NEW AMERICA

March 2, 2026

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Office of Postsecondary Education
U.S. Department of Education
400 Maryland Ave. SW, 5th Floor
Washington, DC 20202

RE: Comments to the Department of Education on the Reimagining and Improving Student Education (RISE) Notice of Proposed Rulemaking [Docket ID ED-2025-OPE-0944]

To Whom It May Concern:

Thank you for the opportunity to comment on the U.S. Department of Education's (the Department) Notice of Proposed Rulemaking (NPRM), ED-2025-OPE-0944.[1] Congress's recent legislative changes through the One Big Beautiful Bill Act (OBBB) introduced significant shifts to federal higher education policy that will have lasting implications for students, families, institutions, and taxpayers.[2] In particular, provisions in OBBB and this set of proposed regulations make large-scale changes to how much some students and parents can borrow for higher education and to how borrowers can repay their loans once they leave school. Implementation of these policies will be an enormous undertaking, made more challenging by operational and staffing uncertainty at the Department and other high-priority OBBB rulemakings.

New America's Higher Education Program is a team of researchers, writers, policy experts, and advocates dedicated to examining federal student aid policy and advancing solutions that prioritize students and families while also protecting taxpayer resources. We have particular expertise in student loan repayment and collections policy, and in our comments, we offer recommendations focused on:

[1] U.S. Department of Education, *Reimagining and Improving Student Education*, Notice of Proposed Rulemaking, 91 Fed. Reg. 4254 (Jan. 30, 2026) (to be codified at 34 C.F.R. pts. 674, 682 & 685), https://www.federalregister.gov/documents/2026/01/30/2026-01912/reimagining-and-improving-student-education.

[2] Pub. L. No. 119-21, *An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14*, 139 Stat. 72 (July 4, 2025), https://www.congress.gov/119/plaws/publ21/PLAW-119publ21.pdf.

- Student loan limits, including:
    - Ensuring additions to the professional degree list remain at the graduate doctoral level and are higher earning programs compared to the debt students take out.
    - Collecting, publishing, and analyzing data to better understand the impact of graduate loan limit changes on program enrollment, costs, and borrowing.
    - Safeguarding low-income parents from unaffordable debt.
    - Including a phase-in period for new loan limits for less than full-time students.
    - Requiring institutions to report on how they use their new loan limit setting authority through existing data reporting frameworks.
- Student loan repayment, including:
    - Streamlining access to income-based repayment (IBR) plans for Parent PLUS borrowers.
    - Allowing the interest subsidy and matching principal payments to be applied even when borrowers make lump-sum payments that advance their dues dates.
    - Collecting and reporting data on emerging repayment patterns to help understand the impact of the new policy environment.
    - Clarifying and expanding the situations in which borrowers can provide approval for the Internal Revenue Service (IRS) to share their FTI with the Department using FUTURE Act authority.
- Default and collections, including:
    - Ensuring reasonable and affordable rehabilitation payments align with the lowest payment borrowers would make if they were in good standing on their loans.
    - Encouraging borrowers to consent to FTI data sharing and enrollment in an IDR plan once they exit default not only as part of the consolidation process but also as part of a rehabilitation application.
    - Creating an online portal or interface for borrowers in default to use to keep track of, make, and manage payments; simulate options; and streamline next steps.
    - Collecting and reporting out additional data on default to better understand borrowers' pathways.

We look forward to continuing to engage with the Department on ways to strengthen the federal student loan system and would be happy to answer any questions about our comments. (Please reach out to Sarah Sattelmeyer at sattelmeyer@newamerica.org and Olivia Sawyer at sawyer@newamerica.org.)

Sincerely,

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Student Loan Limits

OBBB included new loan limits for graduate and professional students, parent borrowers, and less than full-time students, and also provided authority for institutions to set lower loan limits by program.

Loan Limits for Graduate and Professional Students

In creating new loan limits for graduate and professional students, OBBB took the unusual step of defining a professional degree using an existing regulation as it was in effect on the date the bill was enacted.[3] In that regulation, a professional degree includes but is not limited to "Pharmacy (Pharm.D.), Dentistry (D.D.S. or D.M.D.), Veterinary Medicine (D.V.M.), Chiropractic (D.C. or D.C.M.), Law (L.L.B. or J.D.), Medicine (M.D.), Optometry (O.D.), Osteopathic Medicine (D.O.), Podiatry (D.P.M., D.P., or Pod.D.), and Theology (M.Div., or M.H.L.)." The definition posed a challenge for the rulemaking committee, and we appreciate the difficult task before the Department: If professional degrees were not limited to those 10 fields, which other fields should be included?

After initially proposing its own definitions that both limited professional degrees to the 10 fields listed above and included a one-year interim period that would include a greater array of programs—as well as a more expansive proposal from some of the non-federal negotiators—the Department ultimately drafted a multi-part rubric to determine who is eligible for higher loan limits:[4]

- The degree signifies completion of the academic requirements for beginning practice in a given profession.
- The profession the graduate enters requires a level of professional skill beyond what is normally required for a bachelor's degree.
- Programs are at the doctoral level and require six years of higher education, including at least two at the post-baccalaureate level.
- Professions require professional licensure.

This rubric resulted in the addition of Clinical Psychology (Psy.D. or Ph.D.) to the list outlined above. In the NPRM, professional programs include those that share a four-digit Classification of Instructional Programs (CIP) code with those on the 11-field list, and the Department is seeking comments on its analysis relating to the professional degrees it included in or excluded from the professional student definition.

