

# **The Federal Update for June 13, 2025**

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*Due to the Juneteenth holiday next week, the next issue of the Federal Update will be published on Friday, June 27th.*

## Legislation and Guidance

### Senate Pushes Forward on Reconciliation Legislation

Following the House of Representative’s passage of budget legislation last month that would make changes to domestic social programs, lawmakers in the Senate have been pushing forward on drafting their own version of the bill, which will be considered under the expedited budget reconciliation process. Each Senate committee is tasked with drafting portions of the overall bill that fall under its jurisdiction.

The Senate Committee on Health, Education, Labor, and Pensions (HELP) released its bill text this week. The HELP Committee language aligns with the House legislation in many ways, but not all. The Senate bill makes similar changes to student financial aid programs by narrowing income-based repayment plans to two options, establishing a “Workforce Pell” program to allow those grants to be used for short-term programs, and providing funding to address a shortfall in the Pell grant program. However, the Senate does not go as far as the House legislation in rolling back eligibility for federal student aid, opting to leave out provisions to modify Pell grant eligibility and only capping student loans for graduate programs (the House legislation imposes caps on undergraduate student loans as well). The Senate also chose to eliminate the House’s higher education “risk-sharing” model under which institutions are held liable for a portion of defaulted student loan balances. In addition, while the Senate legislation follows the House in repealing certain higher education regulations, including borrower defense, the HELP Committee does not eliminate regulations for gainful employment. Many of these changes are likely the result of trying to safeguard the bill against challenges under the Byrd rule, which states that reconciliation provisions must all be primarily budgetary in nature, and not policy-oriented.

Republican lawmakers have said that the Senate legislation will result in approximately $300 billion less in funding for education programs over ten years compared to the House’s $350 billion reduction. The HELP Committee language will be incorporated into a larger budget bill, as other Senate committees continue drafting their own portions. The legislation must first be approved by the Senate Budget Committee and pass muster under the Senate Byrd Rule before it faces a final vote by the full Senate.

The fate of the reconciliation bill remains unclear, as the Senate legislation will differ from the version passed by the House, which passed with only a one-vote margin. Any changes compared to the House version must be reconciled, with both chambers passing identical legislation. In addition, some Republican lawmakers have stated they were unaware of certain provisions in the bill, which would have impacted their vote and may provide further challenges for the House to pass an amended bill. Earlier this week, the House passed a package of “corrections” to the reconciliation bill designed to help smooth passage in the Senate so that the House does not have to take another vote, but it is not clear if the Senate will accept those changes. The White House is pushing for a final vote by July 4th, but some lawmakers are skeptical that all required procedural steps and negotiations can be completed by then.

In the meantime, House lawmakers are continuing work on other fiscal-related legislation, including voting on the President’s funding rescissions package and moving forward on fiscal year 2026 appropriations legislation.

Resources:

Jessica Blake, “Senate HELP Committee Releases Plan for Higher Ed Reform,” *Inside Higher Ed,* June 10, 2025.

Rachael Bade, “The White House Wants the Megabill by July 4. For Real.,” *Politico*, June 12, 2025.

Author: KSC

## News

### ED Started Transition of Some Grants, Court Documents Show

A declaration filed with the court in the litigation over the firing of over a thousand U.S. Department of Education (ED) staffers include documents which show efforts to begin moving the administration of key programs to other agencies.

The declaration argues that many ED efficiency and cost-savings initiatives – including the interagency agreements – are now on hold because of the court’s preliminary injunction. These two documents show plans to start the transition of some workforce training programs to the U.S. Department of Labor (DOL) and explore shifting the administration of federal student aid to the U.S. Department of Treasury.

The Treasury document is a “detail agreement” which allows some ED staff – including student loan and contract experts as well as staff linked to the Department of Government Efficiency (DOGE) – to conduct work and technical assistance at Treasury. The declaration itself notes this arrangement was “regarding student loan management.”

Another agreement with DOL would allow the two agencies to co-manage workforce training programs including Perkins and the Workforce Innovation and Opportunity Act. Under the agreement, DOL would manage and monitor grantees while ED would maintain supervisory authority through the Office of Career, Technical, and Adult Education and would reimburse DOL for up to $2.7 billion of funds for those programs. In a statement to reporters Wednesday, ED spokesperson Madi Biedermann said that the goal of the agreement is to “allow ED and DOL to better coordinate and deliver on workforce development programs.” The law cited by ED, which permits the agency to jointly manage programs, requires it to notify Congress no later than 60 days after the date of the agreement and provide information including the “purpose and objectives of the joint funding arrangement.” That report would be due in mid-July.

