

DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
NEGOTIATED RULEMAKING
REIMAGINING AND IMPROVING STUDENT EDUCATION (RISE)
SESSION 2, DAY 3, MORNING
November 5, 2025

On the 5th 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 to day three of the 2025 Reimagining and Improving Student Education Committee or RISE, for Negotiated Rulemaking. I'm Annmarie Weisman, your facilitator, and I'd like to take roll, starting with the non-Federal negotiators, legal assistance organizations that represent students and borrowers, consumer advocates and civil rights groups that represent students. Primary?

MS. NAPORLEE: Ashley Naporlee.

MS. WEISMAN: Alternate?

MS. HOFFMAN: Tamar Hoffman.

MS. WEISMAN: Student loan servicers, collection agencies, lenders, and guaranty agencies. Primary?

MR. RICCI: Alex Ricci.

MS. WEISMAN: Alternate?

MS. HARTUNG: Lori Hartung.

MS. WEISMAN: Organizations representing taxpayers and the public interest. Primary?

MR. HOLT: Alex Holt.

MS. WEISMAN: Alternate?

DR. GILLEN: Andrew Gillen.

MS. WEISMAN: Private nonprofit institutions of higher education, including those with

minority serving institutions. Primary?

MS. COLVIN: Jenna Colvin.

MS. WEISMAN: Alternate?

MS. KOHLER: Patti Kohler.

MS. WEISMAN: Proprietary institutions of higher education. Primary?

MR. VAUGHN: Andy Vaughn.

MS. WEISMAN: Alternate?

MR. BODIMER: Jeffrey Bodimer.

MS. WEISMAN: Public institutions of higher education, including those receiving minority serving -- those serving minority serving institutions. Primary?

MR. KING: Timothy King.

MS. WEISMAN: And the alternate, Matthew Ellsworth, is not able to be here with us this week. State officials, including state grant agencies, state higher education executive officers, and representatives of authorizing agencies. Primary?

MR. KEMP: Scott Kemp.

MS. WEISMAN: Alternate?

MR. BOGGS: Bennett Boggs.

MS. WEISMAN: Student loan borrowers, including borrowers in school, deferment, forbearance, delinquent default, and currently in repayment. Primary?

MS. LILLY: Deborah Lilly.

MS. WEISMAN: And the alternate Emeka Oguh is unable to be here this week. Student loan borrowers who are veterans, U.S. military service members, or groups representing them. The primary, Faisal Sulman, is unable to be here this week. Alternate, who is serving as the primary this week is?

MR. CAREY: Bob Carey.

MS. WEISMAN: And then we take it over to the Department. Federal negotiator?

MS. ABERNATHY: Tamy Abernathy.

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

MR. ANDRADE: Jeff Andrade, Deputy Assistant Secretary for Policy, Office of Postsecondary Education.

MS. WEISMAN: Thank you all very much. We had quite a lively discussion yesterday afternoon. I hope we'll do the same today. We have no outstanding cards up at this time, but does anybody have anything from yesterday afternoon that they want to go back to?

MR. ANDRADE: We have about 50 questions for Alex Holt. (inaudible). No, I'm kidding.

MS. ABERNATHY: I thought it was only 40.

MS. WEISMAN: Okay, then I'll turn it over to you, Tamy, to kick us off for the morning.

MS. ABERNATHY: Great. Good morning, everybody. We have -- thank you, Alex. Let's try that again. Good morning, everybody. Oh, it was Scott? Oh, man. I'm sorry, I've just assumed it was you because you were right there. I just knew you were right there to do that. Scott, I should have recognized that. I'm so sorry. All right. I'm going to add that to the crazy stuff that's been going on already today. We are very excited to talk about a few things with you today. I think Linnea is going to share the screen and we're going to go over some of the reg text changes that we have been able to solidify because of either our conversations or the proposals that you are diligently sending to us. Thank you. Patti laughed because -- I can count on you guys to always think of the things that we don't always cover in the conversations but have thought through. So, the first thing that I would like to do is -- let's look at -- and we don't have one of my team in the room yet. He is fleshing out a little bit of language for 685.203. So, we may start there and go back to that when he has that information for us. But we'll start with 685.203. These are a couple things about the loan limits. We know how excited you guys are about program of study. And we have

solution for that. The first thing I want to cover is we did receive a proposal from Patti yesterday about the legacy qualifications and professional loan limits. We have handled this program, particularly the additional unsub that the health professions students are eligible to receive through a Dear Colleague letter in the past. We will continue to handle the communications about this particular unsubsidized topper, as we've called it, through a different Dear Colleague letter that will update it to allow everyone to know that there are grandfathering provisions now because of the loan limits. So, anyone that is in, and you'll see when we talk through the text what those confinements are, program -- so the grandfathering does account or does also include the health profession loans and that limited exception. The one thing that I would say -- you asked if they could also get the Grad PLUS. They are able to do that. It's a little less practical because the health profession limits are considerably higher. But that's going to be on a case-by-case basis for you to decide. It is permitted to get both of those loan programs. But that's going to be basically what you guys decide at the school level.

MS. WEISMAN: Question from Andy.

MR. VAUGHN: Thank you for that.

That's big. Appreciate the diligence on that overnight.

So that would latch on to the same effective dates as June 30th, active students and Direct Loan of any kind on or before June 30th of '26. Correct?

MS. ABERNATHY: As long as they meet all other eligibility criteria.

MR. VAUGHN: Okay.

MS. ABERNATHY: According to the regulations for the grandfathering.

MR. VAUGHN: So that would not be in the regulatory text or the preamble, but rather a Dear Colleague letter that's separate?

MS. ABERNATHY: Yes, sir.

MR. VAUGHN: What would be the timing of that letter, do you think? General timing?

