



August 28, 2025

Docket ID ED-2025-OPE-0151

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

To whom it may concern:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA) and our 3,000 member institutions, we respectfully submit to the U.S. Department of Education our comments on its intent to establish two negotiated rulemaking committees (Docket ID ED-2025-OPE-0151).

NASFAA represents more than 29,000 financial aid professionals who serve 16 million students each year at colleges and universities in all sectors throughout the country. NASFAA member institutions serve nine out of every 10 undergraduates across the country.

We appreciate the opportunity to provide feedback on the Department of Education's intent to establish two negotiated rulemaking committees necessary to implement recent statutory changes to the Title IV, HEA programs included in the One Big Beautiful Bill Act. The topics slated for discussion represent some of the most significant changes to federal student aid in recent history, potentially reshaping access, affordability, and accountability in postsecondary education. While we support improving the federal student aid system, we have significant concerns regarding the operational complexity, unintended consequences, and immense implementation challenges that many of the One Big Beautiful Bill Act provisions pose. Our comments detail these concerns, offering the perspective of the financial aid professionals tasked with implementing these new rules on their campuses. We urge the department to prioritize clarity, feasibility, and a realistic timeline to ensure these reforms ultimately support the students they are meant to serve.

### **RISE Committee**

#### ***Phase-out of graduate and professional PLUS Loans.***

Eliminating the Grad PLUS loan program will profoundly change post-baccalaureate education, particularly for students from low- and middle-income backgrounds who may lack access to private credit markets. We are concerned this will create significant funding gaps, forcing students to abandon or delay advanced degrees.

We are glad to see the inclusion of an "exception" provision that would allow current borrowers to continue accessing this loan program; however, the specifics of the clause raise significant questions. The law allows borrowers who have taken out a Grad PLUS loan prior to July 1, 2026, to continue doing so for an additional three academic years or until they complete their credential, whichever comes first. This time frame, however, does not address students enrolled less than full-time. Furthermore, it is unclear if a student would lose eligibility for this exception if they change programs within the same credential level or take a leave of absence during that three-year period. We recommend clarifying that time spent on a reasonable leave of absence should not count against the three-year limit, and that periods of less-than-full-time enrollment should be prorated accordingly.

There is some ambiguity in the law as to whether a student must have borrowed from the Grad PLUS program specifically or if borrowing from any of the federal Direct Loan programs before July 1, 2026, would make them eligible for the exception. We recommend that borrowing from any of these programs should meet the requirement. Finally, it is unclear whether a borrower must have an outstanding balance when the changes take effect. We recommend clarifying that eligibility should only require having borrowed a federal Direct Loan at some point while enrolled in the same program prior to the deadline, regardless of their current balance.

ED must also determine how borrowers will be tracked and identified for continued eligibility. We hope that ED will develop systems at the federal level for this purpose that do not increase administrative burden for financial aid administrators. Without clear answers to these fundamental questions, the safeguard of a legacy provision only creates significant uncertainty for students and institutions and limits financial aid administrators' ability to counsel students proactively.

***Establishment of new annual loan limits for graduate and professional students and parent borrowers, and implementation of new lifetime borrowing caps.***

Establishing new annual loan limits for graduate and professional students and parent borrowers, along with new lifetime borrowing caps, presents significant implementation challenges and potential confusion for students and the financial aid administrators that support them. A primary concern is the absence of a clear, consistent federal definition of a “professional” degree. Many institutions' academic units have begun developing internal definitions without federal guidance. These decisions, driven by the need for clarity for their borrowers, can vary widely across institutions and program types, and are sometimes made without coordinated input from the financial aid office. This patchwork approach dramatically increases the risk of inconsistent application of loan caps, creating inequities for students and significant compliance concerns for institutions.

The definitional ambiguity, combined with the statutory details, creates unresolved critical operational questions for students and institutions. A successful implementation requires clear answers to the following:

- Under this new framework, which programs qualify as "professional degrees"? The law references 34 CFR 668.2, which provides a non-exhaustive list of programs considered professional degree programs. For programs not included in this list, we suggest the department use the definition of “Doctor's degree-professional practice” used in IPEDS reporting. Schools have already been reporting their professional degrees under this definition, so this keeps a level of standardization and consistency.
- Does the proposed lifetime limit (\$257,500) include all federal loans taken out before the law goes into effect, or only new borrowing?
- If a student takes a research or gap year or a leave of absence, does that year count against their three-year limit for continued borrowing? We recommend that the three-year limit be defined as three years of full-time enrollment or the equivalent, preventing students who take a leave of absence for research, personal, or medical reasons from being disadvantaged.
- Can a student opt out of the exclusion provision if the new loan limits would be more beneficial for their situation?

Operationally, we have concerns regarding implementing and tracking these new loan limits. For instance, federal student aid systems, like the National Student Loan Data System (NSLDS) and the Common Origination and Disbursement (COD) system, must be updated promptly to accommodate these new, complex aggregate loan limits. We also recommend that FSA systems be modified to minimize institutional administrative burden, such as how excluded borrowers will be flagged and monitored to ensure the correct limits are applied.

The depth and breadth of unanswered questions highlight the complexity of these provisions and underscore the necessity of having experienced financial aid professionals at the table throughout this process. Without

definitive answers to these fundamental questions, there is a risk of creating widespread confusion and insurmountable barriers for the students these programs support.

***Simplification of student loan repayment plans into a standard repayment plan and a single income-based Repayment Assistance Plan (RAP) for new borrowers.***

We're encouraged by the simplification of the complex array of student loan repayment plans into a single standard plan and a new income-driven Repayment Assistance Plan (RAP). The RAP proposal contains positive features, most notably its direct approach to tackling negative amortization. By waiving any remaining interest each month after a payment is made, the plan ensures borrowers will no longer see their balances grow even when making required payments. The payment match provision is also a welcome feature, allowing borrowers to reduce their debt as they make their required on-time payments.

However, these positive elements are overshadowed by several concerning design flaws that could create severe financial hardships for borrowers, particularly those with low and moderate incomes.

The tiered payment structure, while seemingly straightforward, creates a punitive "cliff effect." A borrower whose annual income increases by just one dollar could be pushed into a higher bracket, causing their required payment to spike dramatically. For example, a borrower earning \$20,000 yearly would have a base payment of 1% of their AGI. But just a single dollar increase in their annual income — to \$20,001 — would make the base payment amount to 2% of their AGI, doubling their monthly payment, penalizing borrowers for marginal wage gains.

Lastly, extending the maximum repayment term to 30 years is a significant step backward from the current 10- to 25-year terms. This change risks trapping the lowest-income borrowers in debt for most of their working lives, long after they would have their remaining balance cancelled under other plans, keeping the debt on their credit reports longer than current plans.

While we recognize that many of these issues are embedded in statute and thus outside the scope of regulation, we recommend that the department be required to provide clear, plain-language communications for all borrowers outlining this new plan's features and potential impacts, and offer a robust, user-friendly repayment calculator that allows borrowers to model their payments and repayment timelines under various income scenarios, helping them make informed decisions about managing their debt.

***Institutional flexibility to apply lower annual limits for student and parent borrowers for selected programs of study.***

We support the provision that allows institutions the flexibility to apply lower annual loan limits for student and parent borrowers for specific programs of study. This is a positive step toward empowering institutions to promote responsible borrowing and tailor financial aid packages to align with the specific costs and potential earnings associated with different academic programs.

To ensure this provision is implemented effectively and equitably, we recommend that the negotiating committee provide flexibility for institutions without creating added complexity for students.

***Loan proration for less-than-full-time enrollment.***

- The provision to prorate federal student loans based on enrollment intensity introduces a significant layer of complexity that mirrors the rules for Pell Grants but is entirely new for the loan programs. This change raises important operational questions that must be addressed to avoid widespread implementation failure. Our primary concern is the timing and methodology of the proration.

- When is enrollment status measured initially? We strongly recommend that the department not tie this to loan origination, which often occurs months before classes begin. Instead, the initial measurement for loan proration should be based on enrollment status at the time of disbursement. This is consistent with the existing rules, where students must be enrolled at least half-time at the time of disbursement to be eligible for Direct Loan funds.
- How are changes in enrollment handled? We recommend proration based on enrollment status categories (full-time, three-quarter time, half-time) rather than a per-credit proration to minimize added complexity. When enrollment status changes after the initial proration (at the time of disbursement), we suggest keeping this consistent with current rules. This means if the student drops credits after the time of disbursement, they are still eligible to keep those loan funds. The only exception would be if they do not begin attendance in *any* courses for the payment period. In these situations, the loan funds would need to be returned. If the student adds credits after the initial proration, and it pushes them into a new enrollment status category, they would be eligible for an increase to their loan amount, assuming they have room in their cost of attendance (and demonstrate unmet need, if it is a subsidized loan).

In addition, the scope and interaction of this provision with existing rules will need to be defined:

- Does the proration apply to graduate and professional student loans in addition to undergraduate loans?
- How does this new general proration requirement affect the pre-existing, specific rules for prorating undergraduate loans for students in their final semester or those enrolled in programs shorter than a standard academic year?
- With the effective date of July 1, 2026, how are summer crossover periods treated? Institutions and financial aid management system vendors need a clear runway to prepare for operational changes of this magnitude.
- The regulations are unclear as to whether the schedule of reductions will be published each year or if it will be a one-time schedule for all future years. To ensure predictability and effective long-term planning, we recommend establishing a single, fixed schedule that will be used for all future years.

This provision represents a fundamental shift for the student loan program. An overly complex implementation will create significant confusion for students and an unnecessary burden for financial aid administrators. Financial aid professionals will prioritize both careful student counseling and good stewardship of the critical technical details of implementation, but a policy with such profound impact must be meticulously thought out and purposeful in its implementation.

#### AHEAD Committee

***Changes in institutional and programmatic accountability measures, including loss of Direct Loan eligibility for certain programs with low earnings outcomes for 2 out of 3 years, and Financial Value Transparency and Gainful Employment.***

We support the department's commitment to meaningful accountability that advances transparency and student success. These measures should be meaningful and data-driven and avoid duplicating requirements that institutions already meet under existing federal and state frameworks.

The introduction of new statutory accountability measures raises a significant issue of inefficiency for both the department and institutions in maintaining two largely duplicative and burdensome accountability frameworks. We now face a scenario with two parallel systems: one from Congress through statute and one from ED through the Financial Value Transparency (FVT) and Gainful Employment (GE) regulations.

If the last 15 years of regulating and re-regulating GE have taught us anything, it is that this issue requires clear direction from Congress. The turbulent history of GE regulations, marked by constant litigation, shifting rules,

and unprecedented implementation challenges, has created an unsustainable amount of uncertainty for institutions and students.

Congress had the opportunity to write the GE/FVT framework into the law, and instead created a new accountability framework, making no mention of GE/FVT at all. Rather than continuing down a path with two distinct frameworks, we ask ED to commit to implementing the single accountability framework established by Congress and amend the GE/FVT regulations to align the requirements. Two frameworks would be burdensome for schools and ED, and confusing to students when programs become subject to the consequences of failing metrics. We believe a single, congressionally-mandated framework is the correct path; however, the law as currently written contains significant flaws that must be addressed.

First, the new accountability framework does not apply to undergraduate certificate programs. Because of this, we recommend that the department amend the current GE regulations to match the statutory accountability framework, except where certain modifications are justifiable, but apply only to undergraduate certificate programs. While undergraduate certificate programs would fall under regulation, and degree and graduate certificate programs would fall under statute, the framework would generally be the same. This would allow for consistent accountability across program types.

Several other concerns are related to the comparison of median earnings between program completers and working adults who did not pursue postsecondary education. One such concern is that the comparison fails to account for major economic disparities across a state or country. In California, for instance, it could unfairly compare the earnings of graduates from a rural institution who stay and work in the region to those of those in major metropolitan areas like Los Angeles and San Francisco. This disparity may become even more extreme when the metrics require a comparison to working adults from the entire country, which is required when fewer than 50% of the students enrolled in the institution reside in the state where the institution is located. Also, since the determination is based on **all** students enrolled at the institution, not a specific program, this presumably means that if less than 50% of students reside in the institution's state, **all** programs at that institution would be using the nationwide comparison of earnings. While we understand these metrics are statutory, the department has the authority to include a geographical adjustment to the earnings data to account for variances in living costs in different parts of the country. Specifically, we recommend that the department use the regional price parity index of the Bureau of Economic Analysis as the basis of these adjustments. Geographical adjustments would allow more reasonable comparisons to be made, which is especially important considering that the comparison, as it is written in the law, requires the earnings of recent graduates to be compared to those of working adults who may have been in their profession for up to 16 years already. We acknowledge that this "working adult" definition is statutory, so we urge the department to utilize geographical adjustments to ensure a more meaningful comparison.

Other concerns relate to how small programmatic cohorts are handled. As written, additional years of data would be aggregated for programs with fewer than 30 completers for the specified cohort until a cohort of 30 completers is reached. However, if aggregating additional years of data still does not create a cohort of at least 30 completers, data from additional programs of equivalent length would be aggregated to reach the 30-completer minimum. This means we are no longer evaluating only the specific program at risk, which dilutes accountability at the program level. For example, if a program has 10 completers in the cohort, even after additional years of data are aggregated, other programs' data would eventually be added to reach 30 completers. This means the data of 20 completers from other programs would be included in the earnings comparison. Stripping a program of its Direct Loan eligibility when two-thirds of the data came from *other* programs goes against the premise of holding programs accountable for their completers' earnings. To address this concern, we recommend that the department set a time frame stipulating that programmatic data from up to six years back

would be aggregated before additional data from other programs are added. Additionally, when adding data from other programs, the Department should first add data only from programs of a similar field of study, as determined by the 4-digit CIP code of the program being evaluated.

Whether the department issues multiple determinations simultaneously is an additional concern. The law states that the "covered period" is the period of the three years immediately preceding the date of a determination. However, it does not specify that the department would only measure one year of earnings and make one yearly determination. This is concerning because, in the first year of calculations, the department could issue determinations for all three preceding years, meaning a program could lose Direct Loan eligibility in that very first year, since three years of measurements are available. We do not feel this was the intent of Congress, especially since the law includes the requirement of notices to students after one year of failing metrics. We urge the department not to make eligibility determinations retroactively once this provision is implemented in 2026. We also suggest that clarification be made that it is an annual process through which the department measures one year of earnings, for one programmatic cohort, and issues a determination for only one year at a time.

The law is also unclear in how it defines the year of determination. Is this the year the department makes its determination, or is this the year that earnings are measured? If it is the year the department makes its determination, presumably the earnings data would be gathered before this, creating even less time before having graduates' earnings compared to other working adults. While we have concerns about four years being enough time to allow graduates to reach their earning potential, especially in certain professions, we request that the department not make this time frame even shorter due to the ambiguity of when earnings data is pulled for a cohort. We suggest that no matter how the department defines the year of determination, the earnings data used in the comparison should never be less than four years from when the cohort of students completed the program.

This is immense oversight work with significant implications for students. We urge the department to provide much-needed details on the required notices to students, the appeal process, and how programs regain eligibility. We ask that the regulations offer flexibility in the delivery method for the required notices to students, so that institutions can determine the best method for their specific population of students. We also suggest that the regulations clearly state that programs maintain their eligibility while they pursue an appeal, as allowed in the law text: "During such appeal, the Secretary may permit the educational program to continue to participate in the program under this part." When developing the appeal process, we ask the department to allow consideration of the field of study for completers of undergraduate programs. We understand that the field of study is not part of the comparison of earnings for undergraduate programs in the statute, but we feel this can be considered when programs appeal their programmatic median earnings.

***Establishment of program eligibility requirements for a new Workforce Pell Grant for students enrolled in programs with a duration of 8-15 weeks, that are transferable to a recognized postsecondary credential or degree, are approved by the state governor, and have strong outcomes.***

We strongly support the new Workforce Pell Grant as an important pathway to alternative credentials. However, the success of Workforce Pell hinges on a viable implementation process, and we have concerns about the operational capacity to launch this program effectively by July 1, 2026.

Authorizing these new programs will presumably run through ED's electronic application (E-App) system, which institutions use to certify programs for Title IV eligibility. This system is already facing well-documented, significant delays in processing timelines. A recent [NASFAA survey](#) showed that 72% of institutions have reported a noticeable slowdown in processing. The expectation that this overburdened system will be ready to process a flood of new applications by July 2026 is unrealistic without a significant infusion of resources and a more streamlined process.

Operational uncertainty is compounded by a lack of clarity on key eligibility and reporting requirements, leaving institutions and states, who share the burden of implementation, unable to prepare. Some of the questions that will need to be addressed are:

- Will non-credit, remedial, English Language Learning, and study abroad coursework be eligible for Workforce Pell? Sec. 83002(a)(3)(B) says, “the provisions of subsection (d)(2) shall not be applicable to eligible workforce programs.” And subsection (d)(2) explains that these types of coursework are not excluded from eligibility for the regular Pell Grant program. By saying the provisions shall not apply to workforce programs, does that mean these types of coursework are excluded from eligibility for Workforce Pell?
- Are students who have already earned a bachelor's degree eligible to participate? The law explicitly states that students enrolled in a program of study that leads to a graduate credential or those who have attained a graduate credential are not eligible, but it is silent on those with baccalaureate degrees. Are these students not eligible since the law also states, “a student shall meet the eligibility requirements for a Federal Pell Grant under this section”?
- The law states that for a program to be eligible, it must have been “offered by the eligible institution for not less than 1 year prior to the date on which the Secretary makes a determination.” Does this mean one calendar year, fiscal year, academic year, or something else? Does the duration begin after program creation or after applying to be eligible for Workforce Pell?
- Who is responsible for collecting, verifying, and reporting the required outcome metrics, such as completion and job placement rates? We suggest utilizing existing reporting and data as much as possible; for example, IPEDS data could be used to calculate the completion rates.
- What is the process to regain eligibility if a program loses eligibility to participate in the Workforce Pell program due to not meeting the metrics? We recommend creating a clear process by which programs that lose access to Workforce Pell may request to participate in the program again once they successfully meet required metrics.
- Will the standard E-App and Program Participation Agreement (PPA) rules for adding new programs apply, and will ED establish an expected application processing time frame? We encourage the department to continue using the established E-App process and rules for adding Title IV programs and to commit to processing applications within a reasonable and predictable time frame.

The immense promise of the Workforce Pell Grant cannot be realized through an under-resourced application system. Without clear guidance and a significant bolstering of ED’s processing capacity, this well-intentioned initiative will be at risk of failure.

### **Timeline**

We are eager to work with the department to ensure a smooth implementation of these important regulations. We strongly recommend that ED work with Congress to authorize a minimum one-year extension on the effective dates in the One Big Beautiful Bill Act, pushing the earliest possible effective date for provisions effective July 1, 2026, to at least July 1, 2027. Such an extension would satisfy statutory master calendar requirements and is critical to avoid the significant risks associated with a rushed process, risks that would ultimately harm the very students these regulations are intended to serve.

The recent rollout of the new FAFSA in 2024-25 is a stark example of what can happen when major educational initiatives are implemented without adequate time and preparation across all stakeholders. The launch was plagued by delays, technical glitches, and miscalculations, causing widespread confusion and frustration for students and financial aid administrators alike. The fallout from the FAFSA rollout created immediate barriers to accessing financial aid and damaged public confidence in the financial aid process.

Despite this cautionary example, there appears to be a continued push to meet the July 1, 2026, effective dates mandated in the law. The focus should not be on the speed of implementation but on its efficacy and success. A rushed timeline for complex regulations of this magnitude poses a significant risk to meeting the policy goals of the One Big Beautiful Bill Act. To avoid repeating past mistakes and to ensure that these new regulations are implemented effectively and equitably, a more deliberate and extended timeline is not just preferable, it is essential.

### **Constituency Groups**

Financial aid professionals are the student-facing implementers of federal student aid policy. They interpret, communicate, and operationalize the intricate details of this wide-ranging bill for millions of students and families. Excluding their practical, technical expertise from the negotiating table risks producing regulations that are difficult to administer, creating unintended negative consequences for students, and ultimately jeopardizing these reforms' success. While we understand the perspective that institutional representatives can speak to sector needs, that role is fundamentally different from representing the profession responsible for aid delivery logistics across all campus types. A dedicated financial aid administrator brings essential insight to ensure effective and administrable regulations.

We strongly urge the department to add a dedicated seat for a financial aid administrator for both committees. We are eager to support the successful implementation of these policies, but we cannot do so without a voice in shaping them.

We appreciate the opportunity to comment on the department's public comment period regarding its intent to establish two negotiated rulemaking committees (Docket ID ED-2025-OPE-0151). If you have any questions regarding these comments, please [contact us](#) or NASFAA's Senior Policy Analyst, [Megan Walter](#).

Regards,

A handwritten signature in black ink that reads "Melanie E Storey". The signature is written in a cursive, flowing style.

Melanie Storey  
President and CEO, NASFAA