

NYSOBBA CONFERENCE

Washington Update



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Every effort has been made to assure the information presented is up-to-date as of the date of the presentation.

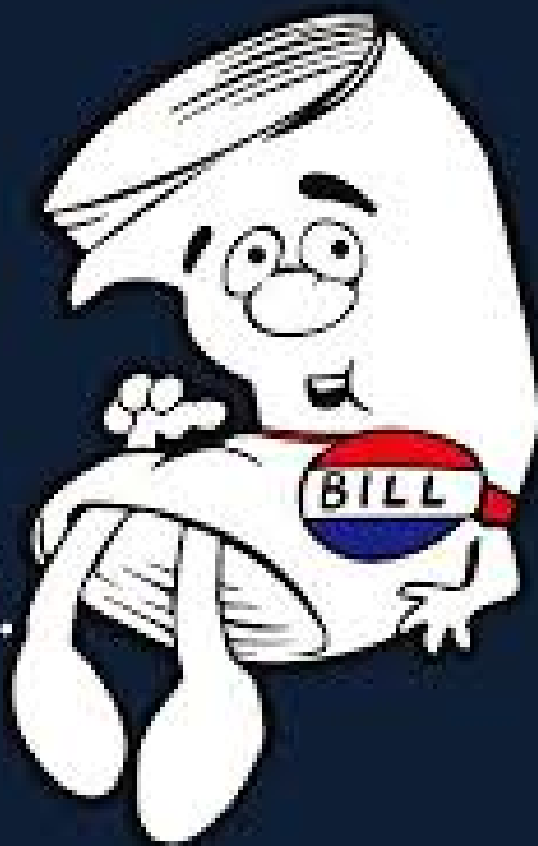
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Agenda

- Quick Civic Review
- New Administration
 - Cabinet Confirmations
 - Executive Orders
- 119th Congress
 - Committee Leaders
 - Appropriations & Budget
 - Reconciliation
- State Laws
- CFPB
- Department of Education
- COHEAO Activity

I'm just a
bill. Yes,
I'm only a
bill. And
I'm sitting
here on
Capitol Hill.





Sorry, kid. There's no song to
explain this crap.



How Are Laws Created

- Regulations
 - CFPB
 - DOE
- Legislation
 - Federal
 - State Law
- Judicial – Case Law
- Executive Orders



New Administration



Executive Orders



Cabinet Nominations

- 15 Department Heads – make up core cabinet
- Department of Government Efficiency (DOGE) – is NOT a federal executive department.
 - Would require congressional approval
 - Converted U.S. Digital Agency now DOGE
- Cabinet – Level Officials
 - All need Congressional approval except the Chief of Staff.
 - U.N. Ambassador still not confirmed- Mike Waltz (National Security Advisor)

Secretary of Education: Linda McMahon

- Head of the Small Business Administration (2017-2019)
- Chair of the American First Policy Institute
- Former President and CEO of World Wrestling Entertainment, Inc.
- Connecticut Board of Education (Jan 2009 – Apr 2010)
- Policy positions
 - Workforce/skills development
 - Workforce Pell
 - Supportive of eliminating Department of Education



Other Department Nominees

- Nicholas Kent, Under Secretary of Education
- Jennifer Mascott, General Counsel
- Mary Riley, Assistant Secretary for Legislation and Congressional Affairs
- Kevin O'Farrell, Assistant Secretary for Career, Technical, and Adult Education
- Kimberly Richey, Assistant Secretary for Civil Rights
- Kirsten Baesler, Assistant Secretary for Elementary and Secondary Education



CFPB - Leadership

- CFPB Director Nomination
 - ~~Johnathan McKernan~~ Nomination withdrawn
 - Elimination in new administration?
 - The Bureau's "doors are closed" and staff told to stay home.
 - Actions are on pause
 - Administration would like to move enforcement to other banking agencies & FTC.
 - May see uptick of enforcement action at the state level
 - CFPB Published "playbook" for state in January
 - Strengthening State-Level Consumer Protections – Published 1/14/25

Trump's Budget

- Major reductions to domestic spending
- Proposes significant cuts to non-defense discretionary spending
- Targeting Higher Education Cuts
 - Elimination of SEOG
 - Elimination of TRIO and Gear Up Programs
 - Reform of FWS

