



One Big, Beautiful Bill & Ohio Biennial Budget Bill Higher Education Impact July 28, 2025

Bricker
Graydon

Disclaimers

We can't help ourselves. We're Lawyers.

- We are not giving you legal advice.
- Consult with legal counsel regarding specific situations.
- You will receive slides for today's presentation after we've concluded.
- No, we aren't recording this – because we expect things to shift quickly.

Federal One Big, Beautiful Bill

- Federal student loan programs
- Parent PLUS & Grad PLUS loan limits
- Pell Grant: Expansion & new limitations
- Equity & access for underrepresented students
- Graduate earning accountability rules
- Endowment taxes for wealthy institutions
- Negotiated rule making

Ohio's Biennial Budget Bill

- Online program manager reporting requirements
- Student record retention plan
- annual reporting to ODHE requirement
- Financial & accreditation mandatory reporting changes

Federal student loan program changes

- Only 2 plans available:
 - Standard repayment plan– 10-25 yrs. (based on amount borrowed), fixed monthly payments & terms
 - Repayment Assistance Plan (RAP)– new income-based plan. Calculated by adjusted gross income (AGI) and number of dependents. \$10 per month minimum payment. No financial hardship requirement. Counts towards Public Service Loan Forgiveness (PFLS).
- Transition requirements:
 - Borrowers with new loans on or after July 1, 2026 can only enroll one of these
 - Currently on income contingent plans (ICR, PAYE, REPAYE, or SAVE) **must** transition to RAP before July 1, 2028.
- Delayed implementation of Biden Administration's Borrower Defense to Repayment & Closed School Loan Discharge regulations

New parent PLUS & Grad PLUS loan limits

- \$257,500 borrowing cap for each students on all federal loans.
- Parent PLUS loans now capped at \$20K/ year and \$65K per dependent (both UG & grad).
- Graduate Student Loans
 - Grad PLUS loans eliminated on July 1, 2026.
 - Graduate loan cap at \$20,500 for graduate students & \$50K for professional students annually or (\$100K & \$200K respectively in aggregate)
 - Professional student: enrolled in a program which awards a degree that signifies a "level of professional skill beyond that normally required for a bachelor's degree," such as : J.D., M.D., D.O., M.Div., D.D.S

Pell Grant: Expansion & new limitations

- Students who receive grants or scholarships that covering their entire cost of attendance (COA) ineligible to receive a Pell Grant, even if otherwise eligible for the program.
 - Pell grants are considered “first-dollar” aid (awarded before other financial aid is considered) so likely to create new complexities for financial aid packaging, starting with the 2026-2027 academic year.
- Foreign income is to be included in the income calculation for Pell Grant eligibility.
- Students may not receive Pell Grants if their Student Aid Index (SAI) is more than double the maximum Pell Grant award.
- Pell eligibility extended to short-term programs through "accredited providers" in new Workforce Pell program provided they meet other federal and state requirements
- \$10 billion to eliminate the Pell shortfall for the FY2026 year
- **NOT**: Proposals to eliminate Pell grants for students attending less than half time (*Though, see part time loan limits on next slide*) or to raise the credit threshold to 15 (from 12)

- Growing difference between total cost & borrowing limits means a likely increase in private student loans.
 - Additional barrier: Private loans mean increased cost, decreases protections
- Loan Limits for Part-time Students: “Reduces the amount of a loan that a student may borrow for an academic year... in direct proportion to the degree to which the student is not enrolled full-time”

*"[A]n institution of higher education . . . shall not use funds under [Title IV] for student enrollment in an **educational program** offered by the institution ... if the program awards an undergraduate degree, graduate or professional degree, or graduate certificate, for which the median earnings (as determined by the Secretary) of the **programmatic cohort** of students who received funds under this title [are] less than the median earnings of a **working adult** ..."*

Graduate earning accountability rules (2 of 2)

