August 28, 2025

Tamy Abernathy
U.S. Department of Education
Office of Postsecondary Education
400 Maryland Avenue SW, 5th floor
Washington, DC 20202
Submitted electronically via: http://regulations.gov

RE: Docket ID ED-2025-OPE-0151-0001

Dear Ms. Abernathy:

Thank you for the opportunity to provide written public comment regarding the U.S. Department of Education's (the Department) intent to establish two negotiated rulemaking committees to prepare regulations for the federal student financial assistance programs authorized under Title IV of the Higher Education Act (HEA) of 1965.

As a leading research and policy organization committed to advancing policies and practices to dismantle the racial and economic barriers embedded in the American education system, EdTrust strongly encourages the Department to consider issuing regulations that supplement, not supplant, the existing federal accountability systems and strengthen student and borrower protections to ensure equitable outcomes for all students and student loan borrowers.

Reimagining and Improving Student Education (RISE) Committee Addressing Loan Issues

Over the past several years, EdTrust has conducted research analyzing the impact of student loan debt on borrowers, particularly Black borrowers. EdTrust's National Black Student Debt Study, which was conducted before the SAVE plan was created, found that income-driven repayment plans felt like a lifetime debt sentence to borrowers and that the burden of student loans negatively impacted their financial and mental well-being.

The SAVE plan significantly improved income-driven repayment options for borrowers because the terms better reflected the financial realities of Americans today. EdTrust is disappointed to see the SAVE plan repealed and is concerned about the increase in monthly payments for the nearly 8 million borrowers enrolled in the plan. An analysis from TICAS found that a borrower in a household of four with two dependent children with a household AGI of $81,000 would see their monthly payment skyrocket from $36 under SAVE to $440 on the new Repayment Assistance Plan (RAP).

Some aspects of the new repayment system are beneficial to borrowers — specifically the monthly interest forgiveness provision and the $50 minimum balance credit within the new RAP, which ensures that on-time payments result in total balances decreasing each month, even if incrementally.

However, many elements will harm borrowers by increasing their monthly payments, eliminating $0 monthly payments for the lowest-income borrowers, and increasing the number of payments borrowers need to make to qualify for loan cancellation, among other changes. These changes are especially concerning, as they increase the likelihood of borrowers defaulting on their loans, which can be calamitous to a borrower's financial stability. We are already seeing the number of 90-day past-due student loans start to increase. As such, we recommend the Department prioritize the needs of struggling borrowers when creating the regulatory framework for the changes to repayment.

Simplification of student loan repayment plans into a standard repayment plan and a single income-based Repayment Assistance Plan (RAP) for new borrowers, elimination of the Income-Contingent Repayment (ICR) plan, and streamlining requirements for Income-Based Repayment plans for existing borrowers

As the Department and loan servicers begin conducting outreach to borrowers, communication should provide clear and accessible information that explains their repayment options. Those communications should include the following information:

- Legislation was passed in July 2025 that will phase out most income-driven repayment plans
- Borrowers have until July 2028 to choose a new plan
- Details of all new repayment plan options, including new terms, new monthly payment projections, and new repayment timelines

The Department and servicers should also ensure that borrowers' accounts provide transparent data, including prominently displaying the number of remaining payments for full payment or loan cancellation. In addition, the annual income verification process via the IRS Data Tool should be frictionless for borrowers while also protecting their privacy.

Furthermore, borrowers should automatically be placed into the income-driven repayment (IDR) plan with the lowest monthly payment. Borrowers who are at least 75-days delinquent should be automatically placed in the IDR plan with lowest monthly payment to help prevent default.

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

In preparation for the implementation of the new student loan system, the Department should provide information and support to ensure that students understand their options. The Department should provide guidance to institutions on what they should be communicating to students about the new loan limits, repayment plan options, and when new policies take effect.

Caps on federal student loans for graduate students may push students and their families into the private market to help with unmet needs. The Department should ensure that students and institutions have information on risks associated with options other than federal student loans to prevent students from turning to alternative predatory tools.

