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Federal Government Transition Update - 3.11.25 [1]

March 11, 2025 by Riley Black [2]

Dear Colleagues,

Please find a federal government update from our teams on recent developments.

Federal Funding

House Republican leadership released [3] legislation over the weekend to fund the federal government through September 30. Current stopgap funding for federal agencies and programs expires this Friday at midnight. The *Full-Year Continuing Appropriations and Extensions Act, 2025* [4] increases funding for defense programs by $6 billion and decreases funding for non-defense programs by $13 billion. Most federal agencies and programs are funded at current levels, or flat-funded, for Fiscal Year (FY) 2025, including the National Science Foundation (NSF), National Institutes of Health (NIH), National Aeronautics and Space Administration (NASA), National Oceanic and Atmospheric Administration (NOAA), National Institute of Standards and Technology (NIST), Department of Energy (DOE), and more. One notable exception is the Department of Defense (DOD)'s Defense Health Agency (DHA) medical research programs, which received a $1.3 billion dollar cut. The DOD DHA cut includes a 57 percent decrease for the Congressionally Directed Medical Research Program (CDMRP), which was cut from $1.509 billion in FY24 to $650 million in FY25. Overall, under this legislative proposal DOD is granted additional flexibility in obligating funds as well as starting new programs.

The proposed Continuing Resolution (CR) retains bill language from the previous fiscal year prohibiting administrative changes to facilities and administrative (F&A) costs at the NIH. Notably absent from the legislation is Community Project Funding, or earmarks, and programmatic adds which means CU projects championed by the Colorado congressional delegation that were included in the FY25 House and Senate draft appropriations bills will not be funded this budget cycle. The bill also forgoes new report language, or congressional guidance, to the executive branch on how to spend federal funds. Congressional Democrats oppose the measure and want assurances added that the administration will spend federal funds as directed by Congress. Finally, the CR includes language that extends Medicare Telehealth Flexibilities, funding for the National Health Service Corps, Teaching Health Centers Graduate Medical Education, and Community Health Centers, and the Acute Hospital Care at Home program until September 30. Read APLU's analysis of the proposed CR here [5].

A House floor vote is expected as early as Tuesday. Given their slim majority, House Republicans need near unanimous support within the conference to advance the bill to the Senate. The President, who supports the bill, has been whipping Republican votes, including from fiscal conservatives. If the legislation passes, the House is expected to immediately recess in order to force the Senate to either advance the bill with Democratic votes or shut the

government down. This is a quickly evolving situation, and if the past is prologue, it will go down to the wire. Federal Relations is closely monitoring the situation and will keep you informed of developments.

New Executive Order Restricting Public Service Loan Forgiveness

A new executive order [6] and accompanying fact sheet [7] unveiled on Friday aim to restrict eligibility for Public Service Loan Forgiveness (PSLF). The program, which is administered by the U.S. Department of Education, allows individuals who work for the government or not-for-profit organizations to apply to have the balance of their Direct Loans forgiven after making 120 qualifying payments. The new directive seeks to curtail access to PSLF for individuals who work at organizations the administration classifies as engaging in "activities that have a substantial illegal purpose." Examples highlighted in the directive include organizations that aid or abet violations of federal immigration law; support terrorism; provide gender-affirming care; aid or abet illegal discrimination; and/or violate state tort laws. PSLF is in federal statute (PL 110-84 [8]), signed into law by President George W. Bush in 2007. *Politico* [9] says the new directive will not have an immediate impact as any changes to PSLF will need to advance through negotiated rulemaking, which requires public notice and comment. 501(c)(3) nonprofit organizations, including public universities, are qualifying employers under current PSLF statute.

Federal Task Force to Combat Anti-Semitism

The Federal Task Force to Combat Anti-Semitism announced [10] the termination of $400 million in federal grants and contracts to Columbia University on Friday. Columbia is one of 60 campuses being investigated for antisemitism, according [11] to the U.S. Department of Education's Office for Civil Rights (OCR). CU is not among them. While we do not know the specifics of this particular case or the grants and contracts in question, we do know the enforcement process that flows from investigations by OCR continues to provide multiple opportunities for universities to negotiate with the government as well as pursue legal recourse before federal funding can be terminated, a process that was reaffirmed in new FAQs [12] issued by the Department this month.

AAU released a statement [13] of concern about the funding terminations at Columbia. Additionally, a former Columbia University graduate student, who has a U.S. green card, was arrested by federal immigration authorities over the weekend for his role in the student-led protests at the university last year, according to the *Washington Post* [14]. A federal judge temporarily blocked his deportation yesterday as the court considers a petition challenging the arrest.

The President has vowed to deport foreign students involved in campus protests and said in a social media post it is "the first arrest of many to come."

National Institutes of Health (NIH) Peer Review Announcement

Acting NIH Director Matthew Memoli announced a plan [15] on March 6 to centralize peer review study sections for grant applications, cooperative agreements, and research and development contracts within the agency's Center for Scientific Review (CSR). Under the new policy, NIH Institutes and Centers (ICs) will no longer conduct study sections. NIH said shifting study sections to the CSR will "ensure independent, expert review free from inappropriate influence" of all funding applications. Currently, 78 percent of NIH grants already run their study sections through the CSR. This proposal would move the remaining 22 percent

of study sections from the ICs to the CSR.

Termination of Teacher Preparation Grant

Last week, Colorado and seven other states filed a lawsuit in the U.S. District Court of Massachusetts challenging the termination of teacher preparation grants. CU Denver is a recipient of the grant and provided information on the impact of the termination. On March 10, the court had a hearing and granted the states' request to temporarily block the termination of the grants. The court noted that if the termination is not blocked, "dozens of programs upon which public schools, public universities, students, teachers, and faculty rely will be gutted." In the next two weeks, the court will consider whether to continue blocking termination of the grant through the conclusion of the lawsuit.

We recognize the challenges and uncertainty on our campuses during this time of change at the national level. We assure you the Federal Relations and General Counsel teams are monitoring developments to keep you informed. We appreciate all that you do and will continue to do for CU, and together we will navigate these changes. Please know we are here for you, and we are working closely with the President and Chancellors as well as the Colorado congressional delegation. We encourage you to contact your campus leadership with questions. Please visit the CU System Federal Transitions Update [16] page for up-to-date communications and federal memos.

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