119th Congress



118th Versus 119th Congress

- **118th Congress**

- House: 220 Republicans - 212 Democrats (3 Vacancies)
 - Speaker Mike Johnson (3 weeks)
- Senate: 49 Republicans - 47 Democrats - 4 Independents

- **119th Congress**

- House: 220 Republicans – 212 Democrats (3 Vacancies)
- Senate: 53 Republicans - 45 Democrats – 2 Independents

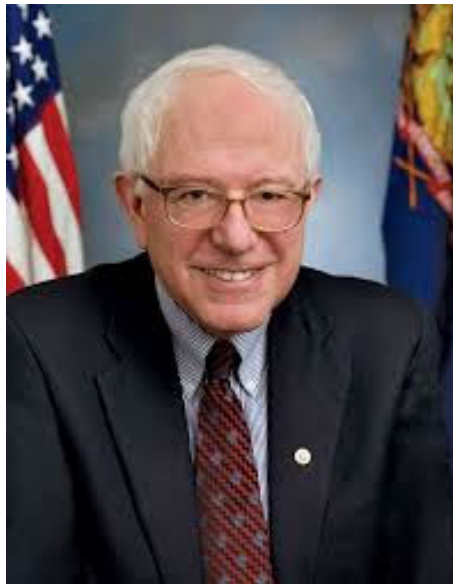


Senate Committee

Health, Education, Labor, & Pensions Committee:



Dr. Bill Cassidy (R-LA)
Chair



Bernie Sanders (I-VT)
Ranking Member



House Committees

Education & the Workforce Committee:



Tim Walberg (R-MI)
Chair



Bobby Scott (D-VA)
Minority Leader

Subcommittee on Higher Education and Workforce Investment:

Chair – Burgess Owens (R-UT)

Ranking – Alma Adams (D- NC)



RECONCILATION BILL

“Big Beautiful Bill”



Reconciliation

- What is it?
 - It is a process in the Senate to pass legislation with a simple 51 vote majority.
- It's a two-phase process:
 - Budget resolution – gives congressional committees instructions to write legislation
 - Once committees pass their bills, the Budget committee incorporates them all into larger a comprehensive bill
- Limits to Reconciliation
 - Byrd Rule – only items with direct budgetary impact can be in the reconciliation bill



SAVE Court Case Brings Urgency

- Expected court decision soon
- Courts could rule on the legality of SAVE
- Elimination saves \$250 billion
- This creates urgency for congress to pass the reconciliation bill

HOUSE BILL



H.R. 6951 – College Cost Reduction Act

- Blueprint for Republicans
- Uniform financial aid letters
- Create a modified student record system
- Revamps loan program
 - Two repayment plans
 - Significant changes for IDR
 - Annual limit = median cost of program
 - Aggregate DL limits - \$50K; \$100K; \$150K
 - Individual has a total limit of \$200K
- Sunsets PLUS Programs
 - Parent Plus makes money
 - Grad Plus costs money
- Changes to accreditation

Student Success & Taxpayers Savings Plan

- House ED & Workforce passed 21-14
 - Saves \$350B over 10 years
- House bill – H.R. 1
 - Passed 215 - 214
- Vital Part of the Big Beautiful Bill
- Significant changes to all the principal Title IV Student Aid Programs and Student Loan Reform
 - Pell
 - Direct Loans
 - Campus-based Programs

Loan Programs

- Eliminates Subsidized Loans & Grad PLUS Loans
- Parent PLUS Loans (aggregate limits imposed)
- Grandfathering Clause:
 - 3-year grace period for current borrowers enrolled before June 30, 2026
- Eliminates dependent/independent distinction
- Calculation – National Median Cost of College
- Gives FA administrators the authority to lower annual loan limits based on academic programs
- Higher annual caps, but lower lifetime caps for grads/professionals
 - \$50,000 undergrad
 - \$100,000 grad
 - \$150,000 professional

Student Loan Repayment

- Tiered Income-Based Payments:
 - 1% of AGI under \$20K
 - Scales up to 10% at \$100K+
- Key Features:
 - No negative amortization
 - \$50 principal reduction for underpayments
 - Minimum payment = \$10/month
 - 30-year repayment cap
 - Based on total borrowed
 - Less 25K – 10 years
 - 25K-50K – 15 years
 - 50K-100K – 20 years
 - Over 100K – 25 years

