY 2026, the budget shortfall would be nearly \$10 billion.

This new analysis follows CBO’s [June 2024](#) estimates that predicted the Pell Grant program would not face a budget shortfall until FY 2029. CBO’s June estimate was based on potential declines in college enrollment due to issues with the 2024-25 FAFSA rollout, which could have resulted in nearly a million fewer students being expected to receive a Pell Grant.

However, recent data from the National Student Clearinghouse Research Center (NSCRC) [found](#) that freshmen enrollment this fall increased 5.5% when compared to the previous year, with total postsecondary enrollment up 4.5%. NSCRC also found that college enrollment has surpassed pre-COVID levels by .4%.

With more students enrolling in college for the 2025-26 school year than originally anticipated, CBO’s new projections seem to account for this enrollment increase.

The Pell Grant program is uniquely funded in that it relies on both mandatory (set in law) and discretionary (subject to Congress' annual appropriations process) funding streams.

### **ED Provides Updates on FAFSA, Loan Repayment at NASFAA's 2025 Leadership & Legislative Conference & Expo**

The ED provided NASFAA's 2025 Leadership & Legislative Conference & Expo attendees with the latest information on the launch of the 2026-27 FAFSA, updates concerning the previous aid cycles, and a debrief on the status of the student loan repayment system.

The general session at NASFAA's leadership conference included a panel of career employees at ED, including the department's new executive director of the FAFSA program at Federal Student Aid (FSA), Aaron Lemon-Strauss, Kerri Moseley-Hobbs, policy specialist at ED, Eric Hardy, enterprise management systems of business operations at FSA, and Linnea Hengst, program specialist for policy implementation and oversight at ED.

A key update from Lemon-Strauss is that the 2026-27 FAFSA will begin beta testing in "early" August, and between August and September, community-based organizations will be beta testing the 2026-27 FAFSA. By October 1, 2025, the FAFSA will be released to the public, which is now mandated [by the FAFSA Deadline Act](#). Lemon-Strauss also reminded attendees that the [public comment period](#) for the 2026-27 FAFSA is now open. Members of the public have until Monday, April 7, to submit comments on a draft version of the FAFSA form.

The panel also went through planned changes for the 2026-27 FAFSA, [including the question on gender identification](#) due to President Donald Trump's executive order, which will also be updated for the 2024-25 and 2025-26 FAFSAs. Lemon-Strauss clarified that the FAFSA Simplification Act requires ED to ask about sex in the FAFSA. *NASFAA is currently working on an in-depth follow-up article to clarify questions members may have.*

Other improvements to the FAFSA that are underway at ED include simplifying the process to invite contributors, shortening the list of required data for married students, and improving the accuracy of manually entered data.

The panel also highlighted improvements already implemented to the 2024-25 and 2025-26 FAFSA, including improving the signature process for students and contributors, discouraging students from selecting to apply for the direct unsubsidized loan only, and more.

Lemon-Strauss also detailed the timeline of batch corrections functionality, which is currently in the beta testing phase and will be released publicly [within the first quarter of 2025](#).

During the session, Lemon-Strauss stressed that financial aid professionals and ED are a FAFSA team and encouraged collaboration between the two.

"As part of Team FAFSA, we need your help," Lemon-Strauss said. "We need your help to give us feedback. We need your help to push [ED] to make sure that FAFSA becomes a delightful experience."

Hardy then went through an overview of the student loan repayment plans, including the Saving on a Valuable Education (SAVE) repayment plan, which is currently halted due to a court injunction.

Hardy clarified that under the court's injunction, ED is currently prohibited from using the SAVE formula to calculate monthly payments. ED is also prohibited from forgiving loans after the required number of payments under SAVE, Pay As You Earn (PAYE), and Income-Contingent Repayment (ICR) plans. However, Hardy clarified that ED can provide time-based forgiveness to eligible borrowers under Income-Based Repayment (IBR) plan, since it is statutory.

During the session, Hardy shared the current state of each repayment plan. For borrowers enrolled in SAVE, payments are currently suspended and their loans are in a general interest-free forbearance, which will not count toward IDR forgiveness or Public Service Loan Forgiveness (PSLF).

Borrowers enrolled in SAVE who are required to recertify, are also in an interest-free forbearance that will not count toward IDR forgiveness or PSLF. Hardy clarified that for these borrowers, their anniversary date will be extended until after a version of the SAVE plan is compliant with the court's injunction or an alternative option can be implemented.

Borrowers who apply for SAVE or select "lowest monthly payment" on their IDR application, or borrowers with loans on different IDR plans are placed in a one-time processing forbearance for 60 days, after which they will be moved to a general interest-free forbearance. Hardy clarified that the initial 60-day interest-free forbearance does count for IDR forgiveness or PSLF.

Borrowers that are enrolled in IBR, PAYE, and ICR, or borrowers that are enrolled in non-IDR plans are in a regular monthly repayment plan.

The session with ED ended with a question-and-answer session, which included a discussion on the availability of NSLDS Post-screening Eligibility Changes files. Lemon-Strauss clarified that ED is [working on a solution](#) to an issue where institutions with multiple campuses cannot access their files. That solution should be available next week, he said.

