

Federal Update

June 24, 2026

Maryland Higher Education Commission

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State Higher Education Executive Officers Association (SHEEO)



SHEEO

State Higher Education
Executive Officers Association

June 2026 Update

- **Budget and Appropriations**
- **Key Legislation on Capitol Hill**
- **Uniform Guidance-Proposed Changes**
- **Accreditation Negotiated Rulemaking**
- **Legal Update**



Budget and Appropriations-House

- The House GOP has released their FY27 Appropriations bills
 - Labor-HHS-Education appropriations bill has cleared the full committee
 - Overall a 10% reduction in funding for the U.S. Department of Education
 - Key features
 - Eliminates funding for Direct Subsidized Student Loans
 - \$250 million increase in Pell Grant funding, with a \$50 boost in the maximum Pell Grant award
 - \$546 million in Federal Supplemental Educational Opportunity Grant funding (reduction of \$364 million from FY26)
 - \$908 million for Federal Work-Study (reduction of \$322 million from FY26)
 - \$1.2 billion for TRIO funding (increase of \$6 million above F26)
 - \$394 million for GEAR UP (increase of \$6 million above FY26)
 - \$1 billion for HBCUs/MSIs (an increase of \$16 million above FY26)
 - Amendment-Reclassification of nursing as professional degree program



Budget and Appropriations-Senate

- No agreement on FY27 spending levels
- Major differences on defense vs. domestic spending
- Continuing resolution increasingly likely this fall



Legislation-Protect College Sports Act

- Sens. Ted Cruz (R-TX) and Maria Cantwell (D-WA) have a bipartisan framework (Protect College Sports Act) to reform college sports.
- President Trump has voiced support for the legislation
- Bill has passed out to the Senate Commerce Committee (19-9)
 - Majority Leader Thune intends to bring it to the floor in July
- Supported by the NCAA, ACC, Big 12, and more than 20 conferences
- Opposed by the SEC and Big Ten, which object to media rights and litigation provisions
- House is weighing a separate bill called the SCORE Act



Legislation-Protect College Sports Act

- **Key feature of the bill**
 - Creates national NIL framework
 - Establishes transfer and eligibility rules
 - Allows revenue sharing with athletes
 - Provides limited antitrust protections
 - Expands athlete health and scholarship protections
 - Does not address employee status

Accountability-One Big Beautiful Bill Act

- **Threshold:** Program median earnings must meet or exceed those of high school graduates (undergraduate) or bachelor's degree holders (graduate)
- **Replaces GE/FVT** with a single earnings premium metric under renamed framework (STATS)
- **Fail 2 of 3 years** → lose Direct Loan eligibility; institutions with $\geq 50\%$ of Title IV funds/recipients in failing programs risk broader Title IV loss
- **Teach-out option** protects currently enrolled students
- **First calculations July 2027; earliest sanctions July 2028**
- **Status:** Final rule pending; implementation expected July 1, 2026
- ***Lower-earning programs could face new federal risks beginning in 2028***

Student Loans-One Big Beautiful Bill Act

Coming online July 1:

- New lifetime borrowing limit (\$257.5k)
- Grad PLUS loans eliminated
- Graduate loan limits (\$50k/yr, \$200k total for professional students; \$20.5k/yr, \$150k total for grads)
- Caps on Parent PLUS (\$20k annually, \$65k total per dependent student)
- Loan proration for part-time students
- ICR, PAYE, and SAVE are being phased out
- New repayment plan options (Standard or RAP)

***As a result, likely increased reliance on private borrowing to meet COA.
Some states are looking to expand or create student loan programs.***

OMB Proposes Major Changes to Federal Grant Administration

Federal Grant Oversight Changes

- Applies across most federal grant-making agencies
- Requires political review of discretionary grant awards
- Grants must align with administration priorities and the "national interest"
- Expands Executive Branch oversight of grantmaking
- Comments due July 13, 2026; proposed effective date October 1, 2026



**Office of Management
and Budget**

- **Potential Higher Education Impacts**
 - Expanded authority to suspend or terminate grants
 - Increased compliance, reporting, and documentation requirements
 - Greater uncertainty for multi-year awards
 - Potential impacts on research partnerships and international collaborations
 - Preference for lower indirect cost rates (no 15% cap proposed)
 - ***Research universities will face greater uncertainty with federal grants***

Negotiated Rulemaking

- The U.S. Department of Education's Accreditation, Innovation, and Modernization (AIM) negotiated rulemaking committee reached consensus May 21 on sweeping changes to accreditation regulations
- State officials were represented by Ray Rodrigues (FL)-primary and Michael Duffey-alternate (OH)
- Driven by Trump executive order; the Notice of Proposed Rulemaking is expected July 2026, final rule expected by November.
- Will likely take effect July 2027
- Legal challenges anticipated



Negotiated Rulemaking

- **Key changes**
 - Greater emphasis on student outcomes and workforce value
 - New focus on academic freedom and intellectual diversity
 - More transfer and student protection requirements
 - Support for innovation, shorter programs, and alternative pathways
 - Increased scrutiny of accreditors and accreditation processes

Legal Update

- Professional Degree Definition
 - 24 states and DC have sued the U.S. Department of Education over the “professional degree” limitations from negotiated rulemaking
 - A coalition of nursing associations have sued too
 - Outcome could affect graduate borrowing options for nursing and other health professions programs.
- New interagency agreements from ED

Questions and Contact Information

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