MS. ABERNATHY: I would say not for a while, because we're still in a shutdown and we're going to have a lot of different things that we must address. We will do that as soon as possible. But based on our negotiated rulemaking activities, we might want to look at it more simultaneously. And maybe when we submit the NPRM for publication at the same time, we could largely do the Dear Colleague letter at the same time or -- I'm sorry? We could either do that through the NPRM or do it, making sure in advance of their packaging for the 26-27 award, because that's really where it's going to come in.

So, we'll look at that. If you have a suggestion on that -- you don't have to do it in a proposal. You can just tell us.

MR. VAUGHN: I do. I think the challenge right now for not just the top-up money or old HEAL money is also just the general final reg text and regulation itself. Because again, most schools, whether undergrad or graduate, especially the licensure doctoral programs, are enrolling right now for next fall. And although the new students in that start would not be impacted by it, a lot of schools have start dates before June 30th that are happening in the next six months, it'd be nice to have do no harm to students to get them the best package possible.

MS. ABERNATHY: Okay, let's remember that the loan limits do not go into effect until July 1, 2026. So, Andy, we will take that back and we will try to get it out as soon as possible. But I can't really commit to that. I can't commit to a fixed date at this point because we've just finalized that, yes, this can happen and everything else, but we hear you and we will definitely do it as soon as we possibly can. If there is anything that we can do in the interim, just let us know. We'll be happy to try to work with that.

MR. VAUGHN: Great. Thank you again.

MS. ABERNATHY: Absolutely.

MR. ANDRADE: Jeff?

MR. ANDRADE: Yeah. I was just going to remind everyone that we're still at the pre-rule stage here, so we don't want to get too ahead of ourselves. We're working on the notice of proposed rulemaking. I think, as Tamy said, we hear you and we'll do it at the appropriate place. Thanks.

MS. WEISMAN: Jenna, are you and Patti switching for this topic? I see Patti has her card up.

MS. ABERNATHY: If she just has a clarifying question, can she can ask it and not switch at this point if it's quick.

MS. KOHLER: Confirming that the legacy provision would also apply to the old health profession aggregate limits?

MS. ABERNATHY: Wouldn't it? Yeah. It's both annual and aggregate. Annual and aggregate.

MS. KOHLER: Very helpful. Thank you.

MS. ABERNATHY: Okay. All right. And I like the fact that Andy said that was big. I always like to start big, guys. We're off to a great start. All right. So, the program of study We needed to make sure that we had the right document up on the screen so that we could kind of hone in on just the pieces that were

changing instead of the full reg text. So, give it just a second for Linnea to share the screen with us. But we are excited to talk about this proposal that we have on. 685.203 on program of study. We did receive the proposal from Tamar, and we are happy to say that we have fleshed out a way forward to address many, if not all of the concerns at the table. I shouldn't say all because I'm sure there'll probably be one or two that we haven't thought of yet. But don't feel any pressure to think of anything else. We're good. But we will have a way forward for this. So, there are several different things in 203 that we covered. The other thing that you'll see is that we did not discuss, but I want to just give you the precursor when we go into it so it's not a shock to you. In the schedule of reductions, we know that there are different types of academic calendars and different ways that schools build their respective attendance patterns. One of those attendance patterns is through a subscription enrollment, and many of the team didn't really realize that there were subscription programs out there. But we do cover this in the Federal Student Aid handbook. So, if you are awake some night and you want to sleep, you can either pull out the statute or you can pull out the handbook and you can start reading. But how the subscription program works is largely like a clock

hour. So we will be accepting them from the schedule of reductions, because the way in which just like clock hours, the way in which they build their programs out, they already account for the reduction in the amount of loan money that they can get, and they can't get it until they earn the semester or earn the credits that they say they're going to get. So, they have to earn it first. So, it's already in their calculation when they build it out. There's no reason to give them a separate reduction because it's already accounted for in what they do with the loan programs already. Okay? So, we can start here with F2. For the purposes of this subparagraph, F, a student who changes majors within the same degree or certificate shall be considered to be enrolled in the same program of study. I'm waiting. No clapping for that? This is good. We didn't define program of study. All right, I'm going to try that again. You're not clapping. All right. I guess we're not clapping today. Well, I'm excited about this for you. I hope what you see is that the Department has really -- yay, we got a clap. I'm so excited. The Department has really taken it seriously. Your concerns and the way that you have worked with us to try to get to the right end game here, what is in the best interest of students, and staying within the parameters of the changes of the law. And so right now,

this particular piece should be able to give or to address many of the concerns that were presented to us in all of the different proposals around program of study.

MS. WEISMAN: Bob and then Jenna and Andy and Scott.

MR. CAREY: First, BZ, as we say in the Navy, which is Bravo Zulu, good job. Thank you. My only concern is that when I change from a bachelor's of economics at the Wharton School of Business to a bachelor's of economics in the College of Arts and Sciences at the University of Pennsylvania, I went from a BS to a BA. Is that a different degree? Okay. Bachelors is bachelors. Fine.

MS. WEISMAN: Jenna?

MS. COLVIN: Thank you.

MS. ABERNATHY: You're welcome. Thank you, Jenna.

MS. WEISMAN: Andy?

MR. VAUGHN: Does this include graduate programs, too? And program changes? It does not? Is this only for undergrad?

MS. WEISMAN: Jeff?

MR. ANDRADE: It's only for undergrad. It's dealing with the situation in Direct PLUS for dependent students.

MR. VAUGHN: Okay. Thank you.

MR. ANDRADE: Just to clarify it there.

MS. WEISMAN: Scott?

MR. KEMP: Yeah, I also have two clarifying questions based on scenarios that I had mentioned yesterday and just to make sure that -- I do like this, but just to make sure or clarify what would be included. So, if somebody is in a guaranteed admissions program doing an associate's degree and then a bachelor's degree, they would not still be in the same program of study under this definition, or would they? Because it's similar to somebody who starts their first two years in an institution as an undeclared major and then -- like pre-business or, you know, and then continues in a business school program. I just want to clarify, because I'd given that example yesterday and under the context that the definition yesterday was associates and bachelor, just trying to clarify. But just, just for the record, if somebody is -- and technically it is a transfer from an associate's degree to a bachelor's degree program, and that would trigger a change and thus -- just want to confirm that they would no longer be grandfathered in and be eligible for the previous loan limits.