- Educational programs evaluated based on their graduates' post-college earnings.
- UG programs: median earnings of students who completed the program, four years after completion, who are working for 2 of the last 3 years ("programmatic cohort");
- compared to median earnings of "working adults" with high school degree or GED.
 - Working adults: Age 25 to 34 & not enrolled in an institution of higher education.
 - Median earnings are based on data from the Bureau of the Census.
 - By state or by national data
- What is an "educational program"?
- Failure to meet:
 - Year 1: notice to the students enrolled in that program of the low earnings finding
 - Years 2-3: lose eligibility to participate in the Direct Loan Program. Can reapply after 2 years.
- Effective on 7/1/26.
- In addition to, not in place of gainful employment reporting due 9/30/25.

Increased endowment taxes (1 of 2)

- Applies to institutions who have:
 - 3,000+ "tuition-paying students"
 - within the preceding taxable year,
 - Where 50% or more are in the U.S.,
 - & student adjusted endowment is \$500K+
- Student adjusted endowment:
"aggregate fair market value" of assets
 - those used "directly in carrying out the institutions' exempt purpose"
 - ÷ by the number of students

| Student adjusted endowment | Rate |
|--|------|
| \$500K - \$750K | 1.4% |
| \$750K - \$2M | 4.0% |
| \$2M+ | 8.0% |
| <i>This section goes into effect in the 2026 tax year.</i> | |

Increased endowment taxes (2 of 2)

Clarification:

- Does not include public colleges and universities
- Student count *does* include international students.
- "Student adjusted endowment" looks at total *assets* to determine applicability and rate; but
- Tax is percentage of "net investment *income*."

Negotiated rule making

- 1 virtual public hearing on August 7, 2025 & Regulations.gov
- Reimagining and Improving Student Education (RISE) Committee
 - Sessions in September & November
 - Re: federal student loan-related changes
- Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) Committee:
 - Sessions in December & January
 - Re: Workforce Pell, institutional and programmatic accountability, and other



Focus on Ohio's Biennial Budget Bill Higher Education Impact

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Ohio Biennial Budget Bill – selected sections

- Focus is on four new statutory requirements (Eff. 9-30-25)
 1. Online Program Manager reporting and operating requirements (R.C. 1713.032, 3332.22, 3333.0420)
 2. Plan for "indefinite" retention of student records should an institution close (R.C. 1713.033, 3332.17, 3345.601)
 3. Annual reporting (R.C. 1713.041, 3332.21, 3333.074)
 4. ODHE mandatory reporting requirements for financial and accreditation changes and challenges.
- These new requirements apply to all Ohio **public and private colleges and universities**, and **career colleges and schools** operating with a certificate under Chapter 3332 of the Revised Code.

Online Program Manager (1 of 2)

What is an Online Program Manager?

Sec. 1713.032. (A) As used in this section:

(1) "Online program manager" means an entity that is not an institution of higher education as defined under "The Higher Education Act of 1965," 20 U.S.C. 1001, that enters into an agreement with a private institution of higher education to provide marketing and recruitment services and at least one additional service, including course design, technology, or faculty training, to support an online degree program.

Marketing + "at least one other additional service"...to support online degree programs.

- **Course design**
- **Technology**
- **Faculty Training**
- **Others?**

Online Program Manager (2 of 2)

What does the new law require?

- Ensure contract compliance with "*relevant program standards and requirements*";
- Post on *every online degree program website the institution maintains* that it uses an Online Program Manager to provide services;
- Require the *Online Program Manager to identify itself* when providing services to students;
- *prohibit* an online program manager to “*control, make decisions regarding, administer, or distribute student financial aid.*”

Arguably new, now definitively both specific and enforceable, ODHE powers to enforce specific provisions and duties on private and public institutions of higher education.