Loan Repayment Assist. Plan (potential)

- Loan Repayment Assistance Plan (RAP)
 - New repayment plan for loans on or after 7/1/2025



Student Loan Repayment

- Eliminated All Current IBR Plans
 - ICR, PAYE, REPAYE
 - Existing borrowers transition to “old” IBR
 - 15% of discretionary income
 - 20-year forgiveness for undergrads
 - Existing borrowers lose access if the borrower more
 - Plus, Loans can be consolidated to receive IBR
 - No \$0 payments
 - Max Forbearance 9 months over 2 years
 - Can rehab twice
 - The Secretary cannot make any changes without Congress
 - PSL Changes
 - Med/Dental residencies excluded with interest-free deferments

Risk Sharing

- Schools must repay % of unpaid loans
- Formula based on:
 - Program cost vs. value-added earnings (completers)
 - Completion rates (non-completers)
- Separate calculations for each cohort
- Exception for non-completers: transfers from 2-year colleges



Risk Sharing

- IHE would remit payments to the federal government for a portion of non-repayment balances
 - Reimbursement would begin in AY 2028-2029
 - Uses earnings price ratio to determine reimbursement
- Promise Grants
 - Monies collected by reimbursements will fund the grant
 - Considered campus-based aid

<https://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=410507>



Median Cost of College

- Cost of Attendance becomes Median Cost of College
 - Median cost of attendance for students enrolled in the same program of study nationally and calculated by the Secretary using data from the previous award year.
 - Will calculate Median Cost of College for hundreds of CIP codes.
 - Amount of Loan and Grant Aid, as well as accountability measures for institutions, will be based on those calculations.



Promise Grants

- Funded by risk-sharing repayments
- Eligibility:
 - Low-income graduates
 - Transparent pricing with max tuition guarantees
- Max Grant: \$5,000 per aid recipient
- Flexible use for affordability & student success

Pell Grants

- Authorized Short-Term Pell
 - Workforce programs under 30 credit hours
 - Includes non-IHEs
- Other Changes:
 - 30 credit hours = full-time status
 - Half-time minimum for eligibility
 - Students with high SAI no longer eligible
 - Minor eligibility changes for non-citizens
 - Funding for Shortfall



Miscellaneous...

- Bill prohibits the Secretary of ED from making major changes to repayment plans absent Congressional approval
- Eliminates economic hardship & unemployment deferments
- Limits discretionary forbearance to no more than 9 months in 24 months
- Allows borrowers to rehabilitate their loan twice
- Medical & dental residents have a new 4-year deferment
- Changes to Endowment Tax

Regulatory Relief

- Repeals the following regulations
 - 90/10 Rule
 - Gainful employment
 - Borrower Defense to Repayment

SENATE BILL



Major Provisions

- Ends aid for non-US Citizens
- Similar to the House Bill, eliminates the Grad Plus program and adds Loan Limits
- Simplifies Loan Repayment and adds additional funds for servicing
- Transition existing borrowers to a lawful income-based plan
- Streamlines deferment, forbearance, rehab, PSL
- Changes to Pell and funding shortfalls
- Creates a different accountability plan
- Regulatory Relief
- Limitation of Authority

Loan Programs

- Cap graduate lending:
 - Eliminate Grad PLUS loans
 - Caps unsubsidized graduate (e.g., masters) borrowing at \$20,500 per year (\$100,000 lifetime) and professional (e.g., law, medicine) borrowing at \$50,000 per year (\$200,000 lifetime); graduate limits are in addition to undergraduate limits •
- Cap parent borrowing
 - Cap loans to parents of undergraduates (parent PLUS) at \$20,000 per student per year (\$65,000 per student lifetime; parents can borrow for multiple students)
- Prorate loans
 - Set lower limits for part-time
 - aligns with how the Pell Grant is distributed
 - Institutional discretion: Allow institutions to set lower loan limits as long as they do so consistently within programs

