

# Federal Update

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### DISCLAIMER

The 2025 *One Big Beautiful Bill Act* makes numerous amendments to the *Higher Education Act of 1965*, as amended (*HEA*), some of which became effective upon enactment of *One Big Beautiful Bill Act*, while others will become effective on July 1, 2026, and beyond. To ensure that the U.S. Department of Education (ED) can implement those provisions that are effective now or will become effective on July 1, 2026, ED is drafting presentations and documents in advance of publication of a final rule on these topics. These presentations and documents are intended to ensure that vendors, servicers, partners, and stakeholders have the requisite time to prepare for the implementation of the *One Big Beautiful Bill Act* provisions. However, the information is subject to change depending upon ED's rulemaking process. ED has not prejudged the outcome of that negotiated rulemaking process. This information provides a structure for vendors, servicers, partners, and stakeholders to begin building these systems, but it does not impair, prevent, or control policy decisions that may be made by ED. The information is preliminary, and ED, including its vendors and servicers, will not launch any new systems or make final system changes that are public facing until ED publishes a final rule on these topics. ED will provide additional information if any changes are made during the rulemaking process.

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### Agenda

1. Introductions and Agenda
2. Rulemaking Overview
3. Public Service Loan Forgiveness (PSLF)
4. *One Big Beautiful Bill Act*: Reimagining and Improving Student Education (RISE)- Changes to the Federal Student Loan Programs
5. Additional Loan Guidance
6. FAFSA Application Updates
7. *One Big Beautiful Bill Act*: Workforce Pell
- 08 *One Big Beautiful Bill Act*: Accountability
- 09 Additional Non-Loan Guidance

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# Public Service Loan Forgiveness (PSLF)

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### PSLF: Negotiated Rulemaking Timeline

The timeline shows the following key events:

- March 25:** President Trump signed Executive Order on PSLF.
- April:** ED announced intent to negotiate and announced "Student Concerns and Affectedly" by May 1. ED held a public hearing on April 25.
- May:** ED held initial hearing on May 1.
- July:** Comments and negotiated rulemaking sessions (June 26 - July 2). Did not reach consensus (per dissenting vote).
- August 18:** ED published ED on 1,200 comments received.
- September:** ED published ED on 10/17/25.
- October:** ED published ED on 10/17/25.
- July 1, 2026:** Final Regulations Effective July 1.

More information on <https://www.fda.gov/oc/2025/03/25-president-trump-signs-executive-order>

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### PSLF: Added and revised definitions in § 685.219

**Adds paragraphs (b)(1) through (b)(5), including new definitions for:**

- Acting or abetting
- Child or children
- Foreign terrorist organizations
- Illegal discrimination
- Other Federal immigration laws
- Substantial illegal purpose
- Surgical castration or mutilation
- Terrorism
- Trafficking
- Violating State law
- Violence for the purpose of obstructing or influencing Federal Government policy

**Revises definition of "qualifying employer"**

(b)(2) Qualifying employer means:

- (A) A United States-based Federal, State, local, or Tribal government organization, agency, or entity, including the U.S. Armed Forces or the National Guard;
- (B) A public child or family services agency;
- (C) An organization under Section 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;
- (D) A Tribal college or university; or
- (E) A nonprofit organization that:
  - (1) Provides a non-governmental public service as defined in this section, authorized to by the employer on a form approved by the Secretary; and
  - (2) Is not a business organized for profit, a labor union, or a nonprofit medical organization; and
  - (3) Does not include organizations that engage in activities such that they have a substantial illegal purpose, as defined in this section.

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### OBBBA Changes to Pell Grants and Need Analysis

Implemented on the 2026-27 *Free Application for Federal Student Aid (FAFSA®)* form

Asset exemptions	Pell ineligibility due to high SAI	Foreign income incorporated into Pell eligibility calculation
<p>Amends the need analysis formula used to calculate the Student Aid Index (SAI), to exempt assets from the following (in addition to the existing exemption for a family's primary residence):</p> <ul style="list-style-type: none"> <li>A family-controlled small business with not more than 100 full-time or full-time equivalent employees</li> <li>A family farm on which the family resides</li> <li>A commercial fishing business and related expenses, including fishing vessels and permits owned and controlled by the family</li> </ul>	<p>Modifies the Pell Grant calculation to make a student ineligible for a Pell Grant if the student has an SAI that equals or exceeds twice the amount of the maximum Pell Grant.</p> <p>NOTE: This does not apply to special Pell Grant eligibility rules (formerly known as the Iraq Afghanistan Service Grant (IASG) and the Children of Fallen Heroes (CFH) Scholarship).</p>	<p>Modifies the Pell Grant calculation formula to incorporate foreign earned income, rather than relying on financial aid administrators' review of foreign income and adjustment of financial data in individual cases to calculate Pell Grant eligibility.</p>

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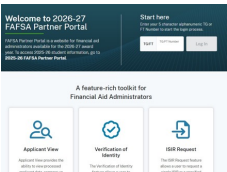
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### FAFSA Partner Portal Improvements

- Ability to print FAFSA Submission Summary
- Institutional Student Information Record (ISIR) comparison feature
- Ability for states to request ISIRs by SSN
- Updated application receipt timestamp now in Central Time



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### Identity Verification and Fraud Prevention

In summer 2025, due to significant evidence of fraud, the Department launched a nationwide effort to prevent fraud and identity theft and improve the integrity of the *Title IV, HEA* programs.



