

# **2025 TACRAO Summer Meeting**

**College Station, TX**





## Overview

- General AACRAO Update
- Department of Education Changes
- Rescission Package
- Final Reconciliation Package
- Proposed Education Budget for FY 2026
- Regulations
- International Issues
- Executive Agency Actions
- In the Courts
- Misc. State Issues

# General AACRAO Update

## Membership Growth:

- Since rosters opened in December 2023, 1,691 institutions have added 9,922 new AACRAO members
- Access & Equity
  - 22% of the new members are at the assistant, coordinator or analyst level
  - 14% of the new members are from community colleges
  - 16% of the new members are from Minority Serving Institutions (MSIs)
    - Total number of members at MSIs has increased by 84% since November 2023
  - 21% of new members are from small colleges with lower enrollments
- Today AACRAO has 20,218 members across 2,224 institutions
- Since rosters have opened 76% of institutions have added new members

# Department of Education Changes

- A 2023 attempt to abolish the Department only had 6 cosponsors and 60 Republicans joined House Democrats in voting against it
- Divisions within the Republican Party regarding how to handle the Department's closure:
  - [S.1402](#) - Returning Education to Our States Act
  - [H.R. 2456](#) - The Orderly Liquidation of the Department of Education Act
  - [H.R. 899](#) & [S. 1148](#) - Bills to Terminate the Department of Education
- In this Congress, 7 Senate Democrats would need to vote to abolish, which remains a high barrier to overcome
- Administrative reality of the federal student loan portfolio
  - \$1.6 trillion in federal loans for nearly 42.7 million borrowers
  - America's largest bank, J.P. Morgan and Chase had roughly \$1.3 trillion in net loans in 2023 - [Link](#)

# Department of Education Changes

- Possible relocation of programs to different federal agencies
- Financial aid to Treasury/SBA. Services for disabled students to Health and Human Service
- Impact of the reduction in workforce cuts nearly half of the agency's staff
  - 7/14 Supreme Court decision clears the way for more layoffs
- Concerns that there will not be enough staff to manage programs in the manner that Congress intended
- NSLDS, IPEDS, FSA programs, English language instruction programs, free or reduced lunches, Pell grants management, distribution, research funding freezes
- Concerns about financial aid processing, borrower assistance and institutional oversight

# Rescission Legislation

- Administration sent \$9.4 billion request to Congress to use unspent funds for other purposes
- Process has not been used since 2000
- Concerns for student aid, especially for student/family support
- Pell grant funds (Could impact 7 million students)
- Not subject to filibuster rules requiring 60 votes in the Senate, only majority
- Passed the House
- Senate has to take action within 45 days that President submits to Congress. End of next week.
- Will likely be utilized in the future for other cuts



# Finalized Reconciliation Package - OBBB

## Federal Financial Aid:

- Beginning July 1, 2026, Grad PLUS loans will be eliminated
- Caps Parent PLUS loans at \$25k annually and \$65k total per student
- Caps borrowing at:
  - New \$257k borrowing limit applies to all student loans except Parent PLUS loans
  - \$20,500 annually and \$100k total for graduate school
  - \$50k annually and \$200k total for professional school
- The legislation maintains subsidized loans for undergraduate student

## Student Loan Repayment:

- Overhauls loan repayment options by eliminating all current income-driven repayment plans by July 1, 2028. Borrowers will be required to transition to one of two new repayment plans starting in 2026.
  - **Standard Plan:** Set monthly amount, with the options to pay over 10 to 25 years depending on loan amount
  - **Repayment Assistance Plan:** Monthly payments based on a borrower's income, with payments ranging from 1% to 10% of their discretionary income
- Public Service Loan Program (PSLF) - Still exists, but with stricter eligibility requirements

# Finalized Reconciliation Package - OBBB

## Pell Grant:

- Expands Pell eligibility to certain accredited short-term programs. Eligible programs must offer between 150-600 hours of instruction over 8 - 15 weeks and must align with high-skill, high-wage, or in-demand fields. This change takes effect on July 1, 2026 and will apply to the award year 2026-2027.
- Puts \$12.67B into the Pell Grant fund in order to address a funding shortfall
- Maintains the current definition of a full-time student at 24 credit hours annually and maintains eligibility for students enrolled less than half-time
- Prevents students who receive scholarships or grants that cover their full cost of attendance from receiving Pell Grants

