



The Federal Higher Education Landscape: Policy, Funding, and Institutional Impact

Kentucky Postsecondary Education Trusteeship
Conference

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Today's Agenda



I. Federal Financial Aid

- Pell Grants, Student Loans

II. Trump Administration Agenda and Priorities

- Accreditation, Research, Grantmaking

III. Congress

- Funding, College Sports, Lame Duck Bills



Federal Financial Aid

Implementation of the One Big
Beautiful Bill Act (H.R. 1)

Workforce Pell: Program Basics



Eligible Programs

- Run 8-14 weeks and 150-599 clock hours, includes credit and noncredit
- Prepare students for high-skill, high-wage or in-demand occupations
- Lead to a recognized, stackable postsecondary credential
- Programs must be college-based, operate for at least one year, provide 75% of instruction/program design

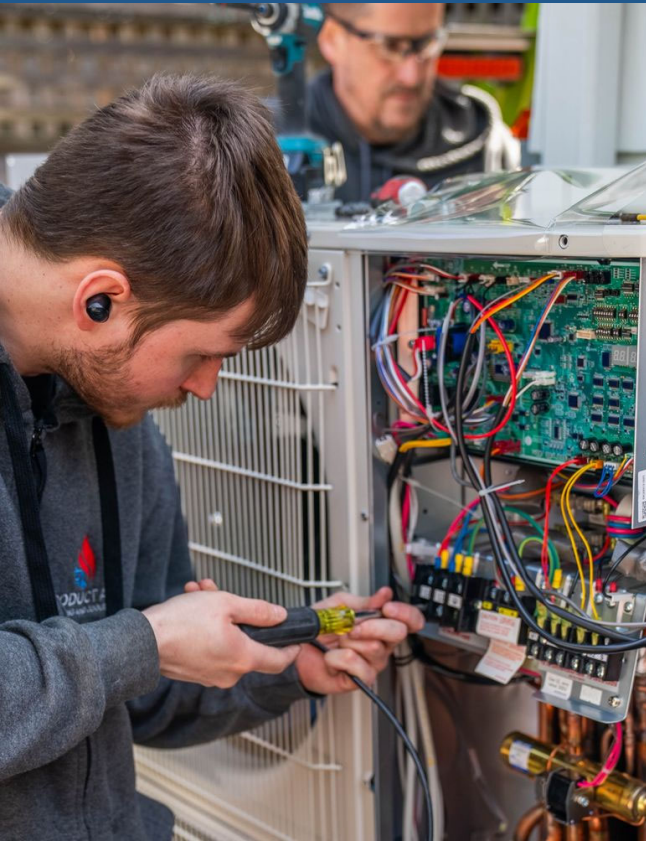
Approval and Governance

- States identify eligible occupations, colleges submit programs for review
- States review and approve programs, U.S. Dept of Ed verifies
- States can enter into bilateral agreements for interstate access

Awards

- Expected to range from approximately \$120 to \$4,310
- Count towards a student's lifetime limit of 12 semesters

Workforce Pell: Performance and Accountability



Performance and Accountability

- Programs must maintain 70% completion rate, 70% occupation-aligned occupation rate, provide earnings boost that exceeds program costs (earnings above 150% FPL > listed tuition and fees)

Data Collection: States likely need to collect new data to participate

- Completion data: States collect and report to feds
 - Noncredit course data not widely available or formally collected
- Job placement data: States collect and report to feds
 - Occupation-aligned job placement data required by 2029
 - States must use administrative data to connect program to related and relevant occupations
 - Likely requires detailed enhanced wage records, connecting program classifications (CIP) to occupations codes (SOC)