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**Identity Verification and Fraud Prevention**

[FA-APP-25-16](#) / [FR November 26, 2025](#)

- Statement of Educational Purpose is *no longer required*.
- An institution can now document completion of the identity component of V4 and V5 verification with:
  - Student submission of a valid government ID in person or through video call; certification from a notary that the student appeared before the notary and Presented a government-issued photo ID confirming their identity, for students who cannot appear in person or on video call;
  - Verification from a vendor compliant with NIST Identity Assurance Level 2 of the student's identity; or
  - Confirmation of the student's identity by responsible individual at the student's prison facility.

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**Additional Non-Loan Guidance**

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**DCI GEN-25-08 Guidance on the Use of Federal Tax Information (FTI), FAFSA Data, and Non-FAFSA Data** Federal Student Aid

- Provides information on the permitted access, disclosure, and use of FTI, FAFSA data, and non-FAFSA data by schools, state agencies, and contractors under the *Higher Education Act*, the Internal Revenue Code (IRC), the *Family Educational Rights and Privacy Act*, and the *Privacy Act of 1974*.
  - Defines FTI, FAFSA data, and non-FAFSA data
  - Describes FTI and FAFSA data use without additional student consent
  - Describes FTI and FAFSA data use that requires student consent
  - Explains *FERPA* and the use of non-FAFSA or institutional data
  - Clarifies the role student consent plays in disclosures and data sharing

**When determining whether a use or disclosure of data is allowable, the most restrictive statute applies (*HEA*, *IRC*, or *FERPA*).**

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**DCL GEN 25-05 Voter Registration and FWS Allowable Uses** Federal Student Aid

- Provides guidance on the minimum institution obligations regarding the requirement in the *Higher Education Act* for distribution of voter registration forms
- Rescinds DCL GEN-22-05 and DCL GEN-24-03
- Explains the use of Federal Work Study Funds for Voter Registration and Other Political Activities
  - Regulations under 34 CFR § 675.22(b)(5) prohibit FWS funds from being used, among other things, to employ students whose work “involves any partisan or nonpartisan political activity.”
  - Institutions must avoid employing students in FWS jobs where they engage in any political activity or in work that serves the interests of a particular group.

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**DCL GEN 25-09 Prohibited Use of Grant Funds for Lobbying** Federal Student Aid

- Clarifies the longstanding statutory and regulatory prohibitions on the use of federal grant funds for lobbying, including membership dues that support lobbying activity, and reminds grantees of their responsibilities under applicable law and regulations.
- Grantees are responsible for ensuring that use of federal funds complies with applicable federal statutes and regulations by:
  - ensuring no federal grant dollars are used directly or indirectly to pay for lobbying efforts,
  - disallowing membership fee amounts tied to a percentage of a federal grant,
  - maintaining adequate documentation to demonstrate compliance and ensure that membership fees are reasonable, necessary, and not used on lobbying, and
  - avoiding payment of dues to organizations that cannot or do not report the proportion of their activities that are dedicated to lobbying.

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**FR July 7, 2025 Classification of Revenue Under Title IV (90/10)** Federal Student Aid

- The Department revised and clarified its interpretation of revenue received by a proprietary institution of higher education under the *Title IV* Revenue and Non-Federal Education Assistance Funds regulations called the “90/10 Rule.”
- The *HEA* establishes the requirement in the Federal Student Aid Program Participation Agreement that proprietary institutions derive not less than 10% of their revenue from non-federal sources.
- The July 7, 2025, *Federal Register* emphasizes the 90/10 Rule may include revenue generated from programs at unapproved locations and/or programs offered through distance education.
- The July 7, 2025, *Federal Register* supersedes the preamble of the 2022 final rule.

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**DCL GEN 25-46 Section 117 Foreign Gift and Contract Reporting** Federal Student Aid

- [Section 117](#) of the *HEA* requires institutions that offer a bachelor's degree or higher (or that offer a transfer program of not less than two years that is acceptable for credit towards a bachelor's degree) and receive federal financial assistance to disclose semiannually to the U.S. Department of Education any gifts received from and contracts with a foreign source that, alone or combined, are valued at \$250,000 or more in a calendar year.
- The statute also requires institutions to report specific information when owned or controlled by a foreign source.
- The new Section 117 reporting portal is live and available for submission of foreign gifts and contract information and is located at [ForeignFunding.HigherEd.gov](https://foreignfunding.highered.gov).
- See the [Knowledge Center topic](#), dedicated to Section 117 Foreign Gift and Contract Reporting.

**Failure to comply with reporting requirements could result in enforcement action.**

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**FR January 27, 2026 Negotiated Rulemaking: Accreditation** Federal Student Aid

- The Department announced its intention to establish a negotiated rulemaking committee to amend regulations concerning the Secretary's recognition of accrediting agencies and institutional eligibility.
- **Rulemaking dates:**
  - Session 1: April 13–17, 2026
  - Session 2: May 18–22, 2026
- **Topics of negotiation include, but are not limited to:**
  - Simplification of ED's regulations for recognition and review of accrediting agencies
  - Revision of criteria and related regulations used by the Secretary to recognize accrediting agencies
  - Amendment of requirements for accrediting agencies' standards to consider program-level student achievement and outcomes
  - Review of accrediting agencies' concurrent oversight responsibilities in the "regulatory triad" to ensure that accrediting agency standards do not contravene any law
  - Review of the role that accrediting agency standards may have played in promoting violations of Federal law

**See Federal Register for complete list and details.**

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