

DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
NEGOTIATED RULEMAKING
REIMAGINING AND IMPROVING STUDENT EDUCATION (RISE)
SESSION 2, DAY 1, MORNING
November 3, 2025

On the 3rd day of November, 2025, the following meeting was held in-person, from 9:00 a.m. to 12:00 p.m.

P R O C E E D I N G S

MS. WEISMAN: Good morning, everyone. Welcome back to the second and final week of the Reimagining and Improving Student Education RISE Negotiated Rulemaking Committee. We have a lot to cover this week. You've done a lot of reading. You've done a lot of preparation, and we welcome you back. If I counted correctly, there are 16 regulatory citations that we will be diving into to amend. The goal, as we've talked earlier, is to strive for consensus on that regulatory language. Remember that consensus does not mean that you love everything. It means you can live with it, and it means that you're willing to go and support it because you think it's the best deal you're going to get. And we hope to provide that here today through our conversation. Remember that we will be doing pulse checks along the way where needed. And at the end, we will be doing consensus. So consensus would be on the entire package. Our schedule is typically around 9:00 to noon and then 1:00 to 4:00, with that lunch break in between and a couple of short breaks in the morning and afternoon. We're going to go ahead and take attendance and do a very, very brief overview of some of the highlights of the protocols. We do have three committee members that I'm aware of that could not be here today or this week. And that is Faisal

from the veteran community. He was a primary. And so Bob Carey will be in his place stepping up from alternate. And then we have two alternates, Emeka representing borrowers, and Matthew representing public institutions, who are also both unable to be here today. Some of them will be participating by live stream and sending feedback into the primary member. But if we could get started over here with Andy and go around the circle, just your name and your constituency, and then we'll do a second round for the alternates.

MR. VAUGHN: Good morning. Andy Vaughn, representing proprietary institutions, present.

MS. COLVIN: Jenna Colvin, representing the private nonprofit colleges.

MS. LILLY: Good morning, Deborah Lilly, representing student loan borrowers.

MR. CAREY: As said, Bob Carey, representing military and veteran student borrowers.

MS. NAPORLEE: Ashley Naporlee, on behalf of the legal assistance organization, consumer advocates, and civil rights organizations.

MR. KEMP: Scott Kemp, representing state officials.

MR. RICCI: Alex Ricci, representing servicers, collection agencies, lenders, and guaranty

agencies.

MR. HOLT: Alex Holt, taxpayers and the Public Interest.

MR. KING: Timothy King, public colleges and universities.

MR. BODIMER: Jeffrey Bodimer. proprietary institutions.

MS. KOHLER: Patti Kohler, private nonprofits.

MS. HOFFMAN: Tamar Hoffman, for legal assistance, consumer advocates, and civil rights groups.

MR. BOGGS: Bennett Boggs, representing state agencies.

MS. HARTUNG: Lori Hartung, representing student loan servicers, collection agencies, guarantors, and lenders.

DR. GILLEN: Andrew Gillen, taxpayers and the public interest.

MR. ANDRADE: Jeff Andrade, representing the political leadership at the US Department of Education.

MS. ABERNATHY: Tamy Abernathy, Federal Negotiator.

MR. LALLO: Jake Lallo, Office of General Counsel.

MS. WEISMAN: Thank you all very much. And I am Annmarie Weisman. I'm serving as your facilitator once again this week. Just a couple of quick overview items from your protocols as reminders. The way we've set up this committee is that the primary negotiator will be at the table and who will speak. If you choose to swap out for a particular topic, you would do that at the beginning of the topic. You just identify by putting up your comment card that you'd like to speak, and the alternate can step in for that topic. Remember that negotiators cannot serve as a proxy in the absence of a primary and alternate. So if a primary and alternate cannot be here, there is no stepping in and taking part in consensus on behalf of that constituency. My role today is to make sure that negotiations run smoothly, today and this week. If there's anything that I can do to assist the committee members, please do let me know. Regarding decision making, to be considered that the committee has reached agreement, the committee will operate by consensus, which, as I mentioned, is what we're striving for here. But that means there must be no dissent. So when we take the consensus check at the end, it will be a thumbs up or a thumbs down. It's one way or the other. No middle. When we do the temperature checks, the idea is to get that middle, to get a sense of who may

need a little more work to get to the point of being able to support consensus. When called on, committee members have up to three minutes to speak. I know in the last round we did not need to enforce that very much, because often questions were posed to the Department. The Department would step in and answer, and I was trying to keep the eye on time and say, is anybody dominating the time? Is anybody taking too much time? It seemed that where people had lots to say, others were quiet. And so it was appropriate to let that person continue. We'll see how that goes as we get into this week. But remember, technically speaking, there is that three-minute time limit. And the goal, of course, is just that we hear from a wide variety of you and get a variety of different opinions. And then about the caucus process, when a primary committee member calls for a caucus, I will write down the names of who is in that caucus, so be prepared to let me know who you'd like to invite. And also the topic of the caucus, as well as any approximate amount of time that you think that caucus will take. Any questions on protocols? Okay. Seeing none, I will turn it over to Jeff.

MR. ANDRADE: Thanks, Annmarie. And welcome back, everyone. We're looking forward to working with you over these next five days to hopefully come to

consensus. Now, before we get started today, I would like to introduce our new assistant secretary for postsecondary education, David Barker. Dr. Barker is working to improve outcomes and accountability in postsecondary education, including helping us lead reforms to accreditation, improving Federal Student Aid programs, and ensuring that our grant programs are focused on agency priorities. Dr. Barker is a sixth-generation Iowan with deep experience in higher education policy and governance. He holds a PhD in economics from the University of Chicago, and he has taught economics at both the University of Chicago and the University of Iowa. For the past six years, he served on the Iowa Board of Regents, which oversees the state's public universities. During his tenure, he's played a key role in advancing cost control measures, promoting academic freedom, and ending discriminatory DEI programs. Please join me in welcoming Assistant Secretary David Barker.

DR. BARKER: Well, thank you, Jeff. Good morning and welcome to today's negotiated rulemaking session on Reimagining and Improving Student Education, or RISE. On behalf of Secretary McMahon, Undersecretary Kent, and everyone at the US Department of Education, welcome. Thank you for your time. The hard work you've already done and the important work that you will do this

week. I'm excited to be in my new role as Assistant, Assistant Secretary for Postsecondary Education, implementing the important and transformational agenda of President Trump and Secretary McMahon. And I'm excited to be with you here for this process. In September, Undersecretary Kent reminded you that higher education is in crisis. Polls show that confidence in higher education fell dramatically over the past decade. We've reached a pivotal time. Americans have sent a clear message: change is necessary and we cannot continue down the same path. And that is why we are here today, to implement the higher education reforms that President Trump promised to the American people. We must control the level of student debt, improve repayment structures, remove unnecessary hurdles for borrowers, and give institutions the flexibility they need to manage student borrowing. These are among the key issues that you, as a committee, have the opportunity to improve for students and their families. I've been told that this committee made great progress during the first session, and I'm confident that we'll continue that progress this week. As the Undersecretary noted last time, we're here to negotiate in good faith and work toward consensus so that we can move quickly to implement reforms that strengthen higher education, promote student success, and support a more

productive workforce. Thank you again for your service on this committee. I'm looking forward to a collaborative and productive week. And now I'm pleased to turn things over to Annmarie.

MS. WEISMAN: And I am actually going to turn it over to Tamy to begin with the current staff - - staff -- status of the draft regulations.

MS. ABERNATHY: Thank you, Annmarie, And thank you, Assistant Secretary Barker. We're so glad that you're here with us. And we look forward to working more closely with you. Good morning, Committee. Oh, you learned from the last time we were going to repeat that. Good job. Welcome back to session two. We know that we are reimagining and improving student education. These negotiations, which you know, are a direct result of the president's One Big Beautiful Bill that was signed into law on July 4, 2025. I would also like to thank you for your commitment to working alongside the Department's Federal team at the table, and many others in this room. You're helping us promulgate rules to shape the future of student education, specifically around our Federal Student Loan programs. I look forward to the week ahead where we will work together to make meaningful progress during this important session. On Friday, as you heard from Annmarie, we will ask for final consensus. As we

have much to cover, we should get started. So let's jump right into our agenda. We'll begin our time together today with a review of the current status of our proposed regulatory text. Together, we'll go through a high-level review of the proposed regulatory text as drafted at the end of session one. We'll confirm the temperature of pulse checks for each session again as of the end of session one. The goal is to start our time together this week, largely where we left off, by providing a refresher for the committee and the public on where we -- where our work to reach consensus was left. We're going to identify sections where we had positive support, sections where we had general perhaps, but not full agreement, and the areas where there was disagreement. The ugly D word. Next, we'll address any outstanding items from session one. This includes items that the Department took away to research further, such as service members, Civil Relief Act provisions for veterans and service members, and conforming loan limits for certain health professions. We will also respond to the proposals submitted by committee members that were submitted after the end of session one by the deadline or ones that we received prior to negotiations starting. We will also get to those schedule of reduction scenarios that we promised you. And thank you for your patience, Jenna, Jeffrey, Scott, you really

did give us a lot to go over, and we're excited to share our outcomes with you. During this portion of the agenda, we hope to address how the Department has or will respond to the committee's questions and recommendations before shifting to further updates on regulatory text. We'll also begin looking at some initial updates that the Department has made to certain regulatory provisions based upon your feedback. And finally, we'll close today's agenda with a pulse check to gauge the temperature on items we did not take a pulse check on last session and on any new items to date. We're hoping to use this pulse check to identify any areas where we do not yet have general agreement, or where there may be specific objections to sections or portions of proposed reg text. We'll then use the results of this pulse check to inform the agenda and the activities as we progress through the rest of the week. Let me give you a quick forecast of what we hope our week will look like. But before I do that, I wanted to say thank you to all of you for causing us to have many "stump the fed" sessions during our time that we were not negotiating. Your proposals really were very well thought through. You gave us a lot to think about. Sometimes too much to think about at one time. And so some of the proposals that you have submitted, we are not going to get through all of

that today, because we still have to flesh out some regulatory text around it. So thank you for once again having us relook at things. Specifically, Alex, we're not going to get to yours until probably either later this afternoon because yours is a long list. And so we've got to get through all the -- yes, the one you just sent. So I don't want you to think that we're ignoring it, but we're trying to get through all of those, clean up the old business, and chart our course for the new business. But thank you. Thank you for taking your role seriously, for working with us on behalf of our students, our borrowers, and helping us fulfill what our mission is here. So let's get right, get right into it. Tuesday, we'll anticipate beginning with a quick welcome and roll call like we do every other, other -- every other time. And then we'll discuss the draft regulations where we've not achieved general agreement. We'll probably discuss the draft regulations that we come up with tonight as a result of today's conversations, and as a result of some of the things that we've received in your proposals later after the deadline. Okay. Let's keep right on going. Wednesday, we're going to have either a working day or half-day if needed, or for caucuses to, to discuss drafting alternatives to our regulatory text that was proposed. If there are operational concerns raised by

committee members, we may also allocate a portion of this day to presentations from the Department's operational staff, because we all know we have our very own Eric Hardy, aka Batman, with us again, and we love him, so we'll make him feel real welcome when we need him. On Thursday, we'll convene with more discussion of the regulations and continue pulse checks, and we'll continue to do that. We hope, if we can resolve everything, that we'll be able to get out early on Friday, but that's going to base where we end up and how much work we have to do to look at the proposed regulations and try to get us into consensus. All right, so. All right. We will normally have our lunch break, as Annmarie said, then we're going to end with wrap-up and comments, and committee adjournment. So where we ended up with pulse check, positive pulse check last time. You should have received an email with the attached draft regulatory provisions that were on 1027. You'll note we did not provide the same discussion paper format that we did the last session. We figure you already know about the statute, the changes, what was impacted by the One Big Beautiful Bill. We sent you 16 documents that represent this negotiations' regulatory provisions, and this is where we'll start after we finish our old business. So you also -- we also sent a consolidated 16 draft

regulatory provisions where we ended on 10-3 last time. So the first thing that you received was the 16 combined regulatory provisions. As a quick additional note, we're not going to provide full printed copies of all documents during this session unless absolutely necessary. We'll do our best to provide a summary document of changes that were provided made to proposed regulatory text, but will not provide another copy of the regulatory section in full, unless we need to, and hopefully we won't have to do that. But we will still email electronic copies to the committee members whenever we make changes or need to discuss something to further our discussion. Our staff, thank you in advance for using those electronic resources and the trees, thank you even more because we had a lot, a lot of excess paper last time. So based on our assessment after session one, the committee achieved positive support for many of the 16 provisions. So 674.39, loan rehabilitation, 685.102, all provisions except for professional student definition. That pesky little professional student definition. We did not take a pulse check on that definition. 685.201, obtaining a loan. 685.204, deferment. 685.205, forbearance. 685.208, fixed payment repayment plans. 685.210, choice of repayment plan. 685.219, Public Service Loan Forgiveness. 685.220, consolidation. And 685.221, alternative

repayment plans. Now I just want to say, let's give ourselves a round of applause, because those are a lot of provisions that we already have positive thumbs up on. And now I'm on the floor. So, recapping, we're not going to go -- we're not going to read every single one of -- thank you, sir. Chivalry is not dead. We're not going to go in and read those loan provisions. But I did want to say something about 685.219. 685.219 is going to have some regulatory changes based on the proposals that you submitted that we'll get to later in the program. So 685.219 no longer has, has a thumbs up at the moment. It has a -- let's keep it sideways until we can go back over those provisions. But I think you'll be very happy with the things that we put, we put in there. All right, Annmarie, I don't know if it's time for a break or if you want us to continue going on. It's up to you.

