

MEMORANDUM

To: U.S. Department of Education (ED)

From: David Kafatian, AHEAD Negotiator for Employers & Business and COO of [Clasp](#)

Date: January 7, 2026

Subject: Data Collection Guidance for Private Education Loans and Institutional Loans

EXECUTIVE SUMMARY

This memorandum provides recommended definitional guidance and implementation considerations to enable the U.S. Department of Education (“ED”) to provide sub-regulatory guidance to institution with respect to the reporting of (1) Private Education Loans and (2) Institutional Loans. The intent of this memo is to be practical and informational, serving as reference material for ED based on the current market of lenders and providers. For this reason, it is directional rather than all-inclusive. Further, this memo is not intended to propose formal regulatory text. Instead, it is designed to support ED in preparing sub-regulatory guidance (e.g., Dear Colleague Letters, technical reporting instructions, FAQs, etc.).

Most crucially, this memo highlights that it is feasible for institutions to reliably collect and report this data at scale. This will only become more true over time as institutions converge on student information systems (“SIS”), payment plan providers, and private education loan certification platforms.

BACKGROUND AND POLICY GOAL

ED’s ability to understand and publish total borrowing and financial obligations associated with educational programs is essential for:

1. Student and family decision-making, including comparisons across programs and institutions;
2. Research and policy analysis, including loan outcomes, completion risks, and repayment burdens; and
3. Transparency into the true cost of attendance, including financing mechanisms that fall outside Title IV.

The goal of reporting should not be perfect precision in every anomalous case. Rather, ED should enable sufficiently reliable collection such that the resulting data produce statistically significant estimates of typical student borrowing, most importantly median outcomes at the program and institutional level.

RECOMMENDED DEFINITIONS

Private Education Loans

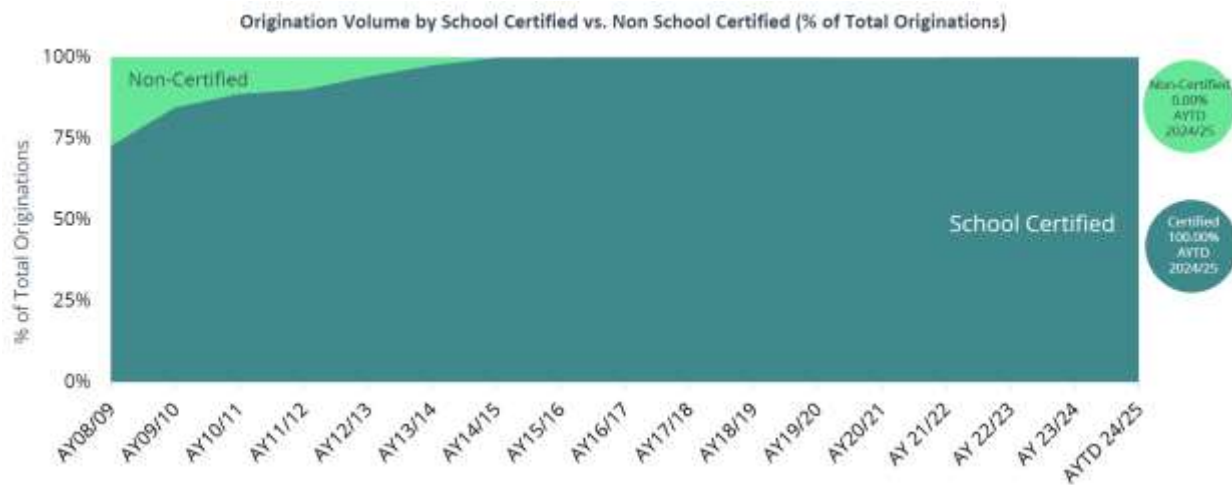
On a practical level, we would propose that a “Private Education Loan” means:

Any education loan (as defined under Regulation Z / the Truth in Lending Act) that:

1. *Is non-federal (i.e., not made, insured, or guaranteed under Title IV or otherwise federal);*
2. *Is extended for postsecondary educational expenses;*
3. *Is typically disclosed and originated as an education-purpose lending product under Regulation Z; and*
4. *Is school-certified and disbursed to the institution in connection with a student’s enrollment.*

In practice, the private education loan market has become effectively 100% school-certified through standard financial aid workflows, as highlighted in *Figure 1* below.¹ In these instances, the institution is aware of the lender and amount because the school must certify eligibility and costs, and proceeds are disbursed to the school.

Figure 1



Given the above, we would recommend that ED indicate that institutions should report Private Education Loans as follows:

- Include any loan that the institution certifies as a private education loan and that is disbursed to the school on behalf of the student.
- Exclude consumer credit products that are not school-certified or not originated as education-purpose lending products under Reg Z (e.g., general unsecured personal loans, credit cards, home equity loans, family loans) unless the institution administers or certifies them as an education loan.

