Federal Policy Developments Digest

October 10, 2025

Education Department's RISE Committee Continues Negotiated Rulemaking on Student Loan Policies (10.3.25)

The Education Department's Reimagining and Improving Student Education (RISE) committee – the negotiated rulemaking committee focused on federal student loan borrowing and repayment options – met for the first of two work periods last week. (Negotiated rulemaking is the ED's process for reviewing, discussing, and attempting to reach consensus on proposed regulations.) Early last week, the ED proposed that only 10 programs would qualify as professional degrees, which would give them a $200K ($50K annually) loan cap, whereas other graduate programs have a $100K ($20.5K annually) loan cap. Now, officials have proposed that from July 1, 2026, to June 30, 2027, the professional degree program definition would include programs that existed as of July 4, 2025; for which students received Title IV funds for the 2024-2025 academic year; and that were designated by the institution as a professional degree as of July 4, 2025. RISE committee members expressed continued concern about this proposal. Additionally, questions remain about the repayment plan transition process for existing borrowers. Under OBBBA, existing borrowers have until July 1, 2026, to apply for the Income-Based Repayment. However, borrowers with Parent PLUS loans could face a cumbersome process that will be difficult to complete before July 1, 2026. While some RISE committee members urged the department to simplify this process, there have been no changes to the department's plan yet. Due to the ongoing federal government shutdown, the department has not yet published updated documents from negotiated rulemaking on its website.

Implications/next steps: The RISE committee is scheduled to meet again on November 3-7, 2025, before voting on the regulatory changes. If the committee cannot reach consensus, then the Education Department can propose its own draft regulations, which will be available for a 30-day public comment period. Then, the final rules should be posted in early 2026 to take effect on July 1, 2026. The ED has an FAQ on negotiated rulemaking available here.

Federal Court Upholds Biden-Era Gainful Employment Regulations (10.2.25)

Federal Judge Reed O'Connor sided with the Education Department (ED) to reject an effort to overturn the Biden administration's gainful-employment (GE) rule, which was finalized in 2023. The lawsuit challenging the GE rule originated under the Biden administration; earlier this year, the Trump administration opted to defend the rule rather than withdraw it. The GE rule requires career education programs to demonstrate that graduates can afford their loan payments (debt-to-earnings) and earn more than a typical high school graduate (earnings premium). Programs that fail the metrics in two out of three consecutive years risk loss of Title IV eligibility. The GE rule mainly targets for-profit institutions but also applies to certificate programs at all institutions. The regulations also include reporting requirements for all institutions under the Financial Value Transparency (FVT) framework. For-profit representatives criticized the ruling as unfair, while student advocacy groups applauded the ruling as a needed accountability guardrail.

Implications/next steps: Phil Hill & Associates argue that this ruling not only preserves FVT and GE but also locks in the earnings premium test as "the new organizing concept for federal oversight." Under the reconciliation package passed in July 2025, institutions will face a similar earnings test via the OBBBA Do No Harm provision. The Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) committee – the negotiated rulemaking committee reviewing institutional and program accountability, the Pell Grant program, and other changes to Title IV programs – will meet in December 2025 and January 2026 to discuss the accountability measures. FVT and GE data reporting for the 2024 and 2025 reporting cycles was due September 30, 2025, and October 1, 2025, respectively.

©2025 by EAB. All Rights Reserved.

Trump Administration Releases "Compact for Academic Excellence in Higher Education" (10.1.25)

A highly controversial "compact" proposed by the Trump administration has been circulating to nine universities, offering enhanced federal funding and unspecified benefits in exchange for complying with stated conditions, which include measures such as capping international undergraduate enrollment at 15% (including no more than 5% from any one country), freezing tuition for five years, and requiring institutions to restructure or eliminate departments deemed ideologically hostile to conservative ideas. The compact can be read as threatening institutions' federal funding, as it states that violating the agreement can lead to a loss of federal funding. California's governor has publicly threatened to withhold state funds from California institutions that sign the compact. *Inside Higher Ed* reports that a White House official shared via email that additional institutions "have affirmatively reached out and may be given the opportunity to be part of the initial tranche." White House senior adviser May Mailman noted that the compact could eventually be extended to all institutions.

Implications/next steps: Most of the nine institutions targeted have shared that they are reviewing the compact. Massachusetts Institute for Technology is the first institution to reject the proposal. Multiple higher ed associations and faculty have criticized the compact, and some conservatives have noted that the compact represents governmental overreach. Most campus officials have remained quiet about the compact, with a few exceptions, such as President Michael Roth at Wesleyan University and President Pat McGuire at Trinity Washington University, who both called it extortion. In an opinion piece for the *New York Times*, Erwin Chemerinsky, dean of the UC Berkeley School of Law, also argues that the compact is extortion and that the Trump administration is attempting to circumvent the legislative and judicial branches by presenting this compact as a "deal," even though the Constitution and federal law do not authorize the president to do this unilaterally. Chemerinsky argues the compact violates the unconstitutional conditions doctrine, which prohibits conditioning federal benefits on the forfeiture of constitutional rights, such as free expression. Lynn Pasquerella, president of the American Association of Colleges and Universities, expressed concern that if one institution signs the compact, there will be a ripple effect because other institutions would not want to lose out on federal funding.

©2025 by EAB. All Rights Reserved.