MS. WEISMAN: Jeff, did you want to respond?

MR. ANDRADE: So just let me make sure at the time of the change, they were enrolled in an associate degree program. And then they changed to a bachelor degree program?

MR. KEMP: Correct. At a different institution. So, I could see how it wouldn't be included in that. But again, as I mentioned yesterday, we have a fairly robust guaranteed admissions program in Virginia with associates degree, encouraging associate's degree to bachelor's degree.

MR. ANDRADE: Yeah, I think you break the chain at that point. Again, the concept here is to allow people who are in process, if you will, the chance to finish out under the loan limits that they're currently under. And then treat them under the new ones if they were to switch programs or gain the credential or something like that. And I think that would be analogous to how we would treat you at the graduate level, if they change from one institution to the other, they're not grandfathered in.

MR. KEMP: Okay. I just wanted to clarify that. And the second scenario I brought up was like a five-year bachelor's to master's degree program.

And the example I gave was teaching where in your third and fourth year, you start to take a mix of bachelor's and master's degree classes. But at some point, in the system, you become a graduate student. And in talking with -- and Patti wants to jump in, but -- and that becomes significant because you're no longer eligible for Pell. So, my question is, would they and obviously they wouldn't be eligible for Parent PLUS Loans, but would they be grandfathered in under the old rules for Graduate PLUS, since they haven't changed the old loan limits for Graduate PLUS? So, we're talking about a unique situation where they would go from Parent PLUS under the old rules, continue on into a Graduate PLUS degree program -- or continue on into a master's degree in teaching. So, it's all -- again, it's the same program. Essentially, it's a dual degree program that at some point in the system they become a graduate student, but it's still the same program of study.

MS. ABERNATHY: That's the driver. It's still the same program of study. So regardless of what happens on the outlier piece of that, that's the driver.

MR. KEMP: Right. But okay, let's say this transition happens after July 1, 2026, they're now being issued new Parent PLUS Loan -- or I'm sorry,

Graduate PLUS loans. Are they grandfathered under the old rules or are they now, considered a new loan -- okay.

MS. ABERNATHY: I need to look at the language before I answer that. Hold on.

MR. KEMP: That's fine.

_MR. LALLO: Yeah, so -- do you want to take this?

MS. ABERNATHY: You got it.

_MR. LALLO: Tamy, please stop me -- and if I'm saying anything wrong, we talked about this earlier because we agreed that that's a significant issue here. I think what Tamy and Jeff hit on earlier; the important part is maintaining the chain. Right? And the problem with that is it depends on how an institution packages this a little bit.

MS. ABERNATHY: (inaudible)

_MR. LALLO: Please do.

MS. ABERNATHY: So, if you look at the limitation, I don't see how we could get past that chain being broken because the limitation is specific to the type of loan that was received. In order for the limitation to apply, it's the same type of loan. So, in this case, you have Parent PLUS and you're switching to Graduate PLUS. That is not -- if that Graduate PLUS was made prior to July 1, 2026, right, that would be a

different story. But they're not. It isn't. The limitation is on the type of loan. And so, I don't know that there is anything that we could do to get around that because it's a different loan.

MR. KEMP: And that's fine. I just wanted to clarify, give you a scenario that --

MS. ABERNATHY: Absolutely. That's why I wanted to look at the language, because I thought that's what it said, and I wanted to confirm.

MR. KEMP: All right. Thank you.

MS. ABERNATHY: Yes, sir.

MS. WEISMAN: Alex Holt?

MR. HOLT: I was wondering if the Department could -- you sort of talked about it today, but this is a different approach. So, I was wondering if the Department could elaborate on its legal rationale that you can define program of study as a degree. You don't define it, sure, but you say for the purposes of this subparagraph, which is a definition, you say it's the same degree or certificate. We talked about how certificates were different yesterday. So, if I'm reading the law from Congress, it says program of study in every case. So why would it be program study means specifically like the exact major they're enrolled in for a graduate program, but it's extremely permissive for the

undergraduate?

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

MR. ANDRADE: Sure. So, we're not defining program of study. We're defining what is not a change in program of study or clarifying that. So, we're providing, what's not a change. The other point is what we heard at the table is that it is commonplace at the undergraduate level for students not to be in during their baccalaureate or even in an associate degree program, not to be declared at the beginning of that process. And they're still pursuing a bachelor's degree or an associate's degree. But by going from (inaudible), particularly the situation of undeclared to a declared major, that would knock them out of the grandfathering provisions. We didn't view that as being consistent with the intent of this provision, which is if somebody is currently enrolled and is pursuing a degree that they should be allowed to continue under the rules that existed at the time of the change throughout the transition period.

MR. HOLT: So, if I can just clarify a little bit more based on your answer, your justification for defining not a change in one section versus another is because undeclared exists as a concept at the

undergraduate level, whereas it does not exist at the graduate level. And that allows the Department to make not a changed definition in one place, but not the other.

MS. WEISMAN: Jacob, do you want to answer that?

_MR. LALLO: Yeah, I think that does get to part of it. We heard two things yesterday. We heard that you guys want the certainty of a definition, but also, we heard great consternation about the concept of a definition. In regard to, we understand that undergrads make changes frequently within their program. But we also heard the concern that defining program of study, something that is used frequently throughout both the HEA and regs in one narrow instance, in a way that is a narrow definition could lead to some confusion. And -- but we also feel that just leaving it completely open also creates that uncertainty. So, this is designed to kind of strike a balance of allowing some flexibility for undergrads and realizing that that kind of behavior is different at the undergraduate level than the graduate program level while still providing some certainty both to borrowers and the community about what we're talking about here and where that flexibility lies.

