

# **The Federal Update for March 14, 2025**

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Re: Federal Update

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##  Legislation and Guidance

### House Passes CR, Fate in Senate Uncertain

The House passed a full-year fiscal year (FY) 2025 continuing resolution (CR) on Tuesday along mostly partisan lines, which would extend funding at FY 2024 levels through September 30th. The government is currently operating under a CR that will expire at 11:59 p.m. Friday.

The House-passed legislation generally keeps funding static for education programs, with the exception of “earmarked” funding for K-12 and higher education programs. Any earmarks for specific projects included in the FY 2024 appropriations law are discontinued under the House bill. However, stakeholders and Congressional Democrats have raised concerns over the lack of an explanatory statement to accompany the legislation, as well as the lack of clear funding levels for each individual program in the bill. Under the House legislation, many education programs are grouped together, with one total amount of funding provided for that group of programs, such as all special education programs. In the absence of an explanatory statement, which is typically attached to appropriations bills, stakeholders and Congressional Democrats are concerned that federal agencies, like the U.S. Department of Education, do not have specific instructions on how much funding each individual program within a group should receive and that agencies may view the lack of clarity as an opportunity to use the funds more flexibly than intended by Congress.

The House bill has been referred to the Senate, where its fate is unclear. Earlier in the week, most Senate Democrats, including Senate Minority Leader Chuck Schumer (D-NY), indicated they would vote “no” on advancing the House CR to a final vote, presenting a hurdle as Senate Republicans need the support of at least eight Democrats to clear the 60-vote procedural hurdle on the House CR, with one Republican, Paul Rand (R-KY), opposing the legislation. Senate Democrats had also floated a proposal of their own that would extend funding until April 11th. In a shift Thursday evening, however, Schumer (D-NY) stated that he would vote to advance the House CR to avoid a government shutdown. Schumer, in a speech on the Senate floor, acknowledged shortcomings in the House CR but also raised concerns about what action the administration may take during a shutdown, including firing additional federal employees. Meanwhile, House Democrats, who almost unanimously voted against the House bill despite many being in moderate districts, have become increasingly angry at Democratic Senators for not doing more to oppose the bill while they have leverage.

While the risk of a government shutdown has decreased since yesterday, it remains uncertain whether enough Democrats will vote to advance the House CR. A vote is scheduled for Friday afternoon.

Author: KSC

### White House Issues Executive Order on PSLF Program

The President signed an Executive Order (EO) last Friday directing the U.S. Department of Education (ED) to revise the eligibility requirements for the Public Service Loan Forgiveness (PSLF) program. The PSLF program allows borrowers who have made 120 qualifying payments and work in a public service role, including for government organizations and certain non-profit organizations, to have their remaining loan balance forgiven.

The EO issued last week directs the Secretary of Education to modify the PSLF program “to exclude from eligibility organizations that engage in activities that have a substantial illegal purpose.” Specifically, the EO directs ED to exclude organizations that aid or abet violations of federal immigration requirements; support terrorism; engage in child abuse, including the “trafficking of children to so-called transgender sanctuary States for purposes of emancipation from their lawful parents”; aid or abet illegal discrimination; or violate State tort laws.

In order to implement the changes to the program, ED will be required to engage in a negotiated rulemaking process, as mandated by the Higher Education Act.

[The Executive Order is available here](https://www.whitehouse.gov/presidential-actions/2025/03/restoring-public-service-loan-forgiveness/).

Author: KSC

## News

### Education Department Cuts Nearly Half of Workforce

The U.S. Department of Education (ED) announced a reduction in force impacting almost half of its staff on Tuesday. ED fired over 1,300 employees, and nearly 600 others had recently taken buyout and resignation offers. ED, which began with 4,133 employees at the start of the Trump administration, will now operate with around 2,100 employees. Secretary of Education Linda McMahon said that the reduction in force was a “significant step toward restoring the greatness of the United States education system.”