NCSL Resource: Legislator's Guide to Workforce Pell

Findings from the Field

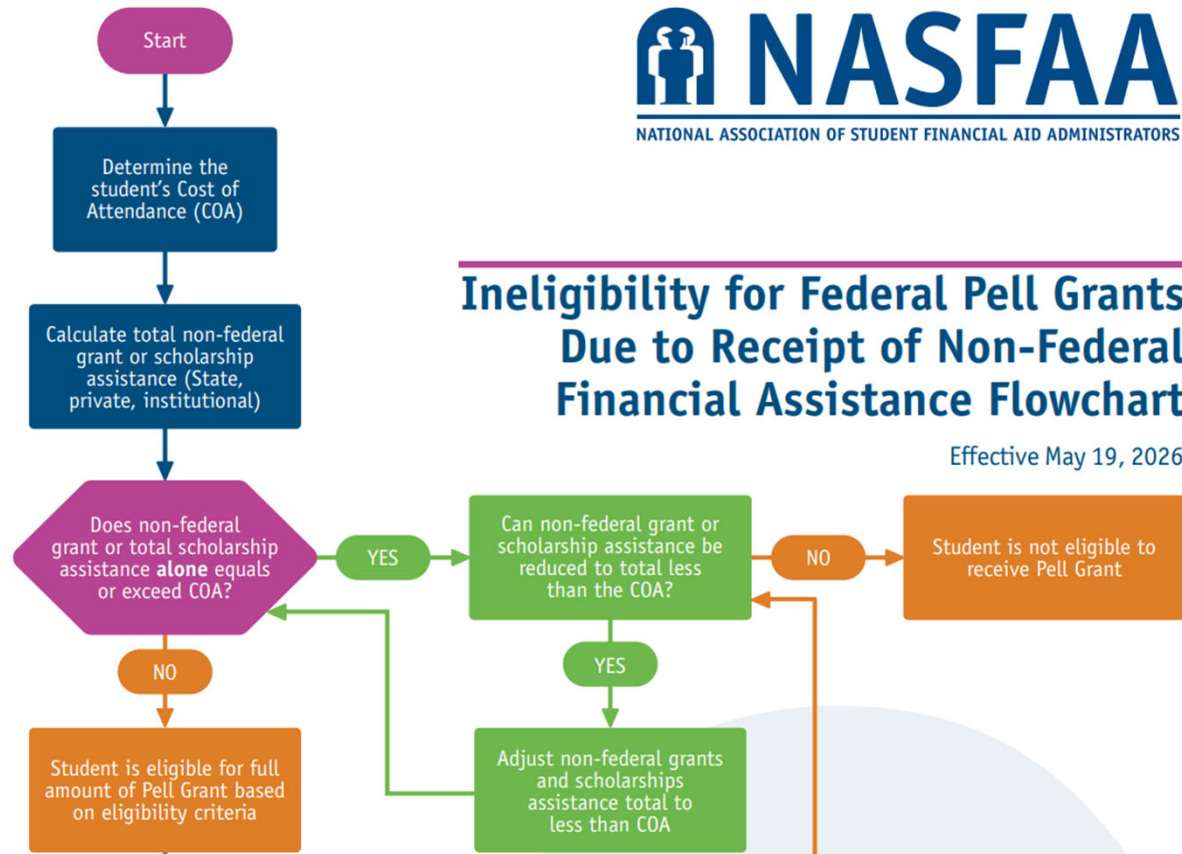
- Many existing short-term programs may not initially qualify for Workforce Pell
- Many players involved in state-level governance
- Bilateral agreements present opportunities for interstate coordination.
- Nearly every state will need to develop its postsecondary and workforce data systems for programs to participate in Workforce Pell.
- Managing the occupation-aligned job placement performance metric will likely be a high-stakes focal point of implementation for states and institutions.
- Workforce Pell may not readily align with existing state investments in short-term education and training programs.
- Students may need additional support and outreach to enroll, complete and succeed beyond graduation.