MR. HOLT: Okay, so I'm just trying to highlight what I see as a potential litigation risk,

where if you're going to define not a change at the undergraduate level, but not at the graduate level, it's not clear to me why a school at the graduate level couldn't sue and say not a change or a student, probably would be a student would have better standing than a school. But in any case, why the student at the graduate level wouldn't sue and say, well, if you define not a change this way at the undergraduate level, then that same not a change definition should be defined at the graduate level. So that's the litigation risk that I'm seeing. And I'm just asking for a response. That might have been your response, but --

MR. HOLT: Yeah, I think we're going to take that back and look at it. I think the thought process that went into this was that at the graduate level, you're generally admitted to a very specific program. There's not really the ability to switch back and forth the way that there is when I was in undergrad, I changed my major and it was literally I checked a box online and that was all I had to do. If you change at a graduate level, it's usually a much more serious process. So I think this kind of falls into where we thought with certificates yesterday when we discussed this, that you are admitted to a program for a very specific purpose. So, I understand your concern and we'll take it back and

look at it, though. But I think our thought process here was that it's so significant it's unlikely to present as an issue.

MS. WEISMAN: Alex Ricci?

MR. RICCI: I have a few questions, but I want to circle back to what I was discussing yesterday with how this does or does not impact other uses of program of study within HR1 that we're trying to figure out or also develop clarifying rules and regulations on. So, if changing majors is not changing a program of study for institutionally applied lower loan limits, what metric are they using? Are they applying lower loan limits than across all baccalaureate degrees? And I get that you're just narrowly defining it in this section. But because we are using a different understanding of program of study, even if you're not defining program of study, you are making it very unclear for institutions that want to do this, what sort of legal risk they are engaging in or not, if they apply it just to a history major or just to an English degree and not to all baccalaureate degrees.

MS. WEISMAN: Jeff, did you want to respond?

MR. ANDRADE: The question, why do you think we're only applying it to specific majors?

MR. RICCI: I think you're applying for it only -- I think you're wiping away institutions' ability to distinguish between majors, because you're saying that a program of study doesn't matter if you go from history to engineering, for this example up here. That's still the same program of study. So, if I, as an institution, say I want to lower loan limits by program of study, there is no meaningful distinction between history and history and engineering. So, I am now tied from lowering loan limits for my history majors as opposed to my engineers. Now I get that that's we're clarifying the regulation in a different part. But the term program of study appears in both sections. That's my concern here is we're creating some -- we are still creating some confusion.

MR. ANDRADE: I don't see how we're not defining program of study. We're saying what is not a change in program of study. So, there's a specific condition under which it would not trigger. And what we understood to be a fairly common condition which would not trigger something to be considered a change in a program of study. So again, we're not trying to define what program of study is. We're clarifying when there is a change and when there is not a change.

MR. RICCI: So just to make sure that

I kind of have this on the record then, the Department's interpretation, if we all come to consensus, this gets through, becomes final, is that institutions on institutionally determined lower loan limits, will be able to set a lower loan limit for history majors, as opposed to engineers?

MR. ANDRADE: This is specific to the grandfathering provision. Right? And when the grandfathering provision is triggered, it has nothing to do with what a program of study is. It is a change in program of study triggered. So, it doesn't affect anything to do with institutionally determined loan limits or anything like that because it doesn't define program studies. I specifically requested OGC when we try to draft it, not to define programs, to stay away from that and to exempt the specific condition that we wanted to make sure did not trigger the change in program of study and the loss of the benefit, if you will, of the grandfathering provision and nothing beyond that.

MR. RICCI: In the interest of time, I think this might just be something I need to chew on. But I do think that there is potential for compliance concerns from institutions and even potentially litigation risk, depending on how this works post-implementation.

MR. ANDRADE: Alex, I consider you a friend. I don't normally like to push back on that. But if you do have specifics on that, I'd like to see something in writing and something specific as opposed to broad references to litigation risk and compliance concerns.

MR. RICCI: Of course, I appreciate that this is a highly sensitive issue, and I want to make sure that we get this right, because after this committee, there's the AHEAD committee and program of study is used again in workforce PELL language. So, this is more about making sure that we are all on the same page for implementing HR1 consistently across the board. So, thank you, I appreciate that.

MR. LALLO: I also just want to raise -- I think that this is a very narrow issue. We're only talking about the transition period here. This goes away when the grandfathering goes away. So, it only applies to students who are currently enrolled in that program of study. So, this is a period that can only last under as long as an expected time fits within the expected time to credentials that factors that in. So, this is not a long-running issue. I think the point that you're bringing up is salient. And I think it's really worth considering if you have specific language, we'll definitely look at it.

But I do think it's important to note that this is effectively a margin case issue.

MS. WEISMAN: Bob?

MR. CAREY: So going back to Mr. Kemp's point, my concern is you have a student who is currently pursuing a bachelor only, and after their freshman year, they rock it, and they get good grades and they get accepted to the four plus one program for their school. And now they're pursuing both a bachelor's and a master's, still pursuing the same bachelor's, but now throwing a master's on top of it. As Mr. Kemp talked about, third and fourth year, you start taking graduate you have not been awarded your bachelor's yet, but you're taking graduate-level courses. And for most of these programs, they give you your bachelor's and master's simultaneously at the end. And so while, again, I appreciate the language, I worry someone's going to fall through the cracks.

MR. ANDRADE: Bob, this isn't new policy. In the case of joint programs, we have very specific policies with regard to Pell Grant eligibility, for example, with regard to what year in school loan eligibility. So the statement that they're pursuing both degrees simultaneously for financial aid purposes isn't really correct. So what this is dealing with is the

specific example of when someone is a dependent undergraduate student and parents are receiving PLUS Loans on their behalf. At what point does that parent's eligibility under the grandfathering provision that's in OB3 -- when does that expire? So, it's no broader than that. But at a certain point, that student ceases to be a dependent undergraduate student for purposes of PLUS when they get a credential.

MS. WEISMAN: Ashley?

