

# **The Federal Update for December 20, 2024**

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Re: Federal Update

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*Due to the upcoming holidays, the next issue of the Federal Update will be published on January 3rd.*

## Legislation and Guidance

### Government Shutdown Looms as Bipartisan Spending Deal Rejected

The risk of a government shutdown starting at 11:59pm significantly increased this week, as Republicans withdrew support for a bipartisan deal to keep the government open and funded past December 20th, when current fiscal year (FY) 2025 funding legislation expires.

A bipartisan agreement revealed Tuesday would have funded the government through mid-March and included several provisions unrelated to annual funding, including legislation to reauthorize the Workforce Innovation and Opportunity Act (WIOA), an extension of the Farm Bill, disaster relief funding, and other provisions. However, in a late-stage shift on Wednesday following criticism from President-elect Trump and his allies, Speaker of the House Mike Johnson (R-LA) announced that Republicans were reviewing other options for a spending package. President-elect Trump has urged Republicans to include an increase to the national debt limit in the year-end package – an issue that lawmakers initially planned to address next year. A new package drafted by House Republicans, which was pared down compared to the agreement reached earlier this week, failed in a vote Thursday evening. A new deal has been floated as of this writing which would strip many elements from the prior proposals – including a lifting of the debt ceiling and eliminating funding for pediatric cancer research – but it is not yet clear if it has the votes to pass. The House plans to vote on the new proposal later today, which will include disaster aid and an extension to the Farm Bill, while punting the debt limit discussion to next year.

The Office of Management and Budget is instructing federal agencies to prepare for a government shutdown, while Congressional members continue to negotiate a spending deal.

Lawmakers were scheduled to enter recess for the remainder of the year after Friday, though without a final deal, Congressional members will have to work through the weekend to pass funding legislation. Even so, there may be a brief shutdown given the time needed to pass legislation in both the House and Senate before it gets to the President’s desk. The economic impact of a government shutdown would worsen starting on Monday as federal agencies fail to re-open after the weekend. However, some key health and safety functions like Border Patrol and the Transportation Security Administration would still operate. A government shutdown will not have an immediate impact on education grantees, as FY 2025 funding is not distributed to grantees until July 1, 2025 for the 2025-2026 school year.

Author: KSC

### ED Withdraws Proposed Title IX Athletics Rule

The U.S. Department of Education (ED) issued a notice Friday announcing that it is withdrawing its proposed rule under Title IX of the Education Amendments of 1972 relating to athletics programs. ED initially planned to finalize the rule this year, but it has been delayed multiple times. President-elect Trump’s plan to reverse course on the current administration’s Title IX policy likely impacted ED’s decision to withdraw the proposed rule before the new administration enters office.

ED did finalize a rule on Title IX for educational programs generally earlier this year, but it separated out requirements specific to athletics programs into a second proposed rule. The finalized Title IX rule has faced significant court challenges, and President-elect Trump has said he plans to withdraw or modify that rule as well.

[The notice announcing the proposed rule withdrawal is available here](https://public-inspection.federalregister.gov/2024-30921.pdf?utm_campaign=pi+subscription+mailing+list&utm_medium=email&utm_source=federalregister.gov).

Author: KSC

### HHS and ED Release New Guidance on Supporting Preschool

In a joint effort, the U.S. Department of Education (ED) and the U.S. Department of Health and Human Services (HHS) released a new guidance document for schools on requirements when using Title I funds for preschool programs. The Departments encouraged schools to use this document along with updated Title I preschool guidance released in February of this year together to begin budget planning for the 2025-26 school year.

HHS awards grants to local educational agencies (LEAs), schools, and other public and private agencies to implement Head Start programs. LEAs can also use Title I funds to support those preschool programs. The previous February Dear Colleague Letter addressed ways LEAs can partner with other programs to leverage Title I funds and support preschool programs.

In the guidance document released this week, ED and HHS remind schools and LEAs that preschool programs supported by Elementary and Secondary Education Act Title I, Part A funds must comply with a subset of the Head Start Program Performance Standards (HSPPS). The HSPPS, found at 45 C.F.R. §§ 1301-1305, are a set of regulations that cover program, financial, and administrative operations that Head Start programs must follow.

The guidance document covers various elements of Part 1302 Subpart C of the HSPPS. In Section I, the guidance covers the standards for teaching practices, curricula, assessments, and parent and family engagement. Section II covers the regulations surrounding specific student groups, including dual language learners and Tribal children. The guidance summarizes the relevant provisions of the regulations and provides best practices for schools and LEAs.

The Agencies provided the guidance to offer clarification on the existing requirements for preschool programs.

[The guidance document is available here.](https://www.ed.gov/media/document/ti-hspps-guidance)

Author: BTW

## Reports

### Loan Servicers Routinely Break Rules, CFPB Report Says

In a new report out last week, the Consumer Financial Protection Bureau (CFPB) says the agency has identified “severe and pervasive violations” of federal law as student loan borrowers returned to repayment following the pandemic-era forbearance.

Among the findings, CFPB noted that lenders engaged in misrepresentation and deceptive practices about refinancing, including omitting from marketing materials and call scripts the fact that refinancing would mean losing access to federal loan forgiveness programs. Private lenders also made misleading statements about loan forgiveness, which resulted in borrowers being obligated to pay the full amount of loans that would otherwise be forgiven and increased lender profits as federal loans were consolidated with private ones, increasing lender revenue.

Even where borrowers asked that federal loans be excluded from a refinancing package, lenders often failed to exclude the loans before the new loan was funded, and then neglected to re-amortize the loan payoffs, shortening the loan term but not reducing the monthly payment. Lenders also failed to allow borrowers to cancel loans where required by law, denied applications for disability based on criteria outside the scope of the loan agreement, did not provide autopay discounts as promised, and misled borrowers about their ability to challenge fraudulent loans while failing to consider allegations of loan fraud or school misconduct. They made draws on funds early, failed to notify borrowers of changed amounts of transfers, and issued deceptive billing statements with inaccurate payment amounts and due dates.

Where borrowers entered collections, lenders used false threats of legal action to prompt payment and worked with institutions to withhold transcripts despite statutory prohibitions against these practices. Lenders also failed to provide adequate phone support to address these issues, according to the CFPB.

Though the CFPB has anonymized the report and does not attribute actions to specific lenders, these issues are ones that have been reported anecdotally by numerous borrowers during return to repayment.

[The report is available here](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights-special-ed-student-lending-issue-36-winter_2024-12.pdf).

Author: JCM

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