Ensure additions to the professional degree list remain at the graduate doctoral level. New loan limits established in OBBB for graduate and professional students are an important tool for

[3] 34 C.F.R. § 668.2, *General definitions*, in *Electronic Code of Federal Regulations* (latest ed. accessed Feb. 27, 2026), https://www.ecfr.gov/current/title-34/subtitle-B/chapter-VI/part-668/subpart-A/section-668.2.

[4] U.S. Department of Education, "Negotiated Rulemaking for Higher Education 2025-2026," *Laws and Policy / Higher Education Policy*, accessed March 1, 2026, https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/negotiated-rulemaking-for-higher-education-2025-2026; Alex Holt and Andrew Gillen, *Memo on a Revised Professional Degree Definition and Aligning Definitions in the Code of Federal Regulations* (memo submitted to the RISE Negotiated Rulemaking Committee, October 10, 2025), https://d1y8sb8igg2f8e.cloudfront.net/documents/Memo_on_a_Revised_Professional_Degree_Definition_.docx.pd.

reforming federal policy for financing graduate education. We appreciate the Department's effort to set a clear test and the resulting list of programs that meet the definition of a professional program. As it considers additions to this list, we encourage the Department to ensure any additions remain at the graduate doctoral level and/or at a similar length to the programs listed in 34 CFR §668.2 (such as by using the 80 credit hour threshold proposed by the taxpayers and the public interest negotiators at the table).[5]

Ensure additions to the professional degree list are higher earning programs compared to the debt students take out. Both the Department and Congress have emphasized the importance of loan limits to prevent overborrowing, which can cause loans to become a financial burden to borrowers.[6] But measuring the amount of debt alone is not enough to ensure borrowers can repay it. The Department must also examine the earnings of programs that lead to this debt. We encourage the Department to only include additional programs or fields that generally lead to earnings that enable borrowers to reasonably repay the resulting increase in debt.

Below, we encourage the Department to add a debt-to-earnings (D:E) metric to its OBBB "Do No Harm" standard. But even without adding an official D:E metric, the Department could ensure programs or fields that result in low earnings do not gain access to additional loans. Accounting for programs that leave graduates with unmanageable debts is one area with bipartisan support, and the other fields on the Department's current professional degree list generally produce graduates who can reasonably repay their debt burdens.[7]

Relatedly, we do not agree that the limits on graduate loans will necessarily reduce the number of degree programs that result in low earnings relative to the price institutions charge. The Department bases this assumption on the notion that private lenders' decisions to provide credit is in large part based on students' future ability to repay, and as a result, students enrolled in low-value programs are unlikely to be able to attract enough private loans to replace the cost of their education. But the evidence does not support this assumption. The Department cites a 2024 report from the American Enterprise Institute as a source, which discusses the case for private lending.[8] The report discusses this as a theoretical concept that does not yet exist in practice, stating, "in theory, a robust private student loan market would see lenders issue

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[5] See Holt and Gillen, *Memo on Revised Professional Degree Definition*.

[6] Jessica Blake, "What to Know About the Definition of Professional Degree," *Inside Higher Ed*, November 26, 2025, https://www.insidehighered.com/news/government/student-aid-policy/2025/11/26/what-know-about-definition-professional-degree.

[7] Olivia Sawyer, "Americans Are United on Accountability: Assessing Legislative Gains and Future Reforms," *New America* (*EdCentral* blog), November 4, 2025, https://www.newamerica.org/education-policy/edcentral/americans-are-united-on-accountability; Jordan Matsudaira, Tia Caldwell, Clare McCann, and Jeff Wheble, *Accountability for All Programs: Aligning America's Outcomes-Based Standards* (December 2025), https://static1.squarespace.com/static/68c723d6625b5230d7ce847a/t/695c2f9612724e56876ee63d/1767649174576/Accountability-for-All-Programs-PEER-FINAL.pdf; Jordan Matsudaira, "*The Devil Is in the Details with High Graduate Student Loan Borrowing*," *PEER Center*, April 1, 2025, https://www.peer-center.org/research/devil-in-details-high-graduate-borrowing; Tia Caldwell, Jordan Matsudaira, and Clare McCann, "*How Do College Programs Measure Up Against the One Big Beautiful Bill Act's New Accountability Standard*," *PEER Center*, October 7, 2025, https://www.peer-center.org/research/how-college-programs-measure-up-obbba.

[8] Beth Akers, Preston Cooper, and Joe Pitts, *How Private Student Lending Can Repair Higher Education* (American Enterprise Institute, April 1, 2024), https://www.aei.org/wp-content/uploads/2024/03/How-Private-Student-Lending-Can-Repair-Higher-Education.pdf.

student loans based on the student's expected return on investment." That same report acknowledges that private lenders often emphasize traditional creditworthiness metrics like the presence of cosigners and FICO scores rather than ROI.

Other research supports that private lending for student loans tends to be backward looking, meaning it relies on factors such as credit score and existing income. A 2019 U.S. Government Accountability Office report on private student lending notes that private student lenders generally underwrite the loans based on a borrower's credit history and ability to repay and often require a cosigner.[9] A recent report published by the Federal Reserve Bank of Philadelphia's Consumer Finance Institute, notes that while private lenders tolerate different levels of risk, the standard minimum threshold for lenders is a credit score above 670 or lenders otherwise require a cosigner.[10] The report also finds that the majority of borrowers with private student loans rely on a cosigner.