MS. NAPORLEE: We appreciate the Department's working with us and trying to find a solution to this. I'm wondering, not to sound biased, but our proposal of defining it or meaning the credential level in which the student was enrolled as of June 30, 2026, wouldn't be a less messy approach of number one and number two. Why not adopt the same thing for Grad PLUS borrowers the same as Parent PLUS borrowers, because they both have grandfathering provisions in the statute.

MR. ANDRADE: I'm sorry, what was the second part? The same as Parent PLUS --

MS. NAPORLEE: The grandfathering provisions apply to both Grad PLUS loans and Parent PLUS loans. So, we want to make sure that we're, we're not leaving out Grad PLUS Loans as well and (inaudible)

MR. ANDRADE: We're less compelled by

the situation of frequency of changing of majors at the graduate level as opposed to the statements at the table with regard to undergraduates.

MS. NAPORLEE: Okay. So just not --

MR. ANDRADE: And particularly the situation of the undeclared major declaring a major but still pursuing the same level of credential.

MS. NAPORLEE: Okay. And to be clear, the undeclared (inaudible) that is included, right? I was getting some confusing --

MS. ABERNATHY: Undeclared and undecided would be included, yes.

MS. NAPORLEE: And changing between --

MS. ABERNATHY: So that's exactly what we are accounting for in the case where you have institutions that start their first two years as either undeclared or undecided. And so, they do move in. So yes, that would account for that.

_MR. LALLO: That's also why we use the language -- or the term majors here. We thought that that was kind of significant. You don't have a major at a graduate level. You're admitted to a graduate program. Changing between them is a much more significant than just changing your major at the undergrad level. It's a full, dedicated pathway, whereas undergraduate degrees

are a little squishier in the sense that it's much easier to change majors.

MR. ANDRADE: Just to clarify -- this is Jeff. Are you suggesting that we change the language to credential here, or are you okay with the same degree or certificate reference?

MS. NAPORLEE: I mean, we think our proposal is cleaner just to define it as the credential level for which the student was enrolled in as of June 30, 2026. I feel like that is less messy. And I think it would apply equally to both the Grad PLUS and Parent PLUS borrowers equally. So that's why it just seemed like a better approach.

MS. WEISMAN: Timothy?

MR. KING: I was just going to say I like it. My division does this every day. We're revising and major changes of something that happens with frequency. So I appreciate the language with grad students. Jacob, yes, that's what, that's what happens. I'm going to go down to the registrar's office and change my masters from counseling to history. It's a whole different ballgame. Very complex. But I appreciate this. I may be the lone person here, but I like it.

_MR. LALLO: We'll take one.

MS. WEISMAN: I see no other cards on

this issue. Last call. Okay, back to you, Tamy.

MS. ABERNATHY: All right. Thank you guys for that very spirited conversation. We're going to move to provision M in 685.203, less than full-time enrollment notwithstanding any provision in 34 CFR 682.685, in any case in which the student is enrolled in an eligible program, except for a subscription-based program as defined in 668.2 of a non-term program. We added this terminology Because when you look at a subscription-based program, how they set up the award for the student, if they consider the subscription basically two terms, like a standard year or a borrower-based academic year, all of the loan proceeds are already either reduced based on the hours the student is enrolled in both those terms, like six and six would be half time, or nine would be three quarter time and nine. So they already account for the reduced amount of money based on the enrollment already. There's no reason to apply another reduction to that when it's already accounted for. So, are there any questions about that? A non-term is credit and clock hour which we already said because of the way -- they must earn the money. And the subscription base also must earn the first disbursement, and then they have to earn the second disbursement. So, if they're not taking the number of hours that, their package has been

built on, they would not get the additional funds or they would not get funds until they get to those hours. So credit and clock hours are considered full-time, but it's a subscription-based based the way they build that out, it is already there. The reduction to that loan amount, that annual loan amount is already in there based on the hours that they're enrolling, they earn. If they earn those hours, they get their money. If they don't earn those hours, they do not get their money. So, we are accepting that here.

MS. WEISMAN: Jeff?

MR. ANDRADE: Yeah. And I think because this is the newest model. So, I think we may probably get some clarifying comments on this as people start looking at it. But again, one of the concerns that we heard was that that's probably one that we don't need to address because similar to the non-term programs, it's already baked into the disbursement process in terms of reducing the award.

MS. ABERNATHY: Hearing no questions on that, we would like to go to full 685.203 and talk through the changes and do a pulse check on it. Do we have more changes that I missed? Well, just kidding. Okay M1. Linnea, any chance you can make that a little bigger? It's hard to see the red, I'm sorry. Thank you. Okay. For

a period of enrollment of less than an academic year as defined under 668.3, the institution must calculate the Direct Loan eligibility that the 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 so enrolled on a full-time basis for that term. The institution shall first determine the amount of the academic year loan limit under this section that the term represents in A. So, we have removed the transfer from the institution, because you'll remember now, what we talked about was that it's applicable to basically a one-term loan regardless. You don't have to just be a transfer student to get the treatment. So, this addresses Patti's concern about how to make sure that the regulatory text matches the intent of what we're trying to do. Okay. Is that all of 203? Now we can do a pulse check, or are there comments?

MS. WEISMAN: Jenna.

MS. COLVIN: I was just going to say we have no stump the fed questions remaining.

