

CAPFAA State and Federal Relations Committee – News Update

3/31/26

Committee Chair:

- Ryan Jones, Campus Supervisor, CT State Community College (Gateway Campus)

Court Dismisses ED's SAVE Settlement, Leaving More Questions for Borrowers

A federal court judge on Friday dismissed the Department of Education's (ED) lawsuit and proposed settlement with the state of Missouri over terminating the Saving on a Valuable Education (SAVE) plan, leaving more questions and confusion for borrowers after years of legal challenges.

[In December](#), ED originally announced its settlement agreement with Missouri to end the SAVE plan. As part of the settlement, which had not been finalized, ED agreed not to enroll any new borrowers in SAVE, to deny any pending applications, and to move all 7 million borrowers in the program into other repayment plans.

On Friday, [in a court order](#), Judge John Ross of the U.S. District Court for the Eastern District of Missouri dismissed this settlement, arguing that there is "no longer a live case or controversy sufficient," therefore, the court doesn't have authority to enter a judgment. Ross also pointed out in the order that due to the enactment of the [One Big Beautiful Bill Act \(OBBBA\)](#), the SAVE plan [will be terminated on July 1, 2028](#).

"Given the apparent lack of adversity between the parties, which has existed for many months, and their ability to mutually achieve the relief originally sought without further intervention from the Court, it appears that there is no longer a live case or controversy sufficient to authorize the Court to enter a judgment on the merits," the order reads. "... What the parties seek is a ruling on the merits as to the validity of a rule no party intends to continue to defend, and which has effectively ended via congressional action."

This order leaves many questions unanswered for borrowers after years of legal challenges to the program. The confusion persists because the court, in its dismissal, neither revived the SAVE plan nor struck it down; it simply stepped aside. Because the administration and the states now agree the plan should end, and Congress has already enacted a phase-out through OBBBA, the judge ruled there was no longer a legal dispute to resolve. The lack of a decision on the plan's legality keeps it technically "on the books" but frozen in practice, leaving borrowers in limbo until ED decides their next steps. While the program legally has to sunset by June 30, 2028, ED can still conduct negotiated rulemaking as soon as it's able to schedule it to eliminate the program before that date.

"While the court's decision does not determine the ultimate fate of the SAVE plan, it also does little to resolve the uncertainty borrowers have faced for many months," said Megan Walter, NASFAA's senior policy analyst. "In light of this dismissal and given that the program is already scheduled to sunset under federal law, we encourage the department to move quickly to determine the path forward and to communicate clear timelines to borrowers. As these decisions are made, borrowers should be held

harmless during any transition and given sufficient notice and support to understand their repayment options”.

Because the court did not rule on the merits, meaning the SAVE plan was declared neither lawful nor unlawful, it's unclear whether ED now has a clear legal obligation to restart implementing any of the plan's benefits.

“It is not lost on the Court that millions of borrowers who enrolled in the SAVE plan have patiently awaited clarity while this litigation has proceeded,” a footnote of Ross's court order reads. “However, that clarity must come from the Department of Education, and not from this Court, which is no longer empowered to weigh the merits of a case that is now moot.”

Last year, ED [announced](#) that it would convene a negotiated rulemaking committee to focus on removing the SAVE plan from federal regulations. ED has yet to release details on when this committee will take place.

NASFAA Comments on Regulations for Student Loan Provisions of OBBBA

NASFAA submitted [comments](#) to the ED in response to its [proposed](#) regulations for the student loan changes in the [One Big Beautiful Bill Act](#) (OBBBA). NASFAA's comments point out several areas where ED should make the regulations more student- and borrower-friendly, ask for clarification in areas that remain ambiguous in the proposal, and highlight the need for prompt, clear guidance and systems updates so financial aid administrators can ensure that students receive accurate financial aid packages and on-time student aid disbursements.

ED RELEASES UPDATED STUDENT LOAN NONPAYMENT RATES AND URGES INSTITUTIONS TO ACT ON DEFAULT PREVENTION

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Federal Student Aid released updated institution-level nonpayment rate data and renewed its call for institutions to strengthen default management and prevention efforts. The [announcement](#) follows the return to repayment after the COVID-19 pause and reflects the first full year of borrower performance data since repayment resumed.

The updated data show that more than 1,800 institutions have nonpayment rates at or above 25 percent. The nonpayment rate measures the percentage of Direct Loan borrowers who entered repayment between January 2020 and May 2025 and are more than 90 days delinquent. While this metric is not the same as the official cohort default rate, ED signaled that it should be viewed as an early indicator of potential CDR risk.

FSA also indicated that draft FY 2023 3-year cohort default rate notification packages are expected to be released soon, though they have not been released as of March 1st.

In the coming weeks, FSA intends to release draft FY 2023 CDR notification packages to eligible institutions. Many schools have experienced artificially low CDRs in recent years due to pandemic flexibilities. As those protections expire, institutions may begin to see higher official rates.

Under Section 435(a)(7) of the Higher Education Act, institutions with a CDR of 30 percent or greater in a single year must develop and submit a default prevention plan. Institutions that persistently exceed CDR thresholds risk sanctions, including delayed disbursements or, in severe cases, loss of eligibility to participate in Title IV loan programs.

ED is [encouraging](#) institutions with elevated nonpayment rates to update, maintain, and actively execute default management plans now, rather than waiting for official CDR consequences. The announcement highlights use of the NSLDS Delinquent Borrower Report, targeted outreach to delinquent borrowers, leadership engagement at the executive and board level, and consideration of partnerships to support outreach and financial literacy efforts.

This data serves as a warning signal. Borrowers who fall behind face damaged credit, collection activity, and wage garnishment. Institutions face renewed exposure to CDR sanctions after years of relative stability.

Now is the time to review delinquency trends, evaluate current outreach strategies, and ensure staff understand available tools such as loan rehabilitation and the forthcoming Repayment Assistance Plan under the One Big Beautiful Bill Act.

DRAFT FY 2023 3-YEAR COHORT DEFAULT RATES TO BE RELEASED

The Department of Education is expected to distribute the Draft FY 2023 3-Year Cohort Default Rate (CDR) notification packages to schools via their Student Aid Internet Gateway (SAIG) mailbox any day now. The package includes a cover letter and Loan Record Detail Report (LRDR). It is important for schools to review their draft data because there are sanctions for schools with high cohort default rates and benefits for schools with low ones and the draft cycle is one of the only opportunities to challenge certain data.

The Draft 3-Year Cohort Default Rates (CDR) for Fiscal Year 2023 is calculated by dividing the number of borrowers who entered repayment in 2023 by the number of borrowers who entered repayment in 2023 and defaulted in 2023, 2024 or 2025.

Although there are no sanctions or benefits associated with the draft rates themselves, the draft rates will become official in September. During the draft cycle, schools have an opportunity to challenge incorrect data or challenge their (low) participation rate. The challenge and appeals cycle begins in March and lasts for 45 days. More information about submitting an Incorrect Data Challenge or a Participation Rate Index Challenge can be found in the Cohort Default Rate Guide.

Benefits

A school whose most recent official cohort default rate is less than 5.0 percent and is an eligible home institution that is originating loans to cover the cost of attendance in a study abroad program may

disburse loan proceeds in a single installment to a student studying abroad regardless of the length of the student's loan period and may choose not to delay the disbursement of the first installment of loan proceeds for first year first-time borrowers studying abroad.

A school with a cohort default rate of less than 15.0 percent for each of the three most recent fiscal years for which data are available, including eligible home institutions and foreign institutions, may disburse, in a single installment, loans that are made for one semester, one trimester, one quarter, or a four-month period and may choose not to delay the first disbursement of a loan for 30 days for first time, first-year undergraduate borrowers.

Sanctions

First, a school loses eligibility for the Direct Loan and Pell Grant programs if its three most recent official cohort default rates are each 30.0 percent or greater. This is a cumulative, three-year test. If triggered, the loss of eligibility applies for the remainder of the fiscal year in which the school is notified and for the following two fiscal years. This is set out directly in regulation at 34 CFR § 668.206(a)(2) and (b).

Under 34 CFR § 668.206(a)(1), a school also loses eligibility based on a single year result if its most recent official three-year cohort default rate is greater than 40.0 percent. In that case, the school loses eligibility for the Direct Loan and Pell Grant programs, for the remainder of the fiscal year of notification and the following two fiscal years.

PROPOSED ED RULE REFRAMES HOW INSTITUTIONS DESCRIBE ACCREDITATION

The Department of Education [announced](#) a proposed interpretive rule that would eliminate use of the term “regional accreditor,” with public comments due by March 19. The proposal responds to ongoing use of legacy accreditation terminology that does not align with the current federal recognition framework.

Although federal regulations were revised in 2019 to remove the formal distinction between regional and national accrediting agencies, many institutions still describe themselves as regionally accredited. Some state agencies and licensing bodies continue to use the term in statutes or policies, and transfer-credit decisions often reflect the historical distinction. ED stated that this continued usage does not reflect how institutional accrediting agencies are recognized today and may mislead students and families.

Under federal law, all ED-recognized institutional accrediting agencies are evaluated using the same criteria. The proposed interpretive rule clarifies that institutions and accrediting agencies should use terminology consistent with that structure. In practice, ED is signaling that “regionally accredited” should no longer be used to imply a qualitative difference among recognized agencies.

