Federal Policy Developments Digest

August 7, 2025

Senate Confirms Under Secretary of Education (8.1.25)

The Senate confirmed Nicholas Kent in a 50-45 vote to become Under Secretary of Education, overseeing postsecondary education policies, programs, and activities; vocational and adult education; and federal student aid. In his first letter to the Education Department's staff, he focused on student loan accountability and workforce-aligned education, including alternatives to four-year degrees. Kent has spent his entire career in higher education, though critics are concerned about his previous ties to for-profit college groups, including Education Affiliates, a for-profit college company that agreed to a $13 million settlement with the Department of Justice over allegations of fraud. Prior to his work at the Department of Education, he worked as the Deputy Secretary of Education in Virginia.

Implications/next steps: Higher education experts have both praised and cautioned Kent's appointment. Some experts are encouraged that he is focused on constructive regulation rather than culture wars. Others are concerned that the agency does not have enough staff to protect students and taxpayers, even though Kent's stated priorities include improving outcomes and accountability.

Senate Moves to Protect Pell and Research Funding from Trump Administration's Proposed Cuts (7.31.25)

The Senate Appropriations Committee advanced its FY 2026 Labor-HHS-Education spending bill, pushing back against cuts the White House proposed. The bill preserves $22.5B for the Pell Grant program, maintaining the maximum Pell Grant award at $7,395, despite the administration's proposal to lower it to $5,710. The bill also preserves funding for TRIO and other programs the Trump administration proposed cutting. In total, the Department of Education would receive $79B, as opposed to the $66.7B requested by the administration. The bill also includes an NIH funding increase of $400M, bringing total NIH funding to $48.7B, and retains existing facilities and administrative reimbursement rules.

Implications/next steps: This marks the first step in a long appropriations process. The House Appropriations Committee has postponed marking up its version of the Labor-HHS-Education spending bill until September. Emmanual Guillory, ACE's senior director of government relations, notes that the House may wield more influence than in previous years, given it has already had more influence thus far this Congress. Democrats remain concerned that the Trump administration could still attempt to make unilateral changes moving forward, given that the administration has often declined to spend Congressionally appropriated funds. Relatedly, the administration is expected to introduce a second rescissions package soon that would include cuts to education funding; Trump's first rescissions package rescinded funding for public broadcasting.

Department of Justice Releases Memo Restricting DEI (7.30.25)

The Department of Justice's memo, Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination, builds on the Department of Education's February Dear Colleague Letter, which federal judges temporarily blocked in April. This memo shows how the DoJ will interpret existing federal anti-discrimination laws. It targets identity-based programs and practices as well as "unlawful proxies" for race and sex. A few examples in the memo that the administration views as "unlawful practices" include: race-based scholarships or programs, preferential hiring or promotion practices, access to facilities or resources based on race or ethnicity, race-based training sessions, and sex-based or race-based selection for contracts. Examples of "potentially unlawful proxies" in the memo are: "cultural competence" requirements, geographic or institutional targeting based on racial or ethnic composition, and "overcoming obstacles" narratives or "diversity statements." The memo also includes non-binding recommendations for "best practices" to avoid legal risks.

Implications/next steps: While the memo is nonbinding, meaning it does not carry the force of law, it is likely to have a chilling impact on DEI-related programming and practices at institutions that receive federal funding, as it threatens to cut federal funding from institutions that don't comply with the DoJ's guidance. Some legal experts have noted that they are concerned the memo will force institutions into preemptive compliance, rolling back legal programs and practices because they fear retribution. Additionally, tactics that institutions have relied on to diversify classes since affirmative action was banned, including place-based recruitment, are being targeted, which could bring new challenges for many institutions. President of the American Association of Colleges and Universities Lynn Pasquerella stated that the memo is “another example of governmental overreach into academic freedom, institutional autonomy and shared governance that conditions federal funding on ideological alignment with the administration’s viewpoints,” adding that considering race and gender in the context of historic discrimination doesn’t by itself constitute illegal discrimination.

NAFSA Announces a Potential 30-40% Decline in New International Student Enrollments (7.29.25)

NAFSA projects a loss of up to 150,000 international students for U.S. institutions in Fall 2025, potentially costing $7 billion in lost revenue and 60,000 jobs. NAFSA states that the projected 30-40% drop in new enrollments – which would be a 15% decline in total international student enrollments – stems from factors such as visa interview suspensions from May 27-June 18, limited appointment availability for international students at consulates, and visa bans targeting 19 countries. Reports indicate there have been limited to no appointments for international students at consulates in India, China, Nigeria, and Japan, which are the first, second, seventh, and thirteenth top countries, respectively, sending international students to the US. F-1 visa issuance was down 22% in May 2025 compared to May 2024, with the potential for an 80-90% decrease in June 2025.

Implications/next steps: Institutions heavily reliant on international tuition revenue could face serious financial strain, with Moody’s analysts warning that a 20% international enrollment dip for the 130 colleges they rate would lead to a 0.5 percentage-point hit to their earnings before taxes, interest, depreciation, and amortization (EBITDA). NAFSA has urged expedited visa appointments and processing as well as exemptions for students from countries with travel restrictions.

Education Department Begins Publishing Borrowers’ Nonpayment Rates by Institution (7.23.25)

The Education Department released data on student loan borrowers’ nonpayment rates, which show the percentage of direct loan borrowers who entered repayment since January 2020 and whose federal student loans were more than 90 days delinquent at the time of the data pull in mid-May 2025. This data release comes on the heels of the administration’s announcement in May that it would be restarting collections on defaulted student loans. The new data shows that 30% of borrowers who attended for-profits, 16% of borrowers who attended public institutions, and 14% of borrowers who attended private institutions were behind on their payments. Due to a pandemic-era pause on collections, the agency had not been collecting data on the number of graduates in delinquency or default since 2020. This meant that the department also wasn’t penalizing colleges for high cohort default rates, which calculates the percentage of borrowers who have defaulted on their debt. A student defaults on a loan after at least 270 days of non-payment.

Implications/next steps: Institutions can lose access to federal financial aid if their cohort default rate exceeds 30% for three consecutive years, or 40% for one year. Preston Cooper, senior fellow at the conservative thinktank the American Enterprise Institute, recommended that institutions begin helping borrowers with repayment now, as the cohort default rates will likely continue to increase. Carolyn Fast, director of higher education policy at the progressive thinktank The Century Foundation, stated that enforcing accountability would be difficult since 1) the agency has said that 10 million borrowers could default this summer after collections restart and 2) the agency has undergone significant reductions in workforce, including in the Federal Student Aid Office.