Student Record Retention Plan (1 of 2)

- **NOTE:** There are different requirements for the records retention plan and the annual reporting requirement of this plan to ODHE (Annual Reporting in next slides)
- **GENERAL REQUIREMENT:** Each institution must develop “a plan to preserve student records **indefinitely** in the event of closure of the school or discontinuation of service.”
- ***What are Student Records?***
 - "Student records preserved under the plan shall include, ***but not be limited to:***
 - (a) Academic transcripts;
 - (b) Financial aid documents;
 - (c) International student forms;
 - (d) Tax information."

Some practical considerations: In what form must the records be maintained? What other student records should be maintained "indefinitely"? How are your records stored now? Will you need a contract clause in your agreements with databased and client data managers to allow for the archiving and retrieval of these records? Treatment of historical paper records?

Student Record Retention Plan (2 of 2)

- **PLAN REQUIREMENTS:**

- The plan shall include the designation and signed confirmation of an official custodian of student records.

Possible additional requirements: If the "chancellor determines it necessary, the chancellor may require an institution or school to produce an executed agreement with the designated custodian of student records, ***paid in full***, to ensure the institution's or school's plan can be implemented."

OTHER IMPLIED REQUIREMENTS (from the new Annual Reporting Requirements)

"A plan to preserve student records indefinitely in the event of closure of the school or discontinuation of service. The plan shall include a method by which students and alumni of the school may retrieve student records by request. The plan also shall include a designation and signed confirmation of an official custodian of student records."

Annual Report Requirements (1 of 2)

NOTE: The Chancellor will determine the form of the annual report

GENERAL REQUIREMENT: Each institution must report the following on an annual basis:

1. Verification of *current accreditation status* and *a copy of the most recent institutional report* from the institution's accrediting organization;
2. *Student Records Retention Plan*
3. *Current Program Information*
 - List of current degrees offered by the institution in Ohio
 - *Results of any external degree program evaluations* conducted in the last year
 - List of *eliminated degree programs* in the last year
 - Latest audited financial statement for most recent FY with management letters
 - "Any other information requested by the Chancellor."

Annual Report Requirements (2 of 2)

PENALTIES FOR FAILING TO REPORT OR INSUFFICIENT REPORTING:

"If an institution or school fails to submit the information required under division (A) of this section or if the chancellor finds that the information submitted under that division is insufficient, the chancellor may suspend, withdraw, or revoke an institution or school's institutional authorization or a program's authorization".

Practical Considerations: Who will be responsible for the reporting and document collection associated with this reporting requirement? Will this be a calendar year or academic year lookback? With a September 30 effective date, be on the lookout for ODHE updates. BUT Institutions should prepare now for the reporting requirements.

GENERAL REQUIREMENT: Each institution *must immediately notify* the Chancellor if the institution or school does any of the following:

1. Receives notice from the federal government or an institutional accrediting organization that the institution or school is subject to *heightened reporting standards or special monitoring status*, such as the United States department of education's heightened cash monitoring process;
2. Receives preliminary or final accreditation findings;
3. Becomes the subject of an investigation by a government agency related to the institution's academic quality, financial stability, or student consumer protection;
4. Fails to make any payments to applicable retirement systems;

Mandatory Reporting Requirements (2 of 2)

5. Fails to make any scheduled payroll payments;
6. Fails to make any payments to vendors when due as a result of a cash deficiency or a substantial deficiency in the payment processing system of the institution;
7. Fails to make any scheduled payment of principal or interest for short- or long-term debt;
8. Makes budget revisions resulting in a *substantially reduced ending fund balance or larger deficit*;
9. Becomes aware of significant negative variance between the most recently adopted annual budget and actual revenues or expenses as projected at the end of the fiscal year.

Upcoming Events



- Our free Higher Ed Law webinar series will be posted in the next week or so
- Our free Title IX in Focus webinar series has been posted for next year! Go to www.brickergraydon.com/t9if
- Our Level 2 Title IX Training series starts July 22nd (not free, but cost effective!)

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