MS. WEISMAN: Let's continue for now.

MS. ABERNATHY: All right, y'all, don't get a break. Sorry. Okay, so here was general agreement. So there were some concerns expressed with our regulatory text, okay. So these areas where we received general agreement, there's still some things that we're trying to flesh out to make sure that we either keep that as a thumb sideways or a thumbs up. So let's take a couple minutes to walk through the proposals we received

last session that we did not get a chance to go over, or we needed to take back, as well as ones we received by the deadline. We'll need more time, like I said earlier, to discuss the ones that have come in over the last couple of days. So these provisions: 682.215, Income Based Repayment Plan. 685.200, borrower eligibility. 685.209, Income Driven Repayment Plans. And 685.211, miscellaneous repayment provisions. I think that's pretty good considering we had 16 provisions, and those are ones that we had sideways thumbs. So where we did not reach consensus -- excuse me, we didn't take consensus. Where we did not have a positive pulse check, we had dissent, was one section where the committee expressed some dissent and there was no agreement on the current proposed regulatory text. And that's 682.405, loan rehabilitation, which is specific to the Family Federal Education Loan Program. And I want to note that 685.211 also contains provisions about loan rehabilitation specific to Direct Loans. The Department's understanding is that the dissent to rehab provisions under 682.405 are the same concerns that prevented a full positive note on 685.211. So we think the Department is interested in knowing where we are landing now with those provisions. So if we could take a look at 685.215 -- 680, excuse me, 682.215, Income Based Repayment Plan. And we did number

the regulatory provisions now in order of the way the regs have them. So I'm not sure at the moment, I think it's one or -- it's two or three is the next. It's number three. I don't know where number two went. Okay. So as we're taking a look at this, we will -- I'm sorry, my pages are sticking together. The very first change we see is on number four. Okay? So -- well, the first change is in (a) where we've removed all reference to partial financial hardship. And so we come down to (4) where it's applicable amount means, for the purposes of IBR plan, 15% of the result obtained by calculating on at least an annual basis, the amount by which the adjusted gross income of the borrowers and the borrower's spouses, if applicable, exceed 150% of the poverty guideline. (b) (1) for the Income Based -- we'll just stop.

MS. COLVIN: Quick question. What is the, the reg section, the last three digits that we're working on right now? Thank you. Yep, got it.

MS. ABERNATHY: 215, number three. And it's titled by regulatory provisions. So 682 -- hold on a second. I was trying to start too early on unveiling our thoughts, and I was told not to do that yet. So let me get to the right spot. Isn't it great to have such an awesome team? They catch you before you make a mistake. All right. Still on 682.215. Going to subparagraph (b) (1)

for the Income Based Repayment Plan, a borrower may elect, we've removed obviously all iterations of partial financial hardship to have their aggregate monthly payment recalculated to not exceed the applicable amount when the borrower initially enters the plan. Then we'll move on to paragraph, let's see, five. Again, we're removing the reference to partial financial hardship. We've inserted when their aggregate monthly payment amount exceeds the applicable amount. If the borrower's monthly payment amount is not sufficient, that's in number six, we're -- again, in the next two provisions, we're removing the partial financial hardship and adding their aggregate monthly amount. In this particular one in seven, payment recalculated not to exceed the applicable amount. We've added a comma. We jump down to two, where we've removed, guess what, partial financial hardship. And we put determining the borrower's aggregate monthly payment. And we added remains on the Income Based Repayment Plan. Page six, we've just removed three, and in four, the partial financial hardship. And in four, we added recalculates the borrower's monthly payment amount. In number three, same thing. We're removing partial financial hardship all the way through in romanette three, and then we've added if the loan holder recalculates the borrower's monthly payment amount based

on the borrower's request. In five and six, partial financial hardship. Same thing in F romanette one, romanette one and romanette two, we've removed partial financial hardship. So at this time I would like for us to have any discussion and questions.

MS. WEISMAN: Alex Ricci.

MR. RICCI: Forgive me for being a little slow this Monday morning. So the -- what you just read through was as of when we were leaving at our first week of sessions. But it's not necessarily the most current text circulated to the negotiators.

MS. ABERNATHY: Right. Because we're going to talk because I have your proposal here, and now we're going to talk about some of the things that we changed.

MR. RICCI: Right. So what specifically -- what feedback are you looking for about what we talked about on 10-3 from the negotiators before we talk about how it could be improved?

MS. ABERNATHY: Well, I think we should probably just go into the proposals and talk through what you guys have proposed and what we're changing so that you can see and then bring up the discussion, I think. And so I don't think you're slow on this Monday morning, I think I am. All right. We did

receive from Alex squared, Ashley, and Tamar, a proposal about 682.215. So -- and, and I'm sorry, this is from Alex and Lori. Forgive me. On this particular provision, you are looking at changing in the FFEL regulations, adding when the applicable amount reverts to the maximum amount, Tamar and, Tamar and Ashley said exceeds. So what we have done is we have changed the regulatory provisions from what we had, to when the applicable amount exceeds, to the maximum amount calculated, which is a combination we didn't think reverts to quite got us where we needed to be. But you certainly pushed us in the right direction. And then when we heard from our legal aid constituents, we decided that combining those two things would be the best way to go for that. So those changes have been made on the reg text. Okay. And so if we go to the applicable amount proposal from October 10 from our legal aid, civil rights, and consumer rights. Same thing where the -- we're changing to exceeds. So we got there and then there are some changes I think that you guys asked for in 682.215 (b) (1) for the Income Based Repayment Plan. And I couldn't really tell exactly what you were asking for us to change there. Is it that you want us to remove no more than -- the words no more than?

MS. WEISMAN: Ashley?

MS. NAPORLEE: It's that we want to

clarify that the -- that it's not at the time that the borrower first enters the IBR plan or first starts repaying under, under the plan. Where it says for the Income Based Repayment Plan, a borrower may elect to have their aggregate monthly payment recalculated to not exceed the applicable amount when the borrower initially enters the plan. Okay.

MS. ABERNATHY: Does that answer your question?

MS. NAPORLEE: No, because that language is still in there, I believe. We want to make sure that the ceiling is set at either the ten-year repayment period amount, or the amount by which the above 15% of the borrower's AGI that exceeds 150% of the Federal poverty level, not when they first enter the plan, but just that amount, because it could change every year while they're enrolled in that plan.

MS. ABERNATHY: Let us take that one back because we really weren't sure what we were looking for on that one. And so my assumption was that you were just removing a couple of words, which was not the correct assumption. So let us take that one back, if that's okay. Let me make a note of this. So Ashley, would you repeat that one more time? You want us to look at not using when they initially enter the repayment Income

Based Repayment Plan? You want us to look at it at the time they enter the IBR Plan?

MS. NAPORLEE: No. And if it helps, we also just sent you an email right -- just this morning. So maybe that will help clarify it as well. Maybe if you look at that, because we put exactly how to change the regulatory text as (inaudible)

MS. ABERNATHY: Perfect. So you sent us something this morning?

MS. NAPORLEE: Yes.

MS. ABERNATHY: Great. That is what we like to hear. Thank you. And I'm sorry that we didn't get a chance to get back to you on that.

MS. NAPORLEE: You're totally fine. Thank you.

MS. ABERNATHY: All right, all right. 682.215 (b) (1), I'm making a note now. Okay, so given that we have a little bit more work to do on that one, I don't think -- let's see what is next on here. Okay. I don't think we should look at doing a pulse check on that one until we can come back and get back to you on the rest of your proposal there. Thanks so much. Okay. Did anyone else have any other concerns on this? Okay. So Alex Holt, at any time we're approaching some of the things that you had on your most recent, you can go ahead

and just kind of at least throw that out there and we'll just kind of mention it for the record. Okay? Thanks. 682.405, which should be right after where we just landed. Sir? In the new text, in the new versions, it's number two, but in the old version. So -- I need five minutes with the Department, please.

MS. WEISMAN: Five-minute break.

Welcome back, everyone. After our short break, I'm going to turn it back right away to Tamy.

MS. ABERNATHY: Thank you, Annmarie.

And thank you, everybody. We just wanted to make sure that we were actually looking at the right reg text. And it is the new reg text, so your new provisions, so when I call out the number of the regulatory discussion draft. So this one is number two I believe. Yes. Okay. All right. The remaining two sections that we'll need to revisit -- oh, no, sorry. We have to read through this first. Okay. I have to do it from the screen because I don't have one in front of me. So you'll see in (a)(3) romanette three on or after July 1, 2027, a borrower may obtain the benefit of suspension of administrative wage garnishment one time per each attempt to rehabilitate a defaulted loan. For romanette one, after the loan has been rehabilitated, the borrower regains all benefits of the program, including any remaining deferment

eligibility under section 428(b)(1)(M) of the act from the date of the rehabilitation. Romanette two, a loan may only be rehabilitated once, between August 14th through - - 2008 -- through June 30, 2027. On or after July 1, 2027, a loan may only be rehabilitated a maximum of two times over the loan's lifetime, regardless of when the loan was made. So here is the provision where rehabilitation went from 1 to 2, and we did not reach a positive thumbs up on this. So if we could engage in conversation, I'd really like to have your feedback on this. Yeah, we had a sideways from Legal Aid, I believe. Or a thumbs down from Legal Aid. I can't remember what it was, sideways?

MS. WEISMAN: Alex Ricci?

MR. RICCI: And I think I was the, the sideways thumbs on, on this provision and there's a number of caucuses where this was raised last session round, and I just want to reiterate that I appreciate the Department's position and look forward to finding ways to get borrowers out of default as soon as possible. So, thank you for that commitment.

MS. WEISMAN: Ashley?

MS. NAPORLEE: I think we also submitted a minor edit to 682.405(a)(4) romanette two to account for the fact that the Department restored

eligibility for defaulted student loan borrowers who had previously rehabilitated their loans to rehabilitate them again under the Fresh Start Program between March 1st of 2020 and September 1st of 2023. And that the rehabilitation program started on August 14, 2008. So we wanted to make sure that the current limitation rehabilitation should exclude any of that rehabilitation prior to August 14, 2008, and between March 1, 2020, and September 1, 2023. That was in our, our proposal. And then we also submitted something with regards to collection during rehab.

MS. ABERNATHY: So let us take that back and take a look at it.

MS. NAPORLEE: Okay.

MS. ABERNATHY: Was that when you submitted on August 10th or earlier than that?

MS. NAPORLEE: I'm not sure the original date, but I believe something else was resubmitted this morning perhaps. I can confirm if you'd like.

MS. ABERNATHY: No, I think I found it.

MS. NAPORLEE: Okay.

MS. ABERNATHY: So a loan may only be rehabilitated once. Yes, I did find it. I have that in

211, not 405. So I don't have that in 405, 682.405. So I think that was submitted for 682, or is it 685.211 for Direct? And you're saying you submitted that for this particular provision as well?

MS. NAPORLEE: I thought so, but I have to reconfirm.

MS. ABERNATHY: All right. Well, you go back and we'll go back and we'll recircle, we'll circle back later. Okay. So moving right along. Pulse checks were not taken on 685.102 and 685.203, loan limits. Earlier I mentioned that we did have a positive pulse check on all other provisions of 685.102, but we did not yet vote on the proposed definition of professional student. And you'll notice that we did revert back to our original definition, except that we added a comma and the word "and" before theology. And we removed the reference to publishing an FRN later. And what we're trying to do here is to provide a starting point for our discussions when we get to that section. So we had offered an interim solution. However, we heard from you that, that solution was not correct, and we're looking to hear from you, and we have heard from Alex Holt and others, and I think Jeff would like to say a couple of words right now.

MR. ANDRADE: Yeah. So, as Tamy said,

basically the discussions that we had in the caucus and the proposals, we -- it appeared to us that we couldn't get consensus on that. So we're going to continue having discussions with the proposal that's on the table. And when we get to this and get our other issues resolved, we'll have discussions. We have some, some questions from the Department on that. And we've done some research and then so we'll have, we'll have a dialog. So that'll be the, the basis going forward. And as Tamy said, we just did some clarifications in our original proposal.

MS. WEISMAN: Alex Holt?

MR. HOLT: So I have a -- actually something unrelated to the professional limit, like a technical thing. But before that, I just -- can I just clarify that at some point the Department will have a -- like an -- a response to the proposal submitted by the taxpayer? Okay. So moving on. 685.102, this is one of the things I submitted in B. One second. I need to look at my notes.

MS. ABERNATHY: Linnea, would you please put 685.102 up? It is discussion draft number four.