Pell Grants: Minor Eligibility Change + Shortfall

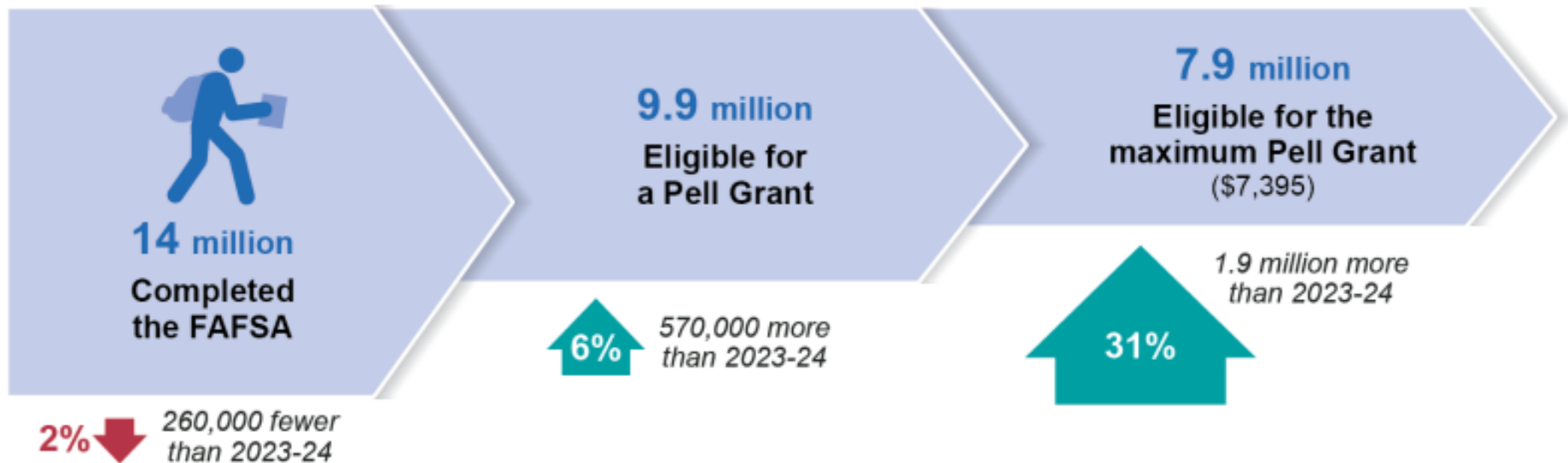
- **OBBBA: Students ineligible for Pell if non-federal aid = COA**
 - If aid exceeds, can be reduced to restore full Pell eligibility
- **Pell Shortfall:**
 - More students receiving Pell Grants, especially maximum Pell (\$7395)
 - FAFSA Simplification Act (2020) expanded student eligibility
 - SY 24-25: 7 million undergrads received nearly \$40 billion
 - July 2025: Congress funds shortfall by \$10.5 billion via OBBBA
 - Feb. 2026: CBO predicts short- and long-term funding gaps
 - By Sept. 30, a \$5.5 billion shortfall predicted
 - Over 10 years, a cumulative deficit of \$132 billion
 - POTUS FY27 Request: \$10.5 billion to address Pell shortfall
 - Congress has not passed any FY27 funding bills yet

OBBBA: Pell ineligibility if non-fed fin aid exceeds cost-of-attendance



GAO: Pell Grant Report (April 2026)

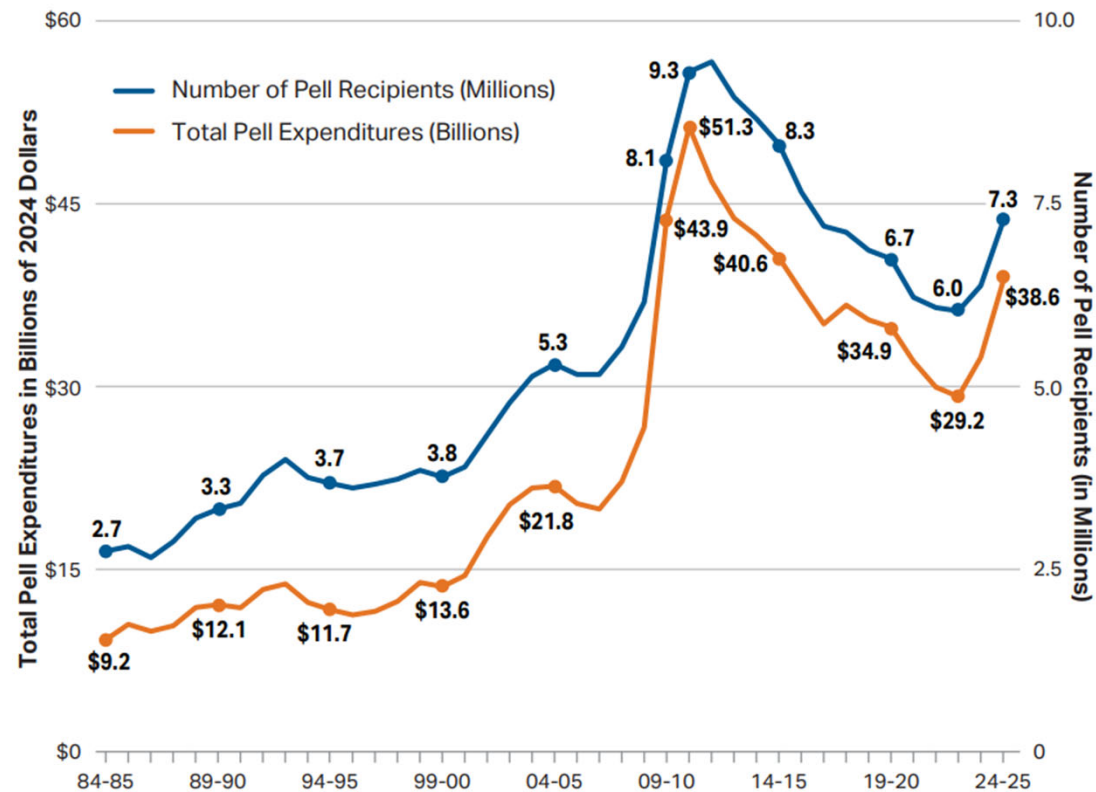
Figure 1: Pell Grant Eligibility in School Year 2024–25 Compared with School Year 2023–24