ED’s announcement came after it told staff on Tuesday to leave their offices before 6 p.m. and to work remotely on Wednesday due to “security reasons.” A press release issued by ED later confirmed the workforce reduction and disclosed that impacted employees would be placed on administrative leave beginning on March 21st and would continue to receive pay and benefits until June 9th.

The reduction disproportionately affected certain offices, with Federal Student Aid, the Office for Civil Rights (OCR), and the Institute of Education Sciences losing nearly 700 staff members. OCR offices in San Franciso, Dallas, Chicago, Cleveland, Philadelphia, New York City, and Boston were eliminated. Attorneys and Programs Analysts were targeted the most with the cuts, and the Office of the General Counsel lost a significant portion of its employees.

President Trump praised McMahon’s termination of employees, saying that “many of them don’t work at all. Many of them never showed up to work.” McMahon stated that the terminations were the administration’s first step in completely eliminating the Department. Elimination of ED would require an act of Congress, which is unlikely to gain the necessary Democratic support in the Senate.

In the press release announcing the reduction, ED said that the cuts reflected a commitment to efficiency and that some offices will experience “significant reorganization to better serve students, parents, educators, and taxpayers.” However, some have noted that the firings will significantly impact ED’s ability to continue conducting OCR investigations and other required functions, such as approving COVID-19 stimulus program reimbursements. James Kvaal, the Undersecretary of Education during the Biden administration, said that the mass reduction will result in “delays, bugs, denial of services, and potentially even data breaches.”

On Thursday, a group of 21 attorneys general sued the administration over the firings, calling the action “illegal and constitutional.” They are asking for a court order to stop the administration from dismantling ED, which they say would prevent the Department from carrying out its “legally mandated functions.”

In a separate case, a United States district judge issued a temporary restraining order Thursday evening, halting previous mass firings at several federal agencies, including ED, for 14 days. That order applies to the firing of probationary employees at ED earlier this year. In the order, the judge determined that the administration did not comply with federal requirements and procedures surrounding reductions in force.

Resources:

Hurubie Meko and Troy Closson, “Democratic Attorneys General Sue Over Gutting of Education Department,” *New York Times*, March 13, 2025.

Kyle Cheney and Josh Gerstein, “Judge orders sweeping rehiring of fired workers at 18 federal agencies,” *Politico*, March 13, 2025.

Lexi Lonas Cochran, “Department of Education lays off nearly half of workforce,” *The Hill*, March 11, 2025.

Author: BTW

### Judge Pauses ED Grant Terminations

A federal district court in Massachusetts granted a temporary restraining order (TRO) on Monday against the U.S. Department of Education’s (ED’s) termination of two grant programs. The lawsuit arose from nearly identical termination letters that were sent nationwide to the recipients of Teacher Quality Partnership (TQP) and Supporting Effective Educator Development (SEED) grant programs.

ED claimed in its termination letters that the grants were being cancelled due to one or more reasons, including: the promotion of diversity, equity, and inclusion initiatives; not being free from “fraud, abuse or duplication;” or failing “to serve the best interests of the United States.”

Despite a TRO being a “drastic remedy,” Judge Joun decided to grant the request because, among other reasons, the plaintiff States had shown a likelihood to succeed on the merits of their argument.

The States, led by California, successfully argued that ED’s actions were likely to be found arbitrary and capricious under the Administrative Procedure Act. Judge Joun agreed, noting that ED offered no “reasoned explanation” for the grant terminations. Indeed, the standardized nature of the letters and the multiple rationales offered as a basis for terminating the grants “amount[ed] to no explanation at all.” ED has appealed the TRO.

Although the order is limited in its effect to only those States involved in the litigation (California, Massachusetts, New Jersey, Colorado, Illinois, Maryland, New York, and Wisconsin), another case with the potential for a nationwide injunction has already been filed by the American Association of Colleges for Teacher Education.

[The Order is available here.](https://storage.courtlistener.com/recap/gov.uscourts.mad.281668/gov.uscourts.mad.281668.41.0_1.pdf)

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