On Tuesday, attendees had the opportunity to join sessions on the FAFSA, student retention, financial stability for associations, leadership, advocacy, risk assessment, and more. On Wednesday, attendees will go to Capitol Hill where they will meet with their respective delegations in Congress to advocate for student financial aid.

### **'Practical Challenges' Force ED to Delay Final Metrics for GE FVT Data**

The ED said that it would not issue any final metrics for the Gainful Employment (GE) and Financial Value Transparency (FVT) institutional reporting requirements before the fall due to an ongoing legal challenge to the data collection process and the new administration's desire for more time to evaluate the case.

The updated timeline comes from a [new legal filing](#) in which a federal judge required the department to outline, within 90 days, its position on the GE/FVT regulations implemented by the Biden administration.

As the department's declarant explains, incoming officials in the new administration have not yet had time to familiarize themselves with the challenged regulations or make any decisions regarding their ongoing implementation or potential reevaluation.

The ruling does not impact the current [reporting deadline](#) of February 18, which remains open for institutions that were unable to complete their GE/FVT reporting by the original January 15 deadline.

## House Education Committee Advances DETERRENT Act

The House Education & Workforce Committee advanced the [Defending Education Transparency and Ending Rogue Regimes Engaging in Nefarious Transactions \(DETERRENT\) Act](#) by a vote of 20-14.

The DETERRENT Act, which seeks to amend foreign gift and contract reporting requirements for institutions, was reintroduced this Congressional session by Reps. Tim Walberg (R-Mich.), chair of the House Education & Workforce Committee, and Michael Baumgartner (R-Wash.). During the previous 118th Congress, the DETERRENT Act passed the House by a vote of 246-170.

The legislation would make several amendments to the Higher Education Act (HEA) to foreign gift and contract reporting requirements for institutions. That includes cutting the foreign gift reporting threshold for institutions from \$250,000 down to \$50,000, and a \$0 threshold for “countries of concern.”

Additionally, the legislation would create a new “Investment Disclosure Report” requirement for private institutions with endowments over \$6 billion or with “investments of concern” above \$250 million. Institutions would need to disclose to the Department of Education (ED), on an annual basis, investments with a “country of concern” or a foreign entity of concern under this reporting requirement. Then, those institutions’ reports would be made publicly available in a searchable database.

If institutions are found to not be compliant with the legislation’s foreign gift reporting requirements, they could then be fined, or could lose their Title IV eligibility.

Walberg said in response to the legislation’s advancement that the DETERRENT Act is a “strong first step to limit the reach of our adversaries.”

“The very first package of bills passed out of this Committee sends a strong message: we will not tolerate any attempt by America’s adversaries to subvert our education system or exploit our students,” Walberg said. “Authoritarian regimes around the world, like the Chinese Communist Party, are trying to use lucrative financial ties to influence our students, steal research, and censor free speech.”

NASFAA and other higher education organizations [have previously](#) opposed the DETERRENT Act because of [concerns](#) over the privacy of research faculty and staff, the potential hampering of productive international collaborations, and it being unclear as to why endowments at certain private institutions would be specifically called out as a national security concern, among other concerns.

During his opening remarks in Wednesday’s markup, Rep. Bobby Scott (D-Va.), ranking member of the House Education & Workforce Committee, called the DETERRENT Act an “arbitrary” and “potentially discriminatory approach targeting certain countries and their researchers.”

“By focusing on nationality rather than security risks, this bill undermines the international collaborations that have historically advanced fields like health and technology,” Scott said in his opening remarks. “As I’ve said before, we can address these concerns without undermining the trust between our institutions and our global partners.”

## Trump Nominates Nicholas Kent for ED Under Secretary

According to recent documents obtained by [Inside Higher Ed](#), President Donald Trump has nominated Nicholas Kent to serve as the ED Under Secretary, a role that went unfilled during the president's first term.

Kent most recently served as Virginia's deputy secretary of education. Previously, he served as chief policy officer at Career Education Colleges and Universities, the trade association representing for-profit colleges, and was the inaugural president of the [CECU Research Foundation](#), a 501(c)(3) non-profit organization that "advances the work of the proprietary sector of higher education" and works to promote evidence-based research to improve higher education.

"The Under Secretary of Education plays a pivotal role in shaping the policies that guide our nation's colleges and universities," said Beth Maglione, NASFAA's Interim President and CEO. "We're eager to collaborate with Mr. Kent and others at ED to champion student access and success, ensuring that every qualified student—regardless of their socioeconomic background—has the opportunity to achieve their postsecondary aspirations."

Kent's appointment will require Senate approval. His nomination will likely be considered after Linda McMahon's nomination hearing for her nomination as secretary of education on Thursday, February 13.

## New ED Guidance Changes Definition of FTI to Include Derived Total Income Values from ISIR

The ED [appended](#) its May 12, 2023 Electronic Announcement (EA) to expand upon its previous definition of what is considered Federal Tax Information (FTI) on the Institutional Student Information Record (ISIR) to include some intermediate and derived values previously not considered FTI.

