

Understanding the Federal Environment for Community Colleges



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AGENDA

- ✓ The Current Federal Landscape: Tools in the Toolbox Targeting Colleges
- ✓ Navigating the Current Federal Grant Funding Landscape
- ✓ Title IV: What Lies Ahead
- ✓ Q&A

DEI EXECUTIVE
ORDERS

GRANT
CANCELLATIONS

GRANT
CONDITIONS

REVOCATION
OF 501(c)(3)
STATUS

INDIRECT
COST
INCREASES

ACCREDITATION
REFORM

**TOOLS IN THE
TOOLBOX
TARGETING
COLLEGES**

ICE RAIDS

DENIAL OF
INTERNATIONAL
STUDENT VISAS

INVESTIGATIONS

ELIMINATING
EDUCATION
DEPARTMENT

PROPOSED
ELIMINATION
OF ADULT
EDUCATION
FUNDS

PELL GRANT
REFORMS

CUTS TO
STUDENT
LOANS

CHALLENGES
TO MINORITY-
SERVING
INSTITUTIONS

SNAP AND
MEDICAID
CUTS

ELIMINATION
OF PRWORA
EXEMPTIONS

CUTS TO
FUNDS FOR
WRAPAROUND
SERVICES

NEW
ACCOUNTABILITY
REQUIREMENTS

PROPOSED
ELIMINATION
OF TRIO AND
GEAR UP

**TOOLS IN THE
TOOLBOX
TARGETING
COLLEGES**

MOVING
PERKINS/CTE
PROGRAMS TO
DOL

How Did We Get Here?

How Policymakers Were Able to Make Higher Ed a Target

- Pretext of antisemitism post-October 7
- SFFA Twisting the meaning of the affirmative action decision
- Need for institutional reforms
- Failing to tell the right story

Not Just the Ivies



U.S. Department of Education's Office for Civil Rights Sends Letters to 60 Universities Under Investigation for Antisemitic Discrimination and Harassment

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American University
Arizona State University
Boston University
Brown University
California State University, Sacramento
Chapman University
Columbia University
Cornell University
Drexel University
Eastern Washington University
Emerson College
George Mason University
Harvard University
Illinois Wesleyan University
Indiana University, Bloomington
Johns Hopkins University
Lafayette College
Lehigh University
Middlebury College
Muhlenberg College
Northwestern University
Ohio State University

Rutgers University
Rutgers University-Newark
Santa Monica College
Sarah Lawrence College
Pacific Lutheran University
Pomona College
Portland State University
Princeton University
Stanford University
State University of New York Binghamton
State University of New York Rockland
State University of New York, Purchase
Swarthmore College
Temple University
The New School
Tufts University

Tulane University
Union College
University of California Davis
University of California San Diego
University of California Santa Barbara
University of California, Berkeley
University of Cincinnati
University of Hawaii at Manoa
University of Massachusetts Amherst
University of Michigan
University of Minnesota, Twin Cities
University of North Carolina
University of South Florida
University of Southern California
University of Tampa
University of Tennessee
University of Virginia
University of Washington-Seattle
University of Wisconsin, Madison
Wellesley College
Whitman College
Yale University

Why Does it Matter?

- All schools need to be prepared to respond
- Need to tell higher education's stories collectively, across institution type
- Need to reframe the benefits of higher education across the board

NAVIGATING FUTURE FEDERAL GRANTS



The Current Landscape of Federal Funding

- Termination of grants has been happening across government agencies
- Cutting these funds was done sooner than anticipated
- Agencies are following directives in Executive Orders
- Grant funding is being impacted by agency-wide Reductions in Force (RIFs)
- Future grants and contracts include different considerations



Factors to Consider for Future Federal Funding

- Unpredictability of funds
- New grant certifications
 - Imposition of restrictions beyond the federal funding
- Subject to False Claims Act
- Vulnerability to Investigations
- Delays in accessing funds



FY26 Funding Landscape

- Continuing Resolution
- Senate bill that maintains funding
- House bill that mirrors President's proposals
 - Eliminates adult education funding
 - Eliminates CCAMPIS funding
 - Eliminates Basic Needs grant program
 - Level funds Pell Grants
 - Level funds TRIO and GEAR UP
- The Department of Education issued a proposed discretionary grant priority on career pathway workforce readiness

Anticipated Changes to Perkins and Adult Education Programs

- The Department of Education signed an Interagency Agreement with the Department of Labor to transfer the funding, administration and oversight of the Perkins and Adult Education and Family Literacy Act (AEFLA) programs.
- The Administration is proposing eliminating funding for AEFLA programs.
- The Administration is considering changes to the Federal Work Study program to focus more on workforce needs.

Grant Certifications



CASE STUDY: GRANT AWARD CERTIFICATION LANGUAGE

By accepting the grant award, recipients are certifying that:

They do not, and will not during the term of this financial assistance award, operate any programs that advance or promote DEI, DEIA, or discriminatory equity ideology in violation of Federal anti-discrimination laws

They do not engage in and will not during the term of this award engage in, a discriminatory prohibited boycott.



FALSE CLAIMS ACT RISK

The Department of Justice announced the establishment of the Civil Rights Fraud Initiative, which utilize the False Claims Act to investigate and, as appropriate, pursue claims against any recipient funds that knowingly violates federal civil rights laws. Violations of the False Claims Act can result damages and significant penalties.

Accordingly, a university that accepts federal funds could violate the False Claims Act if it charges antisemitism, refuses to protect Jewish students, allows men to intrude into women's bathrooms, or requires women to compete against men in athletic competitions.

