

# The Impact of Federal Shifts on Higher Education

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April 1, 2025

Prepared for the Tennessee College Association

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## **SHEEO**

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State Higher Education  
Executive Officers Association

## About SHEEO

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

## Key Observations on Federal Policy

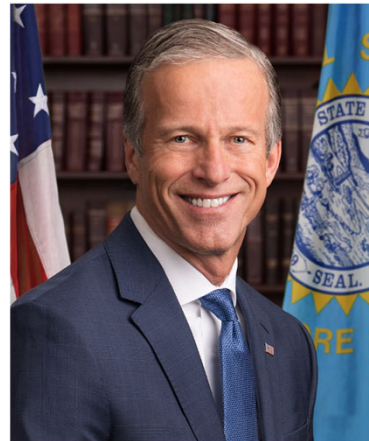
- Separate the signal from the noise
- Keep track of how federal changes are affecting your campus and share information
- Budget for uncertainty
- Look for opportunities to reimagine the federal higher ed policy framework & role of the U.S. Department of Education

## Today's Issue Areas

- Legislative-Budget Reconciliation Package
- Legislative-FY25/FY26 Appropriations
- Legislative-Pell Grants
- Legislative-Other Issues
- U.S. Department of Education-Leadership
- U.S. Department of Education-Layoffs/Restructuring
- U.S. Department of Education-Data Contracts
- U.S. Department of Education-Dear Colleague Letter
- International Issues/Immigration
- National Institutes for Health-Indirect Cost Reduction
- Other Executive Actions/Issues
- Other issues
- Lawsuits

## Budget Reconciliation Package

- The House and Senate are pursuing a budget reconciliation package to advance President Trump's policy priorities
- Key focus areas:
  - Extending the 2017 tax cuts
  - Investments in border security
  - Increased military spending
  - Energy independence
- House and Senate are working to find a shared policy framework right now, hopefully to get budget resolution approved by April 11.
- Debt ceiling also looms



**Reconciliation Instructions in FY 2025 House and Senate Budget Resolutions**

	<b>House budget</b>	<b>Senate budget</b>
<b>Date for committees to report reconciliation</b>	March 27	March 7
<b>Debt ceiling</b>	\$4 trillion increase reconciled	
<b>Tax cuts</b>	\$4.5 trillion reconciled	
<b>Total spending cut reconciled</b>	\$1.5 trillion/10 years	\$342 billion/4 years
<b>Minimum spending cuts</b>		
House Energy and Commerce	\$880 billion	\$1 billion
Senate Energy & Natural Resources		\$1 billion
House Education and Workforce	\$330 billion	\$1 billion
Senate HELP		\$1 billion
House Agriculture	\$230 billion	\$1 billion
Senate Agriculture, Nutrition, Forestry		\$1 billion
House Oversight & Government Reform	\$50 billion	
House Transportation & Infrastructure	\$10 billion	\$20 billion
House Financial Services	\$1 billion	
House Natural Resources	\$1 billion	\$1 billion
Senate Finance		\$1 billion

## Possible Concerns Over Budget Reconciliation

- Cuts to Medicaid and state policy responses
  - House has proposed up to \$880 billion over 10 years in cuts through Energy and Commerce Committee. Medicaid targeted.
  - If enacted, states will have to make difficult choices, which could affect higher ed
    - There is a relationship between increased state Medicaid spending and disinvestment in higher education
    - 3.5 million college students on Medicaid could also be affected
    - University hospitals could be affected

## Possible Concerns Over Budget Reconciliation

- The House plan has also called for \$330 billion in savings through the Education and Workforce Committee
- There are a range of higher ed programs that could be targeted, including
  - Ending Biden SAVE plan
  - Discontinuing Parent/Grad PLUS Loans
  - Reform need analysis
  - Cuts to Pell Grants
  - Limit Public Service Loan Forgiveness (PSLF)
  - Introduction of risk-sharing
  - End borrower defense/closed school discharge
  - Implement tighter new limits on student loans
  - Reduction or elimination of tax benefits for higher education