Notably, Student total income, Parent total income, and FISAP total income are included in the list of what is now considered FTI, among other items listed – within the EA titles as "Access and Use of Federal Tax Information (FTI) for Federal Student Aid Programs Beginning with the 2024-25 FAFSA Processing Cycle" – in full [here](#).

This contradicts previous verbal guidance issued in [webinars](#) over the past year, where ED had explicitly stated total income values on the ISIR were "technically not considered FTI," although at the time, department officials urged caution in using and sharing such data given the potential to "back into" FTI from these derived values.

The designation of the total income values as FTI also appears to contradict November, 2024 [guidance](#), which described total income and adjusted available income as FAFSA data.

As a reminder, FTI is a new category of data included on ISIRs for the first time in the 2024-25 aid year as a result of new inter-agency data-sharing authority between the Internal Revenue Service (IRS) and ED provided in the Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE) Act. This authority was leveraged in the FAFSA Simplification Act to replace income questions on the FAFSA for most applicants with the FUTURE ACT Direct Data Exchange (FA-DDX,) which transfers income data directly from IRS systems to the FAFSA.



Per the Higher Education Act of 1965, as amended (HEA) FTI may only be used and disclosed for the application, award, and administration of student aid programs. There is a strict prohibition on using FTI (including the newly designated intermediate and derived values) for research. In addition to strict data use and data sharing limitations, FTI must be labeled as controlled unclassified information (CUI.)

As a reminder, manually entered income data is not considered FTI, so the intermediate and derived values listed in the latest EA update would also not be considered FTI if they were derived from manually-entered data.

### **Senate Questions Linda McMahon on Efforts to Dismantle ED and the Future of Higher Education Funding**

Members of the Senate Health, Education, Labor, and Pensions (HELP) Committee [heard directly from](#) Linda McMahon, President Donald Trump's nominee for secretary of the Department of Education (ED), on her work experience, beliefs on higher education funding, and more, amid news reports that the administration wants to dismantle the agency.

The confirmation hearing, led by Sen. Bill Cassidy (R-La.), chair of the Senate HELP Committee, focused on McMahon's career as a former wrestling executive and former head of the Small Business Administration. McMahon also served on the Connecticut State Board of Education in 2009. During her opening remarks, McMahon touched on a wide range of challenges facing the American education system. In the higher education space, she specifically cited concerns with rising college costs and government bureaucracy.

"What's the remedy? Fund education freedom, not government-run systems," McMahon said. "Build up careers, not college debt. Empower states, not special interests. Invest in teachers, not Washington bureaucrats. If confirmed as Secretary, I will work with Congress to reorient the department toward helping educators, not controlling them."

During his opening remarks, Cassidy said ED's "status quo" is not working, and that costs are outpacing the value of a college degree in higher education. He stressed that under Trump and McMahon's leadership, real change could be made in education across the country,

"The educational system is failing our children," Cassidy said. "The Biden-Harris Department of Education stood in the way of student success. Transformative change of the educational establishment is needed. The department needs to get out of the way of states and local communities who are best positioned to actually address students' needs."

However, Sen. Bernie Sanders (I-Vt.), ranking member of the Senate HELP Committee, noted that while members of the committee may be focused on lowering federal spending, he stressed the importance of ED's work, including the federal Pell Grant program.

"[ED] provides Pell Grants and other important financial assistance that over 7 million low income students need to get a higher education," Sanders said. "So the goal is not to abolish the Department of Education, it is to make it more effective and to make sure that it addresses the educational needs in this country. ... We need a Secretary of Education who understands that in the wealthiest nation in the



history of the world, we should have the best educational system on this planet, from child care to graduate school.”

A key discussion point at McMahon’s hearing was Trump’s pending executive order that could dismantle ED.

When questioned about whether Trump has the authority to unilaterally close the department, McMahon said that Congressional action would be needed to abolish ED. She also said that Trump will work with Congress to develop legislation to promote a “better functioning” department.

Further, McMahon said, Trump’s goal is not to defund the programs that ED manages, but rather to have those programs operate more “efficiently.”

Multiple senators pointed to news reports of moves the Trump administration has made to cut funding at ED. Members cited Elon Musk, head of Trump’s “Department of Government Efficiency (DOGE),” [slashing almost \\$900 million](#) in contracts with ED’s Institute of Education Sciences, along with Trump’s directive – [which ultimately was rescinded](#) – that aimed to freeze federal financial assistance programs.

Sen. Patty Murray (D-Wash.), vice chair of the Senate Appropriations Committee, asked McMahon what she would do if Trump or Musk told ED not to spend money that Congress has already appropriated to the department.

“We will certainly expend those dollars that Congress has passed,” McMahon said. “But I do think it is worthwhile to look at the programs before money goes out the door. It is much easier to stop the money as it's going out the door than it is to claw it back.”

Murray also expressed concern over DOGE’s access to private student data — which has been [halted](#) by a legal filing — and said it should “frighten everyone” that the data could be used to jeopardize student privacy.

McMahon said it was her understanding that members of DOGE have been onboarded as employees of ED and are, therefore, operating under the restraints of utilizing information access.