While new models for lending may emerge, the Department should revise its assumptions based on existing evidence. These analyses point to the importance of limiting lending in programs that have low earnings relative to the price institutions charge or the debt students take on. We encourage the Department to examine data already collected under the Financial Value Transparency (FVT) rule to establish which programs fall in that category and its options for limiting them rather than passing the responsibility off to the private market which does not always share the same incentives for limiting low-value programs. For example, the Department could include the D:E metric in its new accountability regulations it intends to finalize under the "Do No Harm" standard in OBBB.

Collect, publish, and analyze data to better understand the impact of loan limit changes on program enrollment, costs, and borrowing. Loan limits are an important tool in reforming federal policy, but they are just one piece of the puzzle. Additional aid and resources to underserved students and institutions, more monitoring and oversight of the private market, and more closely assessing the return on higher education investments are also important policy interventions. As analyses have shown, the new limits will lead to additional students and parents—especially those in health-related professions—turning to the private market for funding if they are able, limiting opportunities for those not able to secure financing and creating an environment ripe for growth in alternative loan products.[11] These changes will also undoubtedly push institutions to rethink how they price, finance, and structure programs.

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[9] U.S. Government Accountability Office, *Private Student Loans: Clarification from CFPB Could Help Ensure More Consistent Opportunities and Treatment for Borrowers*, GAO-19-430 (Washington, DC: Government Accountability Office, May 24, 2019), https://www.gao.gov/assets/gao-19-430.pdf.

[10] Tomás E. Monarrez, Jordan Matsudaira, and Dubravka Ritter, *Student Loans for Graduate School: Who Will Be Affected by the New Federal Lending Limits?* (Federal Reserve Bank of Philadelphia Consumer Finance Institute, December 2025), https://www.philadelphiafed.org/-/media/FRBP/Assets/Consumer-Finance/Reports/student-loans-for-graduate-school.pdf.

[11] See Tomás Monarrez, Jordan Matsudaira, and Dubravka Ritter, *Student Loans for Graduate School: Who Will Be Affected by the New Federal Lending Limits?*; See Matsudaira et al., "How Will Graduate Student and Parent Borrowing Be Affected."

While some programs may reduce tuition, students still must cover their increasing costs of living. For example, parenting students face nontuition costs two to five times higher than nonparenting students due to added expenses like child care or higher-cost housing that is appropriate for a family.[12] An inability to meet these costs may result in these parenting students stopping or dropping out.

The Department acknowledges that changing loan limits might result in delays to students finishing their program, may require students to obtain other forms of financing to fully cover program costs (such as pricey private loans that can be difficult to obtain), and may lead some students to stop out altogether. To fully understand the impact of these changes on program enrollment, costs, and borrowing, it is critical that the Department collect, publish, and analyze data on specific factors, such as the data it collects through the current FVT framework and will continue to collect through its proposed Student Tuition and Transparency System (STATS).

For example, the Department should:

- Examine changes in enrollment levels and intensity by program, including enrollment by race and income, before and after the changes take effect, in order to understand how the new loan limits change who enrolls in graduate and professional degree programs.
- Monitor data on the number of students relying on private lending and the amount borrowed through private sources, annually and in total.
- Examine changes in costs to students, including total cost of attendance, tuition and fees, books and supplies, and housing and food, including for students at different enrollment intensities.
- Examine changes to program growth, offerings, and lengths to understand how institutions are changing offerings to account for the changing loan limits and what students can afford.

In order to establish a baseline for these changes, the Department should release the data it has already collected through the FVT framework, which provides many of these factors on a program level, and it should commit to continuing to collect and publish these important elements going forward.

Loan Limits for Parent Borrowers

We appreciate the Department for furnishing data during negotiated rulemaking at the request of the legal aid representatives regarding Parent PLUS borrowers.[13] These data are invaluable in illuminating the serious challenges faced by low-income Parent PLUS borrowers. The data

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[12] Brittani Williams, Jinann Bitar, Portia Polk, Gabriel Montague, Carrie Gillispie, Antoinette Waller, Azeb Tadesse, Kayla C. Elliott, and Andre Nguyen, *For Student Parents, The Biggest Hurdles to a Higher Education are Costs and Finding Child Care* (report, EdTrust, August 17, 2020), https://edtrust.org/rti/for-student-parents-the-biggest-hurdles-to-a-higher-education-are-costs-and-finding-child-care/.

[13] U.S. Department of Education, *RISE Data Request Part 5: Default Rates by EFC Category* (Washington, DC: U.S. Department of Education, accessed February 24, 2026), https://www.ed.gov/media/document/rise-data-request-part-5-113126.pdf; U.S. Department of Education, *RISE Data Request Parts 1 and 4* (Washington, DC: U.S. Department of Education, accessed February 24, 2026), https://www.ed.gov/media/document/rise-data-request-parts-1-and-4-113127.pdf.

confirm what many advocates have long observed: limiting Parent PLUS borrowing alone—as OBBB did—does not solve the underlying problem for families with the least financial capacity.

In particular, the Department's data show that Parent PLUS borrowers with a $0 Expected Family Contribution (EFC) experience default rates exceeding 40 percent over time.[14] These are families with little-to-no discretionary income. For such households, no amount of parental loan debt is safe or sustainable.