MR. HOLT: Right. So in (b)(1), it says three academic years or its equivalent. So I'm just looking for clarification from the Department to what the

equivalent of an academic year would be for institutions. And I -- in so doing, I want to confirm the Department does not intend to account, for example, like the full-time equivalent of an academic year for a student who is enrolled in less than full-time. So I would say you probably didn't mean that because that would potentially mean six years. So my, my thought is you could either just strike or its equivalent because I don't know what it's referring to, or you could cross-reference the definition of an academic year in 34 CFR 668.3 because, yeah, I don't know if you can respond right now, but what or its equivalent was intended to mean?

MS. ABERNATHY: I don't think it was intended to not be the right thing. So what we are trying to do here is -- it wasn't intended to make it six years, that's for sure. What we're trying to do here is sometimes academic year, award year, sometimes used interchangeably, and if there is another term that somebody was using for the equivalent of that three years, but it wasn't meant to extend it past what the three years would have been in whatever term that was used.

MR. HOLT: So in -- I believe in 34 CFR 668.3, they basically -- like it's already defined as all those things you're saying? So it might just be

helpful to cross-reference.

MS. ABERNATHY: Right. We will take that back, and we'll get an answer for you as soon as we've had a chance to discuss it. That's a great suggestion. Thanks so much. Taking notes. Okay. All right. Was that -- so, let's see. We need to continue on. So the expected time to credential -- make sure I'm on the right thing. Expected time to credential from July 1, 2026, and then, as Alex said, the three years or its equivalent, the period determined by calculating the difference between the program length for the program of study for which the individuals enrolled, and the period of such program of study that such individual has completed as of the date of the determination under paragraph two of this definition. Are there any other concerns with that particular provision other than what Alex has already mentioned? Okay. Can we move on? We're going to move on. Okay. I think we can move on. All right. Graduate student. We didn't really have any problem with the definition of graduate student there. Professional student. We're just not even going to go there right now because we know that we have reverted back and we know we were going to go a little bit later. And as far as an official response, we need to get through all of this other old business. And as Jeff said,

we'll circle back to that. Program length. Any issues with the definition or how we've described program length? Okay. We'll get this one on the books to talk about and get back to you. All right. So we've looked at the schedule of reductions. We've looked at the reg text. We have looked at the scenarios. And based on the scenarios and based on some of the confusion and some of the -- the way that we worded some things, we wanted to tighten it up ever so slightly. So if we could go to the loan limit 685.203 real quick. We'll get to these other sessions -- these other sections in in a minute. But I do want to start with the schedule of reductions. Okay. In romanette three we added and ending on or before June 30th. In romanette four, we list the loan limits for graduate and professional students periods of enrollment beginning on or after July 1, 2026. (a)(1), a graduate student who is not a professional student for a period of enrollment on or after July 1, 2026, may borrow up to 20 -- 500 -- \$20,500 for any academic year under the direct Unsubsidized Loan Program. Professional student for a period of enrollment beginning on or after may borrow up 50 for the unsub. And then the limitations in effect, I don't think we changed anything in any of those provisions since the last session. So I think that we were okay with those. Any comments or conversations

needing to happen in that provision or can we move on? Okay. Seeing none, we'll go on. (c)(2) romanette five, in the case of a graduate student, we've added for a period of enrollment through June, June 30, 2026, and in (e)(3), we've added the same enrolled July 1, 2026. And that's giving \$138,500, minus any direct sub Federal, Stafford and Federal SLS loan amounts. And I believe the rest of this section -- I think the issue here was the withdrawing. And so in seven, what we've tried to do is 668.22 or otherwise ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (b)(6) of this section, the limitations under paragraphs (e)(4) or (e)(5) shall apply as applicable. That was one of the changes that you guys wanted to have in there. And so F, it just clarifies -- I'm sorry. I'm sorry.

MS. WEISMAN: Alex Holt?

MR. HOLT: Sorry. Okay. So again, something I sent, but in (e)(4) romanette one, it says who is not and has never been a professional student at that institution. I think you want it to be at an institution. So at that institution made sense for the transition period. But this is for, like, moving forward. So if you said at that institution, you would be saying they could borrow 100K at the next institution. Multiple,

right? So you just want to switch it to an institution. And I think you want to do that for romanette two as, as well. But I, I don't feel as confident about that. But I certainly feel confident on romanette one.

MS. ABERNATHY: We'll take that back and confirm. Thank you. No additional changes in the PLUS Loan limits. Then the annual limits on or after July 1, that was all, I think the same, that you guys had a -- pretty much a positive thumbs up on that one, or at least sideways. Any questions or comments on number two?

MS. WEISMAN: Andy?

MR. VAUGHN: Just back a second on 668.22. Wanted to make sure that there were no changes in the last four weeks about the leave of absence. That refers to leave of absence that we talked about last time. So that would be an approved leave of absence, they would still maintain legacy status. Okay. Thank you.

MS. ABERNATHY: There's no changes to 668.22.

MS. WEISMAN: Alex Holt?

MR. HOLT: All right. So on (f) (2) romanette two (B), and this is also going to apply to section G as well. But let's just stick with (f) (2) romanette two (B). So the problem here is that it says the -- it says program of study. So just from a -- for a

Parent PLUS, like if you have an undeclared major, then they wouldn't be able to theoretically keep the Parent PLUS through the undergrad program. So I think -- and I -- probably the Department has to go back and check the statute. The statute does say program of study, but I think the intent almost certainly meant when they're talking about undergrads, it almost certainly meant program study meant something like degree type like a bachelor's, because otherwise the, the parents -- like the kid is, you know, in their first year and they -- then, then they're -- they, they can't continue those limits into the, the other part of the program.

MS. WEISMAN: Jeff?

MR. ANDRADE: Sorry. So just to clarify your concern, is it just the situation of an undeclared going into a different -- going into a major, or is it also going from one major to another major?

MR. HOLT: Those are -- I mean, those are effectively the same problem in my mind. Yeah, because, because an undeclared is a type of major, as I understand. Maybe the schools can clarify this for me, but I would say the concern is primarily the undeclared, but I'm also concerned about them switching majors because people switch majors all the time. Like, if they're switching maybe from a BA to a BS, then maybe

cards are off, right? But at least switching within a bachelor's of arts, probably within a bachelor's -- sorry, I'm thinking this through as you asked me the question. Yeah. Does that answer both? Yeah.

MS. WEISMAN: Scott?

MR. HOLT: It's early guys, come on. So we just -- we're starting over, it's second week.

MS. ABERNATHY: No judgments. No judgments. We're with you.

MR. KEMP: Yeah, I think I can provide further clarification because I met with several directors of financial aid to talk through it, and it is both. It's for those that started as undeclared majors and haven't -- or changed their major, or even a third situation. You know, we have institutions that you don't get into the business school until your third year. So if they're second-year students now and they're pre-business, technically they don't become a business major until their third year, i.e. August, September of next year. And that would be considered a change in program of study. So that -- to answer -- to clarify, we're looking at both.

MS. WEISMAN: Bob?

MR. CAREY: I think this will be -- I think this is already covered by what I've already

submitted to you all, but I just want to make sure since the withdrawal process for National Guard student is separate and apart from 668.22, does that need to be in - - does this legacy provision need to be in there as well for the military student?

MS. ABERNATHY: We believe that we will -- through the preamble, we're not going -- we don't believe we need regulatory text around that because of the way things are written. What we do want to do is speak to it in the preamble. We think our chief of staff had a conversation with you the last time, and she said that it was going to be discussed in the preamble. And she said, you seem to be okay with that, to make sure that all of those things were covered in our preamble and not with reg text. If that is incorrect, please --

MR. CAREY: Well, I think I need to -- considering I submitted a letter to the -- the National Defense Committee submitted a letter to the Department about previous preambulatory language being used on other regulations in the previous administration, I just want to make sure that I'm not being inconsistent there. And I'll forward you a copy of that.

MS. ABERNATHY: Thank you.

MS. WEISMAN: Alex Holt?

MR. HOLT: I just want to clarify so

that I don't have to interrupt you as you're reading through that. The same, the same issue I just had with (f) (2) is also going to be in, in (g) (3) romanette two.

MR. LALLO: We'll take a look at both of those.

MS. ABERNATHY: Anything else in (f) (2) (3) or (4)?

MS. WEISMAN: Bob, did you have another question or is your card still up from before? Thank you. Jeff, did you have something else?

MR. ANDRADE: I just had one more clarifying question with regard to the change in majors. In terms of the scenario where it can greatly lengthen the time to degree -- is that also I mean, you still think it's a, it's a concern?

MR. HOLT: Can you give an example of what that would be, where it would still be the same degree type if they like --?

MR. ANDRADE: Same, same degree type. But let's say that none of the credits that the student or, or very small amount of credits that the student had already taken would be applicable to the new degree.

MR. LALLO: Say you had -- you were an English major, and then you switched over to being an engineering major.

MR. HOLT: So I think -- I'm probably going to disagree with the schools here. From my perspective, that, that probably shouldn't count -- or sorry, that should -- that, that should be limited. In other words, you shouldn't probably allow that. And I wonder if there's some kind of language of a sort of expectation of similar time to completion, right, in, in the language or something like that. But I agree with you that I would be concerned about that. Because in that case, then the school -- it's kind of like you're borrowing for one thing, and now you're, you're borrowing for a different set of things.

MS. WEISMAN: Scott, and then Jenna?

MR. KEMP: With respect to that, I mean, yeah, I agree that somebody starts an English major and switches to engineering, it might take them longer, but wouldn't wouldn't the aggregate loan limit that is offered there kind of be the stopgap for that? So let's say they go three years as an English major, switch to engineering, that's another you know, two or three years. They're going to hit the aggregate before they get to the end. So wouldn't that cover it -- cover your concern?

MS. WEISMAN: Jeff?

MR. ANDRADE: Yeah, I was I was just actually just trying to get clarification there. I mean,

yeah, they would, they would -- that aggregate would be there, but it would be the old aggregate, so.

MS. WEISMAN: Jenna?

MS. COLVIN: My expert says that the maximum time frame SAP may address this.

MS. WEISMAN: Timothy?

MR. KING: Pardon me. Just speaking from experience, Mr. Andrade, we usually see the switch from engineering to English, not English to engineering.

MR. LALLO: I started pre-med and ended up English, so that's a fair point.

MS. ABERNATHY: Now you guys are waking up. All right. Any problems with J?

MS. WEISMAN: Alex Ricci first.

MR. RICCI: So sorry. On this -- on G, question, I just -- this is the Alex that doesn't have his act together as much as that Alex. Looking specifically at paragraph two, aggregate limits, because we're talking -- we're post-transition now, so we're talking about aggregate limits on effect after July 1, 2026. I'm wondering if it -- and I can follow up in an email -- I'm wondering if it makes more sense to eliminate language about for enrollment in an eligible program of study for these parent borrowers, because it's -- my read of the statute is just the parent per each

dependent gets \$65,000 in the aggregate. So I would eliminate language about for enrollment in eligible program of study or for the entire period of enrollment. So it would read that all parents may borrow on behalf of each dependent student may not exceed \$65,000 without regard to any amounts, so on and so forth. Happy to send that as a follow-up. I just think that that could be misconstrued as contrary to statute.

MS. ABERNATHY: Thank you. We can take that back. Now J? Okay. All right. And then on the bottom of my page six, I believe that is L. For the purposes of this section, if a student is enrolled in a program that awards both a degree, a graduate degree and professional degree, the student shall be considered a professional student if more than 50% of the credit hours in that program count toward the professional degree. Any comments or concerns, or questions about that?

MS. WEISMAN: Alex Holt, and then Andy.

MR. HOLT: So this is a point of clarification. And I think we might have discussed this in session one, I don't remember. Two points of clarification. So if it's a dual degree program, a lot of times the, the class is tagged for completion of both. So in that case, would the -- if it's tagged as graduate

basically and professional like MPP and law, would it count as, as a professional in that case?

MS. WEISMAN: Jacob?

MR. LALLO: Yeah, I believe what we talked about last time is that the higher-level credential would take precedence. So if it counts for both, you know, an MPP in law, we'd count it towards law.

MR. HOLT: So then my other question has to do with -- I understand -- my understanding is that some schools, they basically like if you have an MPH, MD program, they -- they're enrolled in the MD, and then they take one year to complete the nonprofessional degree. And I just have a question of what happens in that year? Are they subject to the lower loan limit for the year in which they're sort of only taking the, the graduate classes? Yeah?

MS. ABERNATHY: I believe that's correct.

MR. HOLT: Okay, great. Thank you.

MS. WEISMAN: Andy?

MR. VAUGHN: For those from the West Coast, we still get three more hours to wake up, so I apologize. I have to go backwards just for a moment. On 668.22, is it possible, since that's referred to so much in the new regulatory text, to put that on the screen

just to refer to that? I know this hasn't changed. Is it possible to see that just one more time?

MS. ABERNATHY: Sure. If you can give us just a couple of minutes, we'll go, we'll go forward just a little bit while my staff has a chance to get that up on the screen for us. Is that okay?