## FY25 and FY26 Appropriations

- FY25 is a full-year continuing resolution, passed and signed. Higher ed is flat-funded until September 30, 2025. No earmarks.
  - Concern: No statement of managers for FY25 law with funding for each program. Will the Trump administration move the money around?
- President's FY26 budget request expected to be released in May
  - Expected to include sweeping cuts to Department of Education, including moving education programs to other bills/out of the Department of Education



**Postsecondary education\*\*\***

Discretionary Pell grants .....	22.475	22.475	22.475	22.475	22.475
Rescission of previously appropriated Pell Grant funding * .....	-0.500	-0.500	-1.050	-0.360	0.000
Maximum grant including mandatory-funded portion, in actual dollars .....	\$ 6,345	\$ 6,495	\$ 6,895	\$ 7,395	\$ 7,395
<b>Campus-based programs:</b>					
Federal supplemental educational opportunity grants (SEOG) .....	0.865	0.880	0.895	0.910	0.910
Federal work-study .....	1.180	1.190	1.210	1.230	1.230
Temporary Expanded Public Service Loan Forgiveness .....	0.050	0.050	0.025	0.000	0.000
<b>Aid for institutional development:</b>					
Strengthening institutions .....	0.108	0.109	0.110	0.122	0.112
Strengthening tribally controlled colleges and universities .....	0.037	0.038	0.044	0.052	0.052
Strengthening Alaska Native & Native Hawaiian-serving institutions .....	0.018	0.019	0.021	0.024	0.025
Strengthening HBCUs .....	0.325	0.338	0.363	0.396	0.401
Strengthening historically black graduate institutions .....	0.084	0.087	0.093	0.101	0.101
Strengthening HBCU masters programs .....	0.010	0.011	0.015	0.020	0.020
Strengthening predominantly black institutions .....	0.013	0.014	0.018	0.022	0.022
Strengthening Asian American- & Native American Pacific Islander-serving insts. ....	0.004	0.005	0.011	0.019	0.019
Strengthening Native American-serving nontribal institutions .....	0.004	0.005	0.008	0.011	0.011
Minority science and engineering improvement .....	0.013	0.013	0.015	0.016	0.016
Aid for Hispanic-serving institutions (Title V, Parts A & B).....	0.156	0.163	0.203	0.255	0.256
International education and foreign language studies .....	0.076	0.078	0.082	0.086	0.086
Transition programs for students with intellectual disabilities .....	0.012	0.014	0.014	0.014	0.014
Tribally controlled postsecondary career & technical institutions .....	0.010	0.011	0.011	0.012	0.012
<b>Assistance for students:</b>					
Federal TRIO programs .....	1.090	1.097	1.137	1.191	1.191
Gaining early awareness & readiness for undergrad programs (GEAR UP).....	0.365	0.368	0.378	0.388	0.388
Graduate assistance in areas of national need .....	0.023	0.024	0.024	0.024	0.024
Child care access means parents in school .....	0.053	0.055	0.065	0.075	0.075