Source: GAO analysis of Department of Education Free Application for Federal Student Aid (FAFSA) data. | GAO-26-107928

College Board: Trends in College Pricing Report (Fall 2026)

FIGURE SA-17A Total Pell Grant Expenditures and Number of Recipients, 1984-85 to 2024-25



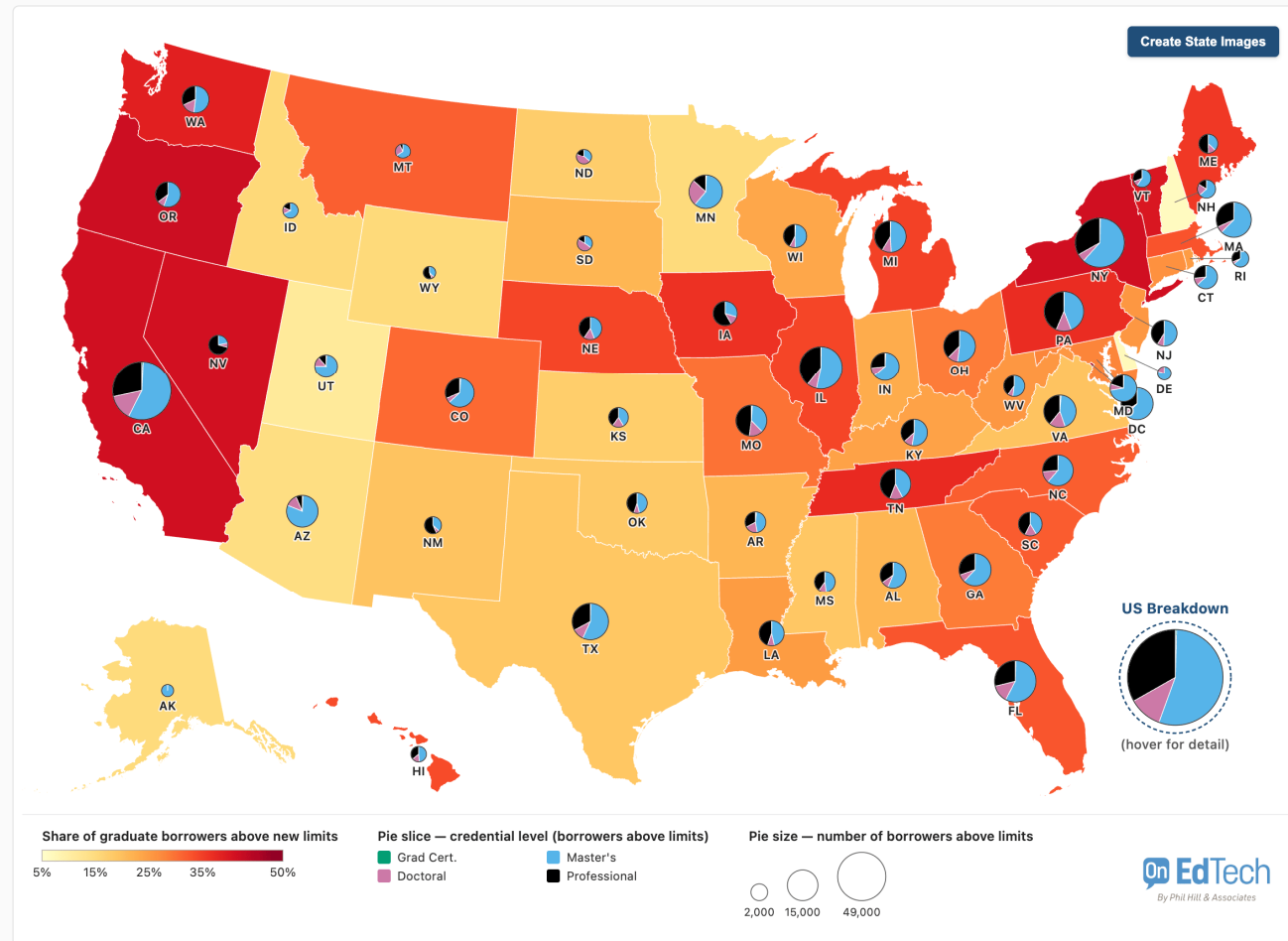
Student Loan Limits



- **All Student Loans**
 - Institutions can now set lower loan limits
 - Borrowing prorated based on enrollment intensity
- **Undergraduate Loans:** No changes
- **Graduate Loans:** New limits
 - Graduate program cap of \$100k (\$20.5k/yr)
 - Professional program cap of \$200k (\$50k/yr)
 - Fed rule limited to 11 program types
 - July court order temporarily expanded to 29 programs
- **Parent Loans:** New limits
 - \$20k/yr per student, \$65k lifetime per student

Share of Graduate Borrowers Above New OBBBA Loan Limits, by State

Color = share of graduate borrowers above the new caps. Pie = breakdown of affected borrowers by credential level. Circle size scales with the total number of borrowers above the limits.



Source: On EdTech analysis of PEER Center data (April 2026 brief, "How New Graduate Loan Limits Will Affect Individual Colleges"), underlying file from the U.S. Department of Education's Office of the Chief Economist. Data reflect academic years 2020–2023. See PEER report appendix for methodology; imputation introduces error at granular levels.

Student Loan Accountability: Low Earning Outcomes Programs



- **Policy:** Student Tuition and Transparency System (STATS) and Earnings Accountability rule
 - Prohibit federal student loans to programs where majority of completers earn less than median high school grad (or bachelor's degree if grad program)
 - Programs lose eligibility if they fail in 2 of 3 years, includes appeals process