MR. VAUGHN: Thank you. Yes.

MS. ABERNATHY: Because it is three hours earlier for you. We get it. So now we're getting to the fun stuff. Additional rules for loan limits. So this is the loan limit for less than full-time enrollment, notwithstanding any provision of 34 CFR parts 682 or 685, in any case in which a student is enrolled in an eligible program at an institution on a less than full-time basis during any academic year, the amount of any Direct Loan that student may borrow for an academic year or its equivalent -- so I'm already guessing that we might have somebody say something about the equivalent part there -- shall be reduced in direct proportion to the degree to which that student is not so enrolled on a full-time basis, as of the date the institution determined the student's eligibility for the disbursement in accordance with 34 CFR 668.164(b)(3), rounded to the nearest whole percentage point as follows. I do know that we received a number of proposals. We'll stop before we go on, on this

just to kind of reference. We know that we have questions from Jenna. We have questions and scenarios from Scott. We had a question about transfers from Tamar and Ashley. We actually had some proposal from Tamar and Ashley. I think we received that two or three times. It's the same proposal, I believe, on that one. And we'll get to some of that in just a minute. But we did want to -- and Jenna, you had some scenarios as well. Changing the definition here, I believe, will clear up much of the confusion around the transfer students and what is to happen when there is -- the borrower is enrolled in one term at one school, and then they're enrolled in the second term, a subsequent term at the second school. So we had the formula for the first calculation, we've tweaked the words slightly on the screen, so it's the number of credit hours enrolled for the academic year, over the number of credit hours considered full-time for that academic year, or for the program of study, and that you times that by 100. And that will give you the reduced annual loan limit percentage. Okay. So that's the regular calculation. So then in -- put my glasses back on. In romanette one, I believe it's romanette one, a borrower who transfers -- Linnea, would you pull that screen up a little bit for me? Okay. Thank you. A borrower who transfers to another institution -- if a borrower

transfers from one institution to another eligible institution within the same academic year, the transfer institution must calculate the Direct Loan eligibility that student may borrow for the term in which the borrower is enrolled or its equivalent in direct proportion to the degree to which the student is not enrolled on a full-time basis for that term. The transfer institution shall first determine the amount of the academic year loan limit under this section that the term represents. The institution shall then determine the borrower's eligibility for disbursement of a Direct Loan for the term, in accordance with 34 CFR 668.164(b)(3). The institution shall then reduce the borrower's Direct Loan amount based on less than full-time status or full-time enrollment for that term at the institution as follows. That is, the number of credit hours enrolled for the term over the number of credit hours considered full-time for that term for the program of study times 100, and that gives you the reduced annual loan limit percentage. And number two, institutionally determined loan limits -- well before we go on to the institutionally determined loan limits, because we're not changing anything there, I think we -- we're all okay on that one. Let's stop and see if there's any questions. And if we could go -- before we start on the scenarios,

go to 668, as Andy referenced. And are there any questions while Linnea is pulling up the 668? Do you have any questions or concerns about the new language?

MS. WEISMAN: Jenna, and then Bob.

MS. COLVIN: Not a question, but more curiosity around approach. As it looks like the first formula retains the academic year in the formula as opposed to the semester. Can you help us understand sort of the -- because I just don't.

MS. ABERNATHY: So in this case, we do not know that a student is intending to transfer the second semester. So we would build their award package on a full academic year. And what would happen is, like we normally do right now, if they're full-time, they get half of the, of the annual loan limit that they're eligible to receive at such time as they're no longer -- if before disbursement, they choose to reduce their enrollment status to three-quarter-time or half-time, then that first disbursement would also be reduced based on enrollment of less than half-time basis. And it may or may not be, depending on if the student has indicated that they're going to transfer or not. But in most cases, if, if it's before disbursement, you're going to look at that, you're going to reduce that loan to the actual amount of the enrollment status. We don't know what

they're doing for spring. So what we did was just basically say, here's the full -- here's what we would do for the full year, because we don't know what the student's enrollment intentions are. We, we base an award package on intent. And unless we know, we build it for fall and spring in a case of a standard academic year, and then summer, either ahead or a trailer. So that's why we would do that for that particular formula. For the transfer, we know it's one, one term, and what we're trying to do here is to make sure that we don't hold liable the institution A because they've done what, what they need to do for their enrollment status. And now we don't want institution B to be on the hook for everything that the student received. You know, it's going to be very difficult for institution B to take enrollment status for institution A and combine the award and all of that. The best thing for us to do is take that off the table and say when they transfer into your institution, you're going to treat this semester as what you need to do for this semester. You're considering what is full-time. If the borrower is taking that full-time amount, then yes, they would get the full award. If they're taking less than half-time -- if they're taking less than full-time at three-quarter or half-time, they would get that amount. And it would be for that particular period

of enrollment for right there. Now, if they come at summer and there's still eligibility, they would still be able to get that. But the school at some point will always have to look at NSLDS to make sure that that borrower did not get the full amount, like the full annual amount in one semester. So you're going to still have to do all of your checks and balances that you would always do upon disbursement. None of that is changing, but what we're doing here is trying to take out the potential for there to be a lot of difficulty trying to determine what a student has done and what they want to do at the new school. And the other thing that we've done is we've put it in as keys -- key it in at the time of disbursement. So when you look at that time of disbursement, that is when your obligation is to make sure what their enrollment status is and all other eligibility criteria for that loan, SAP, all those other things that we'll never get -- they're not going to go away. This is just one extra wrinkle for you to look at. But in the case of you being the first school, it's a little bit easier because you're going to build it off of intent. Whereas the second school, they're going to build it off of intent for that semester. Does that help? You want to talk about it later? Do you want to -- do you have a specific scenario that you want to --? Go ahead.

MS. KOHLER: I don't know that it's a specific scenario, but if, if -- so the, the calculation that you've presented for the annual, I think the confusion lays in, if we have -- like why we would not be able to calculate it on a term basis or a payment period basis instead of the annual. So you're still not receiving the full annual loan limit. But if I have a student that attends 75% in one payment period, then reduce that payment period.

MS. ABERNATHY: You will. If you -- I mean, it's -- you can, but if, if you don't know they're 75% and you've built it off of intent and they have not reduced their enrollment status to 75% yet, it's on intent. So if you know they're 75%, that's exactly what you would do. You would give them -- you would figure it out of what is the amount they can get at a 75% instead of full, full-time.

MS. KOHLER: But this appears that what we're -- if we know they're 75% in payment period one, this appears that you're asking us to reduce the full annual loan limit on the calculation and then splitting that into two equal disbursements. That's what it appears that you're proposing (inaudible)

MS. ABERNATHY: Let us take that back and flesh it out because I don't think that's our intent.

Our intent is school A is going to look at an -- because this is an annual award limit. Right, sir?

MR. ANDRADE: I think she's dealing with (inaudible)

MS. ABERNATHY: Right. You're just at school A.

MS. KOHLER: Correct.

MS. ABERNATHY: And you know that there's 75%, I would -- so to me that's intent for 75 and 75% I would build it off of 75 and 75 for both, both terms is exactly how I would have done it. If you know in advance you're going to do the budget -- so that's a budget issue, right? So you're going to look at -- you're certainly not going to give a student who's only going to be enrolled in 75% of classes, the same budget as somebody who's enrolled 12 to 18 hours or so. It's like, what, 9 to 11 or whatever the case may be So you're going to build it that way. So you would do that. But I want us to take it back and look in the scenario to make sure that we're not harming the borrower by the language unintentionally. And so what I'm hearing you say is we need to make sure that if -- there needs to be flexibility, that the institution doesn't have to build it on a full-time basis for the whole year, for the -- for a semester if they're reduced to less than full-time

from the start. Correct?

MS. KOHLER: That's certainly one scenario. But we also have a student very frequently that would go less than half-time or less than full-time in payment period one and full-time in period two. So in that scenario, we would want to only reduce payment period one's loan limit, but keep the full annual loan limit for payment period two. And it does not appear with this calculation that that's what you're asking us to do.

MS. ABERNATHY: We think it does, so let us take that back and make sure that we flesh that out to make sure that that is exactly -- that is the intent of what we are trying to do here. So if you do have any language, please get that to us. But otherwise we'll take this one back. Just to clarify, to make sure that the flexibility is there for the school to do exactly what you're saying.

MS. KOHLER: Perfect, thank you.

MS. ABERNATHY: Yes.

MS. WEISMAN: Let's move on to Bob.

MR. CAREY: Same issue. The reserve component, military personnel recall issues are all about their re-enrollment, not about their methodology of withdrawal. Concern is that, you know, halfway through payment period one or term one, they get recalled to

active duty. And then they come back, you know, at the end of term two, they're eligible for term three. I just see a lot of potential problems, not intentional, but potential problems of the fact that the two systems are based upon different -- you know, what -- this is based upon your methodology of withdrawal. The, the reserve component is based upon methodology of reenrollment, and maybe I'm misunderstanding that, but that's my concern.

MS. ABERNATHY: Can you give us an example of why you believe this is based on withdrawal? Because this is enrolling in less than full-time.

MR. CAREY: So let's say I know that I have orders coming up. And so I only, I only -- I -- and I, I, you know, take one, one course rather -- or I take two courses rather than four. I'm going to be a half-time student. But then I get extended and I'm not able to -- I'm not able to, you know, come back in. My intent was to be full-time in the second semester. Let's say I'm a National Guardsman being recalled to go to Chicago or Portland or wherever. And, and I'm thinking I'm going to be on 30 days' duty, but then I get extended to 60 or 90 days. And so -- and maybe I'm misunderstanding this. I'm not saying that I'm that smart on this. I'm just --

MS. ABERNATHY: Well, my question is if they're not going to enroll in the spring, they're not

going to be impacted in the first semester. If they're six hours, they're going to get their loan. And then if they don't reenroll in the spring, they don't get any additional money. So they're not harmed because they got up to the award that they were supposed to get for the first term. And so there's no harm to -- we're not changing anything. This is an annual loan limit based on -- yeah. Does that make sense? Did that answer your question? Because that's what I heard you say. There's, there's no penalty there for spring. Okay, well, if it doesn't, you just ask us again, and we'll try to answer it again.

MS. WEISMAN: Jeff?

MR. ANDRADE: Yeah, I just wanted to go back to Jenna's question, and I think -- and Patti's follow-up on that, which is why aren't you doing it by payment period? So the statute looks at the entire academic year and it talks to the percentage of how many hours the student is enrolled in over that year, over the time a full-time, a full-time student, full-time student would be enrolled for that, for that period. And that's why we look at it. So you could have a situation where you have a student who is full-time one semester, half-time another semester. And so essentially that's three-quarters of the award would be the percentage, but it's

an adjustment of the annual loan limit. And we'll have, I think, probably some additional clarifications based on some questions with regard to the substantially equal payment requirement there. But I wouldn't - so I wouldn't get so hung up on, on that part of it. But it's really -- you have to think about it as an adjustment in the annual loan limit very early in the process, just like you would look at, you know, whether the student was a second-year student, a third-year student that, that type of thing, as opposed to trying to look at it on the disbursement side.

MS. WEISMAN: Scott?

MR. KEMP: Yeah. And, Patti, thank you for jumping in because I think -- I don't know if we're going to talk about my scenarios, but I went into way too much detail on them. And I did share them with the directors of financial aid just to kind of get their input and where I was not necessarily fully understanding in it. But I think the issue and if you're asking for a language change, it would be to the payment term versus the, the academic year, is what happens in that second semester. I mean, Patti mostly talked about with transfer students, but even within -- a student within the current academic year, their plan may be to, you know, full-time fall, full-time spring, they do full-time fall and --

probably the best example would be, you know, less than half-time spring, they don't even qualify for financial - - for loan amounts at that point. But then that also makes them a less-than-half-time student for the full year. And if the institution is already awarded money that is above what becomes the annual limit based on the whole year.

MS. ABERNATHY: So how I see that working is not how you described it, because they're enrolled in fall at the time that they receive their funds, they are full-time. They get one-half of that regular annual loan limit. The next term, they are half-time or they're less than half-time, they don't get any loan money because you have to be at least six hours. So their -- but their enrollment time is still counted. Right? So you get the full-time in fall. So say they were 15 hours and you get the three hours in spring. That is 18 hours for the whole year. Right? But we know that they didn't get anything in spring, so there's nothing for you to do. They come back. They come back in summer, and oh, six hours, they take six hours. And so they have 18 plus 6 is full-time. They have the eligibility, all other eligibility criteria met, and a budget, less any financial -- all the regular calculations they can get the rest of that remaining annual loan amount because

they will have 24 hours. If it's a 24 to 24, right, 24 hours, 24 hours. Yeah.

MR. KEMP: One more scenario.