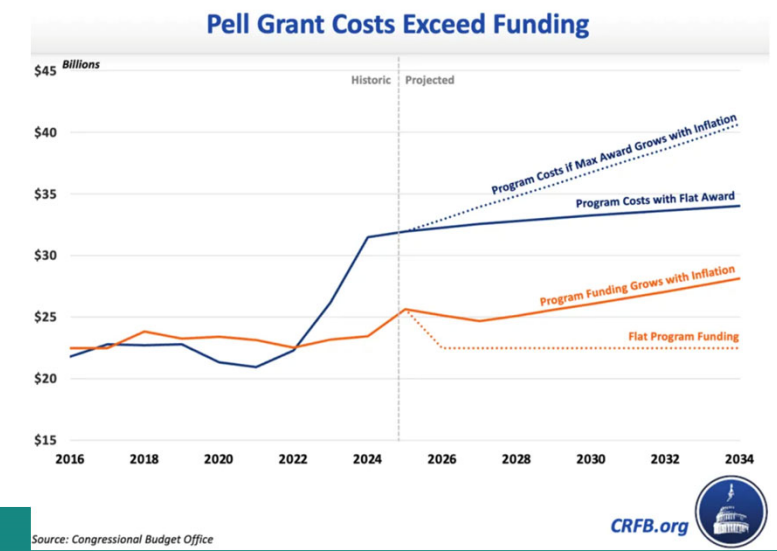
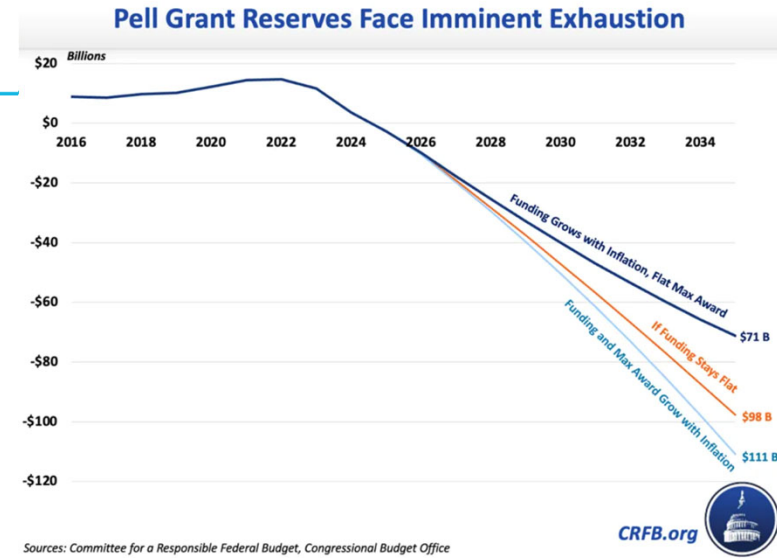


*The CR does not specify levels for programs in red, and the Administration might not provide the funding Congress specified in the FY'24 explanatory statement. Highlights show where the bill has a total for that group but not individual programs.*

	2020	2021	2022	2023	2024	2025 CR
Fund for the Improvement of Postsecondary Education (FIPSE) (non-earmark) ....	0.025	0.041	0.068	0.184	0.171	
Community Project Funding/Congressional Directed Spending within FIPSE (eliminated in FY'25 CR).....			0.249	0.430	0.202	0.000
Hawkins Centers of Excellence (funded in FIPSE's total in 2022).....			0.008	0.015	0.015	
Teacher quality partnerships (ED withdrew FY24 funding) .....	0.050	0.052	0.059	0.070	0.070	
Graduate fellowships to prepare faculty in high-need areas at Colleges of Education.....				0.000	0.000	
<b><i>Institute of Education Sciences</i></b> (on March 11, ED fired almost all IES staff)						
Research, development, and dissemination .....	0.196	0.198	0.205	0.245	0.245	
Statistics .....	0.111	0.112	0.112	0.122	0.122	
Regional educational laboratories .....	0.056	0.057	0.059	0.059	0.054	
Assessment .....	0.161	0.173	0.188	0.193	0.193	
Research in special education .....	0.057	0.059	0.060	0.064	0.064	
Statewide longitudinal data systems .....	0.033	0.034	0.034	0.039	0.029	
Special education studies and evaluations .....	0.011	0.011	0.013	0.013	0.013	
Program administration.....			<u>0.067</u>	<u>0.074</u>	<u>0.074</u>	


# Pell Grants

- Pell Grants are facing a \$2.7 billion project budget deficit
- Congress has expanded eligibility and Pell Awards, but funding has not caught up
- Congress will need to trim eligibility, increase funding, or both in the years ahead.
- This is the first shortfall in over a decade, the last one came with eligibility changes (loss of Summer Pell).
- The path forward remains unclear.



