

AHEAD Negotiated Rulemaking | Proposal for Revision to § 690.5

Submitted by: Employers and the Business Community

Coming off of the caucus, we are withdrawing our last submission (below). We'd adjust this request such that:

- 690.5(a) is adjusted to read (emphasis added): A student shall not be eligible for a Federal Pell Grant for an award year during which the student receives grant assistance, scholarship assistance, employer-provided assistance and/or benefits, loan forgiveness, or loan repayment from non-Federal sources, including States, eligible institutions, or private sources, in an amount that equals or exceeds the student's cost of attendance for the award year.
- This would then also need to be incorporated to conform in 690.80(d). So all current references to "grant or scholarship assistance" would instead read "grant assistance, scholarship assistance, employer-provided assistance and/or benefits, loan forgiveness, or loan repayment"

This has the support of the Veterans community as well.

Thanks,
David

Context & Statement of Support:

We strongly support the Legal Aid proposal to add "grant" as a qualifier, as well as the Veterans proposal recommending the addition of clarifications with respect to specific forms of assistance that are not intended to be included or considered for the purposes of § 690.5(d).

We would propose 2 additions to the newly proposed Subpart (a) shared by the Veterans negotiators. Specifically, we recommend clearly defining that payments and commitments with respect to loan-forgiveness and loan-repayment benefits are not to be considered as non-Federal assistance.

These exclusions are essential for three reasons:

1. Loan-repayment and/or forgiveness benefits are not grant aid by nature. They do not offset in period cost of attendance and therefore should not affect Pell eligibility.
2. They support employer engagement. The Administration has urged employers, states, and non-profits to step up in reducing the burden of student debt. Ensuring

that loan-repayment commitments and payments do not jeopardize Pell, encourages continued employer investment.

3. They reduce burden on taxpayers and students. When employers or public-service programs help repay or forgive loans, both students and taxpayers save. Clarifying that these benefits do not interfere with Pell eligibility strengthens program integrity and the likelihood of meaningful uptake and adoption.

Proposed Revisions to § 690.5 Subpart (a) (to follow the veterans' community proposal)

(6) Payments made by a current or prospective employer to repay a student's educational loans, whether paid directly to the borrower or the loan holder, and any employer commitment or promise to make such payments in the future.

(7) Any program, benefit, payment, credit, or entitlement, whether Federal, State, local, institutional, employer-sponsored, or privately funded, that repays, cancels, discharges, forgives, subsidizes, or otherwise reduces a student's educational loan obligations after the student has completed or withdrawn from the education program, including prospective commitments to make such payments.