MS. ABERNATHY: And we will get to your scenarios. And I think some of those are in there. So if you would be patient with me, I promise we probably will need to take a break. But I wanted to do the 668.22 first. And then before we get into the scenarios, I'm going to go over Tamar and Ashley's proposal, where that was, because I want to make sure that they understand what we looked at and what we didn't look at. But I want to make sure we get that language up there. So while you're getting 668.22 up for me, I will -- so on your proposal, the effective date is 7/1 -- 7/1/25 -- 2025. So we're not going to -- it is ready for the 26-27 award year. So -- I'm sorry, 7/1. It's effective 7/1/2025 but we're not giving language out in the provision and the law says upon publication of the schedule of reductions. So because we'll be publishing our rule prior to -- it's effective for the 26-27 award year. So we don't have to put anything in -- anything else in the language in the reg text for that. We are clarifying part-time and the first disbursement, the, the rules for disbursement rules that we're following. And we are confirming full-time equals award year enrollment. And you'd adjust the second

disbursement if it transfers or should not be an issue. Like I talked about earlier, we're not putting the burden on the -- on school A. It's school B that will have to look at what the student did -- does at their institution and adjust accordingly. And we are looking at upon disbursement. So that was one of the things that you guys had asked for. The other piece, as Jeff mentioned, we are taking that back. We, we know that we need to put some language in around the substantially equal disbursements. We did not have time to finish and flesh out that language that will be forthcoming. So that is something that we will. Thank you so much for bringing that up. We will be looking at that and adding some language to that. And then there -- basically we're just -- I think that's all of the instances that you guys had on your proposal. We have Jenna's questions and Scott's questions, and Jeff's, and then those basically are the scenarios. So Tamar and, and Ashley, we got through your proposal just to let you know where we stood with that one. Okay. And, and, and in Jeff's proposal, you see, Jeff, that we, we already keyed in on the disbursements, so we tweaked that slightly from what we had agreed on before because we just didn't like that. So we, we were like, that's not really getting us where we needed to go. But you got us there. You got us to look at it. So thank you so much for

that, because it did cause us to take a harder look at what we were trying to say. And we landed where I think it's a better position for the school and for the student. So thank you for that. Yes, sir. Okay. 668.22. I'm sorry, what? A2 -- you want -- I'm sorry. What provision, Andy, did you want us to look at exactly?

MR. VAUGHN: Whatever it's referring to in the new regulatory text. So it's --

MS. ABERNATHY: 68.22.

MR. VAUGHN: Yeah, 668.22.

MS. ABERNATHY: 22.

MR. VAUGHN: Yeah.

MS. ABERNATHY: (a) (2)?

MR. VAUGHN: Does this include -- this looks like the old one. Does this include the updated -- did we change 668.22 to add -- or is this -- okay I see what we did. We added 668.22 to language, but 668.22 did not change. Is that correct?

MR. LALLO: Yeah, that's correct. So we cross-reference. It's withdrawn in accordance with 668.22. So (a) (2) provides when they have withdrawn. And then that also accounts for approved leave of absences, which is in (d). So you may want to pull this up on your own as well. It's a very lengthy section. So we're pointing to the sections that are most relevant here. But

we covered the entire section or we referenced the entire section rather than just (a)(2) because we wanted to encapsulate, you know, the approved leave of absence and everything else.

MR. VAUGHN: Would it then makes sense to change the regulatory text that's been added -- strike the words if the and change it to unless the student withdraws? Because this almost makes it sound as if you follow this -- if the student withdraws in accordance with 668.22, the limitations revert to the new loan limits. Should that instead say unless the student withdraws? Does that make sense? So, because this makes it sound like if you follow 668.22, you revert -- you don't get the legacy status, you actually revert to the new. It might make more sense if it says, unless the student withdraws in accordance with this and otherwise ceases to be enrolled. Or I should say, or otherwise ceases to be enrolled. Do you follow me on that?

MR. LALLO: I think it should be if, right? Because otherwise, if it's unless, that would actually do the inverse there. So it would provide the old limits to them if they withdraw.

MR. VAUGHN: The way it's written is different. It says if the student withdraws -- let me, let me take out the middle part. So if the student

withdraws in accordance with 668.22 -- I might be using my West Coast card here in a moment because it might be me asleep. If the student withdraws in accordance with 668.22, the limitations under paragraphs four shall apply, which reverts to the new loan limits. So I take -- it's -- if I just take out the middle part after the comma, this makes it sound like if I follow this, then I have to do the new loan limits. I get kicked out of legacy.

MR. LALLO: That's, that's right. If you withdraw, you lose your legacy status. So if -- you know, that's where the approved leave of absence comes in. If you are on an approved leave of absence, you haven't withdrawn. But if you do withdraw, you're not covered by the legacy loan limits anymore because you've ceased to be enrolled.

MR. VAUGHN: Unless you do a leave of absence.

MR. LALLO: Right. Because a person who's on approved leave of absence hasn't withdrawn.

MR. VAUGHN: Got it. That's the key.

MR. LALLO: Yeah, yeah.

MR. VAUGHN: Got it. Okay. That makes sense. Thank you.

MS. WEISMAN: We're due for a break.

Let's do a ten-minute break. Come back at 10:46. Welcome back, everyone. Thank you for returning from the break. We have no cards up at this time, so I'm going to turn it back to Tamy.

MS. ABERNATHY: Thank you. All right. I believe, if I am not mistaken, you all have in your possession some materials that were created by my team for loan limits. And you have the scenarios. Is that correct? You guys have those or am I making this up? What do you mean no? You don't? We didn't, we didn't send these to you? Oh. Okay, well, we'll read them and then we'll send them. How about that? Could we put them on the screen for everybody? How about we do that? Okay. And Patti, going back to your question, I think it's a matter of how you determine the cost of attendance and how -- what the cost of tuition is for that borrower and how your institution wants to look at that and award -- your packaging philosophies would be how you would cover what you were asking about. So your packaging philosophies could be making sure that if there's enrollment status changes from full-time and anything above half-time, that it would -- your third-party software system would already account for that in your packaging philosophies. That's how I would handle that. I had to think about it. Took me a minute. Okay. All right. So we will get these

to you. But let's go ahead and start with scenario A. Now, for those of you that like to do math, either get your calculator out -- I have a cheat sheet somewhere or I had a cheat sheet. And so if I have to do math, we're all in trouble even though I am in financial aid. So scenario A is student is scheduled to attend full-time 12 credits for two payment periods for an annual full-time loan amount of \$5,500. Student A receives \$2,750 for payment period one, which is validated at the point of disbursement. Student A subsequently drops to nine credit -- nine credits for payment period one. Is there an immediate requirement to recalculate and return funds for payment period one? No. You do not have to reduce the disbursement for payment period one. However, if the student enrolled -- now, I say no because it was already disbursed. Okay. If it was not disbursed, that would be a -- but that's not what you asked. So we're just going to answer what you asked. No, you do not have to reduce the disbursement for period one. However, if the student enrolled in spring or summer, you would reduce the spring or summer disbursement to bring the student in line with the loan limit for less than full-time status for the award year. We've added regulatory text to clarify alignment with this -- disbursement rules. Is there a requirement to adjust subsidized and unsubsidized

equally? Or can we disperse as much as possible for the subsidized loan program and then adjust the unsubsidized loan after? Scenario: Student B has an annual loan limit of \$3,500 subsidized and \$2,000 unsubsidized, for a total amount of \$5,500. Student B enrolls in six credits in payment period one and six credits in payment period two. Which of these calculations is correct? First of all, there is no sub and unsub switch here. This is not about switching sub and unsub and looking at individual -- looking at the total loan. It's about each loan. Every loan the borrower gets, sub and unsub. So the annual loan limit for reducing based on enrollment status of less than full-time is every loan the borrower gets. Direct sub, direct unsub. Okay, so that's separate and apart. So each loan is subject to the annual limit. Okay. And whatever that is for the award year. If the borrower received subsidized and unsubsidized loan, if the borrower was less than full-time, each loan would be subject to that reduction. And we've clarified the language so you can see 685.203(m)(1), which we already went over. That's where we've addressed that. Okay. Those, I believe, are -- were Jenna's questions. So we finally answered them. Thank you for your patience. Now we'll go to Jeffrey.

MS. WEISMAN: Jeff?

MS. ABERNATHY: I will wait and go to this Jeff.

MR. ANDRADE: Patti, on the first scenario, do you want to ask your question in this context, which is sort of the corollary of that answer?

MS. KOHLER: Yes. So we had a quick conversation about the reverse scenario, which would be if a student was scheduled to attend less than full-time and we calculated a less than full-time amount and disbursed it, and then the student subsequently increased up to full-time, say, the next day, would we be able to recalculate that student's annual award and increase it for that payment period?

MS. ABERNATHY: I would consider that the same as if they advanced a grade level where you would have processed that additional funds. If, if you look at that and you have reduced that student's loan based on the enrollment status and that enrollment status changes upward, you could very well do that. Or you could ask the student if they want to hold that for summer, if there's a summer term. It's really your packaging philosophies and what you choose to do. Because remember, when you start applying these scenarios, you have to apply them across the board to your students. Unless you're doing something -- you know, it can't be on a case

by -- it's not a case by case basis. It's wholesale. So you want to make sure that you're building your packaging philosophy to handle the masses. And then you, you look at the exceptions as they bubble out, but more likely than not, yes, I would absolutely look at whatever is in the best interest of the borrower within the parameters of the rules and the law. I absolutely would do it.

MS. KOHLER: That's a great answer.

Thank you.

MS. ABERNATHY: You're welcome. I have coffee. Watch out. Okay. I can't remember where we were. Apparently -- oh, Jeff's questions. Okay. The other Jeff. All right. Jeff, we did not do as measured at the time of each disbursement after during any academic year. We kind of talked about that a little bit, and we did not -- we're not inserting the exception to exclude non-credit term clock hour and subscription-based programs. They already have to earn their award based on the hours that they take. So there's no reason to put in the regulations what they already do as part of those enrollment patterns, I guess is how you would say that.

MR. ANDRADE: So, so credit hour without terms and clock hours are always considered full-time students. And that sort of goes back to the old Pell days.

MS. ABERNATHY: Okay, Scott, here are your scenarios, Scott, are you ready? Here we go. All right. Requesting the Department to confirm annual eligibility upon -- based upon the following scenarios: Assumes 18 credits annual, program length two years. Cost of attendance is 33 to 70. Scenario 1a, full-time baseline, nine credits in fall, nine credits in spring. Student is eligible for loans up to \$10,250 in the fall, \$10,250 in the spring. We just need numbers confirmed. Yes. You're correct. Your numbers are correct. Full-time, full-time equals full-time. Scenario b, exception to the above parameters to confirm a planned less than full-time baseline. Six credits in the fall, six credits in the spring. Under the proposed regulations, the student is 66% for the year. And I believe, Scott, you had 67%. But it's so -- just look at, look at your rounding and make sure and err on the side of either giving more in one, like pick the term that you're going to give the additional dollar to so that you're not over-awarded, but you don't want to -- you want to make sure that it's a whole percentage and you're not going to do the half percentages, if that helps there. And so student is eligible for loans up to \$6,867.50 for the fall and for the spring. So how we did this, the law requires the percentage derived from the scheduled reductions to be

rounded to the nearest whole percentage point, so it would be 67, not 66, and the loans would be \$6,866 and \$6,867, respectively to ensure there's not an over-award. And nine hours is considered three-quarter time or is nine hours considered -- I'm sorry, I think -- I don't know that, that last sentence is correct because nine hours -- we're talking about a graduate student, so nine hours is considered full-time, as your scenario points out. Is that correct? Yeah. Okay. Scenario 2a, please? Nine credit hours in the fall. Students eligible for \$10,250. Student has a medical emergency on December 31st, and can only take three credits in the spring. Under the proposed regulation, the student is now 67% for the year and only eligible for \$3,403 in the spring based on the fact that she -- that the student award year eligibility decreased to 67% for full-time, or \$13,653 since \$10,250 was already issued in the fall, they could only take out \$3,403 in the spring, or else they would be over the annual limit for less than full-time enrolled student. The borrower is not eligible for spring disbursement. You have to be enrolled at least half-time to receive Federal Student Loans. They're enrolled in three credit hours in the spring term, which is less than half-time. The student is therefore not eligible for a Direct Loan award in the spring term. Scenario 2b, nine

hours in the fall, student is eligible for \$10,250. Student -- is that the same thing? Slightly different. Can only take three -- under the new formula, student is only eligible for what they're eligible for. Student receives approval from the institution to catch up to full-time status and take six hours in the summer. Since the student is now officially full-time for the year, can they borrow up to the amount for the summer, which is still within the \$2,500 limit? Assuming the summer term is a trailer, which means a loan period from August through July, the summer -- the student would be ineligible for a Direct Loan award in the spring term, three credit hours, because there were less than half-time. However, the student would be eligible for Direct Loans in the summer term and is eligible to receive up to nine hours full-time between summer and spring of \$10,250 at six credit hours in the summer, because the student would be considered full-time for the full academic year. This also assumes that all other eligibility criteria and requirements are met: Satisfactory Academic Progress. Annual loan limits. Cost of education. Other financial aid. So this is an annual loan limit for less than full-time. So three hours and six hours equals full-time at \$10,250. Okay. Next scenario. Student intends to take six in the fall and six in the spring. Student is eligible

for loans up to \$6,867.50, but we've already decided \$6,868 and \$6,867. Student meets with school who approves that the student can take 12 credits in the spring to catch up to full-time pace of the program. Since the student is now officially full-time for the year, can they borrow up to \$13,632.50? You know that that would change. Yes, providing all other eligibility criteria is met, the student would be permitted to borrow up to the 36 -- \$13,632 for the spring, assuming they received \$13,633 in the fall. Not to exceed the maximum annual loan limit of \$20,500 in Direct Loans. The annual loan limit for less than full-time status is not used if the borrowers are full-time. Next scenario. Using the parameters for a part-time student, as illustrated in scenario 1b, student intends to take six in the fall, six in the spring. Eligible for loans up to \$6,868 for the fall and \$6,867 for the spring, student receives program approval to take six in the summer to catch up, meaning student is now full-time for the academic year. Since the student is now officially full-time for the year, can they borrow up to the remaining amount for summer, which is still within the \$20,500? The law requires the percentage derived from the schedule of reductions to be rounded to the nearest whole percentage point. It would be 67, not 66% for the year. Otherwise, you are correct.