Though management agreements and details are relatively routine within the federal government, the timing and subject of both agreements are notable. The President’s spending proposal for fiscal year 2026 suggests consolidating the same job training grants into a single “Make America Skilled Again” grant operated by DOL.  Similarly, in discussions about eliminating ED, the President, his cabinet, and advisers have suggested transferring management of the student loan portfolio to Treasury. These agreements are the first concrete evidence that steps have been taken toward transferring that authority and preparing to move programs.

Additionally, the government has repeatedly acknowledged, including in court filings, that only Congress can close ED. But these actions seem to indicate that there are already plans in motion for the administration to do as much as courts will allow to facilitate that closure.

Author: JCM

### SCOTUS Rules Unanimously on School Disability Case

The U.S. Supreme Court issued a unanimous decision on Thursday in a case involving the standard required to prove discrimination in an educational setting under Title II of the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act. Both laws apply to students with disabilities and require schools to provide reasonable accommodations.

The plaintiff in the case is a student from Minnesota with epilepsy who sued her school district for denying a requested accommodation related to her disability. The lower court determined that the student was required to demonstrate that the school district acted in “bad faith” or “gross misjudgment” in order to obtain financial relief. The standard applied by the 8th Circuit Court of Appeals and certain other circuits does not align with the lower standard used in some other appellate courts, which only requires plaintiffs to show that the school or district acted with “deliberate indifference” in these types of cases. In addition, the courts that apply the higher legal standard only do so for alleged discrimination under the ADA and the Rehabilitation Act in educational settings, while using the lower legal standard for non-education related violations of those laws. As noted in the Supreme Court opinion, the 8th Circuit has used the higher standard to “‘harmonize’ the Rehabilitation Act and the [Individuals with Disabilities Education Act (IDEA)] and to reflect the proper balance between disabled children’s rights, state officials’ responsibilities, and courts’ competence in technical fields.” While the ADA and the Rehabilitation Act apply to disability in and out of educational settings, students are provided further protection under IDEA, which requires schools to provide students with disabilities a free appropriate public education.

In the decision Thursday, the Court ruled to apply the lower “deliberate indifference” standard to all disability discrimination cases in educational settings. Chief Justice John Roberts in the opinion wrote that “[n]othing in the text of Title II of the ADA or Section 504 of the Rehabilitation Act suggests that such claims should be subject to a distinct, more demanding analysis.” Although the school district argued for applying the higher legal standard of the 8th Circuit to all disability discrimination cases, education-related or not, the Court chose not to address that question in this particular case.

Opponents of using the lower standard for education-related disability have raised concerns that it will increase the financial burden on school districts if a higher number of cases for relief are successful. Disability advocates, however, praised the ruling for ensuring students with disabilities are afforded the same legal rights as individuals in non-educational settings.

[The full opinion is available here](https://www.supremecourt.gov/opinions/24pdf/24-249_a86c.pdf).

Author: KSC

### FSA Imposes Stricter Verification Process for Student Aid

Last Friday, the U.S. Department of Education (ED) announced that it would be making changes to the identity verification process for students applying for federal financial aid. ED is requiring changes to take place this summer while it develops a permanent verification process in the fall of this year.

The announcement comes after colleges and universities have reported increases in fraudulent student aid applications. The issue was also addressed in the Office of Inspector General’s (OIG’s) last semiannual report, where the OIG found that almost $27 million in federal aid had gone to student accounts that it suspected of being fraudulent. The report said that ED had taken steps to address the fraud but should consider additional action. In the announcement last week, ED partially blamed the uptick in fraud on the previous administration. During the COVID-19 pandemic, the Biden administration eased requirements for verification by requiring fewer students from low-income families to provide additional information. Still, the Biden administration said it would work on addressing instances of fraud and identity theft.

In the announcement, ED said that in the last week it found 150,000 financial aid applications that it suspects are fraudulent. Students can be subject to additional verification if the application has errors or if there is suspected fraud. Three types of verification could be required: one that requires income or tax documents, another that requires identity verification documents, and another that requires all documents. For the summer, ED will require colleges and universities to screen these students by verifying their documentation in person or on a video call. The student must present an “unexpired, valid, government-issued photo identification,” and the institution is required to maintain that documentation.

ED estimates that the change will impact approximately 125,000 students. Some educational leaders are concerned with the barriers this could present for students trying to access higher education. Elizabeth Morgan at the National College Attainment Network said that while addressing fraud is important, it “must be balanced against access,” and barriers could keep students from obtaining a college degree.

[The new requirements can be found here.](https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2025-06-06/significant-actions-prevent-fraud-through-identity-verification)

Resources:

Danielle Douglas-Gabriel, “Students applying for financial aid will face stricter ID verification,” *Washington Post*, June 6, 2025.

Author: BTW

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