Repayment

- Simplification
 - New Loans starting 7/1/26
 - New Standard Plan: Borrowers make fixed payments for 10-25 years
 - Repayment Assistance Plan
 - Income-driven plan where payments are 1-10% of income depending on income level
 - Minimum monthly payment of \$10;
 - Payments are reduced by \$50 per dependent;
 - Borrowers who make on-time payments always see their balance go down, as unpaid interest is waived, and there is a principal match of up to \$50
 - Remaining balance is forgiven after 30 years
- Transition for existing borrowers in IBR's
 - Pre 2014: 15% DI and forgiveness after 25 years
 - Post 2014: 10% DI and forgiveness after 20 years

Pell Grants

- Foreign income: Require foreign income to be included in the income calculation to calculate Pell Grant eligibility
- Exclusion of higher-income families: Exclude families with a Student Aid Index more than twice the maximum Pell Grant from receiving Pell
- Workforce Pell Grants: Expand eligibility for Pell Grants to students enrolled in short-term, high-quality, workforce-aligned programs
 - Include guardrails for student outcomes, including earnings, completion rates, and job placement rates
 - Allow students enrolled in programs operating outside of the accreditation system to be eligible for Workforce
- Reduce shortfall: Provide additional funding for the Pell Grant program in FY26 to address the funding shortfall
- Limit Pell for full-ride Students



Accountability

- Establish “not harm” standard: End federal loan eligibility for programs that leave students worse off than if they had never gone
 - Prohibit new federal student loans from paying for undergraduate degree programs where the majority of former students earn less than the median high school graduate in the same state
 - Prohibit new federal student loans from paying for graduate programs where the majority of former students earn less than the median bachelor’s degree recipient in the same field in the same state
 - Programs lose eligibility if they fail to meet the standard for two years in three years.

SO WHAT'S NEXT?



The Department of Education



Key Items to Watch

- Department of Education eliminated?
 - Official elimination takes an Act of Congress
 - More likely to transfer authority to other agencies and/or reduce federal funding
- Secretary letter to employees signals intent
 - “Historic final mission” to “transfer educational oversight to the states.” is the next phase
 - Those moves will "profoundly impact staff, budgets and agency operations here at the Department in coming months," McMahon wrote, signaling layoffs and cuts.
 - Significant layoffs week of March 10



Key Items to Watch

- NIH Grant Reduction
 - Stoppage of Grant review and approval
 - Cut of indirect research costs to 15%
- International Student enrollment decline
 - Currently makes up almost 5% of enrollment but varies widely by institution
- Endowment Tax increase/expansion
 - Currently, 1.4% at 56 wealthy institutions. The proposed increase ranges from 10%-35%
- Accountability Provisions
- Reduced Financial Aid

Regulatory Update

- Financial Value Transparency/Gainful Employment
 - Reporting Extension –announced February 14th
 - New date September 30th, 2025
 - Will not produce FVT/GE metrics and will take no enforcement action or punitive actions
- Department's Response to Student Loan Repayment Lawsuits
 - IDR and Direct Consolidation one-line applications removed from the website
- Department to Launch a nationwide effort to eliminate identity theft and fraud in FSA Programs.

Negotiated Rulemaking

- Announced April 3rd.
- Solicited feedback on deregulatory ideas from stakeholders. Will also focus on PSL, PAYE repayment plan, and ICR
- Public hearings
 - In-person April 29th in DC
 - Virtual May 1st
- Request for negotiators published on 5/9/25, due by 6/2/25
 - PSLF, PAYE, and ICR
- COHEAO provided comments on key issues for our membership

COHEAO's Comments

- Perkins Loan Issues
- Third-party servicers – Inquiry Form
- Dispute and Arbitration Regulations
- R2T4 – Aid Allocation Limits
- Expanding Loan Counseling



Electronic Announcement

- GEN-25-19: Request for Institutions to Provide Repayment Information to Former Students to Prevent Defaults
 - Department urges IHEs to provide the following to all borrowers who ceased enrollment since January 1, 2020:
 - Remind them of repayment obligation
 - Suggest they review info on StudentAid.gov
 - Request they log into StudentAid.gov and update their profile
 - Urges outreach be done no later than 6/30/25
- NOTE: default aversion work could require a student loan servicing license*

[Blog Post](#)

Collection of Defaulted Loans

- Collections have resumed on defaulted student loans as of May 5, 2025
- The Department has not collected on defaulted loans since March 2020
- 42.7 million borrowers owe more than \$1.6 trillion in student debt
- More than 5 million borrowers have not made a monthly payment in over 360 days and sit in default (many for more than 7 years) and 4 million borrowers are in late-stage delinquency (91-180 days)