Another point of discussion was the federal Pell Grant program. Sanders asked McMahon if she could guarantee that no student would lose their Pell Grant if ED is dismantled. McMahon said defunding the Pell Grant program is “not the goal,” and she’d like to see Pell Grants expanded to short-term programs.

Sen. Tim Kaine (D-Va.) questioned McMahon on overseeing the Public Service Loan Forgiveness (PSLF) program, and whether McMahon will continue to fully implement the program. McMahon said ED will honor PSLF and other loan forgiveness programs created by Congress.

The Senate HELP Committee will officially vote to advance McMahon’s nomination to the floor on [Thursday, February 20](#).

## **ED Gives Institutions Two Weeks to Comply with New Nondiscrimination Obligations or Risk Losing Federal Funding**

The Trump Administration, in a [Dear Colleague](#) letter sent over the weekend, has signaled its intent to withhold federal funding from institutions that it determines “have discriminated against students on the basis of race.”

The announcement underscores the potential consequences for students who rely on financial aid to access and afford higher education. The announcement, issued by the ED’s Civil Rights Office comes on the heels of the [2023 Supreme Court ruling](#), which effectively ended affirmative race-conscious admission practices at colleges and universities. The ruling prompted institutions to reassess their diversity efforts and explore alternative methods to maintain inclusive campuses.

“When the Supreme Court ruled in 2023 on the use of race in college admissions, NASFAA reaffirmed its commitment to helping our member institutions fully uphold their missions and values while remaining in full compliance with the law. That commitment remains unchanged,” said Beth Maglione, NASFAA’s interim president and CEO. “We are actively working with policymakers, colleges, and our peers in the higher education community to understand how the Trump administration’s new interpretation of the SCOTUS ruling may impact student financial aid. Since the ruling, legal experts have debated whether it can be interpreted to apply to financial aid and scholarships, with no clear resolution; we expect that debate to continue.”

While the details of how the administration would implement this policy remain unclear, any effort to revoke federal funding from institutions could have serious ramifications for student aid programs, including Pell Grants, federal student loans, and work-study opportunities, jeopardizing access to higher education for millions of students.

The letter goes on to outline ED’s interpretation of existing federal law and says it will focus on policies and programs related to, “hiring, promotion, compensation, financial aid, scholarships, prizes, administrative support, discipline, housing, graduation ceremonies, and all other aspects of student, academic, and campus life.”

The department said it would provide additional legal guidance “in due course.”

ED also noted that it would assess compliance with antidiscrimination requirements within 14 days of the letter’s publication and reminded institutions that compliance is a condition of federal funding.

“What we do know, however, is that 14 days is insufficient time for schools to assess and implement any necessary changes to be in compliance,” Maglione said. “The last thing students need when making plans about how to pay for college is uncertainty over when or whether they will receive financial aid they’ve been relying on.”

The letter outlines three steps that educational institutions should consider when assessing their compliance with antidiscrimination requirements:

1. ensure that their policies and actions comply with existing civil rights law;
2. cease all efforts to circumvent prohibitions on the use of race by relying on proxies or other indirect means to accomplish such ends; and

3. cease all reliance on third-party contractors, clearinghouses, or aggregators that are being used by institutions in an effort to circumvent prohibited uses of race.

“All students are entitled to a school environment free from discrimination. The Department is committed to ensuring those principles are a reality,” the letter continues.” The Department will vigorously enforce the law on equal terms as to all preschool, elementary, secondary, and postsecondary educational institutions, as well as state educational agencies, that receive financial assistance.”

Higher education institutions and advocacy groups will likely contest any measures that threaten access to federal aid, citing concerns over Title IV eligibility, the HEA, and potential violations of students’ rights.

With the ongoing uncertainty, institutions and students should remain informed about federal policy developments. “For schools with questions about their institutional aid programs, we recommend a consultative approach: engage with institutional counsel, stay alert for additional guidance from the Department of Education, and adhere to any mandates issued by your state attorney general,” Maglione said.

### **ED Extends GE/FVT Institutional Reporting Deadline to September 30**

After months of advocacy from NASFAA and other higher education organizations, the ED on Friday [announced](#) that it is extending the institutional reporting deadline for gainful employment (GE) and financial value transparency (FVT) until September 30.

Specifically, ED said [via an electronic announcement](#) that it was extending both the deadline for evaluating Completers’ Lists – which had closed on January 15 – and debt reporting, which was set to close on February 18 after [ED offered a partial extension](#). ED clarified that previously submitted Completers Lists will be reverted to draft status in the NSLDS by Monday, February 17.

ED said this new extension to September 30 is meant to give additional time to institutions that were unable to complete their GE/FVT reporting by the February 18 deadline for any reason – including those who had issues submitting their required data to ED — and to institutions that want to make corrections to their previously submitted data, such as enrollment data in Completers Lists.

The department noted that while many institutions have already submitted their GE/FVT reporting, delays in processing from ED could have resulted in errors or omissions that need to be corrected. Furthermore, ED encourages institutions to review any previously submitted GE/FVT data and to correct any inaccuracies.

