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Federal Government Update - 1.16.26 [1]

January 16, 2026 by Riley Black [2]

Dear Colleagues,

Please find a federal government update from our teams.

FY26 Federal Funding Update
The U.S. Senate approved H.R. 6938 [3] the *Commerce, Justice, Science; Energy and Water Development; and Interior Environment Appropriations Act, 2026* on Jan.15 with a bipartisan vote of 82-15. [4] Sens. Bennet and Hickenlooper voted against the package because it did not include language to protect the National Science Foundation's National Center for Atmospheric Research in Boulder, CO. Read their releases here: Hickenlooper [5], Bennet [6]. The legislation has been sent to the President, who is expected to sign it. Re-read CU's overview of the legislation here [7].

In addition, the U.S. House approved H.R. 7006 [8], the *Financial Services and General Government and National Security, Department of State, and Related Programs Appropriations Act, 2026 on* Jan. 14 with a bipartisan 341-79 [9] vote. The two-bill package, released [10] on Jan. 11, establishes funding levels and spending directives through Sept. 30, 2026 for the Departments of State and Treasury, the Small Business Administration, U.S. Postal Service, Federal Judiciary, and more. It includes $45 million in defense funding and $26.3 billion in non-defense funding for Financial Services and General Government (FSGG) and $50 billion for national security and the State Department, a 16 percent decrease from FY25. The Senate may take up the legislation as soon as next week.

Notably, the package provides directed spending for UCCS thanks to leadership and support from Sens. Bennet and Hickenlooper. Included is $348,000 for UCCS' Center for Research Frontiers in the Digital Humanities [11] to acquire advanced instrumentation to preserve and protect southern Colorado's history through digital preservation and collaboration with rural schools through support of a mobile digital lab.

Moreover, lawmakers direct the Office of Management and Budget (OMB) not to take any action that would change indirect cost reimbursements to universities in effect during FY24 and to engage with Congress on alternative models, including the FAIR model.

If the funding package passes the Senate, eight of the twelve annual funding bills will be law. Stopgap funding for the remaining agencies, including for the U.S. Department of Education and the National Institutes of Health, expires on Jan.30 absent additional legislative action.

AHEAD Committee Reaches Consensus on Accountability Metrics
The U.S. Department of Education announced [12] on Jan. 9 that the Accountability in Higher Education and Access Through Demand-driven Workforce Pell (AHEAD) Committee reached

consensus on how to implement federal financial aid changes, including institutional and programmatic accountability policies and the Gainful Employment and Financial Value Transparency regulations, required by H.R. 1 [13], the *One Big Beautiful Bill Act*.

Under the new accountability metric, university programs must show that their undergraduate degree holders earn more than working adults with only a high school diploma and that their advanced degree holders earn more than individuals with only an undergraduate degree. Programs that fail the earnings test will lose access to Direct Federal Loans. Moreover, institutions will lose access to federal Pell Grants if half of their students or federal student aid funds are used for programs that fail the earnings test, reports [14] *Inside Higher Ed.*

Next, the Department will publish regulatory language in the *Federal Register* for public comment. Final rules will be published thereafter and take effect in July 2026. The first earnings test is slated for July 2027.

SAMHSA Reverses Course on Grant Cancellations

The U.S. Department of Health and Human Services (HHS) announced on Jan. 14 that it will restore nearly $2 billion in canceled grants administered by the Substance Abuse and Mental Health Services Administration (SAMHSA), reports [15] *Roll Call. NPR* previously reported [16] that HHS planned to cancel SAMHSA grants that did not align with agency priorities. CU's Offices of General Counsel and Federal Relations are working with the campuses to ensure impacted grants are reinstated.

District Court Rules Against DOE Grant Cancellations

A U.S. District Court ruled [17] on Jan. 12 that the U.S. Department of Energy's decision to terminate [18] over 200 clean energy research projects in October 2025 violates the Fifth Amendment's equal protection clause, reports [19] *The National Law Review*. The ruling vacates the termination notices for seven plaintiffs who brought the lawsuit [20], including the City of St. Paul and a coalition of environmental groups. Plaintiffs successfully argued the grant terminations were driven by the political affiliation of the states in which the grantees were located. Thirty-eight Colorado projects, including one from CU Boulder, were also cancelled by the Department. Colorado is not a plaintiff in this lawsuit. It is unclear whether the Department will appeal the decision, or additional lawsuits will be filed.

Update on Student Visa Revocations

The U.S. Department of State announced [21] on social media on Jan. 12 that it has revoked more than 8,000 student visas since the President's inauguration nearly one year ago. The Department said most students who lost their visas had committed crimes, such as drunk driving, drug possession, assault and theft, reports [22] *Fox News*. U.S. colleges and universities enroll more than 1 million international students, reports [23] *Inside Higher Ed*, including more than 10,500 in Colorado, according [24] to NAFSA.

State Department Halts Visa Processing from 75 Countries

The U.S. Department of State announced [25] on Jan. 14 that it will stop processing visas for 75 countries effective Jan. 21. While initial reports indicated all visa types would be affected, the pause was clarified to only apply to immigrant visas, reports [26] *Inside Higher Ed*. Nonimmigrant visas for temporary stays, including H-1B, F-1 and J-1 visas are not impacted.

White House Unveils Healthcare Priorities

The White House released *The Great Healthcare Plan* [27] on Jan. 15, calling on Congress to

pass legislation to lower health care costs. The plan prioritizes four areas: lowering prescription drug prices; lowering insurance premiums; holding big insurance companies accountable; and maximizing price transparency for health care providers and insurers who accept Medicare and Medicaid.

The Federal Relations and General Counsel teams are actively monitoring developments at the federal level. We are working closely with the President and Chancellors, as well as the Colorado congressional delegation to champion CU priorities. We are committed to keeping you informed. Please visit the CU System Federal Updates and Actions page [28] for up-to-date communications and federal memos.

Danielle Radovich Piper, Sr. VP External Relations and Strategy
Kerry Tipper, Vice President, University Counsel

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