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## Other Issues on Capitol Hill

- Cassidy bill on dissolving Department of Education
  - House has passed tighter restrictions on foreign gift reporting
  - Expect further hearings on combating antisemitism on college campuses
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# U.S. Department of Education-Leadership

- Linda McMahon has been sworn in as the 13<sup>th</sup> Secretary of Education
  - McMahon has stated that it is the Department’s “final mission” to eliminate administrative bloat at the U.S. Department of Education (ED)
  - For higher education, her conviction is “Postsecondary education should be a path to a well-paying career aligned with workforce needs.”
  - President Trump has signed executive order to dissolve ED, needs Congressional approval
  - Trump wants student loan portfolio transferred to Small Business Admin
  - Federal higher ed policy is not going “back to the states” per the Department. The Administration wants to work with Congress to move its responsibilities to other agencies.
- Other Nominees:
  - Penny Schwinn-Deputy Secretary of Education (pending confirmation)
  - Nicholas Kent-Under Secretary of Education (pending confirmation)



## Changes to Department of Education

- Sharp reductions in the workforce at the U.S. Department of Education – nearly half of its 4,100-person workforce were let go.
- Major loss of institutional memory
- Staffing cuts to higher education include:
  - Federal Student Aid (FSA)---wants to cut by 80%
  - Institute for Education Sciences (IES)
  - Office for Civil Rights (OCR)
- Trump Administration: Operations will continue as normal. Some people have been called back.
- Possible Implications
  - Longer OCR backlogs
  - Less capacity for data collection/analysis
  - Financial aid disruptions---FAFSA, aid disbursement, loan repayment
  - Possible delays on higher ed grant programs
  - Weaker consumer protection enforcement



# Trump Admin-Layoffs at ED

Office	2023 headcount	Union number cut
Federal Student Aid	1371	326
Civil Rights	562	243
Institute of Education Sciences	167	105
Elementary and Secondary Education	282	49
Finance and Operations	403	49
General Counsel	121	38
Planning, Evaluation, and Policy Development	134	29
Chief Information Officer	101	25
Postsecondary Education	197	23
Deputy Secretary	19	21
Communications and Outreach	88	20
Special Education and Rehabilitative Services	185	16
Multilingual and English Learners	16	12
Career, Technical, and Adult Education	67	9
Secretary	122	3

Source: Education Week

# Cuts to ED Data Contracts

- The Department of Government Efficiency cut nearly \$900 million in data-related education contracts.
- Many of these cancelled contracts were in progress
- Congress requires many of these studies to be done
- Democrats have sent a letter pressing the administration to provide more information on the cuts.
- Trump Administration: Institute for Education Sciences will be “restructured” in the months ahead



The Honorable Bill Cassidy, M.D.  
Chair, Senate Committee on Health,  
Education, Labor and Pensions

The Honorable Bernie Sanders  
Ranking Member, Senate Committee on  
Health, Education, Labor and Pensions

The Honorable Tim Walberg  
Chair, House Committee on Education &  
Workforce

The Honorable Robert C. “Bobby” Scott  
Ranking Member, House Committee on  
Education & Workforce

March 10, 2025

Dear Members of Congress,

Together, the 87 undersigned organizations and individuals, in partnership with the Postsecondary Data Collaborative (PostsecData), write to express our deep concern regarding recent federal actions that undermine critical information systems supporting American education. PostsecData is a nonpartisan coalition of education leaders, researchers, and advocates committed to using high-quality postsecondary data to improve success for all students. We urge Congress to demand transparency regarding abrupt contract cancellations and protect the integrity, privacy, and security of sensitive postsecondary student data.