 - Neg reg committee added policy that would restrict all federal aid to institutions where more than half of students are enrolled in failing programs, or more than half of all federal aid goes to failing programs
 - Replaces the Gainful Employment rule
- **Federal analysis:** 95% of programs pass: 2% of undergrad fail, 4% of grad fail, 29% of credentials

Student Loan Repayment: New Plans and Existing Challenges

- **New borrowers:** only have two plans available after July 1, 2026:
 - Standard plan: Fixed payments like a mortgage
 - 10 years for less than \$25,000 borrowed, 5 years added for every \$25,000 borrowed, max of 25 years
 - Repayment Assistance Plan (RAP): Income-based payments (see right)
 - Subsidizes unpaid interest, provides matching principal payment of up to \$50 monthly, payments reduced by \$50 per dependent, requires 30 years of payments to cancel balance
- **Current borrowers:** Borrowers with select income-driven repayment plans must choose between RAP and IBR plan July 1, 2028
 - Estimated ~10 million borrowers will need to switch repayment plans
- **Repayment challenges:** Collections and wage garnishment paused
 - 9 million borrowers had defaulted on \$220 billion in fed loans
 - 8.4 million in forbearance on \$485 billion in fed loans
 - Borrowers who enroll in auto pay by Sept. 30 receive 1% interest reduction

Repayment Assistance Plan (RAP) Payment Calculation

AGI	Annual Payment
\$0-10K	\$120
\$10-20K	1% of AGI
\$20-30K	2% of AGI
\$30-40K	3% of AGI
\$40-50K	4% of AGI
\$50-60K	5% of AGI
\$60-70K	6% of AGI
\$70-80K	7% of AGI
\$80-90K	8% of AGI
\$90-100K	9% of AGI
>\$100K	10% of AGI

New Rules Take Effect for Student Loan Borrowers and Universities

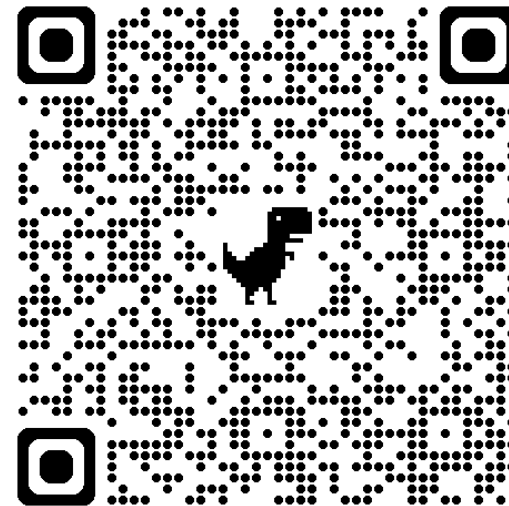
The changes are part of last year's One Big Beautiful Bill Act.