The data also reveal how heavily Parent PLUS borrowers have relied on consolidation to access Income-Contingent Repayment (ICR) as a critical safety valve. Just over 300,000 Parent PLUS borrowers have consolidated and accessed ICR, and approximately 70,000 of those borrowers have a $0 payment under ICR.[15] That pathway is now closed to future borrowers. As a result, very-low-income parents may continue to access substantial loan amounts but without a meaningful safety net.

The underlying structural issue remains unresolved: families with $0 or negative Student Aid Indexes (SAIs) have no realistic capacity to repay any Parent PLUS loan, yet the program continues to offer them some of the riskiest federal credit without adequate guardrails.

Safeguard low-income parents from unaffordable debt. Although provisions related to the adverse credit history check of Parent PLUS loans were ultimately not taken up by the Department and committee during the negotiated rulemaking process, given the data released by the Department, we urge the Department to adopt stronger protections for vulnerable parent borrowers. These recommendations are consistent with what we submitted previously when the Department announced its intent to establish the RISE negotiated rulemaking committee.[16]

Rather than relying on Parent PLUS loans for these families, the Department should expand access for students themselves by providing them with the independent undergraduate loan limits when their parents cannot realistically repay. This is what currently happens when a parent is rejected for a PLUS loan under current adverse credit history standards, which we believe should be revised to help automate this process further. This approach would ensure the lowest-income dependent students, who are independent in the sense that their parents cannot help pay for college, have access to federal loans under the same protections available to other independent borrowers. This would also reduce the likelihood of parents being saddled with debt they cannot manage.

In modernizing the adverse credit standard, the Department could consider modest safeguards that reflect the reality of very-low-income households. Relying solely on credit history, as is currently done, is insufficient and often misleading since families with little to no credit history can still be trapped in unaffordable debt. As one option, the Department should consider

[14] See U.S. Department of Education, *RISE Data Request Part 5*.

[15] See U.S. Department of Education, *RISE Data Request Parts 1 and 4*.

[16] Edward Conroy, Rachel Fishman, Antoinette Flores, Amy Laitinen, Sarah Sattelmeyer, and Wesley Whistle, "Public Comments on the Department of Education's Implementation of One Big Beautiful Bill," *New America*, September 2, 2025, https://www.newamerica.org/education-policy/edcentral/public-comments-on-the-department-of-educations-implementation-of-one-big-beautiful-bill/.

whether applicants with an SAI that is zero or negative should automatically be rejected when the parent applies, allowing the families to either explore whether access to the independent loan limits is sufficient for their student or find an eligible endorser. This would not bar aid to the family but would shift the borrowing responsibility to another with sufficient income or to the borrower who will have access to the Repayment Assistance Plan (RAP), an option with more borrower protections. The Department could also explore a gradual phase-in approach, using increasing levels of SAI to guide where Parent PLUS borrowing may be feasible. Meanwhile, rejection based on historical events such as old medical debt or insurance disputes should be avoided since such items are poor indicators of repayment ability.

Loan Limits for Less Than Full-Time Students

We support the changes in OBBB to prorate loan limits for students enrolled less than full-time, consistent with the Pell Grant program. Prorating recognizes that part-time students generally face lower educational costs and should not be encouraged to borrow at the same level as full-time peers. Aligning loan limits with enrollment intensity is a sensible step to curb unnecessary debt accumulation.

Include a phase-in period for these new loan limits. The new loan limits for full-time graduate students and parent borrowers come with a phase-in period that allows those who are enrolled and have taken out a Direct Loan for their program to continue to access currently available loans for up to three years. However, there is no phase-in period or implementation delay for current students who enrolled at a less than full-time status. These groups will face their new, prorated loan limits starting in July 2026. This not only complicates how these students finance their schooling—less than full-time students can face additional barriers in accessing financial aid, especially when aid programs are designed to support full-time students attending college directly out of high school—but also increases the administrative burden for financial aid professionals who have to track and explain two different implementation regimes for current borrowers.[17]

There is bipartisan support for aligning phase-in periods for both full-time and less than full-time students, and the Department could phase in the less than full-time loan limits, given that a specific implementation date was not included in the law, making implementation easier and reducing confusion for current borrowers, financial aid administrators, and department staff.[18] The Department has indicated that the lack of implementation date means that this provision was effective upon enactment of OBBB.[19] The collection of provisions without an

[17] Ivy Love, Edward Conroy, Iris Palmer, and Sarah Sattelmeyer, *"We Shouldn't Have to Choose between Maintaining and Bettering Our Lives: An Analysis of Older and Parenting College Students"* (report, New America, November 2, 2023), https://www.newamerica.org/education-policy/reports/we-shouldnt-have-to-choose-between-maintaining-and-bettering-our-lives-an-analysis-of-older-and-parenting-college-students/.

[18] Beth Akers, "Want to Protect Part-Time Students? Phase in Loan Limit Changes," *American Enterprise Institute*, September 11, 2025, https://www.aei.org/education/want-to-protect-part-time-students-phase-in-loan-limit-changes/; Ashley Naporlee and Tamar Hoffman, *Proposal for Proration of Loans for Less-Than-Full-Time Students* (memo submitted to the RISE Rulemaking Committee, October 10, 2025), https://d1y8sb8igg2f8e.cloudfront.net/documents/Proposal_for_Proration_of_Loans_for_Less-Than-Full-Time_Students.pdf.