#### Critical Threats to Our Nation's Knowledge-Building Infrastructure

The Institute of Education Sciences (IES), our primary public, national research and evaluation office, which oversees one of thirteen principal federal statistical agencies, is being gutted by the Department of Government Efficiency (DOGE). This has not been transparently communicated to Congress or the public—DOGE has not provided information about what has been cut, what has been preserved, or what evidence and reasoning was used to make these cuts. These actions weaken our capacity to assess and improve educational and economic outcomes for students—directly jeopardizing our ability to build a globally competitive workforce. Further, the recent DOGE-led contract cancellations and pauses of grants overseeing education research and data collection appear to violate statutory directives of Congress, inconsistent with the lawful appropriation of funds.

Critical data collections, research, and evaluations used by federal and state policymakers to inform investments in our education system, prepare our future workforce, and provide educators with information on evidence-based interventions have ground to a halt. Without these insights, policymakers will soon be forced to make decisions in the dark, unable to steward taxpayer dollars efficiently. The harmful implications of IES cuts have serious consequences including:

1. **Cancelling crucial studies and evaluations that assess the efficacy of major national investments in education and fulfill statutory requirements such as:**

# Trump Admin-Dear Colleague Letter

- The Trump Administration released a Dear Colleague Letter (DCL) extending the *SFFA vs Harvard* decision to ban all race-conscious activities in higher education.
  - “Federal law thus prohibits covered entities from using race in decisions pertaining to admissions, hiring, promotion, compensation, financial aid, scholarships, prizes, administrative support, discipline, housing, graduation ceremonies, and all other aspects of student, academic, and campus life. Put simply, educational institutions may neither separate or segregate students based on race, nor distribute benefits or burdens based on race.”
- An FAQ issued on February 28 walked back some of the more controversial provisions in the letter.
- Investigations into 45 institutions have started based on the DCL
- The two major teachers’ unions have filed a lawsuit to block the DCL.



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE FOR CIVIL RIGHTS

THE ACTING ASSISTANT SECRETARY

February 14, 2025

Dear Colleague:

Discrimination on the basis of race, color, or national origin is illegal and morally reprehensible. Accordingly, I write to clarify and reaffirm the nondiscrimination obligations of schools and other entities that receive federal financial assistance from the United States Department of Education (Department).<sup>1</sup> This letter explains and reiterates existing legal requirements under Title VI of the Civil Rights Act of 1964,<sup>2</sup> the Equal Protection Clause of the United States Constitution, and other relevant authorities.<sup>3</sup>

In recent years, American educational institutions have discriminated against students on the basis of race, including white and Asian students, many of whom come from disadvantaged backgrounds and low-income families. These institutions’ embrace of pervasive and repugnant race-based preferences and other forms of racial discrimination have emanated throughout every facet of academia. For example, colleges, universities, and K-12 schools have routinely used race as a factor in admissions, financial aid, hiring, training, and other institutional programming. In a shameful echo of a darker period in this country’s history, many American schools and universities even encourage segregation by race at graduation ceremonies and in dormitories and other facilities.

<sup>1</sup> Throughout this letter, “school” is used generally to refer to preschool, elementary, secondary, and postsecondary educational institutions that receive federal financial assistance from the Department.

<sup>2</sup> Title VI provides that: “No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.” 42 U.S.C. § 20004, *et seq.*; 34 C.F.R. § 100, *et seq.*

<sup>3</sup> This document provides significant guidance under the Office of Management and Budget’s Final Bulletin for Agency Good Guidance Practices, 72 Fed. Reg. 3432 (Jan. 25, 2007). This guidance does not have the force and effect of law and does not bind the public or create new legal standards. This document is designed to provide clarity to the public regarding existing legal requirements under Title VI, the Equal Protection Clause, and other federal civil rights and constitutional law principles. If you are interested in commenting on this guidance, please email your comment to [OCRO@ed.gov](mailto:OCRO@ed.gov) or write to the following address: Office for Civil Rights, U.S. Department of Education, 400 Maryland Avenue, S.W., Washington, D.C. 20202. For further information about the Department’s guidance processes, please visit the Department’s webpage [here](https://www.ed.gov).