Institutional Loans

Further, an “Institutional Loan” means:

Any credit extended to a student (or on behalf of a student) for postsecondary educational charges where:

1. *The institution is the creditor, or the institution extends credit through a third-party servicer, contractor, or partner;*
2. *The obligation is repayable over time, whether interest-bearing, zero-interest, or income-based;*
3. *The credit supports payment of tuition, fees, housing, or other charges included in the Cost of Attendance as determined by the institution; and*
4. *The credit is originated, administered, or serviced by the institution itself (directly), or through a third-party provider operating as a contractor or vendor of the institution.*

Given the above, we would recommend that ED indicate that institutions should report Institutional Loans as follows:

¹ Enterval Analytics, LLC. Private Student Loan Semi Annual Report Ending Q1 2025. Source: <https://www.enterval.com/#reports>

- Include any amount of institution-administered credit that is extended to a student for institutional charges and is repayable.
- Exclude ordinary billing balances that are not structured as a loan or credit plan and are resolved within the award year.²

FEASIBLE AND RELIABLE DATA COLLECTION MECHANISMS

Private Education Loans

Private education loan certification is commonly processed through a small number of standardized tools and workflows. In the current market, most institutions use ELM, ScholarNet, or similar tools for certification. Even when schools do not use these platforms, certification data is typically logged within the school's financial aid systems or SIS.

While a small number of nonprofit or family loans may not be school-certified or disbursed to the institution, these are generally de minimis and are unlikely to affect program-level medians. ED can acknowledge the existence of such loans while maintaining a standard reporting rule that is operationally enforceable and does not require or expect institutions to capture all such edge cases.

Institutional Loans

Institutional lending and tuition financing generally falls into a manageable number of operational patterns:

1. Institution-run payment plans and loans captured in the SIS / accounts receivable system, sometimes supported by payment plan vendors such as Tuition Options, TFC, Nelnet, TouchNet, Transact Payments (formerly CASHNet), UNISA.
2. Institutional loan programs administered through dedicated partners, such as Clasp, CampusDoor, ECSI, Ion Tuition, and similar.
3. Manual or paper processes (increasingly rare), which still typically require tracking within SIS platforms because institutions must reconcile whether a student has paid.

If an institution cannot reliably track its own institutional lending and credit extensions, that indicates a broader compliance and financial responsibility issue. ED should not accept “we cannot track this” as a credible rationale for non-reporting of obligations that the school itself is issuing and owed.

EDGE CASES AND RECOMMENDED SAFE HARBORS

Because the objective is median-level comparability rather than perfect precision, ED can adopt simplifying assumptions and safe harbors to address non-standard scenarios without undermining overall data quality.

Payment Plans as Institutional Loans

A key definitional choice is whether routine payment plan obligations that are scheduled for autopay within the award year (but that are not paid upfront) should be treated as “debt.” There is not a single correct answer because payment plans can behave like short-term receivables or credit products.

- Option 1 — Conservative (debt-focused): Count only amounts that are explicitly documented as a loan/credit extension OR any scheduled payment plan balance that remains outstanding beyond a defined time threshold (e.g., beyond the academic period or beyond the institution's standard billing cycle).
- Option 2 — Balance-based (AR-inclusive): Count any amount that is unpaid and contractually owed, including payment plan balances, as institutional debt.

² Unless ED determines otherwise per the discussion below on payment plans and queued autopay.

Our recommendation is that ED only treat the portion of a payment plan as an Institutional Loan if:

1. Repayment of the plan extends beyond the award year, or
2. The plan includes finance charges/interest.

This approach preserves comparability while avoiding overstating debt for students who routinely use short-term installment plans.

Credit Card Payments

Students may use credit cards to pay educational expenses. The underlying question is whether those payments should be treated as “borrowing.” Many institutions restrict credit card payments or discourage them because they may represent high-interest consumer borrowing. In many cases, however, students do not revolve those balances and instead use credit cards due to convenience, rewards points accrual expectations, or other personal reasons.

Given these practicalities, our recommendation is that credit cards payments use should (1) be generally discouraged by ED, and (2) not be classified as a private education loan or institutional loan. While imperfect, this maintains congruence with the idea that education loans—institutional or otherwise—represent credit exclusively usable for expenses associated with the Cost of Attendance for an educational program. This preserves reporting accuracy, as credit card payments do not lend themselves to consistent institutional reporting and are likely to introduce noise rather than improve median estimates.

Early Withdrawals, Partial Periods, and Reconciliation

Early withdrawals and partial academic periods create complexity, particularly in distinguishing amounts disbursed, amounts returned, and net obligations. These complexities exist in Title IV reporting as well, and ED has experience offering standardized reconciliation rules. ED should take a position preferencing one of the following:

1. Net disbursement reporting (disbursed minus returns for the period),
2. Balance-at-exit reporting (loan or obligation outstanding at withdrawal/completion), or
3. A safe harbor that permits institutions to report based on a defined point-in-time snapshot (e.g., end of academic year) using best available records.

We have no preference with respect to ED’s position or recommendation on this topic.

CONCLUSION

In 2026, it is feasible for institutions to reliably capture and report private education loan and institutional loan data using existing certification workflows and systems of record. The private education loan market is overwhelmingly school-certified and disbursed to institutions, and institutional lending is increasingly administered through standardized SIS/AR systems and a small number of third-party platforms.

ED can implement this reporting framework through sub-regulatory guidance, clarifying definitions, inclusion rules, and safe harbors for edge cases. The purpose should be to deliver reliable, statistically meaningful medians and distributions—not perfection in rare anomalies. Done correctly, this data will substantially improve transparency into program costs and financing burdens and will meaningfully support student and family decision-making.