

## Federal Policy Digest

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January 22, 2026

### **Education Department Drops Appeal of Federal Court's Order Blocking Anti-DEI Efforts (1.21.26)**

The Education Department (ED) has [dropped](#) its appeal of a federal court ruling blocking the administration's anti-DEI efforts, which had threatened schools and colleges with funding losses and investigations. The [court filing](#) offers no explanation for the ED's decision, and the agency has not publicly commented on its request to withdraw the appeal. For context, in August 2025, U.S. District Judge Stephanie Gallagher ruled that the ED acted unlawfully in issuing its Feb. 14 [Dear Colleague Letter](#) (DCL) —which asserted that many race-based programming and policies were illegal—along with a related certification requirement. The court found that the ED did not follow proper procedures when issuing the guidance and that the guidance violated constitutional rights of free speech and due process, failing to provide clarity on what DEI practices are illegal. By dropping its appeal, the Education Department [allows](#) the federal court's ruling to stand. As a result, the DCL and certification requirement cannot be enforced.

**Implications/next steps:** This decision represents a significant victory for DEI and First Amendment advocates; however, many institutions have already closed DEI offices and shuttered DEI-related initiatives in response to the administration's threats. AFT President Randi Weingarten [noted](#) that the administration still has "other ways" to attempt to roll back DEI programming. For example, the Department of Justice released a [nine-page memo](#) on DEI in July 2025, which [targets](#) identity-based programs and practices as well as "unlawful proxies" for race and sex. While the memo is nonbinding, meaning it does not carry the force of law, the Trump administration is [using](#) it to pressure institutions to make many of the same changes as described in the ED's anti-DEI guidance.

### **Congressional FY26 Budget Proposal Maintains Funding for Department of Education (1.20.26)**

The Senate and House Appropriations committees jointly [proposed](#) allocating \$79B in discretionary funding for the Department of Education (ED) in FY26, a slight increase from \$78.7B provided in FY25. This proposal stands in contrast to the White House's FY26 budget request, which sought a 15.3% cut to ED's funding. The White House also had [proposed](#) eliminating multiple ED programs that support low-income students, including TRIO, GEAR UP, and the Supplemental Education Opportunity Grant, but Congress's proposed package maintains funding for all those programs. Lawmakers plan to maintain the maximum Pell Grant award at \$7,395 through the 2026-27 year, rejecting the Trump administration's proposal to decrease maximum Pell by 23%. The congressional plan also preserves funding for Federal Work Study and for the Office of Civil Rights, which the White House had proposed cutting by roughly 80% and 33%, respectively. Additionally, under the congressional budget proposal, the ED and the four agencies with which it had struck interagency agreements—as part of the administration's plan to dismantle the ED—would be required to make biweekly reports to legislators.

**Implications/next steps:** This new funding package must be passed by January 30<sup>th</sup> to avoid another government shutdown. Democrats have characterized the budget proposal as a win for Congress, citing bipartisan agreement to reject the Trump administration's extreme cuts to education programs.

### **U.S. District Court Issues Preliminary Injunction to Block TRIO Grant Cancellations (1.16.26)**

A U.S. District Court [issued](#) a preliminary injunction blocking the Trump administration's cancellation and discontinuation of more than 100 TRIO grants (about 3% of all TRIO [grants](#)) in FY25. The administration

canceled and discontinued the grants on the grounds that they allegedly failed to comply with nondiscrimination requirements or align with administration priorities. In response, the Council for Opportunity in Education (COE) sued the Department of Education in September 2025. Last week, Judge Tanya S. Chutkan [found](#) that the ED failed to adequately explain its decision-making and did not follow statutory and regulatory procedures when it denied renewal applications for new Student Support Services grants (which are part of the TRIO program) and discontinued other TRIO grants mid-cycle. The cancellations and discontinuations caused significant disruption to TRIO programs, forcing affected institutions to lay off staff and reduce services.

**Implications/next steps:** The preliminary injunction currently [applies](#) to COE member institutions, covering TRIO grants at eight institutions. ED must now reconsider the denied and discontinued grants, in accordance with the district court's ruling. While this decision represents an important early victory for TRIO, the [case](#) will continue to move forward.