MS. ABERNATHY: And I just want to say thank you. I'm going to clap any chance I can today. All right. So, I'm going to go ahead and briefly just go over. I'm not going to read every word because we've done that. But I'm just basically going to tell you where the

changes are that we plan to change and then we're going to go through, and we'll do a pulse check. So in 685.203(b)(2) romanette three, we are obviously adding and ending on or before June 30, 2026. We added a romanette four which included the loan limits for graduate and professional students for the periods of enrollment beginning on or after July 1, 2026. And we have talked about those. There were no questions and concerns about those that went all the way to capital C, subparagraph (c)(2), we again clarified this is for a period of enrollment through June 30, 2026. In subparagraph (e), we've added for graduate or professional student for periods of enrollment beginning July 1, 2026. We have given the amount of 138,5. Then we go to four. Again, clarifying the period of enrollment beginning on or after July 1, 2026. Here is where we made changes to, say, an institution instead of that institution in romanette one and two. Romanette -- excuse me, five, we did not change for a professional student, given the amount \$200,000, less any Direct Sub and Direct Subsidized Loan, Subsidized Federal Stafford Loan, Federal SLS program, and any amounts a student borrowed as a graduate student, if applicable. The limits we list in six, and in seven we talk about withdrawals. Subparagraph (f), the annual loan limits before July 1,

2026, we indicate the clause for a period of enrollment beginning before July 1, 2026. In paragraph two, we talk about the annual limits on or after July 1, 2026. Talk about for periods of enrollment beginning on or after July 1, 2026. We list the amount of all the Direct PLUS loans that a parent may borrow. Romanette two, we talk about the limitations. This is the grandfathering A and B, we talk about being enrolled in a program of study, and the Direct Loan was made to the parent borrower. In romanette three, we talk about if the student withdraws, and then in romanette four, we talk about for the purposes of this subparagraph (f), a program of study means a program that confers associate's or baccalaureate degree. Did we change that? Isn't it to certificate or did we take this out?

_MR. LALLO: We took that out.

MS. ABERNATHY: Yeah, we took four out. I'm sorry. Our printer was down today, so I was not able to get -- just make sure that's F2 we still have that in there. So we have changed that. We haven't taken that out. We have changed it to, for the purposes of this paragraph, F, a student who changes majors within the same degree or certificate shall be considered to be enrolled in the same program of study. That's how we've clarified that in two. And in G, again, we have the

aggregate limits for a period of enrollment beginning before July 1, 2026. In paragraph two, this is where we removed the words for enrollment in an eligible program of study and for the entire period of enrollment. We have three, the limitation for aggregate loan limits. And we give the exception there as well. The student is enrolled in -- or the grandfathering I should say -- student is enrolled in a program of study. And then the Direct Loan was made to the parent for -- that has not changed anything and therefore has not changed. And then five, for the purposes of this subparagraph (g), a student who changes majors within the same degree or certificate shall be considered to be enrolled in the same program of study. So that's the language that we talked about this morning. We didn't make any additional changes to what we presented to you guys before. This is effective July 1, 2026, in paragraph two, the lifetime maximum aggregate limit. So, this talks about the aggregate limits instead of the annual limits. And then we go down to L. For the purposes of this section, if a student is enrolled in a program that awards both 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. In M, here is where we just added the new clause up on the

screen, where we have accepted for subscription-based programs as defined in 668.2 or a non-term program. We have also clarified in romanette one that we have removed the transfer information, and it's just that for a period of enrollment of less than an academic year as defined under 668.3, the 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 that student is not so enrolled on a full-time basis for that term. In paragraph A, we remove the word transfer. Paragraph B did not change. Paragraph C did not change. We have updated the formula to read the correct thing for this. And so, we've all talked about this and we went through some scenarios yesterday. And we finally had clarity on that. And then in number two, we have updated cross-references accordingly. So, nothing else has changed in those provisions. Continue. And I believe that it is on 685.203. Any questions?

MS. WEISMAN: Are you ready for the pulse check?

MS. ABERNATHY: Yes, ma'am.

MS. WEISMAN: Pulse check is on 685.203. Thumbs up if you support the proposal. Thumb in the middle if you are lukewarm or perhaps have minor

reservations. Keep in mind, if you were participating in a consensus check, a thumb either up or on the side would be support. So right now, we're looking for thumb up in the middle or a thumbs down; thumbs down meaning that you do not support it. And if you could keep your thumbs up until I get them recorded. Okay, just to confirm, I see thumbs up from everyone with the exception of Ashley with a thumb in the middle, Alex Ricci and Alex Holt with a thumb in the middle. Is that correct? Okay, for those with thumbs in the middle, would you like to outline why you did not have more support? Are there things that the Department could work on for you?

MS. NAPORLEE: I'm just receiving some concerns being raised by our constituency group that we need to flesh out before I'm able to, and it might require just a side conversation for now.

MS. WEISMAN: Alex Holt?

MR. HOLT: Yeah. So I want to highlight that this provision is simply during a transition period to allow parents to borrow more than \$20,500 per year so that they can allow their student to switch from an undeclared major to a declared major and continue to borrow more than \$20,500 per year. So, I know that I was the one who initially proposed this and the Department's reacting. But because I'm negotiating in

good faith, my mind can be changed. And it has. I think this is not the simplest plain text reading of program of study or change of program of study. I think that there are two risks that I'm highlighting specifically. One is that a graduate student could -- I'm trying to give a specific example of litigation risk, could sue and claim that the definition of change of program of study was arbitrary and capricious, and therefore they should be allowed to change within graduate programs because program study should be applied equally across all definitions from HR1, and two, that an undergraduate student who is subject to this is the bigger concern -- who is subject to a loan limit because of the major that they are in, would be able to claim that program of study was clearly defined in another section by the Department as credential level, and therefore they cannot be subject to a lower loan limit than another degree -- than another major within the same credential level. And that is arbitrary and capricious to apply the program of study definition in one way, over here and over there. I don't think it's worth the risk. I just want to clarify to everybody here that we are discussing whether a parent can borrow over \$20,500 a year for the transition period. You're opening a lot of risk for this very small area.

MS. WEISMAN: Jeff, did you want to

respond?

MR. ANDRADE: I'll defer to Jake first in terms of the litigation issue. But there is, I think, a distinction between one definition is dealing with parents and parent loan limits, and the other is dealing with student loan limits.

MS. WEISMAN: Jacob?