The full annual loan limit allowed is \$20,500 for -- since all terms include enrollment greater than or equal to half-time. Again, this assumes all other eligibility criteria is met. I want to hone in on that all other eligibility criteria is met. So in essence, the annual loan limit for borrowers who cease to be enrolled on a full-time basis is -- the normal annual limit is replaced by the new annual loan limit for the schedule of reductions. That does not take away all other eligibility criteria that has to be met. You have to have enough need. You have to, you have to make sure all of those other pieces are still looked at. Sometimes we get fixated on the schedule of reductions, and we forget that there's a lot of other eligibility, like the half-time. You have to be half-time to get a loan. And so it's really important. And I mentioned that, and I keep going over it because I want to make sure that that's part of the conversation, all other eligibility criteria. So that you don't get caught up and not give the student what they need, or you give them something they should not be getting because they are not half-time. So in addition, one of the institutional financial aid directors I met with indicated that 17% of their undergraduates take 18 or more credits per semester. If the undergraduate baseline for full-time status is 12 or 24 for the year,

if the student decides to only take 6 in the spring, Pell calculations require that the student receive a prorated amount, but the proposed less than full-time enrollment regulations indicate that the student would still be able to borrow up to the undergraduate loan limit for the spring, even though they are technically listed at part-time. As written and making no assumptions, only taking six credit hours in the spring, the borrower is eligible for up to 50% if they enrolled in six hours in the spring, assuming all other eligibility requirements are met. The schedule of reductions is an annual award loan limit, whereas the Federal Pell Grant program is awarded based on enrollment status per payment period. However, based upon the structure of the question posed, we assume the student enrolled in 18 credit hours in the fall and decided only to take 6 credit hours in the spring. This means the student was full-time for the award year, 24 credit hours for the year, and is therefore eligible to borrow up to the undergraduate loan limit for the spring, even though they are technically part-time, six hours. Again, assuming all other eligibility criteria is met. That means if they don't have the budget and they don't - - and they have too much aid and they don't have enough need, all of those factors -- so while they may be able to receive it based on the calculation, you can't just

give it to them. You got to make sure that they have the eligibility for it as well. It's a both and, not an either or. I think that's it. Yes? All right.

MS. WEISMAN: Ashley?

MS. NAPORLEE: I'm sorry, I just have a clarifying question, and I apologize in advance if this is worded poorly, because this is not -- this is outside my wheelhouse. And so I'm assuming my institutional negotiators may be able to clarify this for me, but I have a bit of a concern for students who are currently enrolled part-time or less than full-time, and intend to continue to be enrolled less than full-time, and how these new borrowing limits are going to impact them next year. And there's no sort of phase in for these types of students. I'm not sure if that's an issue, but it seems like a concern for a large amount of borrowers who are less than full -- enrolled less than full-time presently.

MS. ABERNATHY: So technically, this is already effective. And we did not force the -- force this upon schools because this bill was signed July 4th. We were already in the 25-26 award year. We were not able to even work up or publish a schedule of reductions, which is required. We have to, we have to publish that for this to be, you know, as published in a schedule of reductions by the Secretary, right? So we couldn't even

enforce this effective date. So we were able to move it to the 26-27 award year, but we are not able to move it any farther than that. And so we've got to make sure that we are following the statute and we are following what we are supposed to be doing, and that is an annual award limit. Now, if they're part-time and they're part-time, that's not a problem because they're still going to get everything that they're eligible to receive. So if they're part-time and part-time and they take summer and they take however many hours to get them to full-time, they'd still have eligibility to get that. Whereas if you remember now, when, when borrowers attend and they're less than full-time, they never really packaged for summer. There was never really anything left if they got their full-time award, even if they reduced down. So at least in this case, Congress was very intentional that borrowers were to receive what they are entitled to receive based on the enrollment, instead of just giving them the full amount when they're not earning that by their enrollment status.

MS. WEISMAN: Scott?

MR. KEMP: I want to thank you for taking the time to go through those different scenarios. And I realize the errors in it with the rounding, I was trying to make the October 10th deadline and didn't have

a chance to fully vet them. So I've been schooled by my financial aid directors in our state about that. But it was important to kind of get these on the record, because I think that's the biggest concern that they have, because if there is, is not going to be any, any chance that it's going to be changed from a calculation to term, that it's going to stay in an academic year. I want the financial aid directors to have a chance to kind of think these through and get the systems in place because I suspect and they've already said initially, they're going to have to do a lot of this by hand, that the, that the systems aren't going to be able to track all of it. And again, we're talking about exceptions and not necessarily the vast majority of students, but wanted to kind of talk through some of these different scenarios so that they can start to get their staff ready for when they have one of these students that does not stick with the plan that was started in the beginning of the year. And when it comes springtime, you know, how are they going to be able to adjust aid? And what's the technical assistance that is going to be provided to understand that?

MS. ABERNATHY: So if I may, I look at this slightly different because of my experiences in my prior life working at a very -- a level that did the programing and keyed in the programing for the University

of South Carolina in Columbia, South Carolina, where we had a lot of students. And I know that I built programming in for that to look at enrollment status instantly and build out a package. I believe -- I'm not even going to tell you how many years ago that was, because it was way too many, even though I did start when I was two, I know that the financial aid management systems and their software systems are way more sophisticated now than they were with my homegrown system. And so I believe that given time to look at this, that they will be able to look at this and it will not -- maybe this first year might be a little clunky, but I do believe that the financial aid management software systems are going to be able to look at this, because they do so much of it already. They do this already. They already look at so many things. They go out and they look at SAP. They go look at these indicators that are set. They look at the cost of education. They look at the other aid received. They look at the, the SAI. All of those pieces are already built in place. So the other eligibility criteria is already there. And they don't get a disbursement unless they meet it. This is another check and it'll probably be a flag. But if you tell your system build me a, build me a budget on 12 and 6, they know how to do it. The system knows how to do that. So yes, I agree that it

will be different and it will look slightly different than pushing the button and having it be split and all that kind of fun stuff. This is another requirement, but I believe given time, that because you do most of this already in every single capacity, being able to build this out in a third-party software system is not going to be difficult for them.

MS. WEISMAN: Scott?

MR. RICCI: Understood. But I did talk to three financial aid directors from three large state institutions, and they said it'll be difficult, it can be done, but it will be -- and it boils down to staff time until they can get it to where it's completely 100% automated. So, just want to make that --

MS. ABERNATHY: Absolutely. And that's true. I mean, that's about everything that we do that we are mandated by Congress to do. You know, there are requirements that are out there for schools. But if you look at this One Big Beautiful Bill and what they're trying to do, there's a theme here with accountability of borrowers making sure that they get the money they deserve, they need, they're entitled to receive for the hours that they are enrolled in. And we want to make sure that we are also in line with that statute. And we do understand. I mean, I think many of us that work at the

Department have worked in financial aid offices for long periods of time. And so you definitely have sympathetic ears where we're concerned because I've lived it. I mean, I've walked in the shoes of financial aid directors for years at several different types of institutions. So I get that it is difficult to do stuff like this, but I'm also 100% supportive of it because I think that students deserve to get what they should get based on their enrollment. And this is about getting their education. This is going to really hone in on students, that completion. I think it's going to help them. If they really want to get that degree at the end, they're going to have to stay enrolled and stay working towards that goal. So hopefully we'll be able to provide support to those institutions and help them as best we can.

MS. WEISMAN: Timothy?

MR. KING: I don't think this will matter, but I just want to get your clarification. My universities block tuition. Same tuition for 12 hours as it is for 18. So it's not different.

MS. ABERNATHY: Right. So in your case you're just going to look at the enrollment status. It won't matter about the budget because you're fixed. Your budgets are fixed. But it will matter how many hours they're enrolled to, to depend on whether they get a

half-time award, a three-quarter award, or a full-time award. So it might be a little bit easier for you because the, the budget stuff doesn't change. So you always know what the caps can be, no matter what the borrower does. You already have that fixed end game right there. You know what the caps can be.

MS. WEISMAN: Jeff?

MR. ANDRADE: Yeah. And because this looks at the entire academic year, the student -- let's say, for example, the institution considers 12 full-time in that block, the student taking 18 credits actually gets that -- those credits recognized if they drop in the second term. So it actually helps them.

MS. WEISMAN: We have no more cards up. Tamy, I'll turn it back to you.

MS. ABERNATHY: Okay. So the last part, Linnea if you would be so kind as to go back to post draft 7, 685.203 and we'll look at number two, the institutionally determined loan limits. And if I could have one member of my team make sure that we circulate to the -- circulate this -- the scenarios and the tools that you provided to one of -- to, to Val so that she could get that out to the negotiators. That would be very helpful. Okay. Institutionally determined loan limits. Beginning on July 1, 2026, an institution may limit the

total amount of Direct, Subsidized, Unsubsidized, and PLUS Loans that a student or a parent on behalf of such student may borrow for a program of study for an academic year, as long as any such limit is applied consistently to all students enrolled in that program of study. An institution that limits the total amount of Direct Loans for an eligible program under paragraph (1)(2) romanette one of this section must document its decision and follow the record retention examination requirements and 34 CFR 668.24. Romanette three, an institution must provide clear and conspicuous information describing any program of study that is subject to the loan limitation, and explain the need for such limitation to current and prospective students, including, but not limited to, publication in the institution's course catalog, publication on the institution's websites, and award notifications. Romanette four, prior to taking such action under paragraph (1)(2) romanette one of this section, an institution must notify the student who plans to enroll or is enrolled in the program subject to this limitation. I think the biggest takeaway here is that we want -- this is not a secret. We do not want this to be some sort of hidden thing that we can't communicate out to the students. We want you to put this out there. We want it to be very, you know, clear and conspicuous.

Borrowers need to know that if they're in these particular programs, that they may not be able to receive the full amount of loans that they would be entitled, should they be in a different program. So this is causing institutions to really look at their programs, and it's causing borrowers to make sure that they are aware of the programs that they're taking to know what they're eligible to receive. Okay. Questions? Comments? If we could, Annmarie, I would like to take a pulse check on all of 685.203.

MS. WEISMAN: Okay, so the pulse check is 685.203. Remember that a thumbs up means you are in agreement with the proposal. A thumb in the middle is a sideways thumb saying you're not sure, you have perhaps some reservation, but that you're tending toward supporting. Thumbs down is that you do not support the proposal. So if I could see thumbs, please on 685.203. Are you in the middle?

MR. CAREY: I think it'll be resolved, but I'm still sideways.

MS. ABERNATHY: Okay. Thank you guys.

MS. WEISMAN: Timothy, if I could see your thumb again. Thank you.

MR. LALLO: Annmarie, do you mind reading that into the record?

MS. WEISMAN: So I have Andy with a thumbs up. Jenna with a thumb to the side. Deborah with a thumb up. Bob with a thumb to the side. Ashley with a thumb up. Timothy with a thumb to the side. Alex with a thumb to the side. That's Alex Holt. Alex Ricci with a thumb to the side and Scott with a thumb up. Did I capture everyone correctly? Thank you.

MS. ABERNATHY: So with the substantially equal -- we will be drafting language. We just need a little bit more time to flesh it out. But they will not be subject to -- this particular provision is not going to be subject to the substantially equal disbursements. It can't be. No matter how we slice it. And there's lots of conversation -- very spirited, wonderful conversation this morning about this, in a good way. It was really -- it was fascinating, actually, to think about where we were going to go. And, you know, when the light bulb went off, we're like, we can't do that. We've got to look at it. And so we have brilliant lawyers that help us get where we need to be. And fortunately for us, we will be providing language. But in essence, while I can't tell you what the language is, the concept is that we will, we will draft the regulatory provision that basically does not apply to this particular provision in 685.303. Okay?

MS. COLVIN: Jenna, wasn't there also a question about Alex's changes in section four that you guys were going to take back on a student at an institution versus that institution?

MS. ABERNATHY: Yes.

MS. COLVIN: Thank you.

MS. ABERNATHY: So, Alex, if we made that change, would that change the position of your thumb?

MR. HOLT: The an institution. And then also I think you're taking the Parent PLUS thing back as well.