This announcement comes [after months of advocacy](#) from NASFAA and other higher education organizations to extend the deadline to July 2025. Beth Maglione, NASFAA’s interim president and CEO, said in a [statement](#) that Friday’s announcement will give financial aid professionals flexibility to focus on counseling students and ensuring they receive their financial aid without delay.

“Extending this year’s submission deadline for gainful employment and financial value transparency reporting to September 30, 2025, is a sensible and welcome decision that will give financial aid offices much needed breathing room while they navigate unresolved issues in submitting their data and make necessary corrections to ensure the data they submit is accurate,” Maglione said in a statement.

Additionally, ED noted in the electronic announcement that “a number of technical and operational complexities” still need to be resolved in the GE/FVT reporting process, which ED is working to address. As a result, ED will not produce any GE/FVT metrics prior to September 30 and will “take no enforcement or other punitive actions” against institutions.

With this seven-month extension, the department said it “hopes” that institutions will continue gathering the necessary GE/FVT data between now and September 30. ED said that it anticipates this extension to September 30 will be the final extension for GE/FVT reporting.

### **How ED’s Revised Options for Gender on the FAFSA Will Impact the Correction Process**

The ED announced via a [press release](#) its plans to revise the gender response options on the FAFSA in order to be consistent with President Trump’s [executive order](#), which now requires the federal government to recognize only two sexes: male and female. NASFAA has since learned this change to the FAFSA was made February 14, 2025.

The revised question (question number 11 on the [paper form](#)) previously asked about a student’s gender with the response options male, female, nonbinary, or the student could indicate “prefer not to answer.” This question was revised to ask about a student’s sex and only allow students to select male or female. While the press release stated this change would apply to “current and future FAFSA forms” NASFAA confirmed with ED that the revisions were made to both the 2024-25 and 2025-26 FAFSA forms, as well as future years.

Based on information NASFAA received from ED, students who previously submitted their 2024-25 or 2025-26 FAFSA with either the response option “nonbinary” or “prefer not to answer” will not be required to update their response. However, if a student initiates a FAFSA correction to *any* question, they will be prompted and required to provide a response of either “male” or “female” to the revised question. ED explained this is because the FAFSA Simplification Act requires that they ask this question. As such, the system will require a response of “male” or “female” in order to process the FAFSA correction. It is important to note, though the question is required, the applicant’s response is solely used for statistical and research purposes by ED. The applicant’s response does not impact their eligibility for federal student aid.

NASFAA confirmed if a school initiates a correction (such as for verification, professional judgment, etc.) they will not be prompted or required to select a response to the question regarding the applicant’s sex, as schools do not see the responses for this question, and it is not present on the applicant’s ISIR. Because of this, ED’s revision to the FAFSA does not require a change to the ISIR record layout.

ED also clarified if a student completes a paper FAFSA with the old version of the question text and response options, it will still be processed. It is unclear at this time how the FAFSA Processing System will handle a selection of “nonbinary” or “prefer not to answer.” However, NASFAA confirmed the record will not be rejected, and the applicant will not need to complete a revised version of the paper FAFSA.

## **ED Provides Updated Guidance for NSLDS Post-Screening Eligibility Changes**

The ED [provided](#) an update on NSLDS Post-screening Eligibility Changes files concerning account access issues. As of February 18 ED has uploaded files to the TG mailbox associated with the 2024–25 FAFSA Services with your Federal School Code under the message class AHNP25OP or “2025 AdHoc Postscreening File” in the Student Aid Information Gateway (SAIG). These files can be downloaded from TG mailbox using EDconnect or TDClient. Another round of files will be uploaded by the end of February and another set will be provided by the end of March. ED will provide updates when those files are available. Institutions should also be aware that files previously uploaded to the COD system on January 31 will be deleted by Friday, February 21.

## **House Budget Committee Begins Reconciliation Process**

The House Budget Committee adopted a budget resolution that would direct the House Committee on Education and Workforce to find \$330 billion in spending cuts over a 10-year period.

The resolution serves as the first step of the [reconciliation](#) process, which allows Congress to advance budget-related legislation by simple majority votes in each chamber.

During the committee [markup](#), members approved the budget resolution by a party-line vote of 21-16 after an extensive amendment process. Two Republican proposals — concerning tax cuts and rulemaking authority — were ultimately adopted.

Rep. Jodey Arrington (R-Texas), chairman of the House Budget Committee, said that the resolution served as a critical first step in advancing President Donald Trump’s fiscal agenda.

“The resolution passed out of Committee today is a blueprint to right-size the bloated federal bureaucracy, rein-in the reckless spending that spurred record inflation, and roll back the barrage of burdensome regulations that are crushing our small businesses,” Arrington said.

Rep. Bobby Scott (D-Va.), ranking member of the House Education and Workforce committee, said the resolution would prioritize tax cuts at the expense of educational programs.

“This budget will mean that kids and seniors will go hungry, and employers will not be able to find the skilled workers they need,” Scott said. “And it will make it more expensive for students to go to college. In addition to these cuts, the budget will also cut health care coverage for millions of Americans, all to extend tax cuts for the top 1% and corporations.”