By Austin Reid | July 14, 2026

State Legislatures News

Education

State-Federal





Trump Administration Agenda and Priorities

Interagency Agreements: Department of Education

14 total agreements to move core functions of ED to other agencies



- **Interagency Agreements: Simple Overview**
 - ED retains statutory responsibilities and policy authority
 - Grant management and program administration transfers to new agency
- **Federal Student Aid Office still remains at the U.S. Dept of Education**
 - 2027-2028 FAFSA launched on September 23rd
- **Many other higher education administrative roles in process of transfer**
 - Department of Labor: Office of Postsecondary Education (OPE)
 - Oversees TRIO/GEAR UP, institutional support – over \$3 billion
 - Department of State: higher ed foreign gift and contract reporting
 - Department of Health and Human Services: Foreign Medical Accreditation Partnership and Child Care Access Means Parents in School (CCAMPIS)
 - Department of Treasury: Anticipated elevated role in loan collections
- **Transfer of K-12 administrative responsibilities has been slower and more deliberative than initially anticipated**

Federal Accreditation: Recent Actions



- **April 2025:** Trump EO on Accreditation Reform
- **May 2025:** Guidance to streamline process for institutions to change accreditors, including when directed by state law
- **June 2025:** Six states create Commission for Public Higher Education (CPHE)
- **February 2026:** Interpretive rule to shorten timeline towards recognition
- **August 2026:** Accreditation, Innovation, and Modernization Proposed Rule
 - Streamline processes for recognizing new accreditors
 - Accreditors must take into account student outcomes measures
 - Institutions must disclose transfer of credit policy and rationale for accepting or denying credits
 - Accreditors evaluate institutional policies and practices for maintaining academic freedom and intellectual diversity
- **September 2026:** American Bar Association accreditor status in question

Federal Research Funding

- **Federal Research Funding in Flux**

- Slow pace of awards: NIH on pace, NSF behind by 23% (can carryover)
- Grant cancellations: Significant cancellations in 2025
- Governance changes: NSF Board and Director fired in April, still have not been replaced

- **Office of Management and Budget's (OMB)'s "Regulation for Federal Financial Assistance"**

- Merit review process becomes advisory, emphasizes agency discretion
- Expands authority to terminate grants without appeal process
- Congress delayed implementation until at least Dec. 11, agencies implementing their own versions of rule
- September 2026: White House dropped plans for EO to give political appointees control over NIH grantmaking



U.S. Dept. of Education Higher Education Regulatory Agenda

Actions under the Trump Administration



- **TRIO**
 - Aug. 2026: First slate of \$186m in awards, second slate anticipated
 - Fall 2025: 120+ program grants due to “DEI” references
- **Fund reprogramming for Minority Serving Institutions (MSI) Grant**
 - Sept. 2026: \$174m to HBCUs, \$61m to tribal colleges
 - Sept. 2025: \$495m to HBCUs, tribal colleges
- **DOJ sues 24 states in-state tuition for undocumented students**
 - IL, KS, KY, NE, OK, TX ended policies, MN case dismissed
- **PSLF Rule Blocked by Courts:** Would disqualify orgs with “substantial illegal purpose”
- **Admin’s “Compact for Academic Excellence in Higher Education”**
 - October 2025: 10-point compact offered to 9 institutions for feedback
 - August 2026: ED issued new, nonbinding “Call to Action”



Congress

Outlook on Congressional Legislation



- **FY2027 Funding:** Continuing resolution funds government through Dec. 11
- **Protect College Sports Act:** likely passes Senate soon, House uncertain
 - Anti-trust protections: One-time transfer, 5-year eligibility window
 - Includes state preemption, does not address collective bargaining
 - Federal standards: New from previous versions
 - Implement “hard cap” (~49m), 5% agent fee limit
 - Prevents eliminating Olympic sports programs, reducing scholarships
 - Conference size limits, “Lane Kiffin” rule
 - Mandates student athlete protections, private right of action
- **Bills that have received recent consideration in Senate**
 - College Cost Transparency Act: creates student level data system
 - RISE Act: Colleges can use existing disability plans for accommodations
 - State-Based Education Loan Awareness Act
 - Allows institutions to discuss state-based lenders with students
 - Proposals to create a standardized financial aid award letter



Discussion + Q&A