MS. ABERNATHY: We are. Okay. That's good to know. Closer. Getting closer. I'm --

MS. WEISMAN: Jenna?

MS. ABERNATHY: Oh, I'm sorry. I'm glad to know that the schedule of reduction stuff is better.

MS. COLVIN: And then Patti had a question too.

MS. KOHLER: I don't believe I forwarded this question, but it's around -- there's also a loan proration requirement at the end of a student's program if they're enrolled in less than full-time. Does one supersede the other, or is it the same thing?

MS. ABERNATHY: I -- it's separate because I believe -- isn't it?

MR. ANDRADE: Yeah.

MS. ABERNATHY: Yeah.

MR. ANDRADE: So that calculation is at the very end of the process. So think about this as analogous to determining the loan limit for a year in school. And then that last calculation is determining what happens if the program is longer or shorter than an academic, academic year. So that, that, that, that proration still occurs, but it occurs after you've determined what the annual loan limit is, just like you would for year in school.

MS. KOHLER: So a student would have two prorations?

MR. ANDRADE: Well, this isn't a proration. This is just, just -- this is just an adjustment in the annual loan limit. So, so, so, so just think about it. It's what you plug in for your loan limit for the year. And then you do the -- and then you do a proration if the program is longer or shorter, just like you do now based on that new loan limit.

MR. LALLO: Front end versus back end basically.

MS. KOHLER: So there would be two

adjustments to the student's annual loan limit. One would be at the beginning of the year or beginning of the annual loan limit calculation. And then we would also need to apply a loan proration calculation. That feels doubly negative.

MR. ANDRADE: No, I mean, you, you, you have that -- whenever a program is longer or shorter than an academic year, you always have that. So no matter what the loan limit is. So, so think about it in terms of that scenario. Right? And what would happen if you had a student who changed their year in school in the middle of that program or in the middle of that, of that period of enrollment? It's analogous to that which, which happens now.

MS. KOHLER: I might put together a scenario for you all to address because I don't -- it, it feels punitive to a student that we're trying to get to a complete program.

MS. ABERNATHY: Yeah. Let us take a look at it. Please, please send that in and we'll just add it to our long list of other things that make us think of very hard, hard things every day to try to get this. So, yeah, thanks. That would be helpful.

MS. WEISMAN: Jenna, did you have another question?

MS. ABERNATHY: Timothy. That's you. Would you elaborate on your sideways thumb?

MR. KING: Do I need to put this up?

MS. WEISMAN: Go ahead, Timothy.

MR. KING: I share some of the same concerns that Jenna and Patti and I am waiting to communicate with Matthew. He is participating via streaming, and I just want to make sure I have his feedback before I do anything. Thank you.

MS. ABERNATHY: And I'm assuming -- let's see. Bob, you're a sideways thumb?

MR. CAREY: I think we're going to resolve this, but I mean, there's some -- you know, that -- I'd like to look at the preambulatory language that you're talking about that would resolve this. And, and as we discussed during the break, I'm worried that given the nature of the heroes act and how reserve component students are sort of encouraged to withdraw, that that may place them in a disadvantageous position with regard to some of this. But I think it will be resolved.

MS. ABERNATHY: Thank you, Bob. Alex Ricci, I'm assuming it's largely the same, but would you explain your --?

MR. RICCI: Yeah, it felt disingenuous to give it a thumbs up when I had clarifying language

that I submitted. So once we get through that, we'll be good.

MS. ABERNATHY: Perfect. Thank you, I like that. I would like for us to circle back to discussion draft number five, 685.200, borrower eligibility. 685.200. If you look for the little number five on your little draft. Okay. We'll wait for the screen to come up. Okay. In one, a graduate student or professional student is eligible to receive a Direct PLUS Loan if the student meets the following requirements. We have re-enumerated the paragraphs there from Arabic numbers to romanettes. Number two romanette one, beginning on July 1, 2026, a graduate student or professional student may not borrow a Direct PLUS Loan. romanette two, the limitation for making new Federal Direct PLUS loan awards described in paragraph (b) (2) romanette one of this section, shall not be applicable to student borrowers during the period of student's expected time to credential if the student is enrolled in a program of study at an institution as of June 30, 2026, and b) a Direct Loan was made for such program of study prior to July 1, 2026. Three, if the student withdraws in accordance with 668.22, or otherwise ceases to be enrolled in the program of study at any point after receiving the exception under paragraph (b) (2) romanette

two of this section, the limitations under paragraph (b) (2) romanette one shall apply. Are we all set on this one? Okay. 685.201 please. We have a revised paragraph (b) (2) romanette two to read as follows. On or after July 1, 2026, a graduate student or professional student may only apply for a Direct PLUS Loan if the student satisfies the conditions set forth in 685.200 (b) (2) romanette two.

MS. WEISMAN: Andy?

MR. VAUGHN: In the FAQ or explanation for colleges post regulatory language finalized, I think it would be helpful just to clarify that that means a student could apply for a PLUS Loan as long as they had any loan. I know it's mentioned there, but most people are not going to know what even the school level what Direct Loan is, if that makes sense. In other words, clarifying for the schools that a student could still apply for a first time PLUS Loan, Grad PLUS Loan, even if they didn't have a Grad PLUS Loan before, as long as they had a Stafford Direct Loan. I believe that's what the intention is, correct? Sure. This is probably the most asked question I've received over the last few weeks from other universities. So I think the intent of the Department is to say if -- let me just run through a scenario. So a student, as -- on July 2nd of 2026, has

never had a Grad PLUS Loan ever, but they've had Direct Stafford loans. They can still apply for the Grad PLUS Loan, even though they've never had a Grad PLUS Loan before as long as they had a Direct Stafford. I just want to make sure that's correct.

MR. LALLO: Yes. So Grad PLUS Loans completely disappear after July 1, 2026.

MR. VAUGHN: Except for legacy students.

MR. LALLO: Legacy students who are already on that loan, I -- right, the exception says -- if you look at the bill, it's 455 (a)(3)(c). Sorry, pagination is a little weird on the Direct bill version. It says subject to paragraph eight, notwithstanding any provision of this part or part B for any period of instruction beginning on July 1, 2026, a graduate or professional student shall not be eligible to receive a Federal Direct PLUS loan under this part. Paragraph eight provides the interim exception for students who are enrolled in a program of study currently, who has received a loan under this part, so only if they've received a loan under this part for the program of study that they're currently in. So that's what your question is.

MR. VAUGHN: Similar. Similar. So

let's say I'm a student. I've been using Stafford Direct. I've never used a Grad PLUS Loan in my entire life. And all of a sudden on July 2nd of '26, I'm in the legacy program on the Direct Stafford part because I'm still getting the old loan limits on Direct Stafford. Can I apply for a new grad PLUS if I've never had a Grad PLUS before on July 2nd of '26? Or is it I have to be a Grad PLUS consumer to stay with Grad PLUS?

MS. ABERNATHY: I believe you have to, you have to have had a Direct Graduate PLUS Loan to continue with that. Is that your read? If not, we'll take it back. Let us just take it back and take a look at that.

MR. LALLO: Let's make -- take that back and look at it. I -- I'm pretty sure I know the answer, but I think you're right. This is something that deserves some clarifying language probably in the preamble.

MR. VAUGHN: It's going to be really important because we don't want to harm students that are trying to do the right thing and stay on legacy. And I don't know that that's fully clear.

MR. LALLO: All right. Thanks for pointing that out.

MS. ABERNATHY: See how you guys make

us think all the time? Thank you.

MS. WEISMAN: Jenna?

MS. COLVIN: Just a quick process question. Was there a change to the section? I thought this was in the yes, thumbs up?

MS. ABERNATHY: We did not change this. So, I think before we go any further, I'd like to look at some of the rest of these proposals that we have so that we can, before lunch, be finished with the proposals parts and then work on the rest of the language. Ashley and Tamar gave us a proposal setting a minimum payment amount for fixed repayment plans. I also believe Andy, I think, had some similar language about a minimum. I just don't remember what plans he was talking about. Unfortunately for -- we do not believe we have the authority for the tiered standard repayment plan to include a minimum. We tried. We looked at it long and hard and we do not believe that we have any statutory authority for a minimum payment. And the statute is silent. And because it's silent, we believe that it's just -- we, we cannot change it.

MS. WEISMAN: Alex Ricci?

MR. RICCI: This is something that I've, we're trying to follow. So maybe it warrants further conversation this week. From the servicers

perspective, having clarity here would be phenomenally helpful. And the way we read the statute, because Congress amended part D and part D has parallel terms to part B, and part B does set a minimum payment for the standard repayment plan, the question we had was why would that not be applicable to the new tiered standard? And so any, any way you can elaborate in the here and now would be beneficial as we try and figure out how to best program systems.

MS. WEISMAN: Jacob?

MR. LALLO: Yeah. So within 455 there is the parallel terms as you mentioned. But it also clarifies, unless otherwise specified in this part and the -- it's weird. It's a little bit of a negative thing, but the lack of specificity there where the other, you know, loan programs are very specific about what the minimum payment is, is relevant. The absence of something can be something in of itself. And so the fact that there is no minimum payment nor fixed in statute, nor is there anything that, you know, tells us to set a minimum payment, we believe means that there's not an intent to create such a payment.

MR. RICCI: So to put this in my layman's terms, you don't think section 451 of the statute, which describes that there are parallel terms

and conditions -- that would then suggest that the standard payment plan later in section 455 doesn't actually mirror the standard repayment plan in part B under section 428 (b) (1) (1), or whatever.

MS. WEISMAN: Jeff, did you want to comment on that?

MR. ANDRADE: Yes. As I understand OGC's view on this, because there is -- there isn't a tiered standard plan for FFEL, parallel conditions don't apply. And, and I think there is a practical loan limit, which is that it can't be negative amortizing. So at least the interest due is sort of the, the practical minimum.

MS. WEISMAN: Alex Holt?

MR. HOLT: Yeah. I just think it's also significant, too, that, you know, it is fixed in statute what the minimum payment is throughout, in many places, and there isn't one here. And so I think we have to read that as significant. And we can't just read over a parallel term from an area that, as Jeff said, doesn't really have a good equivalency.

MR. HOLT: All right. So I very much appreciate OGC's very conservative and literal reading of the statute in general. It is a -- it's a breath of fresh air relative to other administrations of the recent past.

However you've got to be a little bit practical here. So from a, from a, from a perspective of both the Department, servicers and borrowers, I understand there's a negative amortization effective minimum. And so a lot of this actually is sort of theoretical, because even if you set it at 50, like any balance above \$10,000 is, is already above 50. So it's -- 45? Okay. Yeah. So I mean it depends on the interest rate. Right? But like if we go back to zero, you know, with the fed rate, who knows. But anyways it's something like 45. So I'm not that concerned overall. However, I think just -- when you're explaining it to borrowers, when you're operationalizing this thing, it seems unlikely that Congress thought like -- that if the Department has some sort of -- like charging \$2.30 or something. I just -- it's hard to imagine that Congress explicitly -- I think Congress would have said you cannot have a minimum on this. Like just because they don't say anything doesn't mean the Department literally has no operational discretion. And part of the reason that I'm now concerned about your read on this is actually that you're going to let future departments potentially do some weird stuff. Can I think of the scenario right now? No, but I never could have thought of -- what was it called? Hardship? Hardship. I never could have thought of -- no, not partial financial hardship. It was called

hardship. I never could have thought of that either. And so I'm just wondering if, you know, you can try to put something in there like they -- so you're basically saying that because \$10 was in the, was in rap, and because they didn't say \$10, instead of reading that to say, well, they probably meant \$10, you're sort of reading it as, they definitely didn't mean \$10 because they would have said \$10. And so now there's -- is there any issues for the Department in terms of just implementing this, where you don't even have a minimum or you guys aren't concerned about that?

MS. ABERNATHY: We need a break with Jake. So we're going to go back there.

MS. WEISMAN: About how long are we going to need?

MS. ABERNATHY: Jeff said two minutes, so we're going to do it right here.

MS. WEISMAN: Okay. And we're back, and I'll turn it back to Tamy.

MS. ABERNATHY: Great. Thank you. So we would like to take this provision back and speak to our senior leadership and general counsel over the lunch break and make sure that, that we have fleshed this out completely. So thank you, guys. That's the best we can come up with at this particular moment. But we are going

to take it back and look at it.

MR. RICCI: I appreciate that. Thank you.

MS. ABERNATHY: Absolutely.

MS. WEISMAN: Jacob?

MR. LALLO: Yeah. If we could, we'd like to go back to Andy's question real quick. So all of OGC has now looked at this very quickly. And we are all in agreement that any loan obtained for that program of study entitles you to the Grad PLUS, you know, grandfathering. That statute is very clear where it says just has received a loan or on whose behalf a loan was made under this part for such program of study. So if they received a Grad PLUS Loan already, that would be, you know, on whose behalf the loan was made. And then if they received a loan that's a Direct or Stafford.

MR. VAUGHN: Okay, so it would be really important for us to clarify that it is a cause of many questions over the last few weeks. I don't know if Eric or someone else is planning on doing an FAQ or related document, but I think that would be an important one to state.