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[www.ed.gov](http://www.ed.gov)

*The Department of Education’s mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.*

## International Issues/Immigration

- A more expansive travel ban expected soon
- Secretary of State Rubio has estimated that more than 300 student visas have been revoked due to pro-Palestine activism or opposition to American foreign policy
- Fulbright Scholars have had their funding paused, unable to draw down funds



# International Issues/Immigration

## Draft List of Proposed Travel Ban Countries

An internal Trump administration proposal lists the following countries whose citizens could face restrictions on entering the U.S. Some countries may change in any final order.

### Red

All travel banned

- Afghanistan
- Bhutan
- Cuba
- Iran
- Libya
- North Korea
- Somalia
- Sudan
- Syria
- Venezuela
- Yemen

### Orange

Visas sharply restricted

- Belarus
- Eritrea
- Haiti
- Laos
- Myanmar
- Pakistan
- Russia
- Sierra Leone
- South Sudan
- Turkmenistan

### Yellow

60 days to address concerns

- Angola
- Antigua and Barbuda
- Benin
- Burkina Faso
- Cambodia
- Cameroon
- Cape Verde
- Chad
- Republic of Congo
- Democratic Republic of Congo
- Dominica
- Equatorial Guinea
- Gambia
- Liberia
- Malawi
- Mali
- Mauritania
- St. Kitts and Nevis
- St. Lucia
- São Tomé and Príncipe
- Vanuatu
- Zimbabwe

## Trump Admin-NIH Indirect Costs

- The Trump Administration has capped indirect costs at the National Institutes of Health at 15%, which would result in deep cuts to universities.
- The average indirect is around 28%, which often does not fully cover costs.
- This is being challenged in court



## Other Executive Actions

- 3/7/25 “Restoring Public Service Loan Forgiveness”
- 2/25/25 “Keeping Men Out of Women’s Sports”
- 1/29/25 “Additional Measures to Combat Anti-Semitism”
- 1/21/25 “Ending Illegal Discrimination and Restoring Merit-based Opportunity”
- 1/20/25 “Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government”



## Other Issues

- Cancellation of \$600 million in teacher education grants due to divisive concepts
- Title IX is back to the 2020 Trump-era rules
- \$400 million funding pause for Columbia University
- Grant cuts in other areas of the U.S. government, such as USAID

## Current Lawsuits

- DEI letter has been met with three federal lawsuits
- Lawsuits have been filed to stop the dissolution of the Department of Education. Hearings start later this month in Boston.
- Multiple lawsuits for international students who had visas revoked
- The \$600 million in teacher training grants is at the Supreme Court
- The NIH Indirect Cost case is on a nationwide injunction due to the ongoing federal court case in Boston
- The \$400 funding pause for Columbia has been met with a lawsuit
- DOJ targeting California colleges for affirmative action



## SHEEO Daily Policy Update

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

Monday, March 31, 2025

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

### National Policy

[Report: Top Public Policy Issues Facing Governing Boards in 2025–2026](#)  
AGB (Date posted: March 28, 2025)

[Report: Title IX and Athletics: Legal Basics](#)  
Congressional Research Service (Date posted; March 27, 2025)

[Report: Deep Dive: How the Fiscal Year 2025 Long-term Continuing Resolution May Impact Federal Funding for the U.S. Department of Education](#)  
EducationCounsel (Date posted: March 28, 2025)

[Report: Investing in College Readiness: Societal Benefits and Costs of the El Dorado College Promise Program](#)  
EdWorkingPaper (Date posted: March 2025)

[Report: To Give or to Take: Exploring Effects of Reductions in Pell Lifetime Eligibility](#)  
The Journal of Higher Education (Date posted: March 27, 2025)

## Questions and Contact Information

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