MR. LALLO: We obviously don't agree that this is arbitrary. We wouldn't have picked something that's arbitrary. We also aren't going to comment on our litigation strategy or what we view as litigation risk here. We would not intentionally pick something that we think would get us sued, nor would we ever pick something that we think is arbitrary. We chose this definition because we thought that this provides a more clear delineation that offers some surety to you, but also doesn't create this presumption of a broad definition elsewhere. We thought that served a very narrow purpose here. We wanted to be very careful with that. So, in no way do we believe that choice was arbitrary.

MR. HOLT: I just want to clarify; I'm not accusing the Department of being arbitrary and capricious. I'm arguing that the Department would be accused of being arbitrary and capricious. I just want to make that clarifying comment.

MS. WEISMAN: Alex Ricci.

MR. RICCI: I share a similar concern as the better Alex I know we're in the heat of the moment and there's a lot of we want to do what's right by borrowers to the maximum extent practicable as allowed by Congress. And I share that initiative. I don't think that it's just parents versus students, because in the thing that we just voted a pulse check on, the institutional ability to determine loan limits also applies to PLUS Loans, that a student or a parent on behalf of such student may borrow for a program of study. So like I said I think I can get there, and that's why I voted sideways. I think that there's a pathway forward. And if push came to shove right now, I would not block consensus from the whole package based on this. But I do think that there are significant concerns because within 685.203 in different paragraphs, we will be applying a different interpretation in general, a program of study. And I think that that is something that this committee as a whole should take seriously.

MS. ABERNATHY: Thank you for that. We would like to call a caucus with Legal Aid and Alex squared. Before that caucus, however, you never know what's going to happen here. We would like a five-minute caucus with the Department. Who is all from the

Department, Jake?

MR. LALLO: (inaudible). We just need a five-minute break.

MR. ANDRADE: We need a break. And then we'll go into a caucus.

MS. WEISMAN: So, we're looking for a five-minute break so that the Department can confer. And then we're looking for a caucus. And our constituencies are legal aid, primary and alternate. And who are your other constituencies?

MS. ABERNATHY: Taxpayers, Alex Riccis from the lenders, guaranty, servicers, primary and alternate, and Scott Kemp, primary and alternate.

MS. WEISMAN: So, also including the state primary?

MS. ABERNATHY: Yes, because Alex Ricci told me to. Yes.

MS. WEISMAN: Okay. How long do you anticipate needing for the caucus?

MS. ABERNATHY: 15 minutes, please.

MS. WEISMAN: Okay. So, we're looking at returning here in approximately 20 minutes for everyone. Welcome back, everyone. We had our short break and a caucus with the Department and four constituencies. The primary and the alternate from the legal aid,

Consumer Advocate and Civil Rights Group constituency, those representing the taxpayer and public interest, servicers, lenders, and so on, I'll say, and those representing states. Tamy, are you going to give a report out from the caucus? Or will that be you, Jeff?

MS. ABERNATHY: Tamy. I will give a report out. First of all, thank you, constituents that met with us in the caucus. I think that it was very informative for us to take a look at the program of study that is in the annual and aggregate loan limit section versus the institutionally determined loan limits for a program of study that is in a separate section. There was some consternation about those two provisions using program of study, thinking that it could be reviewed as the same term of program of study in both provisions. Obviously, that is not our intent. They are two separate provisions. We will take a look at that during lunch or this evening. And we will talk through that. We think we understand where the issue lies, and we will try to mitigate that as best we can if we're able to. We also spoke about M1 and the distinction of the accepted exception for subscription-based students. There's some desire for that language to be removed because it appears to be treating institutions differently. That is not our intent. And so, we will take a look at that as well. And

we will be receiving a proposal from our legal aid constituents in reference to that respective section. And if there is proposed language from our guaranty lender servicer agencies and/or Alex Holt and the taxpayers, they will circulate that for the other provision, but we will be taking a stab at trying to remedy this and circling back if we have a mandatory language or once we have a mandatory language. If I got that wrong, anyone, please go ahead and speak up. All right. If one of my team -- I think, Linnea, if you could put up 685.209 for us for the provision that was changed in reference to, I think it's the (inaudible). Yesterday we received a proposal from Ashley, and this was about the borrower making the monthly payment of \$100 and then a \$300 payment, how are we supposed to communicate to these borrowers? We know they don't understand that an advanced payment does something differently than applying to principal. So, we took that back and we had an amazing spirited conversation and came up with the proposed language. We don't know where we're going to put this yet. So that is the TK. I don't know why they say TK for to be determined, but TK is supposed to be used in newspaper writing. TK, that's what we use. So that's what TK means. Oh well, all right. Just for you, Timothy. So, for the purposes of the Repayment Assistance Plan

under this section, a borrower's monthly payment under F5 of this section is considered on time if the payment is received on or before the due date for the current month, but after the due date for the previous month. When the borrower elects to make a payment in excess of the amount due, the Secretary allows the borrower to opt out of advancing the due date, which is provided for in 34 CFR 685.211. In the case where the borrower makes an electronic payment, the Secretary allows the borrower to select when submitting the payment, whether the excess payment will advance the due date, parentheses, and eliminate the possibility of a RAP subsidy until the next month in which the payment becomes due, end parentheses, or to not advance the due date. No matter the method of payment, the borrower may contact their servicer by phone to elect not to advance the due date. The Secretary shall disclose to the borrower the potential consequences of electing to advance the due date or not. Now, before you say anything, I want you to know we already do this. But it was not codified in reg text. The provision for this already exists, not online. We will be establishing and creating the online part, but this already happens. If a borrower calls now, this is already done. So this is not new in practice. It is new, codifying the regulatory language around this process to ensure clarity for

borrowers, to ensure when you guys are working with your legal aid constituents and they are paying online, it's going to prompt them. Have we designed it yet? No, but is it going to happen? It's going to be vetted out, and it will at some point prompt the borrower to make this decision so that there is clear (inaudible). If they get a paper check or somebody pays on their behalf, they can call in. Those mechanisms are already in play. The online provision is not yet, but that is what we are proposing and we are codifying it in regulatory text to ensure that borrowers get the benefit if they want the interest subsidy and the principal matching payment, they can elect how to apply that payment so that they can receive the benefits they're entitled, should they be eligible.