[19] U.S. Department of Education, *Federal Student Loan Program Provisions Effective Upon Enactment Under the One Big Beautiful Bill Act*, Dear Colleague Letter GEN-25-04 (July 18, 2025), https://fsapartners.ed.gov/knowledge-

implementation date are being rolled out as systems are built and as it is efficient to integrate them with other provisions in the law.[20] This recommendation is not incompatible with that broader approach.

In addition, as the Department begins implementing this provision of OBBB, it should use the data collected as part of FVT/STATS to connect enrollment intensity to borrowing to help understand how much students borrow at different enrollment intensities and what students are borrowing for while enrolled in different programs.

Ensure subscription-based programs do not receive an exception. In its NPRM, the Department indicated that, "given that none of the non-Federal negotiators had specific experience with subscription-based programs, we removed reference to such programs in the regulations for schedule of reductions and are seeking specific feedback from institutions that use this type of academic calendar during the public comment period. The Department welcomes all relevant feedback on such programs and the relevancy of the schedule of reductions, or whether additional provisions are necessary to specifically address unique aspects of subscription-based programs. Specifically, we invite comments that ponder how the schedule of reductions would work at a subscription-based Institution."

However, the legal aid negotiators did respond to the Department with substantive concerns around the exceptions originally provided to subscription-based programs which contributed to the removal of the language the first time around.[21] We would like to reiterate the points that they made in their argument for removing this language and are opposed to exceptions for subscription-based programs to the proration of loans for less than full-time students.

Unlike term-based programs, students starting subscription-based programs are able to receive disbursements without having completed their course loads, carrying added risk to students that wind up with debt but no degree. However, part-time students in these programs qualify only for a part-time-equivalent, prorated Pell Grant. For example, if students are full-time at the start of year, they get a full-time Pell Grant and are eligible for up to the full-time loan amount—but they do not have to show they earned full-time credits until after they are already done with two full terms. If students are part-time at the start of the year, they will get a part-time Pell Grant. We believe that the intent of OBBB is to prorate their loan eligibility, too. (Note that this provision in the law addresses lower enrollment intensity, which is unaddressed by the distinct structure of these programs.) All other types of programs will be subject to the proration of loan eligibility, as well.

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center/library/dear-colleague-letters/2025-07-18/federal-student-loan-program-provisions-effective-upon-enactment-under-one-big-beautiful-bill-act.

[20] U.S. Department of Education, *"Big Updates," StudentAid.gov*, accessed February 25, 2026, https://studentaid.gov/announcements-events/big-updates; U.S. Department of Education, *Federal Student Loan Program Provisions Effective Upon Enactment Under the One Big Beautiful Bill Act*.

[21] Ashley Naporlee, "Subscription-Based Programs (Loan Limits)" (proposal submitted to the RISE Rulemaking Committee, 2025), https://www.ed.gov/media/document/2025-rise-subscription-based-programs-loan-limits-submitted-ashley-naporlee-112641.pdf.

Institutionally Determined Loan Limits

We are concerned about the implications for students enrolled in programs that are subject to institutionally determined loan limits. Previous research we conducted shows that institutional discretion over borrowing can lead to inequitable outcomes and can undermine access for students who rely on loans to help cover their basic needs.[22] Meeting basic needs is essential for ensuring academic success. While administrators may seek to protect repayment metrics by limiting borrowing, those restrictions often fall hardest on low-income students at low-tuition institutions. These are precisely the students most likely to need additional resources to complete their studies.

Guardrails are therefore essential to ensure that program-level borrowing caps do not become a backdoor way to ration aid. We support the Department's decision to include requirements that the institution document their decision and provide clear and conspicuous information to currently enrolled and prospective students and rationale for the limit.

In addition, the Department should:

- Require institutions to report how they use this authority, including which programs get assigned the new limits and how institutions reached that determination and set the loan limit amount.
- Require institutions to report the limits they set. The Department cannot conduct effective oversight if it does not have information on which institutions are setting limits and for which programs. It is important that the Department has the ability to track the impact of these changes on student enrollment and borrowing over the long term.
- Require institutions to disclose the typical earnings for program graduates to help students understand what their outcomes will look like and whether additional resources are needed and worth it for program completion.
- Collect and report information transparently. The Department should consider how it can report the data described above publicly within existing data reporting frameworks to help the field understand the policy's impact, ensure transparency for students, and promote effective oversight. For example, the Department could include such information in the website it is developing under FVT/STATS to convey information to students.
- Require any institution who decides to limit loans to use the College Finance Plan and update the Plan with appropriate disclosures.
- Consider including these notifications as a requirement for administrative capability. In the future, the Department should consider adding the disclosure of information about—and communication with students about—institutionally determined loan limits as a key way institutions demonstrate that they are administratively capable.

[22] Ben Barrett and Amy Laitinen, *Off Limits: More to Learn Before Congress Allows Colleges to Restrict Student Borrowing* (policy paper, New America, May 2, 2017), https://www.newamerica.org/education-policy/policy-papers/off-limits/; Kim Dancy and Ben Barrett, *Living on Credit? An Overview of Student Borrowing for Non-Tuition Expenses* (report, New America, August 2018), https://s3.amazonaws.com/newamericadotorg/documents/Living_on_Credit_KfCmy9t.pdf.

Student Loan Repayment

OBBB and the RISE NPRM also address a number of student loan repayment provisions, several of which would benefit from additional clarity and streamlining to improve borrower access and success in repaying their loans.

Streamline access to IBR for Parent PLUS borrowers. OBBB created eligibility for a Direct Consolidation Loan that repaid a Parent PLUS Loan to enroll in an IBR plan after first enrolling and making a payment in ICR. OBBB also allows borrowers with Direct Consolidation Loans that repaid a Parent PLUS loan and made an ICR payment to enroll in an IBR plan immediately (and the Department has indicated that it is working to implement this provision).[23]

During the negotiated rulemaking sessions, the Department also indicated that Parent PLUS borrowers who had made a payment on ICR would be able to immediately enroll in IBR and not wait until July 1, 2028. However, such assurances were not included in the NPRM, and there is confusing previous language in 685.209(c)(5)(iii)(A) that could be read to indicate otherwise: "Through June 30, 2028, a borrower who has a Direct Consolidation Loan disbursed on or after July 1, 2025, which repaid a Direct Parent PLUS Loan, a FFEL Parent PLUS Loan, or a Direct Consolidation Loan that repaid a consolidation loan that included a Direct Parent PLUS or FFEL Parent PLUS Loan may not choose any income-driven repayment (IDR) plan except the ICR plan." The Department should adjust this language to indicate that eligible Parent PLUS borrowers can immediately enroll in IBR and do not have to wait until July 1, 2028.

To streamline the process, when consolidating before July 1, 2026 or otherwise selecting a plan, eligible borrowers with Parent PLUS loans should be given the option to "enroll in IBR via ICR," and servicers should be directed to note an enrollment in ICR for one payment and then place the borrower into IBR. This would prevent borrowers from having to go through—and servicers from having to process—two separate transactions, potentially one month apart. A precedent exists for combining such actions. Borrowers in IBR are technically required to make one payment on the standard plan before transitioning into a new plan but are permitted to use a forbearance in lieu of this payment. The Department allows a borrower to request such a forbearance on the IDR Plan Request form.[24]

The Department should also allow Parent PLUS consolidations to count if they are submitted by June 30, 2026 as opposed to being *processed and disbursed* by June 30, 2026. Currently, the Department is advising borrowers "who must consolidate their loans in order to access the IBR, ICR, and Pay As You Earn (PAYE) Plans to apply for their consolidation loan at least three months before July 1, 2026, to ensure that their consolidation loan is disbursed before July 1, 2026."[25] This means that borrowers would need to have their paperwork completed within the

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[23] U.S. Department of Education, *Federal Student Loan Program Provisions Effective Upon Enactment Under the One Big Beautiful Bill Act*; U.S. Department of Education, *"Big Updates."*

[24] U.S. Department of Education, *Income-Driven Repayment (IDR) Plan Request* (OMB No. 1845-0102) (Washington, DC: Federal Student Aid, 2025), https://studentaid.gov/sites/default/files/IncomeDrivenRepayment-en-us.pdf.

[25] See U.S. Department of Education, *"Big Updates*."

next month, but this regulation has not yet been finalized, and instructions and information are not widely available for borrowers.

Eliminate other conflicting language. On its updates webpage, the Department also indicates that "there will be no restriction on enrolling in IBR, ICR, or PAYE on or after July 1, 2026, unless the borrower receives a disbursement on a new loan on or after July 1, 2026."[26] However, in the NPRM, previous, conflicting language exists in § 685.209(c)(4) and (5), which limits borrowers' enrollment in ICR and PAYE. This adds a layer of confusion to the system, and this language should be eliminated, given that it is superseded by OBBB.

Allow the interest subsidy and matching principal payments to be applied even when borrowers are making lump-sum payments that advance their dues dates. According to OBBB, only "on-time" payments are eligible for the interest and principal subsidies, and only "on-time" payments lead to forgiveness under RAP and Public Service Loan Forgiveness (PSLF). However, OBBB did not define "on-time" payment. Instead, the Department is proposing that "on-time" means a payment is "received on or before the due date for the current month and satisfies the due date for the current month, but after the due date for the previous month."

This definition is narrower than required in the law and creates issues related to lump-sum payments. While we appreciate the language in the NPRM ensuring that those who make lump-sum payments can have those payments qualify for up to one year of IDR or PSLF credit if borrowers advance their due dates, if they *do not opt out* of advancing their due dates, these payments would not be eligible for the interest and principal subsidies provided by OBBB. (A borrower could only retain eligibility for the interest and principal subsidies by opting to not advance their due date after making a lump-sum payment and continuing to pay each month. But in doing so, the lump sum payment would not count toward multiple months of PSLF or IDR forgiveness.)

The Department should broaden its definition of "on-time" to mean simply "not late" and to not include receipt after the previous month's due date. This would allow lump-sum payments—for example, intentional pre-payments, AmeriCorps or Peace Corps transition payments, or even accidental overpayments—to qualify for interest and principal subsidies.[27] To ensure borrowers are not taking advantage of the system, the Department could project or model what the borrower would pay each month and what the requisite interest and principal subsidies would be if the payments were made in the month they were due. While this may be a complex operational calculation, it is in service of providing borrowers a benefit they are entitled to under the law—and one that helps and encourages them to pay down their debt faster.

Collect and report out data on emerging repayment patterns. Over the next several years, the repayment ecosystem is going through major changes. To help understand the impact of the new policy environment, the Department should collect data and report out on:

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[26] See U.S. Department of Education, *"Big Updates*."

[27] U.S. Department of Education, *"PSLF Credit During Volunteer Service Period," StudentAid.gov Help Center*, accessed March 2, 2026, https://studentaid.gov/help-center/answers/article/pslf-credit-during-volunteer-service-period.

- How and when borrowers are using IDR and other plans, deferments, and forbearances during and after the OBBB transition period. The Department should note borrowers' required IDR payment amount, the actual amount paid, and whether that payment was on time, per the new OBBB definition. The Department should also report on delinquencies and defaults for different cohorts of borrowers, as borrowers who borrowed or consolidated their loans during certain time periods will have access to different repayment options.
- When and through what mechanism borrowers consent to Federal Tax Information (FTI) data sharing as well as borrower outcomes post-consent.
- Borrowers' patterns of auto-debit use.

Clarify and expand the situations in which borrowers can provide approval for the IRS to share their FTI with the Department using FUTURE Act authority. During the RISE committee, the Department used a 2023 regulation as the base for all changes, given that it is the current rule of record.[28] In December, the Department announced that a settlement had been reached in litigation challenging this rule that required another negotiated rulemaking to implement changes to the existing regulations to reflect that ruling.[29] However, last week, a federal judge dismissed the lawsuit altogether.[30]

This ongoing process creates uncertainty around a host of provisions in this rule, including those that are related to the Saving on a Valuable Education (SAVE) repayment plan and those that are not. As it moves forward, the Department should ensure it is clarifying and expanding the situations in which borrowers can provide approval for the IRS to share their FTI with the Department using FUTURE Act authority, including:

- Existing procedures under which the Department may obtain the borrower's adjusted gross income (AGI), including and beyond the IDR application and Master Promissory Note.
- Automatically calculating a borrower's IDR payment if they are severely delinquent and have consented to data sharing.
- Calculate a borrower's IBR or RAP payment if they are in default and have consented to data sharing, including as a rehabilitation payment amount while they are in default, the use of IDR-like structures while they are in default, and placement in an IDR plan when they exit default (as described below).

[28] U.S. Department of Education, *Improving Income-Driven Repayment for the William D. Ford Federal Direct Loan Program and the Federal Family Education Loan (FFEL) Program*, Final Rule, 88 Fed. Reg. 43820 (July 10, 2023), https://www.federalregister.gov/documents/2023/07/10/2023-13112/improving-income-driven-repayment-for-the-william-d-ford-federal-direct-loan-program-and-the-federal.

[29] U.S. Department of Education, *U.S. Department of Education Announces Agreement with Missouri to End Biden Administration's Illegal SAVE Plan*, press release, December 9, 2025, https://www.ed.gov/about/news/press-release/us-department-of-education-announces-agreement-missouri-end-biden-administrations-illegal-save-plan.

[30] *State of Missouri et al. v. Trump et al.*, No. 4:24-cv-00520-JAR, Memorandum & Order (E.D. Mo. Feb. 27, 2026), https://storage.courtlistener.com/recap/gov.uscourts.moed.211135/gov.uscourts.moed.211135.93.0.pdf.

Default and Collections

OBBB allows borrowers to rehabilitate their loans twice, providing a critical additional pathway out of default. It also raises the minimum payment for a rehabilitation agreement from $5 to $10 for future borrowers with Direct Loans. During the negotiated rulemaking sessions, the Department declined to change its rehabilitation-related regulations beyond these measures, but it committed to clarifying and improving its existing practices around rehabilitating a defaulted loan in the preamble of the NPRM and final rule. These clarifications and improvements include ensuring the ability to consent to FUTURE Act data sharing—which makes it easier for borrowers to enroll and annually recertify for income-driven plans—in rehabilitation applications, facilitating additional self-service options for borrowers in default, and smoothing the pathway into an IDR plan when borrowers exit default.

In the NPRM, the Department indicated that it:

- "Intends to provide opportunities for borrowers to select a repayment plan earlier during loan rehabilitation and consolidation."
- "Plans to enhance self-service tools so that borrowers can more easily enroll in income-driven repayment when their loans return to good standing and allow borrowers to authorize the use of FTI for purposes of determining eligibility for and maintaining enrollment in IDR plans."
- Intends "to design processes for rehabilitation and consolidation so that borrowers are informed of their repayment options, can authorize the use of FTI to enroll in the Repayment Assistance Plan, and can complete these steps through accessible channels, including online self-service tools, as well as describing such processes and requirements in greater detail in guidance and communications to borrowers."
- "Is exploring ways to obtain consent from the borrower to disclose their FTI information to the Department at the time of rehabilitation to facilitate a borrower's enrollment into an affordable repayment plan once their loans are returned to good standing."