Collection of Defaulted Loans

- Borrowers in default will receive an email
- Borrowers must make monthly payments, enroll in an income-driven repayment plan, or sign up for loan rehabilitation.
- Involuntary Collections - FSA's Treasury Offset Program
 - Later this summer, FSA will send the required notices to begin administrative wage garnishment.
 - Dept will implement Federal Tax Intercept
- FSA will also launch an enhanced Income-Driven Repayment (IDR) process



CFPB



CFPB - Report

- Strengthening State Level Consumer Protections
 - Published 1/14/25
 - Guidance Compendium – [Click Here](#)
 - Guidance documents release under Chopra from October 2021 – January 2025
 - Report - [Click Here](#)
 - Bans “abusive practices”
 - AG investigative authority
 - Removes evidentiary hurdles
 - Ensures consumer protection law also protect businesses
 - Authorizes forms of private enforcement
 - Bans common schemes

CFPB – Withdraws Guidance

- Posted Friday, May 9th
 - [Announcement](#)
- Examples:
 - Truth in Lending (Regulation Z); Private Education Loans, 85 FR 79400 (Dec. 10, 2020)
 - Equal Credit Opportunity (Regulation B); Revocations or Unfavorable Changes to the Terms of Existing Credit Arrangements, 87 FR 30097 (May 18, 2022)
 - Fair Debt Collection Practices Act (Regulation F); Time-Barred Debt, 88 FR 26475 (May 1, 2023)



CFPB – Shifting Gears

- April 16th memo [Memo](#)
 - Reduction in supervisory exams
 - Moving resources away from enforcement
 - Shift back to Depository Institutions
 - Shifting enforcement to the states
 - Redress for Tangible Harm

CFPB – New Priorities

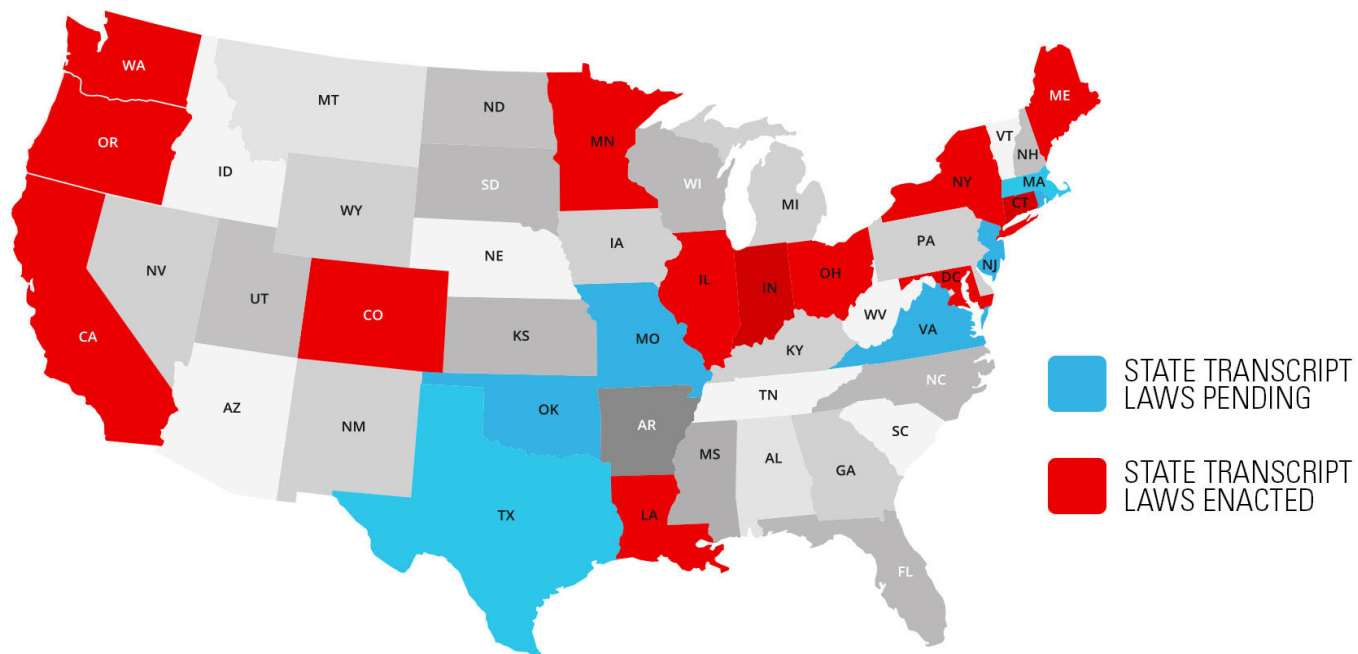
- Mortgages (getting the highest priority)
- FCRA/Reg V data furnisher violations
- FDCPA/Reg F relating to consumer contracts/debt
- Various fraudulent overcharges, fees, etc...
- Inadequate controls to consumer protection