The Department also noted that the outdated terminology has contributed to inconsistent transfer-credit practices. These inconsistencies have led some students to repeat coursework, raising both cost and time to completion.

Accreditation labels have also appeared in licensure requirements, sometimes creating barriers that federal policy does not draw.

If finalized, the change would require institutions to review and update consumer information disclosures, catalogs, marketing materials, admissions descriptions, articulation agreements, and transfer-credit policies to ensure accreditation references align with federal recognition standards. Institutions may also need to consult with state partners or licensing bodies if existing statutes rely on the older terminology.

The Department is also [proposing](#) additional rules to streamline the accreditor approval process. These rules are intended to promote competition among accreditors and provide opportunities for new institutional and programmatic accreditors to enter the space, which could make it easier and perhaps less expensive for colleges and universities to change accreditors.

GLBA COMPLIANCE STILL MATTERS

Postsecondary institutions that participate in Title IV Federal Student Aid programs are required to comply with the Gramm-Leach-Bliley Act, or GLBA. These requirements are not new. However, many institutions still lack a fully developed and documented Information Security Program that aligns with current federal standards.

In 2023, the Federal Trade Commission revised the Standards for Safeguarding Customer Information, commonly referred to as the Safeguards Rule. The updated rule strengthened expectations around data security, risk assessment, vendor oversight, incident response, and board-level reporting. ED reinforced that Title IV institutions must comply with these standards as part of their administrative capability obligations.

This applies to all participating institutions, including schools that have recently entered Title IV programs. It also extends to third-party servicers that access or maintain student and parent information on an institution's behalf. Institutions remain responsible for ensuring that servicers maintain appropriate safeguards.

At a minimum, institutions must maintain a written Information Security Program that addresses required elements under the Safeguards Rule. These include designated security leadership, documented risk assessments, implementation of safeguards to control identified risks, regular testing and monitoring, oversight of service providers, and a written incident response plan. Institutions are also expected to provide periodic reports to their governing body regarding the status of the information security program.

Failure to meet these requirements can surface in annual audits, program reviews, or other oversight activity. In some cases, institutions may face referrals to the Federal Trade Commission for enforcement concerns. Even when findings are not issued, weak documentation or incomplete policies often signal broader administrative capability risks.

For institutions that have not revisited their GLBA policies since the 2023 updates, now is a good time to review and strengthen internal controls. For institutions newly entering Title IV participation, GLBA compliance should be addressed early in the eligibility and certification process.

If your institution would like an independent review of its Information Security Program, or assistance developing or updating required policies, we can help. Higher Ed Executives provides practical, compliance-focused guidance designed specifically for Title IV institutions.

FIRST ADMINISTRATIVE COST ALLOWANCE PAYMENT FOR 2025-2026

The Federal Pell Grant regulations, outlined in 34 CFR 690.10, provide for an Administrative Cost Allowance (ACA) of \$5.00 per student to schools for each student receiving a Pell Grant in an award year. This allowance, aimed at supporting the administration of not only the Pell Grant but also other federal programs like the Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Federal Perkins Loan programs, is a crucial component for schools managing these financial aids.

For the 2025-2026 award year, the ACA payment calculation is based on a school's unduplicated recipient count in the Common Origination and Disbursement (COD) System. This count includes students with at least one accepted actual disbursement (where Disbursement Release Indicator, or DRI, equals "True"). Notably, a student is counted in this calculation even if there is a full recovery of the entire Pell Grant award. However, the count excludes students who are ineligible for a Pell Grant, those without accepted actual disbursements in the COD System, and those whose disbursements have been entirely rejected.

The first ACA payments for the 2025-2026 award year were processed on [February 20, 2026](#). These payments are based on the records processed in the COD System from the beginning of the award year up to the date of the first ACA payment processing. Schools will see their calculated Pell Grant ACA payment reflected as an Available Balance in their Pell ACA G5 Award Number (P063Q25####) in the G5 system. To access these funds, schools must sign in to the G5 website and complete a drawdown transaction.

Schools will be notified of their ACA payment amounts through an Electronic Statement of Account (ESOA), sent to the school's Student Aid Internet Gateway (SAIG) mailbox. This notification, identified by the Message Class PGAS24OP, will detail the ACA payment amount. Additionally, the COD website's School Funding Information screen will display various ACA-related details, including the total number of unduplicated recipients, the count of those for whom ACA has been paid, the total dollar amount paid to the school for the 2025-26 award year, and the date of the most recent ACA payment.

UPCOMING SAIG CONNECTIVITY UPDATE

Federal Student Aid [announced](#) an update to the Student Aid Internet Gateway environment that will change outbound TCP connectivity for institutions beginning in early March 2026. The Department plans to introduce new public IP addresses and requires institutions that restrict outbound traffic to ensure their systems can continue to send and receive files through SAIG after the change. The test environment will transition first, with availability expected in late February, and institutions that use it are encouraged to complete updates as soon as possible.

The update affects how campus systems initiate outbound connections when using EDconnect or TDClient. Institutions that manage strict firewall rules may need to adjust their configurations so traffic on port 26581 can reach the newly assigned IP addresses. FSA noted that production IP information is

being shared ahead of time so institutions can plan changes well before the March 1, 2026 deadline to prevent service disruptions.

These updates are part of FSA's broader modernization efforts, and institutions should review how they connect to SAIG and coordinate with their IT or network teams to ensure continuity of operations. Additional reminders and details will continue to be posted in the Knowledge Center.

FEDERAL AGENCIES ESTABLISH NEW PARTNERSHIPS TO STREAMLINE EDUCATION PROGRAMS

The U.S. Department of Education [announced](#) two new interagency partnerships designed to streamline federal education activities and shift certain operational responsibilities to agencies with aligned expertise. The agreements, established with the Department of State and the Department of Health and Human Services, reflect the Department's ongoing effort to reduce administrative layers and support the President's directive to return more control to states.

The partnership with the Department of State focuses on Section 117 of the Higher Education Act, which requires U.S. institutions to report foreign gifts and contracts. Under this agreement, State will help manage the reporting portal, assess institutional compliance, and apply its national security expertise to analyze and share information with federal stakeholders. The collaboration is intended to strengthen transparency in foreign funding and improve the federal government's ability to interpret and act on reported data.

The second partnership expands the Department's collaboration with the Department of Health and Human Services to support school safety and community engagement initiatives. HHS will take on administrative responsibilities for programs such as Project SERV, School Safety National Activities, Ready to Learn Programming, Full-Service Community Schools, Promise Neighborhoods, and Statewide Family Engagement Centers. By integrating these efforts with HHS's broader emergency preparedness and response capabilities, the Department aims to provide more coordinated support to schools and communities following significant events.

McMahon Recounts First Year Priorities, FAFSA Launch, Focus on ROI, OBBBA Implementation, and More During FSA's In-Person Conference

The Federal Student Aid (FSA) training conference in Washington, D.C., kicked off its first session on Wednesday, marking its first in-person convening since 2019. The first day's session covered a range of topics, including: loan changes made through the [One Big Beautiful Bill Act \(OBBBA\)](#); school eligibility changes; and updates on FAFSA processing.

While this year's conference is being conducted in person, virtual recordings from the week's sessions are expected to be made available within the next week or so, per guidance from the Department of Education (ED).

Education Secretary Linda McMahon, who was sworn in one year ago, kicked off the conference by recounting her first meeting with agency officials and how it focused on the FAFSA rollout.

McMahon said it was a priority to fix the form, and because of the department's work, they succeeded in [launching the form early](#) for 2026-27 and committed to launching next year's form on time.

"I spent the first week trying to pronounce FAFSA, I thought that was the hardest word I have ever tried to master to say," McMahon said. "But it was so important that we get it fixed because we had parents who couldn't even get online, they couldn't apply. Congress actually ordered us to get it up, get it fixed, and get it open and get it running."

McMahon also touted the [FAFSA's low earnings indicator](#) and how the tool's continued development will help students and families have a better idea of a program's return on investment (ROI).

Even though the department has undergone a reduction in force (RIF) and the administration has pledged to "dismantle" the agency, Aaron Lemon-Strauss, FAFSA program executive director, noted that under McMahon's leadership, the FAFSA team has remained a priority.

"In the middle of a hiring freeze, and in the middle of reductions elsewhere in the Department of Education, you [McMahon] prioritized making sure that the FAFSA team was able to hire the technical talent that it needed, to deliver the FAFSA, the earliest FAFSA in history," Lemon-Strauss said. "And that is a credit to the prioritization and the investment that the administration made."

McMahon then spoke about OBBBA, specifically focusing on workforce Pell Grants and new loan limits.

On Workforce Pell, which is being implemented through regulations developed by the Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) negotiated rulemaking [committee](#), McMahon stressed that the program will be critical in getting students into the workforce.

Lemon-Strauss then detailed some of ED's fraud prevention efforts and explained why schools have had to deal with more [V4/V5 verification](#) since last summer. He also noted that moving forward, instead of flagging potentially fraudulent apps for V4/V5 verification, ED will use its fraud detection process to identify applications it believes are fraudulent and send schools rejected ISIRs for those applications. Schools will not need to do anything unless they become aware that a reject was incorrectly applied and the student is actually real and intends to enroll, in which case the school can perform V4/V5 verification to remove the reject and process aid for the student.

McMahon also said that a college education needed to demonstrate a greater ROI than a high school degree and that while she supports every student pursuing a postsecondary education, she also argued that not all students need a degree.

"We have such a workforce shortage now, and our trades, and in our skills, and the fastest growing sector of millionaires in the country now are tradespeople," McMahon said. "We just need to look at our education with a full-on cultural eye, encourage all of those who can and want to go to college, and they need to go to college to go. College is a wonderful experience to be able to attend, but not everybody has to go."

Working Through OBBBA

The first day's agenda then turned into a two-part panel series that provided an overview of OBBBA's impact, which some officials referred to as the "Working Families Tax Cuts" Act. Presenters provided an

explanation of new annual, aggregate, and lifetime loan limits for graduate and professional students, in addition to the statutory elimination of Grad PLUS loans and new caps on parent PLUS loans.

The panel also provided some examples for awarding loans for less than full-time enrollment and institutionally limited borrowing.

During the presentation, officials provided some details on the updated definition of “professional” programs as defined during negotiated rulemaking, for which the public comment period ended this week. The department needs to work through comments and cautioned that Wednesday’s guidance was based on preliminary text and that additional guidance would be forthcoming in the “coming months.”

During a Q&A segment, the department provided more information on how the requirement to adjust loans for less than full-time (LTFT) enrollment applies when students drop classes after the add/drop period, such as when students are given grades of incomplete (I), withdrawn (W), or an earned F.

Tamy Abernathy, director of ED’s Office of Postsecondary Education policy coordination group, said that these adjustments always rely upon the institution’s definition of full-time status. As such, if an institution considered a student to still be full-time at the end of the fall term based on a grade of W, I, or F, then the financial aid administrator would base annual loan eligibility on full-time enrollment for fall. Previously, the department had not been clear about whether and how W, I, F are different from drops during add/drop.

Abernathy also said that LTFT adjustments are based on a student’s remaining eligibility vs. the statutory limit. So for cases where a student has, for instance, only \$1,000 of remaining aggregate eligibility, a financial aid administrator would need to adjust for LTFT enrollment using \$1,000 as the starting point, versus using the annual statutory maximum loan amount as the starting point.

ED also noted that they will allow graduate and professional students who switch programs within the same 4-digit CIP code to retain their limited exception eligibility. This addresses instances where graduate or professional students change concentrations within their program of study, a question that came up during negotiated rulemaking but was not addressed in the consensus or proposed regulations.

Abernathy also stressed that the department’s ability to go through examples on a case-by-case basis would be limited due to the 70,000 plus comments that they now need to review. She encouraged attendees to use the [department’s rulemaking resources for the RISE committee](#) to reference some scenarios that negotiators detailed.

The second part of the student loan changes presentation provided more details on how ED will update key FSA systems, including COD, NSLDS, StudentAid.gov, and Partner Connect to accommodate the changes from the OBBBA.

Subject matter experts on the Common Origination and Disbursement (COD) and National Student Loan Data System (NSLDS) were on hand to describe how those systems are being updated to handle the new annual, aggregate, and lifetime loan limits as well as the limited exception, or “grandfathering” provision for students to continue to borrow at current levels for up to three years.

COD will automatically identify students with a Direct Loan for 2025-26 with an award end date on or after April 4, 2026, as eligible for the limited exception using a new “grandfathering flag” in COD. COD staff acknowledged that this does not capture every student who may qualify for the limited

exception, [as NASFAA noted in recent comments](#), and stated that they have a plan for a manual process for schools to update the flag by calling COD.

ED officials confirmed that undergraduate students may not receive additional unsubsidized loans if their parent borrower reached the \$20,000 annual or \$65,000 aggregate Parent PLUS limit, stressing that reaching the annual or aggregate limit is not the same as a parent being denied a Parent PLUS loan.

Officials from the department also highlighted details about the Parent PLUS aggregate limit and the new lifetime limit from OBBBA. Previously, ED said those lifetime limit figures included amounts canceled, forgiven, discharged, or repaid; they have since removed reference to “canceled” loans. With this change, borrowers who request to have their loan proceeds returned within 120 days following a disbursement will not have those amounts count toward the new Parent PLUS aggregate limit or the new subsidized/unsubsidized \$257,500 lifetime limit.

ED then went over about 30 minutes of a Q&A where attendees shared specific scenarios for which they were seeking guidance. While ED officials were able to answer many questions, attendees were told that in some instances, the department is still working through unique situations and will continue publishing guidance as quickly as possible.

School Eligibility and FAFSA Updates

The conference then turned to focusing on operational changes impacting the School Eligibility and Oversight Services Branch. Officials noted that individuals who attended the [2025 NASFAA conference](#) had already received a similar update. During Wednesday’s presentation, ED noted that they would likely restart program reviews in 2027.

The final session turned to the FAFSA performance with updates for 2026-27 and beyond. The bulk of the presentation focused on ED’s rollout of the 2026-27 FAFSA and how they are pursuing a 92% submission rate for this year’s cohort. Right now, with roughly 10.6 million forms started and 9 million submissions, the submission rate stands at 85.4%.

Officials then highlighted their efforts to make FAFSA faster and easier, and explained how they work with partners to gather information from users and assess user feedback. Some of those partnerships include state FAFSA working groups, FAFSA coalition, vendor office hours, and beta events for FAFSA testing.

ED announced that real-time processing is coming to the FAFSA, which they [teased](#) during last month’s NASFAA’s Leadership Conference. By summer 2026, nearly all students who submit a FAFSA form will be able to: know whether their application has been successfully processed; view their confirmed Student Aid Index (SAI) and Pell Grant eligibility; and begin a correction and see corresponding SAI changes.

In the coming months, ED plans to roll out prefilled data for the same FAFSA cycle applicants, such as parents with multiple children enrolled in college, and renewal applications will also have prefilled data that a student can simply validate. Additionally, in the spring 2026, real-time fraud detection will be implemented on the FAFSA form.

Beginning with the 2026-27 FAFSA cycle and moving forward, ED will use a single link for the FAFSA Partner Portal instead of distinct links for each year’s FPP. And, in the coming months, ED plans to roll out

functionality for IRS data to be retrieved via the Financial Aid Direct Data Exchange (FA-DDX) for contributors with Individual Taxpayer Identification Numbers (ITINs).

Finally, officials highlighted an [upcoming mid-cycle change](#) to the ISIR layout to accommodate several changes from the OBBBA, including the addition of a new Workforce Pell Grant indicator and new annual, aggregate, and lifetime loan limit fields. ED officials stressed the importance of ensuring institutional systems where ISIRs are loaded must be updated to accept the new ISIR layout by the time the change is implemented on April 26, 2026, or ISIRs will not be able to be loaded.

White Paper: Additional Actions Need to Be Taken to Reform Graduate Education Financing

After the enactment of the One Big Beautiful Bill Act (OBBBA), which made several sweeping changes to the federal student loan program, [a new white paper](#) examines what additional steps institutions and state and federal policymakers need to take to ensure that graduate education is accessible.

The Consumer Bankers Association (CBA) recently published a white paper that discusses the implications OBBBA has on graduate student lending and the ability of private lenders to meet new demand from graduate students. The white paper also issues several recommendations for institutions and state and federal policymakers to further improve the market for education funding.

The OBBBA, which was signed into law last July, implemented a slew of changes to the federal student aid programs, including the elimination of the Graduate PLUS loan program and new loan limits for graduate and professional students. Under OBBBA, graduate students' Direct Unsubsidized Loan annual limit will remain at \$20,500 but will have a new aggregate limit of \$100,000. Professional students' Direct Unsubsidized annual limit will be \$50,000, with a new aggregate limit of \$200,000.

The creation of these new loan limits [has caused much debate](#) in Washington, with Republicans arguing that the loan limits are reasonable caps meant to protect students and lower costs. Meanwhile, Democrats have argued that these loan limits could push some students into the private loan market, where benefits such as the Public Service Loan Forgiveness (PSLF) program and borrower defense protections are unavailable, and some students could altogether be pushed out of graduate education if they can't receive a private loan.

In its white paper, CBA found the OBBBA reforms to the Grad PLUS program could impact roughly 2.5% of all new incoming graduate students.

CBA estimated the private loan market could underwrite student loans for a large majority of those students, at least 75%, who would have otherwise borrowed Grad PLUS loans, absent any changes in current tuition prices or increases in aid provided by schools and states, shifts in student school choices, or further policy reforms. However, that means about 25% of those students who would have otherwise borrowed Grad PLUS loans would not be able to have their student loans underwritten by private lenders.

CBA stated that OBBBA reform will help to drive down the cost of graduate education but argued that additional steps need to be taken by institutions and policymakers, otherwise certain groups of students may struggle to fully fund their tuition through private student loan lenders. Further action should be

considered by institutions and policymakers to make sure advanced degrees are accessible without reimposing federal debt burdens, CBA wrote.

“The reforms enacted by Congress mark meaningful progress, but they also reveal where better information, clearer standards, and targeted affordability efforts are needed to strengthen the system for students,” the white paper reads. “Specifically, more action is required to address the underlying cost of higher education and to improve lenders’ ability to responsibly underwrite new loans. Federal agencies can expand access to data on graduate outcomes and borrower financial profiles, while states and institutions can take steps to reduce costs or provide additional support.”

CBA made three recommendations. The first being that the federal government should provide greater transparency by producing samples of loan-level data on institutions and program performance, such as repayment rates, postgraduation income, and borrower credit scores. This data could enable private lenders to more efficiently price education loans. The federal government and loan servicers could also publish more granular student loan data to credit reporting agencies. This information could allow even greater ability for private lenders to effectively underwrite more borrowers, CBA argued.

There also needs to be more clarity for private lenders on program-level data. Greater clarity on the permissible use of program-level data would help ensure that private lenders can responsibly incorporate information to inform and protect students, while also supporting more affordable, competitive credit, CBA wrote.

Lastly, CBA recommended that states and institutions should continue to explore opportunities to address the rising cost of higher education, especially for programs and students that most need support. That could be through new approaches to grants and tuition assistance or reductions, or risk-sharing agreements and loan forgiveness.

NASFAA, Higher Ed Organizations Call on ED to Expand the List of Professional Degree Programs, Improve Neg Reg Process

As part of the ED’s proposed regulations related to the Reimagining and Improving Student Education (RISE) negotiated rulemaking (neg reg) committee, NASFAA and dozens of higher education organizations are urging ED to expand the list of professional degree programs, improve the neg reg process, and abide by the master calendar in the Higher Education Act (HEA) to give institutions the proper amount of time to implement new regulations.

Earlier in January, ED [published its Notice of Proposed Rulemaking \(NPRM\)](#) to implement statutory changes to the federal student loan programs enacted under the [One Big Beautiful Bill Act \(OBBBA\)](#). The proposed regulations largely mirror the [consensus text](#) agreed to by the RISE Committee, which focused on the phasing out of Grad PLUS loans, the establishment of new annual, aggregate, and lifetime loan limits for graduate and professional students and parent borrowers, the creation of a standard repayment plan and a single income-based Repayment Assistance Plan (RAP), and more.

On Monday, NASFAA and dozens of higher education organizations [sent a letter to ED](#), led by the American Council on Education (ACE), on concerns related to ED’s proposed regulations and the neg reg process as a whole.

Specifically, the organizations stressed that ED should allow more time for future neg reg sessions, voicing concerns over restricting discussion for negotiators.

“While we understand the importance of working efficiently, we want to make sure that the experts selected by the Department who are serving as negotiators do not feel pressured into making rushed decisions on exceedingly complex matters due to an expedited time frame,” the letter reads.

“Negotiators should have an adequate amount of time to understand the issue, communicate with their stakeholders, present well-informed arguments at the table, and participate with a goal of consensus.”

The organizations also stressed the importance of a comprehensive negotiating table that fully represents higher education. Among other groups, financial aid administrators should be represented in these committees. Notably, during the RISE Committee and Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) Committee sessions, financial aid administrators were not represented as a constituency group.

Additionally, many of the proposed regulations [would become effective](#) July 1, 2026. However, the organizations disagreed with ED’s implementation timeline, arguing that final regulations issued in 2026 should have an implementation date of July 1, 2027, at the earliest, in accordance with the HEA master calendar. Giving institutions this necessary time will allow them to prepare, adequately inform students and families of the changes to their student aid, and plan for the smoothest possible transition.

The organizations also voiced concerns about ED’s definition of “professional degree” in the NPRM. Since the RISE Committee session, [lawmakers](#) and experts in higher education have shared concern that ED’s definition of professional degree is too limited, and could create barriers for many students in accessing and completing certain fields of study due to OBBBA’s elimination of the Graduate PLUS program and ED’s short list of programs that will qualify for the new, higher unsubsidized loan limits.

The organizations stressed that institutions should be able to determine which programs are considered professional degree programs, as they have historically been permitted to do. They also offered a list of programs that could serve as an example if ED determines it will continue to maintain a list of professional degree programs.

“Professional degree programs help educate students in highly skilled, in-demand professions that are critical to our economy, such as nursing, education, and social work,” the letter reads. “Forcing students out of the many professional degree programs that exist outside of the 11 programs will have a detrimental impact on student loan borrowers.”

FSA Training Conference Commits to Another ‘Early December’ In Person Conference and Provides Updates on Workforce Pell, OBBBA, and More

During the second day of the Federal Student Aid (FSA) training conference in Washington, D.C., leadership from the ED provided attendees with more details on Workforce Pell Grants, additional updates on the [One Big Beautiful Bill Act \(OBBBA\)](#), touted FAFSA success, and more.

Nicholas Kent, ED’s undersecretary, kicked off the second day’s session, explaining that the conference was an important priority for the department. As soon as Kent joined the department, he began reviewing the conference planning.

“The draft plan that was given to me centered on moving away from an annual conference because of low satisfaction with the virtual conference platform and relying on national trade associations to reach our customers, to do our work,” Kent noted. “I said, no way.”

Kent further committed to continuing with the annual training conference, which officials indicated will be an in-person event.

“Staff will soon begin planning the next FSA Training Conference, which will be held later this year. That's right. We are bringing back the conference in early December,” Kent said. “With many of the past formats that you've enjoyed and new features, that will help you better serve your students.”

The undersecretary then provided some details on his personal background as a first-generation student, and explained how higher education has changed his life.

“I distinctly remember going to the financial aid office in both Wesleyan and GW [George Washington University], after the sticker shock of what it would cost to complete my degree, and remembering how thankful I was that there were professionals who could help me navigate the process and make it possible for me to attend,” Kent said. “Financial aid professionals like you helped me understand my options, connect with resources, and ultimately stay on the path to graduation. Without that support, my path through college and through life might have looked very different.”

In terms of policy discussions, Kent highlighted OBBBA implementation and recognized that the law's implementation raises questions, uncertainty, and even some anxiety for aid offices.

“This is a new law, and while we hope this training conference will answer many of your questions, there will be some that we need to take back and further explore,” Kent said. “Some answers are still being finalized, and others require us to research or understand the issues for the very first time. I personally ask for your patience and your grace, as we navigate implementing this together.”

Kent noted that OBBBA's July 1 implementation date is “ambitious” but said the department is on track.

“The department team has worked tirelessly to ensure these deadlines are met, which, in turn, helps each of you as financial aid professionals plan effectively for the next academic year,” Kent said. “Over the next few months, the department will release the final rules to implement the act's provisions, complete the necessary updates to FSA systems, and engage state and institutional leaders through webinars, open houses, office hours, and listening sessions.”

In terms of policy changes in OBBBA, Kent highlighted a provision that allows institutions to limit the amount of federal loans a student can borrow depending on the program they are pursuing.

“The act also delivers for financial administrators who, I know, have asked for the ability to further limit the amount certain students can borrow from the federal government, especially to attend low earnings programs,” Kent said. “For the very first time, financial aid administrators will be empowered to truly focus on college affordability, and counsel students to make informed borrowing decisions that will set them up for success after graduation.”

When it comes to meeting deadlines, Kent also took time to criticize the previous administration's effort to implement FAFSA simplification and explained how a delayed rollout of the FAFSA impacted aid offices.

“Thousands of students lacked access to this critical form that acts as a pathway to life-changing grants and loans, all the while, millions of taxpayer funds were wasted. As Deputy Secretary of Education in Virginia, I personally saw this terrible impact firsthand and as Undersecretary, I make this commitment to each of you, that this will never happen under my watch,” Kent said. “Despite critics' doubts, the Trump administration was able to launch the 26-27 FASFA form at the earliest time in the program's history.”

During Kent's remarks, he also said that the first edition of the common manual for the Federal Direct Loan Program will launch on July 1. The common manual will be for servicing and collection practices and policies under the direct loan program and will create federal guidelines for vendor operations to ensure consistent borrower communications, customer service, and enforcement actions.

Pell Grant Updates

The conference then turned to a discussion on Pell Grant eligibility [changes](#), including expanded Pell Grant eligibility for students enrolled in short-term workforce programs. The session came with the same caveats that, since regulations are still being developed and going through various stages of the rulemaking process, all guidance is based on preliminary text and subject to change.

At the start of the presentation, department officials stressed that the Workforce Pell Grant is not a new program and is instead an expansion of the current Pell Grant.

Department officials walked attendees through the outcomes of the [Accountability in Higher Education and Access through Demand-driven Workforce Pell \(AHEAD\) rulemaking committee](#). The committee met for two separate sessions. The first session focused on the Pell Grant changes, including Workforce Pell, and the second focused on institutional accountability for its graduates' earnings, which is not on the conference agenda.

According to ED, two separate NPRMs will be published. The first one will concern Pell Grants, including Workforce Pell, a preview of which will be posted to the Federal Register on Friday, March 6. The official federal register notice, which kicks off a 30-day comment period, will be posted on Monday, March 9. The accountability proposed rule is still being drafted by ED, with an uncertain publication date.

Officials from the department then went over the proposed Pell Grant regulatory language, which was agreed to by consensus at the conclusion of negotiated rulemaking, meaning ED's proposed regulatory text that it publishes for public comment must match what negotiators agreed to.

During the session's Q&A segment, ED confirmed that Workforce Pell programs are subject to the same Return of Title IV Funds (R2T4) and Satisfactory Academic Progress (SAP) rules as other Pell-eligible programs. ED also confirmed that eligible Workforce Pell programs will be subject to the gainful employment (GE) earnings accountability metric, which will be a part of the second NPRM for the AHEAD committee.

FSA said they will prioritize schools' e-apps that include approval requests for WFP programs because they understand the urgency of getting approval for these by July 1 so schools can make disbursements on time.

Cybersecurity Guidance

Officials from the department also provided an overview of cybersecurity and adhering to standards established by the National Institute of Standards and Technology (NIST) and explained how financial aid professionals can contribute to cybersecurity discussions at their institutions.

The session focused on safeguarding student data and the readiness advantages institutions have when complying with best practices. Officials specifically talked about how to identify where Personally Identifiable Information (PII) is stored at a given institution and identifying methods to keep it secure.

Officials also detailed [resources](#) available to ensure financial aid professionals are protecting the Federal Tax Information they receive from students' FAFSA forms.

Future of the repayment system

The department then provided an overview of changes being made to the student loan repayment system. Because the final regulations have not yet been drafted following the recent end of the [public comment](#) period, ED indicated that most of the presentation would be focused on a direct interpretation of the changes as written in the statute so as not to prejudge the outcome of the final regulations.

The session specifically went over what changes were made to the existing Income Driven-Repayment (IDR) plans, the creation of two new repayment plans, as well as repayment plan eligibility.

Officials made note of the fact that borrowers with consolidated Parent PLUS loans who do not borrow a new loan on or after July 1, 2026 will now have access to both Income Contingent (ICR) and Income Based Repayment (IBR), stressing that this has not received much attention but is good news for parent borrowers.

They also cautioned, however, that Parent PLUS borrowers need to be aware that borrowing a new loan on or after July 1, 2026 will cause them to lose access to ICR as well as Public Service Loan Forgiveness (PSLF), and that ED is doing their best to communicate this to borrowers.

Describing the Repayment Assistance Plan, ED noted that borrowers who file taxes using Married Filing Separate status will have their monthly payments calculated using only their individual AGI, but it will also only factor in only the dependents the borrower claims on their own tax return. They also stressed the importance of educating borrowers that only on-time payments will qualify for the interest subsidy and principal match.

ED provided several charts detailing which borrowers will qualify for which repayment plans based on the type(s) of loan(s) they borrow and when they borrow them. The charts were included in ED's slides which will be published beginning approximately one week after the FSA conference ends.

Department officials shared that they will be updating student loan websites and forms with important information for borrowers, including which repayment plans will sunset and whether and how borrowing a new loan on or after July 1, 2026 could impact their repayment options. Documents will be open for public comment soon and ED officials urged financial aid administrators to comment.

Day 2 Conference Wrap Up

The conference then broke out into separate "birds of a feather" open forum sessions, where attendees were able to join department officials with a focus on community colleges, historically Black colleges and

universities (HBCU), Tribal colleges and universities (TCUs), graduate and professional schools, and proprietary schools. These sessions were not recorded.

As a reminder, FSA plans to make recordings of all general sessions available to the public in the coming weeks. NASFAA will provide a link to those resources as soon as they become available. Stay tuned to *Today's News* and our social media channels for the most up to date resources.

Federal Court Denies Missouri's Request to Pause Dismissal of SAVE Lawsuit

After a federal court judge last week dismissed the state of Missouri's lawsuit and proposed settlement with the ED over terminating the Saving on a Valuable Education (SAVE) plan, the court doubled down on its decision on Wednesday and denied Missouri's subsequent request to temporarily halt this dismissal.

Last Friday, Judge John Ross of the U.S. District Court for the Eastern District of Missouri dismissed Missouri's lawsuit and settlement with ED, arguing that there is "no longer a live case or controversy sufficient" and that, therefore, the court doesn't have authority to enter a judgment. Under the proposed settlement, ED agreed not to enroll any new borrowers in SAVE, to deny pending applications, and to move all 7 million program borrowers into other repayment plans.

There are still many unanswered questions for borrowers after years of legal challenges to the SAVE plan. In its initial dismissal, the court neither revived the SAVE plan nor struck it down; it simply stepped aside. Because the administration and the states now agree the plan should end, and Congress has already enacted a phase-out through the One Big Beautiful Bill Act (OBBBA), the judge ruled there was no longer a legal dispute to resolve.

In response to this dismissal, Missouri, representing a group of GOP states, filed a new motion requesting to temporarily halt Ross's dismissal order while they pursue an appeal.

Ross then dismissed the new motion as well, stating that "there is no such remaining adversity" between ED and Missouri. Continuing to litigate would also put the court in the "impermissible and undesirable position of adjudicating a hypothetical question posed in 'a friendly, non-adversary, proceeding' in which a 'real, earnest and vital controversy' has ceased to exist and which the parties have resolved out of court," Ross wrote.

Furthermore, Ross argued that the court is not convinced that Missouri faces an irreparable injury if a stay is not issued. Missouri argued that "only this Court's preliminary injunction prevented enforcement" of the SAVE plan, and without making this court injunction permanent, individuals could start applying for student loan relief once again.

Ross wrote that the court isn't persuaded by this argument, noting a provision in the One Big Beautiful Bill Act (OBBBA) will terminate the SAVE plan on July 1, 2028. Ross added that ED could have begun phasing out SAVE as early as the enactment of OBBBA on July 4, 2025, and that doing so does not require a court decision, or could have conducted a negotiated rulemaking session "to more immediately repeal" the SAVE plan.

This second dismissal again leaves borrowers in limbo until ED decides its next steps. While the SAVE plan legally has to sunset by June 30, 2028, ED can still conduct negotiated rulemaking as soon as it can

schedule it to eliminate the program before that date. ED has yet to release any information indicating its plan to phase out SAVE through negotiated rulemaking.

FSA's Federal Update Details New Webinar Series and Works Through OBBBA Provisions

The Federal Student Aid (FSA) training conference in Washington, D.C., wrapped up its in-person convening on Friday and provided attendees with more information and additional resources to help with the One Big Beautiful Bill Act (OBBBA) implementation, FAFSA updates, foreign gift reporting, and interactive sessions.

Recordings of the in-person session, along with presentation materials, are expected to be made available in the coming weeks. Stay tuned to *Today's News* for links to those recorded sessions.

Prior to the department's federal update session, Richard Lucas, acting chief operating officer of Federal Student Aid (FSA), who recently [spoke at NASFAA's Leadership Conference](#), provided a recap of FSA conference sessions and explained how financial aid administrators are on the front lines of policy implementation.

"When Federal Student Aid implements policy change, you operationalize it. When systems shift, you translate them. When students are confused, you steady them, and when something breaks, you feel it first," Lucas said. "That is why this in-person conference matters, and that is why your role really matters."

The conference then turned to a federal update, during which Tamy Abernathy, director of ED's Office of Postsecondary Education policy coordination group, and David Musser, deputy director of Policy Implementation and Oversight, provided guidance on the department's latest initiatives, with a focus on OBBBA implementation, FAFSA application updates, and more.

Abernathy noted that Wednesday's loan changes session was very difficult since attendees had questions that the department cannot answer yet due to the fact that regulations are still in the process of being finalized. In response to feedback and concerns attendees shared following that session, she noted that ED will be hosting a series of webinars in early April where department officials will be available to answer questions related to loan limits and other changes resulting from OBBBA.

The federal update then provided an overview of the negotiated rulemaking process and touched on regulatory actions impacting the Public Service Loan Forgiveness (PSLF) program, OBBBA, additional loan guidance, a recap of FAFSA updates and the OBBBA program earnings accountability framework.

In terms of ED's rulemaking on PSLF, [NASFAA has provided a deep dive](#) that evaluates final regulations on employer eligibility changes. Abernathy noted that ED will issue a "minor correction" to the final regulations for PSLF no later than June 1, 2026, but did not elaborate on what that change is.

Abernathy noted that the department received 76,610 comments in response to the Reimagining and Improving Student Education (RISE) Committee. According to ED, that total will be adjusted so as not to double-count duplicate submissions and mass letter campaigns.

She went on to revise some comments made earlier in the week in response to an attendee question about students who, in 2025-26 are enrolled in the final year of their program of study per the published

program length, but who need to enroll in more credits for 2026-27 to finish their credential. Originally ED said these students would not be eligible for the limited exception for the 2026-27 award year. Now the department indicated that they don't believe Congress meant to punish students in these kinds of situations, but must discuss the issue in more detail before confirming this. ED promised to go back to the Office of Management and Budget (OMB) and ED's Office of the Undersecretary to re-evaluate ED's position and to provide an answer soon.

Abernathy also provided some clarification on adjusting loans for less than full-time (LTFT) enrollment for students who enroll in summer, and the distinction between header schools and trailer schools. She confirmed that, for schools that treat summer as a trailer to the 2025-26 award year, no adjustments are required since this provision is only being implemented by ED for the 2026-27 award year and beyond.

She also provided confirmation that, beginning with the 2026-27 award year when LTFT adjustments become mandatory, institutions may opt to make adjustments in the same term in which a student drops credits, instead of waiting until the subsequent term to make those reductions. Some institutions have expressed interest in this option since they believe it could be easier to explain to students by making a more direct connection between the dropped credits and the loan reduction. She stressed ED's desire to maintain flexibility for institutions where it is possible.

"I know it's still confusing," Abernathy said. "Which is why we want to make sure that we're meeting with you, should you still have questions. We want to make sure that we give you the information you need to process this, especially when you're starting in the summer, which starts soon. We know you need help with that, and we are here to do that."

Finally, Abernathy shared that ED understands that schools still have many outstanding questions related to LTFT adjustments for programs that award aid using borrower-based academic years (BBAY). She indicated ED had not adequately considered BBAY in thinking through LTFT adjustments and welcomed feedback from BBAY schools so ED can ensure the LTFT rules apply correctly to them.

Musser then provided an overview of FAFSA updates which had been shared earlier in the week in Wednesday's FAFSA Updates session, and OBBBA changes to Pell Grants that were a part of the Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) committee.

He stressed the need for institutions interested in offering Pell Grants for workforce programs to engage with their accreditors to confirm that these programs are included in the institution's accreditation, since they may not currently be if they are offered as noncredit programs.

According to Musser, the final rule for the Pell provisions from the AHEAD rulemaking session should be issued "closer to the beginning of May." By trying to get the rule out earlier, ED is hoping to give schools time to get approvals for Workforce Pell Grants by July. On Thursday ED said they will prioritize e-apps seeking approval for new WFP programs, again in the interest of ensuring that these programs could be ready to disburse aid starting July 1.

In a session concerning foreign gift reporting officials detailed background information of Section 117 of the Higher Education Act, which governs foreign gift and contract reporting, the current state of the law, potential impact of noncompliance on institutions, and what circumstances trigger the requirement to report.

Officials also provided an overview of the foreign gift and contract reporting portal and urged financial aid professionals to take back details from Friday's presentation to university officials in charge of foreign gift reporting, acknowledging that, while timely and accurate reporting is required for the institution's eligibility to participate in the Title IV programs, the responsibility to complete such reporting may lie outside the financial aid office at many institutions.

The afternoon session began with two interactive sessions concerning default prevention and a FAFSA listening session. Neither of these sessions were recorded.

The final session was presented by ED's Office of Inspector General and focused on potential threats facing institutions of higher education, focusing on fraud in the Title IV programs.

For more details check out our recaps of the conference's [first](#) and [second](#) day of programming.

ED Publishes NPRM to Implement Pell Provisions Enacted Under OBBBA

The ED [published a Notice of Proposed Rulemaking \(NPRM\)](#) to implement statutory changes to the Pell Grant program enacted under the [One Big Beautiful Bill Act \(OBBBA\)](#).

The proposed regulations largely reflect the consensus language reached by negotiators during the [negotiated rulemaking process](#), with a few technical clarifications and conforming changes. Comments on the proposed regulations are due 30 days after publication in the Federal Register, on Wednesday, April 8.

The proposed regulations would create two major policy changes. First, they would establish the new Workforce Pell (WFP) program, allowing Pell Grants to be used for certain short-term workforce training programs offered by eligible institutions. Second, the regulations would implement a provision making students ineligible for a Pell Grant if their non-federal grant or scholarship assistance equals or exceeds their cost of attendance (COA), even if the student was otherwise eligible for the grant.

The NPRM outlines several areas where the department is seeking public input from stakeholders.

Among the issues raised for comment, ED requests feedback on how to prevent institutions from potentially circumventing the new statutory limit on Pell Grant eligibility when non-federal grant or scholarship assistance exceeds a student's COA. Under the proposed regulations, a student would be ineligible for Pell if non-federal aid equals or exceeds COA, but could still receive the full Pell Grant if that aid falls even just one dollar below COA.

ED notes that this could incentivize institutions to structure aid packages just below COA or to use professional judgment to slightly increase the COA to preserve Pell Grant eligibility. As a result, the department is seeking input on alternative approaches to prevent "gaming" of this provision, such as additional reporting requirements, oversight, or enforcement mechanisms.

ED is also requesting input on whether institutions would have sufficient visibility into students' non-federal assistance and have the administrative resources and technical ability to comply with a proposed requirement that Pell Grants be returned if a school learns before the final Pell disbursement that outside aid equals or exceeds the student's cost of attendance.

Related to WFP, feedback is requested on the department's proposed framework for measuring workforce program outcomes. Because official earnings metrics cannot be calculated until the 2030-31 award year, ED is considering establishing an interim earnings measure to evaluate program performance during the early years of implementation.

ED is also seeking input on how to define the group of students included in earnings calculations, whether additional student categories should be excluded from the cohort used to measure outcomes, and how many years of program completers should be combined to ensure a sufficient sample size for evaluating program performance.

Lastly, ED proposed clarifications to establish specific technical boundaries for the new provisions. Key updates include defining "non-federal assistance" to exclude what the Higher Education Act (HEA) excludes from "Other Financial Assistance", such as tax credits, 529 plans, and emergency aid.

Regarding WFP, although the statute specifies that eligible WFP programs must last at least 8 weeks but fewer than 15 weeks, ED clarified in the NPRM that, in practice, this effectively limits programs to no more than 14 weeks. The Department goes on to reference how a week of instructional time is defined under 34 CFR 668.3, which says "a week of instructional time is any week in which at least one day of regularly scheduled instruction or examinations occurs", meaning that any program lasting 14 weeks and 1 day (or more) would be counted as 15 weeks, violating the OBBBA statutory program length requirement.

ED also clarified that non-credit or reduced-credit remedial coursework cannot be used to determine enrollment intensity or COA for credit-hour WFP programs. Additionally, the proposal confirms that while students with baccalaureate degrees are eligible for WFP, those who have already earned or are currently pursuing a graduate-level credential, such as a master's, professional degree, or graduate certificate, remain ineligible.

NASFAA plans to submit comments on the proposed regulations and will publish a draft version in *Today's News* ahead of the comment deadline, allowing members to review the feedback and draw on it as they develop their own comments. The NPRM covering the accountability provisions will be released separately in late May or early June.

Members seeking additional context may wish to review NASFAA's [One Big Beautiful Bill Act Web Center](#), NASFAA's [Negotiated Rulemaking Web Center](#), as well as NASFAA's [AHEAD Committee webinar](#), all of which offer a deeper discussion of the provisions included in this NPRM.

NASFAA Endorses Bipartisan Legislation to Create Fixed 2% Interest Rate on Federal Direct Student Loans

NASFAA is endorsing [the Lowering Student Loans Act](#), new bipartisan legislation that would amend the Higher Education Act (HEA) and set a fixed 2% interest rate for all federal Direct student loans, a change that would be applied retroactively to existing Direct loans with higher rates and be fixed for the life of the loan.

The bill, introduced this month by Reps. Mike Thompson (D-Calif.) and James Moylan (R-Guam), would apply to all federal Direct student loans, including Stafford, Unsubsidized Stafford, Parent and Graduate

PLUS, and Direct Consolidation Loans, issued on or after July 1, 2026. The legislation would also allow FFEL borrowers to consolidate their loans into Direct loans to access the 2% rate.

NASFAA [has endorsed similar legislation](#) in the past that would lower interest rates for federal student loans. [Currently](#), the interest rates for new federal student loans range between 6% to 9%, depending on the loan type.

NASFAA President and CEO Melanie Storey noted that many students and families rely on federal student loans to make higher education possible, and they “deserve interest rates that are fair, transparent, and manageable.”

“The Lowering Student Loans Act would provide meaningful financial relief while committing to a predictable, stable interest rate that allows students to plan for the future with greater confidence,” Storey said in a statement. “When borrowers can anticipate what their loans will cost over time, they are better positioned to make informed decisions about enrollment, completion, repayment, and long-term financial goals.”

The Lowering Student Loans Act is endorsed by several education organizations, including the National Association for College Admission Counseling (NACAC), National Association of Secondary School Principals (NASPP), the National Education Association, and Young Invincibles.

“Too many Americans are doing everything right only to see their balances grow because of high interest rates,” said Thompson [in a statement](#). “This bill is a simple, targeted fix. By lowering interest rates to 2 percent and locking them in for the life of the loan, we help borrowers pay down their principal faster, reduce long-term costs, and finally make real progress toward financial stability.”

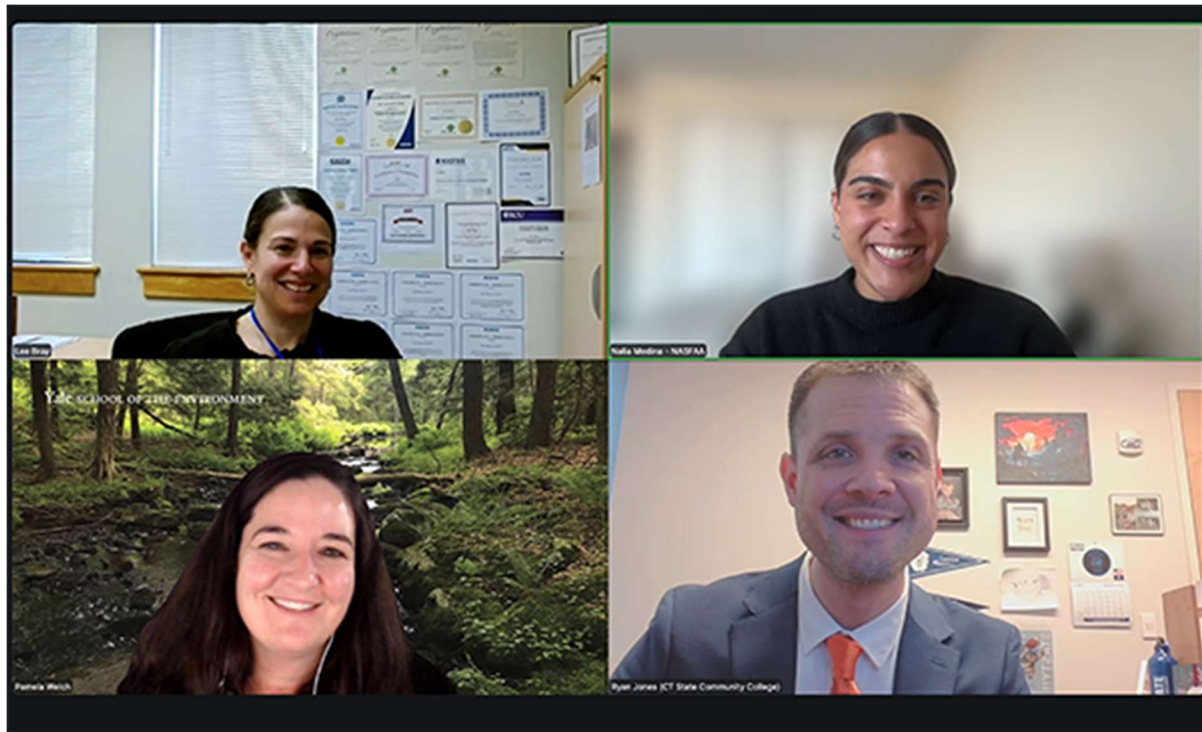
The legislation has been referred to the House Committee on Education and the Workforce, where it must advance before a broader House vote.

Financial Aid Professionals Reflect on Most Recent 2026-27 Virtual Advocacy Pipeline

In January, NASFAA hosted its first Advocacy Pipeline of 2026. Three members — [Lee Bray](#) from Pitt Community College, [Pamela Welch](#) from Yale School of the Environment, and [Ryan Jones](#) from CT State Community College Gateway – met virtually with congressional staffers from North Carolina and Connecticut.

The Advocacy Pipeline entailed meetings with several congressional offices, including Reps. Gregory Murphy (R-N.C.) and Rosa DeLauro (D-CT) and Sens. Ted Budd (R-N.C.) and Richard Blumenthal (D-CT). During the virtual meetings, NASFAA members discussed [increasing funding for the Pell Grant](#) and reinstating the program’s automatic inflation adjustment, as well as lowering interest rates of federal student loans. Pipeline participants referenced the [Affordable Loans for Students Act](#), a bill endorsed by NASFAA that would lower the interest rate on federal student loans to 2% and help ease the burden of student loan debt on current and future borrowers. The group also discussed [reforming student loan default](#) by allowing defaulted borrowers who enroll and make a payment in an income-driven repayment (IDR) plan to immediately exit default.

We asked the Advocacy Pipeline participants to share their thoughts and key takeaways from their time advocating with congressional staffers. Read on to learn about their experiences, and fill out [this interest form](#) if you would like to participate in an Advocacy Pipeline event.



Lee Bray – Senior Director of Financial Aid, Veterans Affairs and Student Resource Centers, Pitt Community College

I cannot speak highly enough about the Advocacy Pipeline virtual Hill meetings. I have attended numerous Hill visits before, but never in a virtual environment. Nalia organized everything for us, which considerably lowered any anxiety or nervousness I had.

I am not sure what I was expecting this time around. I knew how the conversations would flow but not in a virtual environment. I felt it was actually easier to have the meetings virtually rather than in person, which surprised me. Being able to have your notes and talking points handy was such a relief.

We discussed doubling the maximum Pell Grant award, lowering student loan interest rates, and reforming student loan default. I was truly surprised that we had very favorable interactions. The staffers seemed genuinely interested in our topics and asked follow-up questions and for materials to reference. I don't know if I had ever had more positive interactions!

I encourage anyone to consider participating in the Advocacy Pipeline. It is such an invaluable experience, and anyone can do it. Nalia makes the process so easy and stress free. It was an honor to participate in this with NASFAA and I love the opportunities NASFAA gives us. Being inclusive and valuing your members' voices is truly appreciated!

Pamela Welch – Senior Associate Director of Financial Aid, Yale School of the Environment

The NASFAA virtual Advocacy Pipeline experience was truly amazing. With more than fifteen years in financial aid, I can confidently say this was one of the top ten experiences of my career. What made it especially meaningful was the opportunity to advocate for issues that are close to our hearts as financial aid professionals.

Although I currently work at a Graduate and Professional School, I chose to speak about the Pell Grant program because of my prior experience supporting students whose ability to attend college depended on Pell Grant funding. As financial aid administrators, we are the boots on the ground and are uniquely positioned to speak to what is working and what is not.

For those considering future NASFAA advocacy opportunities, my advice is simple: come prepared. Time is limited, so know your message, refine your elevator pitch, and be ready to make every moment count.

Ryan Jones – Campus Supervisor, Financial Aid Services, CT State Community College Gateway

When I was invited to participate in NASFAA's Advocacy Pipeline, I didn't really know what to expect. I've had limited interactions with policymakers on the federal level in the past, but never anything as close as a private conversation. That the other financial aid administrators and I were able to speak with congressional staffers directly about financial aid-matters of interest and concern was more than I could have hoped for.

We spoke at length about several financial aid topics and their importance to higher education. The staffers asked relevant questions, took notes, and provided some insight into the decision-making processes for their various districts. Hearing their explanations and anecdotes helped describe what the overarching atmosphere on Capitol Hill is currently like, at least with respect to higher education.

If given the opportunity, I would absolutely recommend that any financial aid professional interested in participating in the Advocacy Pipeline do so. You will not only have the chance to network with fellow NASFAA members, but you could wind up making inroads with legislators (to some degree), which is important for advocacy efforts.

Also, I'd like to personally thank Nalia Medina for facilitating the experience. Everything went as well as it did because of her guidance. I hope to work with her again in the future.

AIR: Institutions May Request ACTS Reporting Extension Under Certain Conditions

The deadline for institutions to submit data to the Admissions and Consumer Transparency Supplement (ACTS) is Wednesday, March 18, but institutions that require additional time may qualify for an extension, [the Association for Institutional Research \(AIR\) confirmed](#). Under new guidance, confirmed by leadership at the Institute of Education Sciences (IES), institutions may request an extension by March 18 to submit data to ACTS until Wednesday, April 8. To qualify, institutions must meet two conditions: all ACTS screening questions must be completed for all seven ACTS years, and at least three years of ACTS data files must be uploaded to the IPEDS Data Collection System (DCS). Institutions that meet these two conditions and require additional time must request an extension from the IPEDS Help Desk at (877) 225-2568 or ipedshelp@rti.org by March 18.

ED Announces Upcoming FAFSA System Updates Related to OBBBA

The ED published an [electronic announcement](#), detailing upcoming changes to several Federal Student Aid (FSA) systems to support the expansion of Pell Grant eligibility for eligible workforce programs and revised limits on federal student loans enacted under the [One Big Beautiful Bill Act \(OBBBA\)](#).

These system updates will be made April 26, 2026, to accommodate the July 1, 2026 effective date for the new loan limits and expansion of Pell Grant eligibility, and will include updates to the FAFSA Processing System (FPS), FAFSA Partner Portal (FPP), the Common Origination and Disbursement (COD) system, and the National Student Loan Database System (NSLDS).

[As announced last summer](#), all student- and contributor-facing FAFSA updates related to OBBBA were already made in time for the launch of the 2026-27 FAFSA. As a result, ED does not anticipate any additional FAFSA changes related to OBBBA after these upcoming system updates.

Workforce Pell Updates

One key update involves a new data field on the ISIR record layout and in FPP that identifies whether a student is enrolled in an eligible workforce program. This new field, titled "Enrolled in Eligible Workforce Program," supports the change to the law, effective July 1, 2026, that a student enrolled in an eligible workforce program can receive a Pell Grant even if they already have a bachelor's degree. Currently, students with a bachelor's degree can only receive a Pell Grant if they are enrolled in certain teacher certification programs.

It is important to note that while the FAFSA includes a question about whether a student is pursuing an initial teaching certification, there is no question about enrollment in a workforce program. As such, if a student indicates on the FAFSA that they already have a bachelor's degree, the Pell eligibility flag will be set to 'no' on the ISIR unless they also indicate they are pursuing an initial teaching certification. Because there is no FAFSA question asking about workforce program enrollment, all initial FAFSA records will have the new "Enrolled in Eligible Workforce Program" field set to blank. Financial aid administrators will need to manually change this field to "yes" for students enrolled (or accepted for enrollment) in an eligible workforce program. The electronic announcement states this manual update will need to be made via "EDE batch correction," but does not say if the update can also be made individually in FPP. NASFAA plans to follow up with the department on this detail. Once this field is set to "yes," FPS will process a new transaction that includes the student's Pell Grant eligibility. ED noted that institutions remain responsible for confirming students meet all Pell Grant eligibility requirements before disbursing funds.

The new transaction showing the student's updated Pell Grant eligibility will be sent to all schools listed on the student's FAFSA, even if they did not update the "Enrolled in Eligible Workforce Program" field, and even if the student is not enrolled in a workforce program at those other schools. ED stated they will update the text displayed on the student's FAFSA Submission Summary to make this clear.

A new warning will also be added to COD to prevent schools from inadvertently disbursing Pell Grant funds to a student who is only eligible for Pell based on enrollment in a workforce program at a different school. The electronic announcement says, "This warning will prompt schools to confirm that the disbursement is for an eligible workforce program whenever they attempt to disburse funds on a transaction with the 'Enrolled in Eligible Workforce Program' indicator selected and for which tuition and fees were not reported."

Because the “Enrolled in Eligible Workforce Program” field is manually updated, if a student enrolled in a workforce program later ceases to be enrolled in an eligible program, schools should then manually update the field to “no.” This includes students who were accepted into an eligible program but did not enroll.

Loan Limit Updates

The department also announced changes to the NSLDS match process due to the new aggregate and lifetime limits on federal student loans, new annual and aggregate limits for Parent PLUS Loans, and the elimination of the Graduate PLUS Loan program. The announcement states, “The NSLDS Information block on the ISIR has been updated to accommodate new aggregate loan limits, academic levels, and loan limit exception flags. This includes several new fields, as well as 12 additional NSLDS post-screening reason codes.” The [2026–27 FAFSA Specifications Guide](#) has already been updated to reflect these changes. Specifically, Volume 4A-Records Layout shows the updates to the ISIR record layout and details these changes in the Change History Table. Changes to other volumes of the FAFSA Specifications Guide will be published over the next month as well.

Importantly, the EA notes that “There won’t be a large-scale reprocessing effort as part of this launch. Changes to student records in NSLDS may trigger a post-screening NSLDS system-generated transaction using the existing process.” At last week’s Federal Student Aid Training Conference, ED officials provided more information about how students would be identified as subject to either the new loan limits or the existing limits under the limited exception eligibility requirements for purposes of originating new loans and for tracking remaining aggregate and lifetime eligibility.

In that [session](#), ED officials shared that COD will automatically identify students who received a Direct Loan for the 2025-26 award year with an award end date on or after April 4, 2026 as eligible for the limited exception using a new “grandfathering flag.” This flag is what will prompt the NSLDS post-screening process and display the new post-screening reason codes on subsequent ISIR transactions, reflecting whether students are close to or exceeding aggregate and lifetime limits based on which limits apply to them. Because of this, ED officials advised institutions not to hold off on sending origination records to COD for 2026-27, since that will serve as the trigger to flag limited-exception eligible students.

In Monday’s announcement, ED noted that only the 2026-27 ISIR record layout would be changed when these updates are made April 26, 2026. There will be no change to the 2025-26 ISIR record layout. Any 2026–27 ISIR generated on or after April 26 will be generated in the new record layout.

As a reminder, while the system updates will be made April 26, 2026, the expansion of Pell Grant eligibility to eligible workforce programs and the changes to federal student loan limits are not effective until July 1, 2026. ED also noted that the guidance provided in the electronic announcement is based on the proposed regulations, as published in the recent [Notice of Proposed Rulemaking \(NPRM\)](#). If there are any changes in the final rules impacting these updates, additional guidance will be released.

Federal Appeals Court Reverses SAVE Dismissal, Advancing ED and Missouri’s Settlement

Just over a week after a district court dismissed a lawsuit and proposed settlement between the ED and Missouri regarding the Saving on a Valuable Education (SAVE) plan, a federal appeals court reversed the dismissal, leaving many questions for millions of borrowers on where they stand in the repayment plan.

[In late February](#), Judge John Ross of the U.S. District Court for the Eastern District of Missouri dismissed a settlement between ED and Missouri, arguing that there is “no longer a live case or controversy sufficient,” therefore, the court doesn’t have authority to enter a judgment. Under [the proposed settlement](#), ED agreed not to enroll any new borrowers in SAVE, to deny pending applications, and to move all 7 million program borrowers into other repayment plans.

In response to this dismissal, Missouri, representing a group of GOP states, [filed a new motion](#) a few days later, requesting to temporarily halt Ross’s dismissal order while they pursue an appeal. Ross [responded to this motion and doubled down](#) on the dismissal, stating that “there is no such remaining adversity” between ED and Missouri. Continuing to litigate would also put the court in the “impermissible and undesirable position of adjudicating a hypothetical question posed in ‘a friendly, non-adversary, proceeding’ in which a ‘real, earnest and vital controversy’ has ceased to exist and which the parties have resolved out of court,” Ross wrote.

However, a three-judge panel for the Eighth Circuit Court of Appeals [reversed Ross’s dismissal](#), directing the district court to enter a final judgment on ED and Missouri’s settlement.

In a statement to NASFAA, ED said it will issue guidance in the “coming weeks” on next steps for borrowers enrolled in the SAVE plan, including information on how to move to another repayment plan.

This order from the Eighth Circuit Court of Appeals comes as a group of borrowers has [filed a separate lawsuit](#) in response to Ross’s dismissal of ED’s settlement, requesting that the department fully implement the SAVE repayment plan, provide loan discharge to borrowers currently eligible under the program, and restore access to SAVE repayment benefits for borrowers denied relief.

Many questions remain for the 7 million borrowers enrolled in SAVE, including whether they are still in forbearance, how and when they’ll be transitioned to a new repayment plan, whether they’ll receive debt relief benefits under SAVE, and more.

Under the One Big Beautiful Bill Act (OBBBA), the SAVE repayment plan will be eliminated as of July 1, 2028. ED has yet to announce its plan to sunset the SAVE plan but has stated that it will hold a negotiated rulemaking session to remove the plan from federal regulations. ED has yet to release any details on this session.

ED Receives Recommendations to Reform Institute of Education Sciences

As part of the Trump administration’s effort to reform the Institute of Education Sciences (IES), the ED recently [released a report](#) outlining several recommendations to further “reimagine” the agency.

Since President Donald Trump took office, his administration’s broader effort to dissolve ED and “return education to the states” resulted in the gutting of IES. Last year, the Trump administration [canceled nearly \\$900 million in research contracts](#) for IES and conducted mass layoffs within the agency.

Now in a new report, [titled Reimagining the Institute of Education Sciences](#), ED's Senior Advisor Amber Northern, listed six recommendations for ED to reform IES, which is "in need of a significant overhaul." The report touches on multiple branches within IES, including the National Center for Education Statistics (NCES), which houses the Integrated Postsecondary Education Data System (IPEDS), and includes findings from discussions with IES, ED, lawmakers and policymakers, researchers, and more.

"The need for an effective and independent IES is especially critical now, as the Department of Education streamlines its work with partner agencies and as discussions about its long-term future continue," Northern wrote. "Program offices within the federal government are driven by policy priorities and compliance responsibilities. But IES's mission is fundamentally different: to conduct rigorous, objective research and statistics in service of the public good, not a particular administration."

Northern's six broad recommendations, dubbed "big shifts", to reimagine IES are as follows:

- Rather than spreading resources across many disconnected projects, IES should focus on the most urgent education challenges that are informed by state and district leaders.

Northern wrote under this recommendation that it is "imperative" IES continues to collect national statistics, such as the Integrated Postsecondary Education Data System (IPEDS), since they serve the public good.

- Instead of funding multiple data collections and longitudinal surveys that may be redundant or outdated, IES should develop a streamlined and coordinated data strategy while preserving and strengthening its core functions.
- Rather than focusing on individual project-specific grants within a single state, institution, or jurisdiction, IES should prioritize multi-state awards to help scale the most promising interventions, resources, and policies.

Northern wrote in this recommendation that some NCES datasets, such as IPEDS, have become "integral components" of the education data infrastructure. However, she noted, that doesn't mean these components "should escape a fresh eyes review."

- IES should direct the focus of research toward practicality, innovation, and relevance.
- IES should build mechanisms by which the applied research and technical assistance work of its Regional Educational Labs (RELs) is responsive, timely, and coordinated, as well as shared across the country.
- Narrow the scope of the "What Works Clearinghouse" to the development of practice guides and tools to ensure that its evidence base is better utilized.

Northern also provided specific recommendations to NCES, focusing on data modernization and all NCES data collections, including IPEDS.

- Conduct a thorough review of current administrative and survey data collections to ensure they are relevant: identify gaps, streamline processes, and consider discontinuation as warranted.
- Develop standardized data-sharing agreements with state and local education agencies
- NCES should ensure that data are consistently structured and have standardized definitions.

- Utilize Application Programming Interfaces (APIs) to improve data accessibility.
- Increase the speed at which data are collected, vetted, and shared.

In the report's conclusion, Northern stressed the need for "thoughtful changes" within IES to better serve students, parents, and states." Additionally, she touched on the mass layoffs at the agency, noting that states are being asked to shoulder more responsibility and IES needs to offer states opportunities to build their own research and technical assistance capacity.

"It is neither partisan nor ideological to say that decisions about children, teachers, and schools must be grounded in rigorous evidence," Northern wrote. "This small statistics and research shop remains committed to that mission, even as it needs to undergo significant reforms to carry out that mission much faster and better."

Staffing Changes at the U.S. Department of Education in 2025: What the Federal Workforce Data Suggests for Financial Aid Administration

A new [analysis](#) from NASFAA's Research Department finds the ED experienced a net loss of nearly 1,900 employees between January and December 2025, including reductions in offices central to federal student aid and postsecondary policy. Federal Student Aid (FSA) declined by 689 employees during this period, while the Office of Postsecondary Education (OPE) lost 55 staff. Drawing on federal workforce data from the U.S. Office of Personnel Management, the report examines how staffing levels, workforce composition, and departure patterns shifted across ED in 2025.

Senate HELP Committee Holds Hearing on Foreign Influence in Higher Education

The Senate Health, Education, Labor and Pensions (HELP) Committee on Thursday [held a hearing](#) focusing on foreign influence in higher education, which touched on many issues, such as the U.S.-China relationship, research, academic integrity, foreign gift reporting, and more.

Specifically related to federal student aid and the financial aid profession, