March 2, 2026

Tamy Abernathy
Office of Postsecondary Education
400 Maryland Ave. SW, 5th Floor
Washington, DC 20202

Docket ID ED–2025–OPE–0944

Dear Ms. Abernathy:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA) and our nearly 3,000 member institutions, we respectfully submit to the U.S. Department of Education (ED) our comments on its Reimagining and Improving Student Education (RISE) Notice of Proposed Rulemaking (NPRM) (Docket ID ED–2025–OPE–0944).

NASFAA represents nearly 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 in the U.S.

The OBBBA makes significant changes to the student loan landscape that will make affording a college education more difficult for many students and families due to the elimination of the Graduate PLUS loan and additional borrowing limits for certain health professions students, new annual and aggregate caps on the Parent PLUS loan, and mandatory reductions to annual loan eligibility for less-than-full-time students.

The negative impacts of these changes are exacerbated by the short time frame Congress provided for implementation. We appreciate ED's efforts to reach consensus with the RISE negotiated rulemaking committee, which surely sped up the release of these proposed rules. Yet, we know final rules are still months away. Meanwhile, financial aid professionals must update their systems, policies, procedures, and communications *now* to prepare students and

families for the upcoming changes. Understanding ED's limitations during this period before final rules are issued, we urge the Department to be as transparent as possible with financial aid offices, financial aid management systems providers, and NASFAA to allow for a smooth transition to the new rules.

We ask that ED provide the dates by which, and the details of how, the Common Origination and Disbursement (COD) and National Student Loan Data System (NSLDS) will be updated for the new annual, aggregate, and lifetime borrowing amounts, and that Institutional Student Information Records (ISIRs) will be reprocessed to include updated NSLDS postscreening results that reflect the new borrowing limits.

We also ask that ED publish a timeline for the release of critical technical specifications for financial aid management systems providers. As we learned two years ago with the disastrous rollout of the simplified FAFSA, financial aid administrators cannot provide students with financial aid packages or disburse student aid without functioning systems. All of these systems need to be updated as soon as possible to allow for adequate testing.

We also urge the Department to ensure that the regulations are fair to current students and borrowers so the transition to the new requirements does not disrupt their studies. The One Big Beautiful Bill Act (OBBBA) intentionally included a limited exception to the new borrowing limits and a long transition period into the new repayment plans. Congress clearly wanted to provide for a soft landing for students and borrowers who made plans and commitments under the current borrowing rules. Wherever possible, ED should craft its regulations with an eye toward protecting current students and borrowers from a sudden change to the rules as they understood them when they enrolled in postsecondary education.

NASFAA appreciates the Department's willingness during negotiated rulemaking to consider negotiators' concerns for implementing the significant changes from OBBBA. We are grateful for ED's acknowledgement of areas where new provisions of the law potentially conflict with existing provisions in the law or regulations, and for ensuring that the regulations clarify which takes precedence in such instances. For example, the exception to the requirement for substantially equal Direct Loan disbursements in cases where loans must be adjusted for less-than-full-time enrollment is a necessary and welcome change to ensure compliance with the new law without imposing additional burden on financial aid administrators and students. We also appreciate ED's understanding that the new requirement to adjust loans for less-than-full-time enrollment should not apply to non-term programs.

Concerns

The absence of financial aid administrators as a constituency at the negotiated rulemaking table left many critical details unaddressed. We have several areas of concern that were not raised or not fully considered during rulemaking.

NASFAA has concerns about ED's proposed definition of professional degrees for purposes of the new, higher Unsubsidized loan limit. We believe the process ED followed to develop its definition was overly restrictive in its reading of the law and reliance on existing regulatory text, and limited the extent to which negotiators could propose alternatives. ED should revisit the definition to ensure that all degrees that reasonably fit within what Congress intended are included. ED should take care to craft a definition that allows for the addition of new degrees as new fields emerge.

We remain concerned about the interaction of the new requirement to adjust loans for less-than-full-time enrollment with the existing requirement to prorate loans for academic years of less than one academic year or for students whose remaining period of enrollment is less than one academic year, and the potential for individual students' loans to be effectively doubly prorated. While we understand that ED demonstrated how these two requirements would interact to prevent such double-proration during a caucus held during negotiated rulemaking, there is no public record that clearly demonstrates how schools would comply with both loan adjustments without doubly prorating students' loans. Understanding that such clarification may be subregulatory, we urge the Department to clarify in writing the process schools should follow when students are subject to both types of loan adjustments. This should be done as soon as possible, given the fact that schools are currently awarding loans for the 2026-27 award year and are unsure of how to comply with both requirements.

NASFAA appreciates the consideration ED gave to negotiators' concerns about the potential for undergraduate students who change majors to lose eligibility for the limited exception to the new Parent PLUS annual and aggregate loan limits. Allowing undergraduate students to maintain limited exception eligibility so long as they remain enrolled in the same degree program, regardless of major, is a fair and reasonable accommodation.

ED also shared plans during negotiated rulemaking to permit students enrolled in associate degree programs that articulate to bachelor's degrees, provided the student didn't complete their associate degree before transferring, to also benefit from the limited exception to the new Parent PLUS annual and aggregate limits. We also understand from discussions ED held with financial aid management software providers after negotiated rulemaking concluded that ED

plans to add students whose schools closed or went through a change of affiliation or a merger to also benefit from the limited exception. However, these changes are not reflected in the proposed regulatory text. We ask ED to add both of these conditions to the limited exception criteria in the regulations for clarity.

Related, we ask that ED also address in the regulations limited exception eligibility for students enrolled in combined degree programs where students enroll in one program for a set amount of time and then enroll in a higher-credentialed program (such as a 3+2 Bachelor's + JD program), where both credentials are awarded at the same time at the completion of the combined program. These students should continue to qualify for the limited exception for the duration of the combined degree program, up to the three-year cap.

NASFAA has learned, from information obtained after the conclusion of negotiated rulemaking, that ED will consider graduate and professional students to be enrolled in the same program of study for limited exception purposes (continued Graduate PLUS eligibility and current annual, aggregate, and lifetime Unsubsidized Direct Loan limits) if they make a change in enrollment within the same 4-digit Classification of Instructional Programs (CIP) code. This would permit students who, for example, change concentrations within a graduate or professional degree program to retain limited exception eligibility. NASFAA supports this provision, which was not discussed during negotiated rulemaking, and we ask that it be codified in the regulations.

Regarding changes to loan repayment plans for new loans borrowed after July 1, 2026, we appreciate ED's understanding that the payment amount for each borrower in a married couple under the Repayment Assistance Program (RAP) should be prorated based on their share of the couple's combined debt, and we commend the department on their willingness to work with negotiators to include this in the regulations.

We are concerned that ED's implementation of the new requirement to adjust student loans for less-than-full-time enrollment will cause similarly situated students to qualify for different annual loan amounts if they enroll in a single term at less than half-time status. We have been advised that, when a student enrolls in 3 credits in the fall and 9 credits in the spring at an institution where 24 credits is considered full-time, they could receive one-half (12/24) of the annual statutory loan limit for the spring term based on their combined fall (3) and spring (9) enrolled credits. However, if another student enrolled in 9 credits in the fall and 3 credits in the spring, they would only be able to receive 37.5% (9/24) of the annual statutory loan limit in the fall, and nothing in the spring because their less-than-half-time status precludes them from

receiving a disbursement in that term.

This disparate treatment is unfair to students and does not appear to match the statute's intent. We ask that ED allow for schools to apply the anticipated spring credits in the fall disbursement amount in such cases to ensure equitable treatment for students enrolled in the same number of annual credits.

We disagree with ED's addition of provisions in 685.200(b)(3), 685.203(b)(2)(iv)(C), 685.203(e)(7), 685.203(f)(2)(iii), 685.203(g)(4), and 685.203(j)(4) that end a student's eligibility for the limited exception to the new federal student loan borrowing limits when they withdraw or otherwise cease enrollment in their program of study. This is not required in the statute and unnecessarily penalizes students who cease attendance, especially when it is due to circumstances beyond their control, such as illness or a family emergency. Understanding the purpose of the changes in OBBBA is to curb student indebtedness, these students will not be borrowing at all while they are withdrawn, and when they return, they are subject to the three-year cap on the limited exception to the new borrowing rules. Forcing this population of students out of limited exception eligibility does not just subject them to the new annual loan limits — it also subjects them to the new aggregate and lifetime limits. This could mean that a student returning from a withdrawal has no remaining Direct Loan eligibility, not because they borrowed more, but because the rules have changed. This is a student population that is likely already facing hardship; they should not be further penalized by losing access to the federal student loans upon which their enrollment plans had been based.

Requests for Clarification

Several areas are still unclear from discussions during negotiated rulemaking and the proposed regulatory text.

We understand that institutions are required to determine a student's eligibility for Direct Loans at the time of disbursement for purposes of the new requirement to adjust loans for less-than-full-time enrollment, and that this allows for institutions to increase a student's loans in any period of enrollment in which their enrollment increases after an initial disbursement has been made because the institution would be re-determining eligibility based on that higher enrollment at the time of the subsequent disbursement.

We also understand that there is no requirement for financial aid administrators to adjust loans during a period of enrollment if the student's enrollment status changes after disbursement during that same period of enrollment. In such instances, we understand that future

disbursements would be adjusted based on the student's annual enrollment, reflecting the change in enrollment status from the prior term. It is not clear, however, whether institutions would be *permitted* to have an institutional policy to reduce loans for a period of enrollment, during that period of enrollment, if a student dropped classes after a disbursement had been made. There may be circumstances in which institutions believe it is better for students to make loan adjustments during the term in which their enrollment status was lowered, rather than waiting until a future term. We ask ED to codify in the regulations that institutions are permitted to adopt such a policy.

We also request clarification on how institutions should determine expected time to credential for part-time students for purposes of determining the amount of time they may continue to borrow loans under the limited exception provisions. The proposed regulations state that the expected time to credential is the period determined by calculating the difference between the program length for the program of study in which the individual is enrolled and the period of such program of study that the individual has completed as of the date of the determination. They also state that program length is the minimum amount of time for a full-time student to complete the requirements for a program of study.

NASFAA believes students' expected time to credential should reflect their own individual enrollment patterns. To base it on full-time enrollment will artificially understate the length of time that many current students and parents need continued access to existing federal student loan programs and limits.

Understanding that the law's intent is to limit borrowing in an attempt to curb concerns about outsized student loan debt, the law also intentionally provides the limited exception to protect current students from a sudden change in the availability of student loans upon which they made their enrollment plans. To cut off access to federal student loans partway through their programs puts them at risk of noncompletion, which is highly correlated with student loan default.

We believe the regulations implicitly allow for part-time students to qualify for the limited exception for as long as it takes them to complete their studies, and that the remaining time to credential is not a static figure, but rather, is redetermined at the date of determination each time the institution awards the student a new Direct Loan. If that is the case, the period of study the student has completed to date will continue to be updated based on the student's own progress, as opposed to what would be the case if they had enrolled full-time, and would allow them to receive Direct Loans until they had completed their program of study, or up to the maximum of three years.

This is an area of significant confusion for our members, so we ask ED to clarify the above with respect to the date of determination. If NASFAA's interpretation is not correct, we ask ED to change the proposed definition of program length to make it based on the student's enrollment intensity, versus the full-time program length, for purposes of determining expected time to credential.

It is important to note that these students will still have their indebtedness limited through the new requirement to adjust loans for less-than-full-time enrollment, which becomes effective for all students beginning in the 2026-27 award year, with no limited exception provision. The law also includes a three-year cap on the limited exception, so this population of students would still have a set time limit on how long they can continue to borrow under current terms. Basing their limited exception eligibility on their actual enrollment pattern gives them time to complete their studies based on the plans they made when they entered their programs, instead of forcing them to revise their plans to conform to a new law they had no way of anticipating.

It is also not clear how the three-academic-year cap on eligibility for the limited exception would apply to programs that use a Borrower-Based Academic Year (BBAY). We ask that ED clarify that institutions should base the three-year eligibility cap on the academic year structure the school uses to package and originate Direct Loans in accordance with their institutional packaging policy.

This approach is consistent with the OBBBA's intent to limit the exception to three academic years and aligns with longstanding ED guidance on BBAYs. It also avoids the confusion of conflating Standard Academic Years (SAYs) and BBAYs when determining the end of a student's limited exception eligibility in cases where a BBAY ends in the middle of an SAY.

It is NASFAA's understanding that ED addressed negotiator questions during a caucus related to annual loan limit adjustments for less-than-full-time enrollment when a cost of attendance (COA) adjustment is also necessary, and whether institutions should adjust the loan amount or the COA first. This is especially relevant for Graduate PLUS loans for students who qualify for the limited exception to the new loan terms, since they will be able to borrow up to the COA. But it could also impact other students, such as undergraduate students who do not qualify for the maximum Subsidized loan. We suggest that ED add language to the regulations specifying that the order of adjustments in such cases should be to first apply the schedule of reductions formula to determine the new annual loan amount, and then to adjust the COA and, finally, to adjust the loan to fit within the adjusted COA.

The new requirement to adjust annual loan eligibility for less-than-full-time enrollment, while simple in concept, is quite complex in practice when considering the multitude of options institutions have in structuring their academic calendars and the ways students make enrollment decisions. The burden of making these loan adjustments will fall disproportionately on institutions that prioritize flexibility for their student populations and/or those with larger numbers of student populations who must balance their studies against work and family responsibilities, such as community colleges.

ED must issue guidance as soon as possible to address questions financial aid administrators have related to the schedule of reductions for less-than-half-time enrollment. While ED has addressed many potential scenarios, we have many remaining questions, including:

- Students who drop classes after a disbursement has been made, but outside of the institution's add/drop period. We ask to provide clear examples for scenarios where students receive a grade of incomplete, withdrawn, or an earned F for a class, as well as when a student fully withdraws from a term, both before and after the 60% mark.
- How required summer terms factor into a school's determination of full-time status, and how institutions that use borrower-based academic years should apply the schedule of reductions.
- How the new requirement to adjust student loans for less-than-full-time enrollment interacts with existing late disbursement rules. Understanding no changes have been made to the late disbursement regulations, if a student dropped classes during a term, would their Direct Loan eligibility have to be recalculated based on the student's actual enrollment for that term before the school could make a late disbursement for that term?

Technical Questions and Corrections

We have serious concerns about how students will be identified as eligible for the limited exception that will allow them to have continued access to Graduate PLUS loans, Parent PLUS loans up to the cost of attendance, and additional Unsubsidized amounts for certain health professions for a maximum of three years. We have heard several different accounts of how students will be flagged in COD as eligible for the limited exception. Some of these solutions do not match the proposed regulatory text, which bases limited exception eligibility on the student having been enrolled in a program of study as of June 30, 2026 and having had a Direct Loan disbursement made for that program of study prior to July 1, 2026.

ED must ensure that it does not allow its systems to dictate policy, and that whatever solution it identifies to flag students in COD as eligible for the limited exception aligns with its regulations.

Understanding that some students could potentially be missed in the automated process to flag limited exception eligibility, ED must ensure both that it captures as many limited-exception-eligible students as possible and does not include any ineligible students when it applies the COD flag. ED should ensure that it accounts for the fact that institutions are permitted to disburse student aid funds 10 days prior to the start of a period of enrollment, and that this decision should not negatively impact students who receive such disbursements.

Further, while we appreciate that ED will attempt to automatically flag these individuals in COD, our understanding is that financial aid administrators will not be able to correct these flags themselves if the flag is incorrectly set by COD, and that financial aid administrators will need to contact COD for COD to update the system with the student's limited exception eligibility.

This process is inefficient and time-consuming. Financial aid administrators need a simple way to change this flag themselves. We ask that ED permit this field to be updated via the COD origination record, both for students who are eligible for the limited exception and not automatically flagged, as well as for those who are automatically flagged but whom the financial aid administrator is aware do not meet the criteria.

Schools could potentially have hundreds or even thousands of records to update, depending on how well COD identifies limited-exception-eligible students. If this is the only solution, ED must ensure that the COD help desk is adequately staffed and trained to handle the new volume of calls so that both these fixes and other routine COD help desk calls are addressed promptly. Without such preparation, student aid disbursements could be delayed.

ED indicated during negotiations that they would add a parenthetical reference to CFR 685.203(b)(2)(iv)(B)(2) after "Direct Loan" to say "Direct PLUS and/or Direct Unsubsidized" to make clear that a student need not have necessarily borrowed a Graduate PLUS — and only has to have borrowed any Direct Loan for the same program of study by June 30, 2026 — in order to retain eligibility to borrow a Graduate PLUS after July 1, 2026 under the limited exception provisions. We ask that ED add this parenthetical and include Direct Subsidized Loans as well. Understanding that it is unlikely that a graduate or professional student will have borrowed a Subsidized loan for the same program of study given that Subsidized Direct Loans for graduate and professional study were eliminated in 2012, it is possible, for instance, in cases where a student took extended time away from a program prior to 2012, returned prior to June 30, 2026, and continued their studies for 2026-27. Since there is no statutory prohibition that

would exclude such students from qualifying for the limited exception, their eligibility should be clear in the regulations.

We ask that ED add affirmative text that §685.219(c)(2)(ii)—which provides that student loan payments made in multiple installments that equal the full monthly scheduled amount due continue to be considered on-time payments for purposes of Public Service Loan Forgiveness (PSLF) eligibility—is unchanged as a result of the new definition of "on-time payment" in §685.209(o)(3). This will ensure there is no confusion among borrowers and no inadvertent errors by servicers in counting such payments toward PSLF.

We suggest that ED further amend §685.203(f)(1), which refers to annual Parent PLUS limits for loans borrowed for periods of enrollment beginning before July 1, 2026 to remove the outdated reference to "estimated financial assistance" and replace it with the new term, "other financial assistance" established in the Consolidated Appropriations Act, 2021, for the sake of consistency within the regulations. Proposed §685.203(j)(1)(i) also includes a reference to "estimated financial assistance" and should also be replaced with "other financial assistance."

Section 685.203(f)(2)(ii) provides a limited exception to the new Parent PLUS annual and aggregate limits, and reads (emphasis added), "The limitation for annual loan limits described in paragraph (f)(2)(i) of this section shall not be applicable to parent borrowers, who ***borrowed*** a loan on behalf of a dependent student, during the period of the student's expected time to credential, if— (A) the student is enrolled in a program of study at an institution as of June 30, 2026; and (B) a Direct Loan was made to the parent borrower for such program of study on behalf of the dependent student, or a Direct Loan was made to the dependent student for such program of study." ED should replace "borrowed" with "borrow," as this provision is forward-looking, referring to parents who will borrow a Parent PLUS on or after July 1, 2026 and who will qualify for the limited exception.

There appears to be a discrepancy between §685.203(e)(4) and §685.203(e)(5) related to the exclusion of prior Subsidized loan amounts borrowed from the graduate and professional student aggregate loan limits. Section 685.203(e)(5) sets professional student aggregate limits at $200,000 "minus any Direct Subsidized Loan, Subsidized Federal Stafford Loan, and Federal SLS Program loan amounts…", but §685.203(e)(4) makes no similar mention of Subsidized loans with respect to graduate student aggregate limits. We are not aware of any reason Subsidized

loans should be treated differently with respect to aggregate limits for graduate and professional students, and ask ED to resolve the discrepancy.

Current Parent PLUS borrowers who are enrolled in Income Contingent Repayment (ICR) for purposes of qualifying for PSLF and who borrow a new loan on or after July 1, 2026, will have only the Tiered Standard Repayment plan as a choice for both the new loans and their outstanding loans. Because the Tiered Standard plan is not eligible for PSLF, parent borrowers who have made progress toward PSLF will have that opportunity abruptly ended by nature of having borrowed a new loan. It is NASFAA's understanding that ED does not believe it has authority to allow these borrowers to qualify for PSLF through the existing §685.219(b)(28)(iii), which allows payments made under "any other repayment plan if the monthly payment amount is not less than what will have been paid under the 10-year standard repayment plan under Sec. 685.208(b)."

We ask that ED revisit this position to allow current Parent PLUS borrowers who have made progress toward PSLF by having consolidated into the Income Contingent Repayment (ICR) plan, and who borrow a new Parent PLUS on or after July 1, 2026, to retain a path toward PSLF. Prior to the enactment of the One Big Beautiful Bill Act, the law permitted Parent PLUS loan borrowers to repay their loans under the ICR plan and to receive PSLF. These borrowers could be very close to achieving forgiveness when that door is permanently closed to them once they borrow a new loan, and their only repayment plan option, the Tiered Standard plan, does not qualify for PSLF. The OBBBA intentionally created a limited exception to the new loan limits to protect current borrowers from an immediate change to their eligibility. ED should do the same for Parent PLUS borrowers to ensure they can maintain their progress toward PSLF.

If ED does not change its position, it must take proactive steps to warn current Parent PLUS borrowers who have made progress toward PSLF that borrowing a new loan on or after July 1, 2026, will cause them to permanently lose eligibility to repay their loans under any income-driven plan and lose their progress toward PSLF. In the NPRM, ED states, "The Department will make certain that information in communications to borrowers who are seeking PSLF clearly states that the Tiered Standard repayment plan would not qualify as an eligible repayment plan for the purposes of the PSLF program." We ask that ED be clear in its communications to parent borrowers about the consequences of taking out a new Parent PLUS loan. We also ask that these communications go out as soon as possible so parents can make other financing plans.

ED states in the preamble to the NPRM that, "During the RISE negotiations, Committee members provided scenarios that involved borrowers with loans made before, and after, July 1, 2026, and requested confirmation that those borrowers could continue to change repayment plans for older loans, including moving between IBR and the Repayment Assistance Plan where permitted, without being required to collapse all loans into a single, new-loan framework. The proposed text is intended to provide that assurance."

This language appears to imply that borrowers with both pre- and post-July 1, 2026 loans would retain access to IBR and other legacy repayment plans for their pre-July 1, 2026 loans. We do not see how this would be possible in the regulations as written, since §685.210(a)(3) explicitly states that all "Direct Loans must be repaid together under the same repayment plan…" with exceptions only for Parent PLUS loans and consolidation loans that repaid Parent PLUS loans. We do not believe the One Big Beautiful Bill Act allows borrowers with loans made on or after July 1, 2026, to continue paying their older loans under the legacy repayment plans and ask ED to amend its preamble text, or if it determines that Congress intended to allow this, to amend the regulatory text.

We wish to clarify NASFAA's position on institutional authority to limit loans that was cited in the NPRM in footnote 28. While it is true that NASFAA has historically supported institutional authority to limit loans, the OBBBA version of this authority does not align with our recommendations. NASFAA supported institutional ability to limit loans, including for less-than-full-time status, with the authority to allow individual students to access the full annual statutory borrowing limit on a case-by-case basis using professional judgment (PJ). OBBBA mandates loan adjustments for less than full-time status, with no opportunity to account for special circumstances that would make it reasonable to allow a student to borrow the full annual statutory loan limit. ED's additional requirement that institutions that choose to use the authority to limit students' loans must then apply the new mandatory adjustments for less-than-full-time enrollment to the institutionally-set limit, again, without the opportunity for PJ, makes it less likely that institutions will use this new authority than if it had been designed the way NASFAA envisioned it.

We understand the significant pressure ED faces in implementing the loan-related provisions of the OBBBA in less than a year from the law's enactment. We commend ED for convening the RISE negotiated rulemaking session and for its continued engagement throughout negotiations, which ultimately led to consensus and allowed for the prompt publication of proposed regulations.

Financial aid administrators are also facing a time crunch as they attempt to explain these changes to students and families and implement them on their campuses without final rules and without critical systems updates. Financial aid administrators are already creating financial aid packages that will be impacted by these changes without the benefit of financial aid management systems that have incorporated the changes, and without answers to many outstanding questions. We urge the Department to act as quickly as possible to draft final regulations, release technical specifications for financial aid management systems, and issue subregulatory guidance so financial aid administrators have access to the information and systems they need in order to guide prospective and current students through their options for next year and ensure the timely delivery of student aid funds.

We appreciate the opportunity to comment on the Department's public comment period regarding its RISE NPRM. If you have any questions regarding these comments, please contact NASFAA's Director of Policy Analysis, desjeanj@nasfaa.org.

Regards,

Melanie Storey
President and CEO, NASFAA