It is unclear when the package will head to the House floor, where Republicans will try to agree to the resolution to begin drafting spending levels that will allow committees to develop a tax cut of \$4.5 trillion over a decade, while also coming up with \$1.5 trillion in cuts to mandatory spending.

House Republicans will also need the Senate to advance their resolution and then come to an agreement to pass a reconciled final bill with specific spending levels that can be cleared for the president’s signature.

Meanwhile, the Senate is considering its own [budget resolution](#) focusing on issues related to the border, energy, and defense policy, with plans to work on a tax policy bill later this year.

Speaker Mike Johnson (R-La.) has said he wants to enact the legislation sometime around [Memorial Day](#), which remains a very ambitious timeline that could easily slip into the summer.

### **Trump's Pick to Lead ED Advances Through Committee**

Linda McMahon, President Donald Trump's pick to lead the ED advanced through the Senate Health, Education, Labor and Pensions (HELP) committee on a party-line vote of 12-11.

The nomination now heads to the Senate floor, where McMahon is expected to be confirmed. Last week, [the committee questioned](#) McMahon on her career, beliefs on higher education funding, and what she would do as ED secretary.

Sen. Bill Cassidy (R-La.), chair of the Senate HELP Committee, voted in support of McMahon, said she would be able to reform ED. Cassidy also added that McMahon will hold colleges and universities "accountable to protect all students from discrimination," including Jewish students who have faced antisemitism on campus.

"For the last four years, the department focused on everything but student learning, with bureaucracy and red tape standing in the way of student success," Cassidy said in his opening remarks. "We need a strong leader at the department who will get our education system back on track and Mrs. McMahon is the right person for the job."

A big part of McMahon's questioning last week was over news reports that Trump is preparing to sign an executive order that would dismantle ED. During last week's hearing, McMahon said that Congressional action would be needed in order to abolish ED and that Trump will work with Congress to develop legislation to promote a "better functioning" department. Additionally, McMahon said, Trump's goal is not to defund the programs that ED manages, but rather to have those programs operate more "efficiently."

Sen. Bernie Sanders (I-Vt.), ranking member of the Senate HELP Committee, on Thursday voted against McMahon confirmation. He stressed the importance of ED's work both in K-12 and higher education, particularly through the Pell Grant program.

"Is [ED] a perfect entity? No," Sanders said in his opening remarks. "Is it bureaucratic? Yes. Can we reform it? Yes. Should we abolish it? No. The Department of Education provides funding for millions of public-school students with disabilities they desperately need ... It provides Pell Grants to 7 million low-income kids to help pay for the cost of college."

The date for McMahon's full Senate confirmation vote has yet to be announced.

### **What Cuts in Institute of Education Sciences Funding Means for Higher Education Research**

Earlier this month, the Trump administration terminated nearly \$900 million in Institute of Education Sciences (IES) contracts, leaving the higher education community with many questions on how this may affect tools and data from the ED.

The IES is an independent, non-partisan statistics, research, and evaluation branch of ED. Part of IES's work is to fund education sciences, evaluate federal programs, collect and report education statistics, and more. Under the IES are four major research and statistics centers, which include the National Center for Education Evaluation and Regional Assistance (NCEE), the National Center for Education Research (NCER), the National Center for Education Statistics (NCES), and the National Center for Special Education Research (NCSER).

The decision – which came from the Trump administration's "[Department of Government Efficiency](#)" (DOGE) – terminated 89 IES contracts worth \$881 million, according to the organization. However, the American Educational Research Association (AERA) and the Council of Professional Associations on Federal Statistics (COPAFS) said that 169 contracts [had been canceled](#).

[According to the DOGE website](#), which lists the program reductions DOGE has made since President Donald Trump took office, part of the terminated IES contracts include work for the National Postsecondary Student Aid Survey (NPSAS) and the Beginning Postsecondary Students (BPS) survey.

According to [Higher Ed Dive](#) and other news reports, ED has said that the National Assessment of Educational Progress, the College Scorecard, and the College Navigator were not impacted by the terminated IES contracts. However, questions remain about how this could impact the Integrated Postsecondary Education Data System (IPEDS), such as delays in publishing data or difficulties for institution reporting.

Many higher education organizations and experts have [expressed concerns](#) over the Trump administration's move to terminate IES contracts. AERA and COPAFS [in a statement last week](#) stressed the importance of NCES, which is congressionally mandated to collect data on several aspects of education in the U.S.

"We call on this administration to reinstate these contracts to ensure that those who rely on and trust NCES data are able to access them without interruption and can continue to monitor educational progress and performance and inform sound educational policy and practice," AERA and COPAFS said in their statement.

### **Court Ruling Affirms Blocking of SAVE Plan While Next Steps for the Program Remain Uncertain**

In the spring of 2024, a federal court issued an injunction preventing the ED from fully implementing the Saving on a Valuable Education (SAVE) repayment plan. Since that ruling the program's fate has remained uncertain, and now that the 8th Circuit Court has affirmed the blockage of SAVE it is unclear whether borrowers will be able to remain in the payment plan.

Following the federal ruling in the spring of 2024, ED was barred from canceling loans eligible for forgiveness under the SAVE, Pay As You Earn (PAYE) and Income-Contingent Repayment (ICR) plans.