State Laws



State Transcript Laws



State Laws Pending and Present

- [MA \(S2638\)](#)-Rewrote S629-Changing SOL from 6 to 5 years, proposed initially at 3 years
- [MD \(HB 920\)](#)- Institutions of Postsecondary Education - Institutional Debt – Report.
- [WA \(SB 5720\)](#) -Enacting the Uniform Consumer Debt Default Judgments Act
- [CO \(HB 24-1380\)](#)-The act prohibits a debt collector or collection agency that is not a creditor or debt buyer from being the named plaintiff
- [CO Student Loan Equity Act](#)- Register with the state
- [D.C. \(B24-357\)](#)- Communicating With Debtors
- [IL: \(SB 2000\)](#) - Debt Assist-Reporting
- [IL: Know Before You Owe Private Education Loan](#) – Disclosures and reporting requirements
- [NY \(AB431\)](#)-Private Education Debt Reporting- Amendment
- [NYC Debt Collection Rules](#)
 - New York City Department of Consumer and Worker Protection
 - Effective October 1, 2025

California Bill AB ~~1160~~ 850

- Some “friendlier” changes from the original:
 - Allows tax offset
 - Eliminates the 180-day waiting period requirement before assigning to debt collection.
 - No longer address civil actions
- Some “burdensome” requirements:
 - Ban on credit reporting by school or contractors
 - Extensive data reporting requirements

[COHEAO bill recap](#)



COHEAO Activity



We're going
back!

Nashville, TN

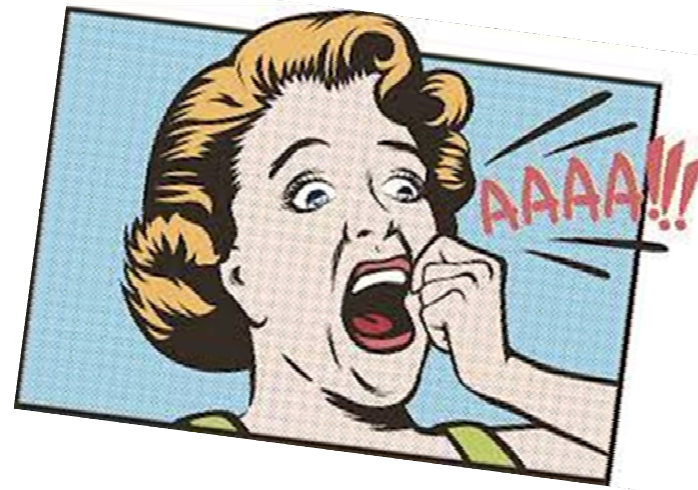


COHEAO Annual
June 2 & 3, 2025

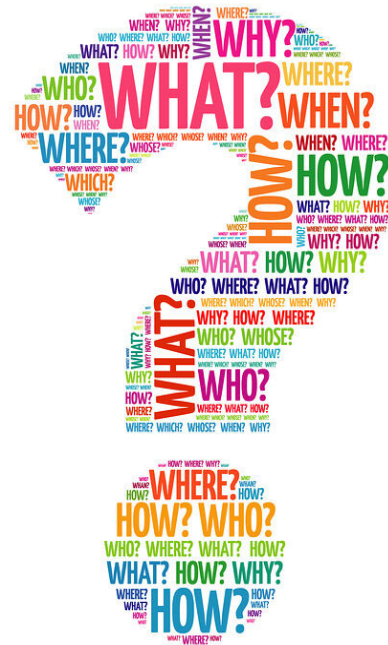


NOW WHAT ?





QUESTIONS



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