The Department can achieve many of these goals outside of the regulatory process. For example, the Department should:

- Ensure reasonable and affordable rehabilitation payments align with the lowest payment a borrower would make if they were in good standing on their loans (either in IBR or RAP) to ensure borrowers are able to remain on track when they reenter repayment.
- Clarify that the Department will not certify a borrower for Administrative Wage Garnishment (AWG), the Treasury Offset Program (TOP), or benefits offset while rehabilitation is ongoing in cases where borrowers are already successfully rehabilitating their loans and have not yet been certified. During the negotiated rulemaking, the Department shared that this is operationally true, but it would be beneficial to have written confirmation of this practice. (In the NPRM, the Department indicated that it uses discretion to sequence collection tools.) The Department should also include this information in its planned common manual for servicing and collections.[31]

[31] U.S. Department of Education, *Request for Information on Developing and Implementing a Common Manual for the Federal Direct Loan Program*, 90 Fed. Reg. 43181 (Sept. 8, 2025) (to be codified at Docket ID FSA-XXXX-XXXX)

- Encourage borrowers to consent to FTI data sharing and enrollment in an IDR plan once they exit default not only as part of the consolidation process but also as part of a rehabilitation application.[32] Where rehabilitation payments are the same as IDR payments, and borrowers have provided consent for FTI sharing, the Department could import that information and calculate payments. These payments could count toward IDR forgiveness.
- Create an online portal or interface for borrowers in default to use to keep track of, make, and manage payments; simulate options; and streamline next steps. This would help with documented confusion that borrowers feel when their loans change hands and systems as they move between repayment and default.[33] The Department has made great strides in online platforms, through StudentAid.gov, for borrowers in repayment, especially the ability to submit IDR and PSLF forms. Those seeking to exit default can struggle to fill out a consolidation application online, and rehabilitations must largely be done manually—via phone calls, mail, and sometimes fax. This keeps borrowers from exiting default and can increase costs (and decrease collections) for the Department.
- Collect and report out additional data on default to better understand borrowers' pathways, including:
    - Default history, such as:
        - Amount of time spent in default.
        - Actions taken by the borrower while in default (and timing of those actions).
        - Pathways out of default, including use of the second rehabilitation after July 1, 2027.
        - Balance growth/paydown while in default.
    - Repayment pathways and outcomes for borrowers when they return to repayment, including redefault rates.

  In addition, the Department should explore what the account transfer process from repayment to default (and vice versa) looks like, how long it takes, when borrowers first engage with the new system they are entering, and where borrowers fall through the cracks.

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https://www.federalregister.gov/documents/2025/09/08/2025-17216/request-for-information-on-developing-and-implementing-a-common-manual-for-the-federal-direct-loan.

[32] As part of the required coordination, according to the FUTURE Act (https://www.congress.gov/bill/116th-congress/house-bill/5363/text), the IRS must share relevant borrower data with the Department "only for the purpose of (and to the extent necessary in) determining eligibility for, or repayment obligations under, income-contingent or income-based repayment plans." While the law requires these data to be used to determine *eligibility* and calculate payments, it does not require that the sharing of these data mandate enrollment into such plans. Instead, the law requires that the Department "establish and implement…procedures" to use this tax information to "determine repayment obligation of the borrower without further action by the borrower." These provisions apply to a borrower who "selects, or is required to repay such loan pursuant to, an income-contingent repayment plan; or recertifies income or family size under such plan."

[33] Sarah Sattelmeyer, *Trapped by Default: Why Borrowers Default on Their Student Loans and How the System Jeopardizes Their Economic Security* (issue brief, New America, July 27, 2022), https://www.newamerica.org/education-policy/briefs/trapped-by-default/; Sarah Sattelmeyer and Tia Caldwell, *In Default and Left Behind: How Higher Education and the Student Loan System Are Failing the Most Vulnerable Borrowers* (report, New America, February 6, 2023), https://www.newamerica.org/education-policy/reports/in-default-and-left-behind/.

Implementation

This regulatory package includes provisions that reconfigure how loan origination and repayment work for borrowers, schools, the Department, and its contractors. The Department must meet an aggressive implementation schedule to enact a number of these new policies by July 1, 2026. The fact that so many pieces of the system are changing at once—and so quickly—makes it not only hard for schools and the Department to plan and get systems set up but also for students and borrowers to understand their options, eligibility, and path forward. Colleges, contractors, community partners, and the Department itself must simultaneously work to update systems, processes, and communications to students and borrowers.

For example, there are specific pieces of the new regulatory package that may come as a surprise to students and borrowers, including the immediate implementation of the new prorated limits for less than full-time students and the fact that some schools may limit loans for specific programs of study. In addition, current Parent PLUS borrowers or those exiting default may need to consolidate their loans before July 1, 2026 to ensure they maintain access to existing IDR plans. Their consolidation applications must be fully processed, and new consolidation loans must be made by this date, which means they will need to file their applications within the next month. Those seeking PSLF will need to ensure they select RAP when entering/re-entering repayment or consolidating their loans.

Thus, even as the new rules are being finalized, the Department and its contractors must engage in robust communication and training across multiple channels to facilitate a smooth rollout. The implementation of OBBB should reduce confusion as much as possible, making it easier for borrowers to select a repayment plan and avoid default and for the Department and its contractors to administer the student loan program. The details—including counting payments as borrowers move between plans, what happens when borrowers take out new debt, and specifically who the new loan limits apply to—must include clear timelines and outline the benefits and consequences of different options.

Communication to borrowers about their options must be concrete, consistent, and immediate, given that borrowers will be facing a host of complex choices during a period in which many have already experienced confusion. In addition, where it does not do so already, the Department must clarify its procedures and ensure that borrowers have the ability to provide consent for data sharing on multiple applications and forms offered by the Department, through the borrower's online accounts with their servicer and the Department, in writing to the Department or servicers, and at other times when they engage with the Department and its contractors. For those changes happening July 1, 2026, the Department and institutions should already be communicating with students and borrowers.