Modifications to loan rehabilitation, including allowing defaulted borrowers to rehabilitate their loans a second time and setting minimum monthly payment amounts for such loans, phase-out of unemployment and economic hardship deferments, and limitations on a borrower's ability to receive a general forbearance

The number of borrowers currently facing delinquency and default is rising amid the end of COVID-era payment pauses. We are very concerned about the lack of options for these struggling borrowers since the OBBBA eliminated economic hardship and unemployment deferments. As the Department begins their process to create regulations based on the new repayment provisions, we recommend creating a waiver system that allows borrowers to use unemployment and economic hardship deferment during economic downturns.

We also encourage the Department to cap the amount that can be collected through wage garnishment or offset to the amount that the borrower would have paid under IBR. These collections should also count as qualifying payments under IBR.

Accountability in Higher Education and Access Through Demand-Driven Workforce Pell (AHEAD) Committee Addressing Institutional and Program Accountability, Pell Grants, and Other Issues

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

As the Department begins to regulate the new earnings metric, we strongly encourage the Department to keep Gainful Employment (GE) and Financial Value Transparency (FVT) regulations. Those regulations are important accountability tools that are different from the new earnings metric in the following ways:

- GE contains a valuable debt-to-earnings metric that accounts for high-cost programs that leave students with unaffordable debt compared to their earnings
- For programs that fail, GE protects students' available Pell Grants from going to those programs, not just federal loans
- GE applies to undergraduate non-degree certificate programs, programs that were left out of the new earnings test
- The FVT regulation provides debt-to-earnings and earnings premium information for GE programs and eligible non-GE programs

Just one year of GE data collection and publishing without any material sanctions levied against programs or schools led to hundreds of poor-performing, high-debt programs being voluntarily terminated. Keeping these rules would supplement the new accountability framework by keeping guardrails in place that are missing from the new framework.

Furthermore, we encourage the Department to strengthen the new accountability system by considering the following recommendations and questions when crafting the regulations:

- Apply the new earnings metric to undergraduate certificate programs that are not covered by the new earnings test. Non-degree certificate earners typically have lower incomes and struggle more with student loan repayments
- Release program-level data before the negotiated rulemaking sessions in order to evaluate the potential impact of the earnings test on high-value, lower-wage fields like early childhood education and other public service jobs that require a postsecondary credential
- Outline the process that colleges will be able to use to appeal their cohort earnings

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

As the Department develops regulations on the Workforce Pell Grant, we encourage the Department to outline and clarify the following:

- Require the collection of valid, reliable, and publicly available data to measure outcomes, including job placement rates within fields of study, to improve accuracy and transparency
- Clarify how programs that have only been in existence for one year will report earnings data and tuition and fees for annual value-added earnings eligibility criteria
- Publish accessible information on programs that fail and lose eligibility
- Clarify process and timeframe for recertification of newly approved Workforce Pell programs

Exclusion of Pell Grant assistance for students who receive grant or scholarship aid covering their entire cost of attendance, or for students with a Student Aid Index more than twice the maximum Pell Grant award

The exclusion of Pell Grants for students whose cost of attendance is met through non-federal sources is creating concern and confusion for states and institutions. We understand Congress meant for this to narrowly apply to student-athletes with athletic scholarships that meet or exceed their full cost of attendance.

The Department should clarify in regulation the narrow nature of this change to avoid confusion over how financial aid should be packaged. The Federal Student Aid Handbook states that Pell Grants are the "first source of aid for students with financial need. A student's eligibility for aid from the other need-based programs is then determined by subtracting the student's SAI and OFA (including the student's Pell Grant) from the COA."

Typically, an institution only knows that a student has their full cost of attendance met with a grant or scholarship if it is through full athletic or academic scholarships awarded by the institution. The Department should make clear that students only become ineligible for a Pell Grant if they have a singular athletic scholarship that meets or exceeds COA.

Committee Slots and Capacity

The Department should add slots for financial aid professionals to both rule-making committees and make sure that students and student loan borrowers are well-represented.

Finally, the Department needs to maintain staffing levels that ensure an appropriate level of capacity to effectively implement these, and many other, significant policy changes in the months and years to come. After the significant layoffs at the Department, and specifically within the Office of Federal Student Aid, we have significant concerns over the Department's ability to effectively implement and communicate these changes to students, borrowers, and institutions of higher education.

We appreciate the opportunity to provide comments regarding the Department's intent to establish negotiated rulemaking committees to prepare proposed regulations for programs authorized under Title IV of the HEA. We are happy to respond to any questions that you may have; please contact Reid Setzer, director of government affairs. Thank you for your consideration.