By July 2024, the 8th Circuit Court of Appeals blocked the SAVE plan in its entirety which led to borrowers who were able to enroll in the program being placed into an interest-free forbearance, where they have remained since.



On February 18, 2025, the 8th Circuit Court of Appeals issued its long-awaited ruling, siding with the Republican-led states that filed suit against former President Biden's administration. The court upheld the injunction, continuing to block the SAVE plan in its entirety, including the forgiveness provisions, which subsequently blocked the administration from processing forgiveness for borrowers enrolled in PAYE and ICR plans as well.

Notably, the ruling also directed the lower court to strengthen the injunction, stating that the block on the SAVE plan should be broader. The decision explicitly ordered the lower court to enjoin both the full SAVE plan ruling and what has been referred to as the "hybrid rule."

The hybrid rule was ED's attempt to continue processing time-based forgiveness applications by relying on the forgiveness provisions of the 2015 Revised Pay As You Earn (REPAYE) plan as well as establishing monthly payments for the SAVE plan using the REPAYE plans calculation that used 10% of discretionary income, versus the SAVE plans expected 5%. The 8th Circuit's recent ruling continues the block for this effort and effectively prevents ED from approving forgiveness applications under both SAVE and REPAYE provisions. ED in late 2024 reestablished the PAYE and ICR plans (which had been sunsetted in the regulations establishing the SAVE plan) so borrowers had additional choices for repayment plans, but debt forgiveness was and remains blocked for these plans as they fall under the same statutory affirming language as the SAVE and REPAYE plans.

It is important to note that Public Service Loan Forgiveness (PSLF) is established separately in statute and is not threatened by legal challenges to the SAVE plan.

The case will now return to the Eastern Missouri lower district court, which is tasked with issuing a final ruling on the fate of the SAVE plan. There has been no public reaction to the ruling of the 8th Circuit Court by the plaintiffs or the Trump administration, so it's hard to assume what the next steps will be.

### **ED Disables IDR and Loan Consolidation Applications, Citing Court Injunction**

The ED, in an [updated banner announcement](#) on StudentAid.gov, has indicated that it has taken down the applications for income-driven repayment (IDR) plans and loan consolidation due to an injunction that continues to block the implementation of the [Saving on a Valuable Education \(SAVE\)](#) repayment plan.

According to ED, the [injunction issued on February 18](#) prevents the department from implementing any provision of the SAVE plan, including its monthly payment formula, as well as processing time-based loan forgiveness for the SAVE, Pay As You Earn (PAYE) and Income-Contingent Repayment (ICR) plans. In response, the department has disabled its online application for all the IDR plans — SAVE, PAYE, ICR, and Income-Based Repayment (IBR) — as they all exist on the same form.

The injunction specifically focused on the forgiveness provisions within IDR plans and said, "we conclude the entire SAVE Rule must be preliminarily enjoined." Further the court argued that the lower courts mistakenly determined that the programs could function without forgiveness.

"Here, the district court enjoined only the forgiveness provision after concluding the remainder of the rule 'can function sensibly' without forgiveness. We conclude otherwise," the ruling reads. "As the federal officials themselves argue, 'it would make little sense for an ICR plan to end in default,' which is



what will happen for most borrowers enrolled in SAVE if forgiveness is enjoined while other provisions like the payment provisions remain in effect.”

“We will continue to update [StudentAid.gov/saveaction](https://studentaid.gov/saveaction) with more information,” Federal Student Aid (FSA) noted in its announcement.

### ***What We Know***

The removal of these applications impacts both borrowers newly entering repayment and seeking an income-driven repayment plan, and borrowers already in repayment who would like to switch into an IDR repayment plan. It also impacts those seeking loan consolidation, since the consolidation application is embedded in the IDR online application.

### ***What We Don't Know***

It's unclear how long the applications will be unavailable to borrowers and whether pending applications will be affected. In their SAVE Plan [FAQs](#), ED has said that when a borrower submits a repayment plan application, they will be placed into a 60-day interest-accruing processing forbearance period while their application is being processed. If after those 60 days ED has still not completed processing their application, they would then be placed into an interest-free general forbearance.

### ***What This Means for Borrowers***

Borrowers seeking to enroll in an income-driven repayment plan, including those borrowers seeking to move out of the SAVE plan into another income-driven repayment plan, will face significant delays trying to navigate the process. While the online applications are down for an indeterminate number of days, borrowers still have the option to complete the paper application, which would include manually certifying their income by submitting documentation or giving consent for the department to use the IRS transfer process on their behalf. ED was already experiencing application processing delays prior to the online application being taken down which may lead to greater backlog and delays.

NASFAA is encouraging ED to provide more guidance on the status of the repayment plans so borrowers can clearly assess their repayment options.

### **Updated ED Guidance: No FAFSA Demo Site for 2026-27**

The ED posted the initial installment of its [2026–27 FAFSA Specifications Guide](#), where it notes, under volume 9, that ED will not be providing a FAFSA demo site for the 2026-27 application cycle and is exploring Web Demo options for future processing cycles. ED has not provided a demo site since full implementation of FAFSA simplification in the 2024-25 aid cycle. ED had not indicated whether it will update for 2026-27 the FAFSA prototype that it has used in place of the FAFSA demo site.