MS. WEISMAN: Alex Ricci.

MR. RICCI: I appreciate that operationally, this sounds like you're trying to make this as easy on current practice as possible. I think my immediate concern that I just need time to think through is documentation of borrowers making this election. Not that it didn't matter in the past, but it has new hyper relevancy post HR1 changes and want to make sure that the partners that work with the Department to make this all possible are given clear guidelines on documentation when borrowers do this.

MS. ABERNATHY: Define what you mean by documentation because they can call on the phone and ask for this to be done, and it would be documented into the servicer system upon written -- upon verbal request this action is taking place, to apply this paper payment, paper check or one-time payment from a lump sum payment. The documentation piece of it, we're not requiring a written affirmative. -- Well, we are if on the online version because they would be indicating to us which direction they want to go, whether it's apply to principal or advance the due date. So, there's the documentation on the online part. Obviously, in the paper process, we're not going to request that they send us something in writing. Further, we could make sure if you are concerned about -- and Eric, I don't want to speak out of turn, but we do have training with our calls. FSA does a very good job of making sure that the requirements for servicers are clearly written. This would be another requirement. We could even provide them with potential text to share in situations like this so that that is covered. And so, I don't think I'm speaking out of turn on that. They do have scripts already for certain things, especially things that are a little bit confusing. We could make sure that that piece and part of it so that the borrower is getting the same information across the

board. If that's what you're referring to, we can make sure that that happens. We would not codify anything like that in regulations, because what we're doing now, we already do this. We are adding an online mechanism to do it as well, which would serve as if they did the online process that serves as a point in time clarification.

MR. LALLO: And if I could just jump in a little bit. I think if you're concerned about the other side, about ensuring that there's records. You know, demonstrating that a borrower actually made contact. We were a little bit reliant on our servicers there, but our servicers keep very good records of any contact a borrower makes with them, and they document them quite extensively. So we would expect -- again, we're somewhat reliant on our servicers here to prove that such contact is made, but we would expect that they would document this as they document other contacts.

MR. RICCI: Yeah, absolutely. And I need to digest this a little bit, but I don't think I'm asking for necessarily a regulatory change. I'm just reacting in real-time to how we move forward act in the best possible way to make this clear to borrowers. And I don't think it will necessarily be anything regulatory that this committee needs to think about. I'm just hypersensitive to past instances where borrowers swore by

everything holy that they did something and servicers did them wrong. And when looking at records, that wasn't necessarily the case. And this is just another example of where this really matters. And I want to make sure that we just think through that procedurally as we move forward.

MS. ABERNATHY: We will make sure. So, we work very closely with our operational team when it is squishy things like this. And so I do know that because this practice is already in place for the calling in and the ability for this to already happen, we can make sure with our operational team that the implementation side of that covers your concerns as best we can, knowing that because this already happens -- you know, I'm not sure a servicer is going to take any action unless they're told to do so. But we do hear what you're saying. And as far as communicating to the borrowers, that is something that we will put on our website that it is an option for them. This is a new option for them, so we can be very clear and conspicuous with the information forward-facing from our side to them about this, so that it is crystal clear that this is an option that they can exercise, whether it's an online payment or it is a verbal request. It's kind of the same thing as doing a forbearance. You know, if a borrower calls in and they want to be on a

forbearance, the servicers put them on a forbearance and then hopefully they'll send in documentation later if it's required. But it's kind of the same concept. So we do hear you, but we can make sure that we mitigate where we can to get this message out so that borrowers are aware that they are able to choose.

MS. WEISMAN: Ashley?

MS. NAPORLEE: Thank you we appreciate the Department's willingness to hear our concerns and address them. With regard to this specific issue, specific issue, we did send in a proposal this morning that we are probably operating on the assumption you haven't reviewed yet. And once you do, we would probably want to have a caucus with limited negotiators to discuss this further. But I want to give you an opportunity --

MS. ABERNATHY: Well then, let's go to a caucus.

MS. NAPORLEE: Okay.

MS. ABERNATHY: So we're going to need a -- I'm sorry, I'm going to need a break before we go to a caucus. And then if we could just take like a quick bio break and then head into the caucus, who do you want in the caucus?

MS. NAPORLEE: So legal aid, student borrowers, military veteran borrowers, and loan

servicers. And, and also state agencies.

MS. WEISMAN: So that's primary and alternates?

MS. NAPORLEE: Yes.

MS. WEISMAN: So, I have the Department, along with legal aid, those representing borrowers and veteran borrowers, servicers, and states.

MS. NAPORLEE: Yeah.

MS. WEISMAN: And how long do you anticipate needing?

MS. NAPORLEE: 15 minutes. Is that the golden rule?

MS. WEISMAN: Kind of. So a five-minute break in advance, Tamy, and then 15 minutes.

MS. ABERNATHY: Thank you.

MS. WEISMAN: Thank you. Welcome back, everyone. Following the caucus, we will have a report-out. The caucus included the Department along with five constituencies. The short names for them are legal aid, borrower representative, those representing veterans and military service members, servicers, lenders, and so on, and States. Tamy, would you like to do the report-out for the Department?

MS. ABERNATHY: Our report-out is that we will do it after lunch, because we want to relook at a

provision that they had in their proposal that we did not get an opportunity to discuss and any additional questions they want to send us prior or during lunch. So we will report out at that point. But it was a very good conversation, and we appreciate the information that they have provided for us to look at.

MS. WEISMAN: Do you need additional time for lunch?

MS. ABERNATHY: Yes, we do.

MS. WEISMAN: So are we thinking 1:15?

MS. ABERNATHY: We are.

MS. WEISMAN: Okay. Then we will adjourn for the morning session and resume at 1:15.

MS. ABERNATHY: Thank you.