## Department of Education Postpones Wage Garnishment for Student Borrowers in Default (1.16.26)

The Department of Education (ED) [announced](#) that it is delaying wage garnishment and the seizure of tax refunds for student loan borrowers who are in default. According to the agency, the postponement is intended to allow time to [implement](#) the student loan repayment reforms enacted under OBBBA. Under Secretary of Education Nicholas Kent [noted](#) that forced collection programs would operate more effectively once the reforms are finalized.

**Implications/next steps:** This postponement provides temporary relief to borrowers in default. ED did not announce when wage garnishments or tax refund seizures will resume. The agency did encourage borrowers to explore their [options](#) for addressing defaulted loans and to work with a loan servicer.

## H-1B Lottery Rule Change Could Disrupt International Student Employment Pipelines (12.29.25)

The Trump administration has [published](#) a final rule—[Weighted Selection Process for Registrants and Petitioners Seeking to File Cap-Subject H-1B Petitions](#)—that would fundamentally change the H-1B lottery by prioritizing applicants with higher salaries. Under the rule, U.S. Citizenship and Immigration Services (USCIS) would replace the current random selection process with a weighted lottery that favors applicants with higher Department of Labor wage levels. This change would disproportionately disadvantage recent international graduates, who typically begin their careers in lower-paid, entry-level roles. Currently, USCIS [conducts](#) a lottery when H-1B registrations exceed the annual statutory cap of 85,000 visas, and all registrants have an equal chance of selection. Under the new rule, USCIS would weight selections using the Department of Labor's four wage levels: registrants at Level IV would receive four chances in the lottery, Level III registrants three chances, Level II registrants two chances, and Level I registrants one chance. Historically, approximately 90% of H-1B petitions filed on behalf of international students fall within Level I or Level II wage categories due to limited post-graduation work experience. According to analysis by the National Foundation for American Policy (NFAP), the rule would increase the probability of selection for Level IV registrants by 107%, while reducing the likelihood of selection for Level I registrants by 48%. While USCIS argues that wage levels correspond to skill and economic value, immigration attorneys and policy analysts counter that wage levels primarily reflect years of experience rather than talent and skills.

**Implications/next steps:** Unless blocked by the courts, this new rule will take effect on February 27, 2026, ahead of filings for the FY27 H-1B cap. The DHS has denied that this new rule is unlawful, though many commentators, such as the American Immigration Lawyers Association, have argued otherwise. Legal challenges are expected, and the courts will likely decide if the rule change is lawful. Though DHS has argued that this rule will not significantly harm international students, the Presidents' Alliance on Higher Education and Immigration [warns](#) that this new rule will disadvantage new international students, making it more difficult for them to stay and work in the United States post-graduation. By shifting the H-1B selection process toward mid-career professionals, the rule could weaken the pipeline from U.S. higher education to the domestic workforce, making it harder for employers to recruit early-career talent with newly acquired skills or training—potentially at the expense of U.S. innovation.

## Colleges and Universities Face Upcoming Federal Accessibility Compliance Deadlines

In 2024, the Department of Justice [finalized](#) new regulations under Title II of the ADA requiring state and local government entities – including public colleges and universities – to ensure their digital content complies with the [Web Content Accessibility Guidelines \(WCAG\) 2.1 Level AA](#), developed by the World Wide Web Consortium. The rules [create](#) enforceable digital accessibility standards that apply to public websites, mobile apps, online learning platforms, course content, student services portals, and internal systems. Under the new requirements, PDF documents must be accessible to screen readers; videos must be accompanied by captions and, where required, audio descriptions; images must include alternative text; and audio-only content must be paired with transcripts.

**Implications/next steps:** Public institutions must comply by April 24, 2026 (or April 26, 2027, if located in jurisdictions with a census-defined population of under 50K residents). Private institutions [receiving](#) federal funds under Section 504 of the Rehabilitation Act will likely be held to similar accessibility standards. Complying with these regulations is a large undertaking for many universities and colleges, particularly given that no federal funding was provided to support implementation. A [2025 Anthology survey](#) of two-year and four-year faculty revealed that 36% of faculty were “not at all” aware of the new federal requirements, and 45% were “aware but unclear on the details.” Jonathan Thurston, a fellow at the Global Initiative for Inclusive Information and Communication Technologies, [advises](#) institutions to develop and begin executing upon a compliance plan now to reduce the risk of litigation. Institutions should also [audit](#) their existing digital assets to identify accessibility gaps and prioritize remediation.