MS. ABERNATHY: Would definitely speak to it in the preamble to make sure it's clear, and I am sure that we could take a note back and flesh out -- I

know that when we do the handbook that, you know, things like this are looked at, but I can't commit FSA to anything, but we can take it back and certainly suggest that when they discuss this particular provision that they provide some clarity around it, especially with the servicers. If the servicers are getting asked this question, they will have the right answer.

MR. LALLO: And we will take this back at lunch and look at the full contours of this. But yeah, our initial read is that it's probably within the exception, but we want to, you know, figure out the explanatory language and how all this fits together. So we will look at it in more detail and then hopefully we'll have a better answer for you that fully addresses that.

MS. ABERNATHY: Okay, So Ashley and Tamar gave us a proposal on increasing successful borrower transition into repayment through rehab. We had met with them on a couple of other proposals. And basically we know that we're going to address this in the preamble. The Department already stops administrative wage garnishment after three voluntary payments already. The Secretary already exercises her discretion with our current practice. Borrowers have to opt in to a plan. They have to be given options, and they have to opt in to

the disclosure of FTI as we are not permitted to just disclose Federal tax information without the borrower giving us the consent to that disclosure. And a consolidation loan or a rehabilitated loan is no longer defaulted. So we have no statutory authority to move non-defaulted loans into a repayment plan. So if a borrower has completed rehabilitation or they consolidate their loan, they're no longer in default. The statute is specific about what we can do with a defaulted borrower. But a non-defaulted borrower must be given choice. And they must be -- they must give us the ability to disclose their FTI if they want to get into a specific repayment plan. So some of the provisions or most of the provisions in this particular proposal, and I do believe here is where you wanted the 682.405(a), where the borrowers loans not being collected by administrative wage garnishment. This is already handled within the, the rehab process. And so we're not looking to make any changes here, but we will speak to doing things earlier in the process. We do -- we have spoken about on the rehab application, if it's feasible to put in there that they can disclose -- because they are able to disclose FTI to us at any time. So as part of the rehabilitation application, we could put that there and they could choose to give us the consent we need to disclose that

information. Picking a repayment plan is a little bit different because before -- you know, we don't have their income information to determine what repayment plan, so they are going to have to choose a repayment plan. But we are looking at exploring options of possibly looking at putting that on the rehab agreement as well. But we're not there yet because there's so many things that the borrower actually has to opt in and choose because they're no longer -- you know, once they rehabilitate, they're no longer in default, and they have to choose the repayment plan. So we're looking at some of these things. We plan to address it as much as we possibly can in the preamble. And where we can, we'll put it on the rehab agreement with the borrower and try to move things along that way. So we believe that we have addressed this respective proposal from, from you guys, and that's for 685.211 and 682.405. You also gave us a proposal to remove references to applicable amount in 685.209. We are sticking to the statutory language of defining applicable amounts. So we are not going to move away from the statutory language that is -- you know, that we want to use in those regulatory provisions. We also have a proposal from this constituency -- from Tamar and Ashley that we propose to streamline IDR enrollment after a borrower exits default. So I'm going to stop because --

MS. WEISMAN: Ashley?

MS. NAPORLEE: I'm sorry, I just had a couple of follow-ups to what you had -- when you were reviewing our responses to our proposal. You had -- I'm seeking just to make sure I understood correctly. When you mentioned the Secretary's discretion to stop administrative wage garnishment after, you said, three payments under a rehab agreement? Is that correct?

MS. ABERNATHY: She -- we already, already currently stop it at three after they've made three.

MS. NAPORLEE: I think it's five. I prefer three but I think it's five.

MS. ABERNATHY: Oh Eric's now telling me it's five. I don't know where I got three from but at one time somebody said three.

MS. NAPORLEE: (inaudible) reading my mind, and you thought three would be better.

MS. ABERNATHY: Oh well, you know, we, we could be on the same wavelength. That, that could be the case. I don't think that's the case, but -- so no, we do it after five. And so.

MS. NAPORLEE: Sticking with five.

MS. ABERNATHY: Yeah, we're sticking with five.

MS. NAPORLEE: Okay. And then I think you mentioned something about the rehabilitation agreement. And I wanted to see if, if you also included whether there would be an online option if you're still considering that, applying for rehab online, if that -- is that something you're still considering?

MS. ABERNATHY: So we had talked about that. And right now, you know, at the moment, like I was saying, the priorities right now are to get this bill -- you know, all of the regulations. And as -- you know, there's 16 provisions. There might end up being 17 if we have to change something in 685.303. And so the priorities right now are for this. That is something that would have to be reviewed and vetted. It's not something we could commit to right away. And that proposal comes later. And we have, you know, more things that we want to say about that when we get to that, that piece of it. But at this time, we just can't do that right now. It's not saying that we can't do it at some time in the future, but right now we're not going to -- you know, we can't look at that right now and assess the cost and assess, you know, all of the other pieces and parts that have to go along with something like that.

MS. NAPORLEE: And I appreciate the Department for considering that. And did you -- have you

moved on to 685.209(b)(1)? I'm not sure if you had moved on to that, to that proposal?

MS. ABERNATHY: Hold on. This one is this is 685.211(f), 685.209(m), 685.209(p) as in Paul, (n) as in Nancy. So if I haven't gotten there yet --

MS. NAPORLEE: So not 685.209(b)(1).

MS. ABERNATHY: Not yet.

MS. NAPORLEE: Okay.

MS. ABERNATHY: I'm sure it's in here though.

MS. NAPORLEE: Okay. No worries.

MS. ABERNATHY: Was that the first one? Wait a minute. Hold on. Was that the applicable amount that I just did before? Hold on. 685 -- oh, it is 685.2 -- 209(b)(1). Yes, I did talk about that before.

MS. NAPORLEE: Okay.

MS. ABERNATHY: I just and we're sticking to the statutory language.

MS. NAPORLEE: Okay. I just have a concern that this as written is saying that pay is 15% and pay is never 15. It's always 10. So I think that causes an immense amount of confusion, confusion.

MS. ABERNATHY: We can check on that.

MS. NAPORLEE: Okay.

MS. ABERNATHY: Are you sure that's

what it says? Because it says for new borrowers, as defined in the section repaying under IBR or PAYE, 10% will be substituted for 15% in the calculation.

MS. NAPORLEE: Correct. But the first part of that says applicable amount under the IBR and PAYE Plans, comma, means 15%. So really that needs -- the PAYE Plans needs to be stricken. So IBR is 15. And then at the end it says under new borrowers for PAYE is 10. So it's just contradictory.

MS. ABERNATHY: All right, let's take a look at it and we'll bring it back. Let me add it to my list. 209(b)(1). Just a second. Marking it. Okay. All right. And thank you, Alex squared, for telling me that we'd already gone over that. All right.

MR. RICCI: Doing what it can to signal that it looks forward to working on rehauling the rehabilitation process. Obviously, my constituency groups are very involved in that, and we look forward to working with you all because it looks like you want to make great strides. So thank you for addressing that to the extent you can in this process.

MS. ABERNATHY: Okay. So another proposal, I think this is the same one. Hold on. Yeah. This is the same one that we just went over. We got that one twice. Okay, so the last - I don't know if this is

the last one, but we got one on October 16th and this one was -- this is about the principles of application for matching payment principal and interest subsidy. So what I can tell you is that we are in the process of looking at the regulations around this and making changes, and I don't want to speak to it right away because we are hoping to have that either later today or by -- in the morning for us to go through as a committee and review it. But we do see where there are some things that we need to tighten up in our language. And so we're going to hold off on this one until we have a chance to -- and we also received a proposal from our Office of Federal Student Aid. And so we are looking at both of those proposals in conjunction with each other. So increasing accessibility of rehab. And we had a document that I believe we prepared and we kind of sort of went over with you guys when we had a call with you, but we'll go over it with the committee as well, and we can do it in five minutes. Allow defaulted student loan borrowers to opt into sharing their IRS data. We already know that we have to have affirmative consent for the disclosure of FTI. For the sole purpose is -- now, here's the thing for the sole purpose of enrolling in IBR, ICR. So unless they're -- if they are not enrolling in IBR or ICR, we do not -- they cannot give their consent for FTI. That's a

distinction that needs to be clearly understood. So under -- let's see, we've got that. Congress didn't authorize, we got that. So FFEL is not able to provide consent for disclosure of FTI. It's not covered. So that's another thing that we need to make sure that we have that distinction on. And so US -- 26 U.S. Code 6103(1)(13) does not allow the use of FTI data for loan rehabilitation. So we're -- we are -- it is only allowed for IBR, ICR, TPD, discharge and FAFSA. So a borrower can authorize a disclosure at any point. But we can never use it for calculating the rehab payment because it's not authorized by the Higher Education Act or the IRS code or, excuse me, the Internal Revenue Code. And it's natural to assume that once we have the borrower's income information, we're free to use it for any purpose. But that is not true. So we can only use that income information for the purposes approved by statute. Calculating a rehabilitation payment amount is not one of those purposes. Okay? Allowing defaulted student loan borrowers to request an execute rehabilitation agreements online. Right now, defaulted borrowers are not permitted to consent to the disclosure of FTI. They can only use FTI to get into a repayment plan or to recertify. We cannot use disclosure of FTI to establish a reasonable and affordable monthly payment. The servicer, upon

rehabilitation, places the borrower into an alternative plan and calculates the payment based on what the borrower was paying under the rehabilitation agreement, or as close as possible for three months. FTI information is not retrievable and it does not automatically populate online forms. We no longer use the data retrieval tool. Completing an agreement online and matching with IRS is not possible. So during these three months, servicers work with borrowers to choose repayment plan. If the borrower does not choose, that borrower is placed in a Standard Plan. So allow us it is not appropriate to get a repayment plan and disclosure until closer to completing rehabilitation. So allow borrowers who execute a rehabilitation agreement to request their -- that they be enrolled in IDR upon successful completion of their rehab agreement and to provide consent to IRS. If a borrower wishes to provide consent for the disclosure, they're only permitted to enroll in IBR and ICR. We could allow them to ask on the rehabilitation agreement, but will not require consent for disclosure or require them to request a plan in order -- as a condition of getting that rehabilitation. So I just want to make sure that you guys are aware that we're trying to do the things we can, but we can't make them do that. Allow defaulted student loan borrowers to make online payments. This is already

happening. We do know that they are -- they have to call and speak to a customer service representative. And we would be open to making online functionality available and could provide necessary subregulatory guidance to the, to the community. So credit card payments will never be allowed at this point for Direct Loan payments on any loans. Therefore, we will not allow credit card as a form of payment. If the borrower wants to use a debit card, however, they have to call and set it up with a representative. And they are able -- I believe they are able -- Eric, correct me if I'm wrong. They are able to set up a reoccurring with that? They're able to set up reoccurring. So that was one of the other questions. They can reoccur with their debit card. Creating -- I'm sorry?

MS. WEISMAN: Jeff?

MR. ANDRADE: On that latter point, I think the important thing too there is that once they do that, once the loans are been rehabilitated, they're also eligible for an interest rate discount.

MS. ABERNATHY: Yes, so that is -- that's a pretty important piece. So you asked that we create a rehabilitation tracker. There's no way that we can commit to that at this time. We need a lot of time and research and assessing the effectiveness for all of that. And so that is something that we're just not able

to do at this point in time. And we have a little note that says confirm this with the FFEL community too. So that's where we are with that particular proposal.

MS. WEISMAN: Jeff?

MR. ANDRADE: Yeah. So, so just to recap, I mean in terms of the overall direction, I think we're, I think we're both heading in the same way. We couldn't do as -- Tamy identified the different operational obstacles and legal obstacles that we have, but we have come down where again, we are introducing opportunities to -- for borrowers to select their, their, their repayment plans post rehab earlier in the process, more frequently in the process and that there are online payment options available. And so again, even though the, the regs default after multiple attempts to get the borrower to do a repayment plan to a standard repayment, we're trying to obviously avoid that if it's a, if it's a big jump. And even after that point, the borrower still has the opportunity to go into a lower payment -- lower cost payment plan. And, and we will address all of those in the preamble. And I'll defer to Alex, because we've, we've had a, a sidebar discussion on what is happening in the FFEL program along those lines.

MS. WEISMAN: Alex Ricci?

MR. RICCI: Am I keeping people from

lunch? I'll just be --

MS. WEISMAN: Yours would be the last comment before lunch.

MR. RICCI: Sure. Let me just be brief then, because my tummy is rumbling as well. The, the -- I would -- you know, there's a lot of different authorities provided to the Department versus actors in the FFEL space, but a lot of what Legal Aid has identified guarantee agencies working on the FFEL side and their collectors are, are doing these things. And so we look forward to working with the Department to identify some of the best practices we've done, and work with system updates so that we're all moving in the same direction. And I think that this is really encouraging that the Department has expressed this publicly here, and then have committed to putting language in the preamble. I think we're moving in the right direction.

MS. WEISMAN: With that said, it's time for lunch. It is 12:05. Let's say we come back by 1:10.