Endowment Value Per Student	Rate
\$500,000 - \$750,000	1.4%
\$750K - \$1.25M	4.0%
\$1.25M - \$2M	4.0%
More than \$2M	8.0%

## Institutional Accountability:

- Programs that fail to show their graduates earn more than an adult in the same state with only a high school diploma will be ineligible for federal student loans
- Overhauls the flat 1.4% college endowment tax and introduces a new tiered system. Private colleges with fewer than 3,00 students are exempted from the new tax.



# Finalized Reconciliation Package - OBBA

## **Medicaid:**

- Substantially reforms and cuts the federal Medicaid program. There are an estimated 3.4 million students that utilize Medicaid as their primary form of insurance. These cuts will likely result in additional pressures on states and their budgets.

## **Supplemental Nutrition Assistance Program (SNAP):**

- States will now be required to pay a portion of SNAP benefit costs for the first time, rather than the federal government covering 100%. Beginning in FY 2027, states will be responsible for covering 75% of administrative costs.

## **529 plans:**

- Broadens the definition of “qualified education expenses.” Qualified education expenses now include tuition, fees, books, supplies, equipment, and other expenses incurred to enroll in or attend a recognized postsecondary credential program; fees for testing as required to obtain a recognized postsecondary credential; and fees for continuing education as required to maintain a recognized postsecondary credential.
- This provision applies to distributions made after July 4, 2025, the date of enactment.

# Legislation

- Fair College Admissions for Students Act ([S.880](#))
  - Bans legacy admissions at federally funded institutions
- Defending Education Transparency and Ending Rogue Regimes Engaging in Nefarious Transactions or DETERRENT Act
  - Also known as Section 117
  - Higher education institutions must annually disclose gifts and funding from foreign countries
  - Change from \$250,000 to \$50,000
  - \$0 from countries of concern

# President's Proposed FY 2026 Budget

- Would cut funding to the Department of Education by 15.3%, from current \$78.7 billion to \$67.7 billion
- This proposed budget continues the process of minimizing the role of the U.S. Department of Education
- The only increase is for charter schools, which would receive \$500 million, an increase of \$60 million
- Pell Grant Reduction: The administration would like to cut the maximum Pell Grant award from \$7,400 to \$5,700, a cut of \$1,700, in order to make-up for the expected \$2.7 billion dollar shortfall
- Federal Work Study: Would cut FWS by 80% and request colleges and universities to take the burden of student hourly wages. Federal government would cover 25% and institutions the other 75%

# President's Proposed FY 2026 Budget

- Elimination of Student Aid Programs: Core student aid programs like TRIO and GEAR UP would be eliminated
- Eliminating Supplemental Educational Opportunity Grant (FSEOG): This program provides financial aid to students with exceptional need and would be eliminated
- Adult Education Funding: No funding was proposed for adult education programs, effectively eliminating them
- Eliminating English Language Acquisition State Grants (Title III-A): This program for English learners would be cut
- Deep Cuts to Research: The budget would cut funding for research programs, including education-related research

# President's Proposed FY 2026 Budget

## Rationale

- The administration argues that these cuts would reduce federal bureaucracy and provide states with greater flexibility in managing education programs
- They also cite concerns about waste and inefficiency in current programs

## Concerns

- Critics argue that these cuts would harm disadvantaged students and undermine access to education and support services
- The proposed cuts to student aid could make college less affordable for low-income students

# International Issues

January:

- DHS directive allows enforcement action on sensitive areas, including college campuses

March:

- ICE agents begin targeting student protesters who expressed pro-Palestinian views

April:

- The administration attempts to terminate thousands of students' legal residency for "foreign policy threats"
- Dozens of lawsuits followed and the administration restored students' SEVIS statuses

May:

- ICE releases new policy outlining justifications for terminating a student's residency status
- State Department halts all new visa interviews
- Rubio announces plans to "aggressively revoke" visas of Chinese international students
- The administration attempts to revoke Harvard's SEVP certification

June:

- Visa interviews resume, now with social media vetting. Concerns about how long this "vetting" will take
- Large concerns remain about fall international enrollment



# Regulations

- NPRM on student loan programs
  - Potential impacts to PSLF, PAYE, R2T4, etc...
  - “Dear Colleague” letter on Institutional obligations to help student loan borrowers - [Link](#)
- Title IX - Return to guidance from 1st Trump administration
  - Based on sex not gender identity, narrower definition of harassment, removes protections for transgender & pregnant students, limits reports to incidents on campus
  - Used as basis to investigate some schools (University of Pennsylvania, San Jose State University, etc...)

# Executive Agency Actions

- Executive Order - [Reforming Accreditation to Strengthen Higher Education](#)
  - Encourages the creation of new accreditors, streamline the accreditation process, and holds accreditors promoting DEI accountable
  - DCL related to Accreditation - [Link](#)
  - ED notifies Columbia University's accreditor of Title VI civil rights violations - [Link](#)
- Collections started on defaulted student loans
  - More than 5 million borrowers have not made a monthly payment in over 360 days and sit in default—many for more than 7 years
  - 4 million borrowers are in late-stage delinquency (91-180 days).
  - In total, there could be almost 10 million borrowers in default in a few months—almost 25% of the federal student loan portfolio

# In the Courts

- DOD, NIH, NSF, and Department of Energy have all attempted to cap indirect cost reimbursement at 15%
  - NIH cap ruled unlawful
- DOJ sues Texas, Kentucky, and Minnesota over in-state tuition for undocumented students
- Feb. 14th “Dear Colleague” letter related to SFFA v. Harvard - [Link](#)
- Tennessee and SFFA sue ED alleging federal grants for HSI’s are discriminatory
- Firing of Department of Education staff
- Harvard (tax-exempt status, antisemitism, international students/SEVIS certification)
- AACRAO Joined Amicus Brief in support of Harvard’s lawsuit against Trump administration - [Link](#)
- SCOTUS rules that Administration can move forward with workforce reduction. Focused on Department of Education, but will likely be used for other agencies

# Misc. State Issues

- New York State codified [legislation](#) that provides free community college to adult learners pursuing degrees in high-demand fields
- Minnesota and California has seen surge in “ghost students,” individuals who use stolen names to enroll in classes to try stealing financial aid money.
  - UC system implement new identity verification measures to combat this
- State Higher Education Executive Officers Association (SHEEO) [report](#) finds that state funding increased last year, however this may not last as federal support for states will decrease under GOP reconciliation proposal
- Texas asks institutions to identify undocumented students in light of their ineligibility for in-state tuition
  - Concerns about the data collection