The Department strongly encourages anyone with knowledge of discrimination by federal funding recipients to consider filing a qui tam action under the False Claims Act, 31 U.S.C. § 3730. When a qui tam action is successful, the whistleblower typically receives a portion of the monetary recovery. The Department also encourages the public to report instances of such discrimination to the appropriate federal authorities.

WHAT IS “ILLEGAL DEI”?

- DOJ issued a memo on July 29th providing guidance on what activities they view as violating antidiscrimination laws.
 - Very broad - Not legal requirements
 - Identifies “best practices” - “non-binding suggestions to help entities comply with federal antidiscrimination laws and avoid legal pitfalls”
 - Calls out DEI programs, proxy discrimination, third-party activities
 - Will look at hiring practices, contract selection, program participation selection, scholarships, training selection, facilities
 - Lists **potential** unlawful proxies, including cultural competence requirements, geographic/ institutional targeting, overcoming obstacles narratives, diversity statements
 - Lists **potential** examples of illegal segregation. including race-based training sessions, separate facilities, program eligibility requirements

Implications of the New E.O. on Grantmaking



What the EO Does (and Doesn't Do)

- **Does** direct agencies to put new grant review processes in place
- **Does Not** in and of itself create any new processes or requirements
- **Does** put all NIAs on hold until new processes are put in place

What the EO Directs Agencies to Do

- Change the process for reviewing awards by requiring political appointees to review all awards ensure they are consistent with “agency priorities” and the “national interest” and use their independent judgment for awarding grants
 - Says peer review should be “advisory” and not binding
 - Specific rights for review or consideration remain consistent with applicable law
- Change the process for continuation awards to review both on substantial progress and consistency with agency priorities
- Impose new ideological restrictions on grantees
 - Reviewed in advance to ensure they don’t promote illegal immigration, engage in racial discrimination including using race or proxies for race as a selection criterion for the program, consider gender non-binary, or promote “anti-American values”



What the EO Directs Agencies to Do

- Change terms and conditions for all grants to add in specific language around effectuating agency priorities from the grants guidance and add a termination convenience provision
- Incorporate input from subject matter experts to review grants
- Give discretionary awards to institutions that include lower indirect cost rates
- Change drawdown process to require affirmative sign off for every drawdown which require written explanations with each request

What the EO Directs OMB to Do

- Directs OMB to issue new Uniform Guidance for Grants
 - To allow “termination for convenience” for discretionary grants
 - Currently, that is the standard for contracts
 - Current grants termination language states “if it no longer effectuates program goals or agency priorities”
 - Limit indirect costs for discretionary grants
 - Currently, for entities that don’t have negotiated rates, the indirect cost rate can be up to 15%

Changes in Program Eligibility

Expansion of PROWRA Restrictions

The Administration reversed longstanding policy for grantees regarding federal benefits for undocumented immigrants.

PROWRA limits eligibility for “Federal public benefits” to U.S. citizens, lawful permanent residents, and qualified aliens. Following Congress passing the law in 1996, agencies exempted many programs, specifically where the benefits were provided individually. This change in policy guidance will prohibit undocumented immigrants from receiving a range of services paid for with federal funds.

The new ED guidance focused on WIOA and Perkins workforce programs but also said that undocumented adults are not permitted to receive education benefits (postsecondary education benefits or other qualified education benefits). Children are not eligible to receive postsecondary education, so long as such benefits are not basic public education benefits.” DOJ issued a memo stating that all programs were covered unless statutorily exempt.

State entities are covered whether they are a grantee or subgrantee (nonprofit organizations are exempt).

In Illinois, federal agencies cannot implement these new provisions until the end of the litigation, or if an appeals court rules to reverse the stay.

TITLE IV: WHAT LIES AHEAD?

Workforce Pell

What the Law Says:

- Students enrolled in programs between 1950 clock hours (15 weeks) will be eligible for Pell Grants.
- States will have to determine that the program meets the hiring requirements of employers; leads to a recognized postsecondary credential that is stackable and portable, unless the program prepares a student for employment in an occupation where there is only one recognized postsecondary credential; and provides credit that articulates to one or more additional certificates or degree programs.
- The Department of Education will have to determine that the program has been offered by the institution for at least one year prior to receiving eligibility; has a verified completion rate of at least 70%, within normal time for completion; has a verified job placement rate of 70%, measured at 180 days of program completion; and has a median ~~added~~ earnings that exceeds the median total price charged to students.
- Implemented by July 1, 2026.

ACCOUNTABILITY

What the Law Says:

- For undergraduate programs, the median earnings of completers four years after program completion will be compared with the earnings of “working adults” with only a high school degree or GED who are not enrolled in higher education.
- Programs failing to meet this earnings threshold in 2 of 3 years will lose eligibility to participate in the Federal Direct Loan Program, with the option to reapply after 2 years. After one year of failure, institutions must have to provide disclosures to students.
- Effective on July 1, 2026.



WORKFORCE PELL/ACCOUNTABILITY

Where Things Stand:

- The Department of Education has started negotiated rulemaking, creating the “Accountability in Higher Education and Access through Developmental Workforce Pell (AHEAD)” Committee, which will meet in December 2025 and January 2026.
 - This timeline means new rules won’t be able to be implemented before the 2027 school year.
 - ED could issue guidance beforehand.

What Community Colleges Could Do Now:

- Submit comments when the proposed rule is released.
- Start collecting relevant data for your programs.

Q & A