### **NASFAA Joins Call on ED to Rescind DCL on Ending Racial Preferences, Requests Collaborative Process With Higher Education Community**

NASFAA, along with over 60 higher education organizations, [sent a letter](#) to the ED asking it to rescind its recent [Dear Colleague Letter \(DCL\)](#), which told institutions to cease using "racial preferences" in

admissions, financial aid, hiring and other areas, or be at risk at losing federal funding. Instead, the organizations are urging ED to work with the higher education community so it can understand its legal obligations.

Earlier this month, ED formally [released a DCL](#) aiming to provide clarity over legal requirements for institutions under the [U.S. Supreme Court's 2023 decision](#) in Students for Fair Admissions (SFFA) v. Harvard, and Title VI of the Civil Rights Act of 1964 and the Equal Protection Clause of the Constitution. While the U.S. Supreme Court decision only touched on race in institutions' admissions policies, the DCL stated that institutions must cease using race preferences as a factor in admissions, financial aid, hiring, training, and other institutional programming.

Furthermore, institutions that fail to comply, may be subject to an investigation from ED and could lose federal funding. ED said that it will begin assessing compliance 14 days from the letter's publication date, which was February 14.

The guidance has given institutions more questions than answers. In light of these questions, over 60 higher education organizations signed onto a letter, spearheaded by the American Council on Education (ACE), to ED's Acting Assistant Secretary for the Office of Civil Rights (OCR) Craig Trainor, and argued ED should rescind the DCL and instead work with the higher education community to ensure a clear understanding of institutions' legal obligations.

"The Department should encourage inclusive and welcoming educational environments for all students, regardless of race or ethnicity or any other factors," the letter reads. "Over the last two years, our colleges and universities have worked hard to assess and modify, as appropriate, policies and practices in light of the decision in the SFFA case and applicable civil rights laws."

The letter lists several points of confusion from the DCL, including ED's assertion that diversity, equity, and inclusion (DEI) efforts and initiatives on campus are discriminatory. The organizations argued that the range of activities associated with DEI are not illegal.

Furthermore, the organizations stated that while DEI programs must be consistent with the Supreme Court's decision on race-based admissions, institutions' efforts to build "inclusive and diverse campus communities" are not illegal or discriminatory. Additionally, the organizations wrote that ED's reference to "DEI programs" doesn't provide any clarity to institutions about their obligations under the law, or how previously legal institutional programs, which are designed to support students, are now in violation of the law.

The organizations also pointed out inconsistencies in the guidance where at first ED wrote that the DCL "does not have the force and effect of law and does not bind the public or create new legal standards." However, that language contradicts other language in the DCL where ED gave institutions 14 days to be in compliance or face possible investigation or loss of all federal funding. The organizations said it's "unreasonable" for ED to require institutions to comply to this "extremely broad reinterpretation of federal law" in just 14 days.

"In order to support students and combat discrimination, OCR ought to engage relevant stakeholders in a consultative manner to ensure that institutions of higher education are in compliance with their legal obligations under Title VI and federal nondiscrimination law," the letter reads.

## ED Begins Processing FAFSA Batch Corrections

The ED has [begun processing batch corrections](#) for both the 2024-25 and 2025-26 FAFSA cycles, having completed its [beta testing](#) period marking the first time that institutions will be able to utilize the process since the implementation of FAFSA Simplification.

According to the department, batch corrections officially went live on Thursday, February 27, at 12:01 p.m. ET, and any files transmitted prior to that time stamp will be cleared from the queue and not processed.

During the beta testing period, ED successfully processed 16 batch files, which contained corrections for over 200 records from both award years.

The department also outlines a list of implementation scenarios for institutions to reference since submitting corrections via Electronic Data Exchange (EDE) may differ from the submission process under the legacy Central Processing System (CPS).

“General tips for successfully submitting batch corrections may be found under *‘Tips for EDE Corrections’* in Volume 3 of the [2025-26 FAFSA Specifications Guide](#),” ED’s guidance reads. “Additional guidance for avoiding common edits and rejects, and resolving verifiable and non-verifiable rejects is outlined in the *“Data Edits”* portion of Volume 5 of the [FAFSA Specifications Guide](#).”

NASFAA held a [webinar](#) on February 27 featuring member institutions who participated in the batch corrections beta testing phase, who shared their experiences with submitting batch files and tips for successfully processing batch corrections.

ED has also provided an update on a known issue causing ISIRs with blank Student Aid Indexes (SAIs) and “No Reject” code in which schools do not need to take action to correct these records. Instead, during the week of February 28, the department began temporarily assigning reject code 68 and comment code 329 to impacted records with plans to implement a permanent fix by reprocessing all those records “within a few days” after assigning the reject code.

“Schools will receive new system-generated ISIRs with the FPS Correction Reason code set to “A,” which reflects the FTIM Result Update,” the guidance explains. “These records will no longer have the Reject Code 68 and will have a calculated SAI.”