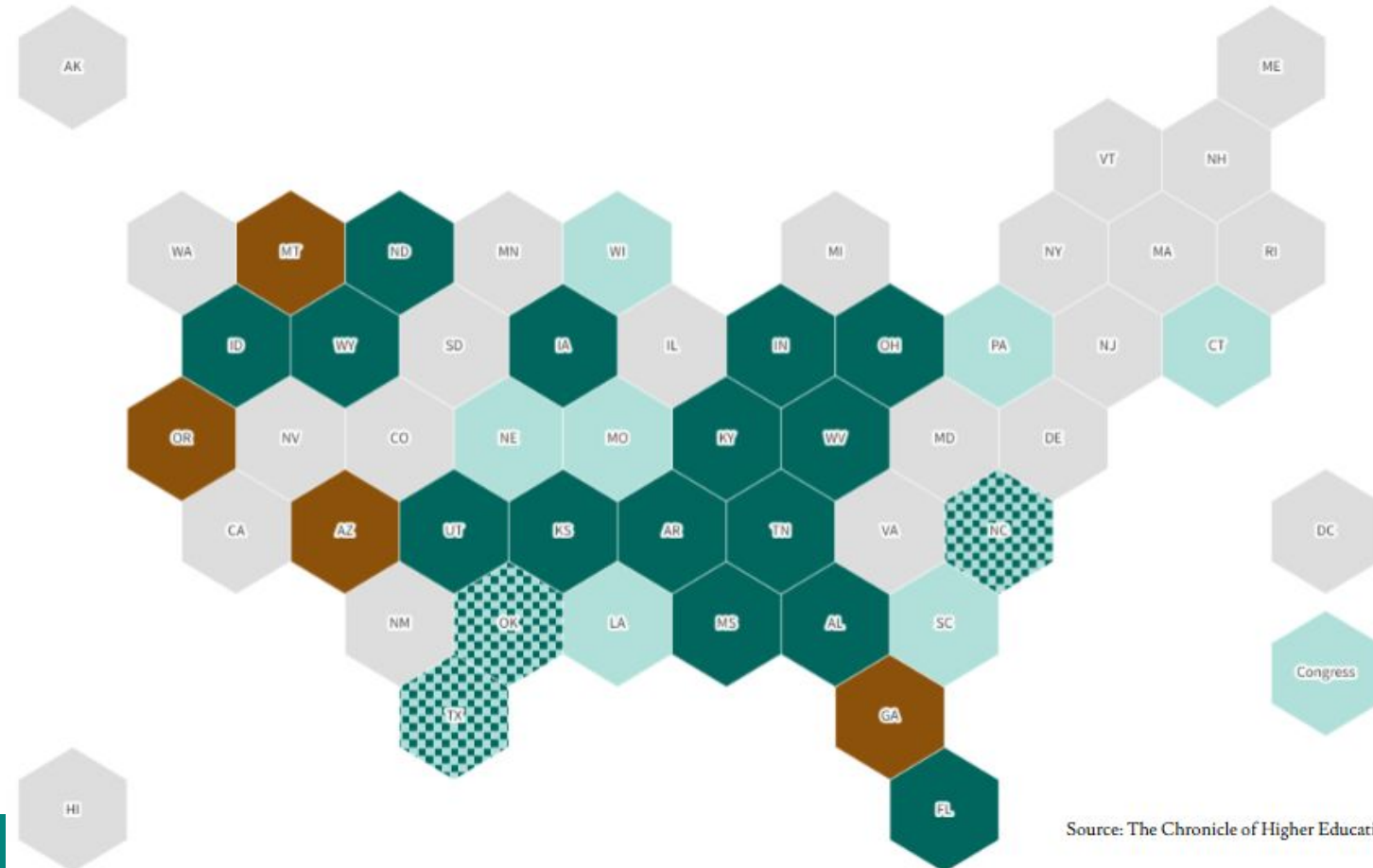
# Misc. State Issues

- State bills targeting DEI - [Link](#)
  - Since 2023, 134 bills have been introduced with 25 having become law

## Where Anti-DEI Legislation Has Been Proposed

A pattern indicates bills in two active statuses.

■ No bill ■ Introduced ■ Final legislative approval ■ Signed into law ■ Tabled, failed to pass, or vetoed



Source: The Chronicle of Higher Education

# AACRAO's Advocacy Center





# AACRAO's Advocacy Center

- The AACRAO Advocacy Center allows you to send letters to your Congressional representatives on a number of key issues including:
  - *Supporting International Students*
  - *Supporting the Department of Education from Closure*
- The system also allows us to track state and federal bills through the legislative process



# AACRAO's Advocacy Center

Since January, AACRAO has sent or joined dozens of community letters on a wide range of issues including:

- The need to fully fund and protect the Pell program - [Link](#)
- The House reconciliation package - [Link](#)
- The Administration's plans for higher ed - [Link](#)
- How cutting Medicaid will impact IHE - [Link](#)
- Actions by the Administration that have caused barriers for international students - [Link](#)
- The need to protect funding for federal student aid programs - [Link](#)
- Concerns with OCR's February 14 "Dear Colleague" letter - [Link](#)

# Contact Us



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# Additional Questions?



Contact us at  
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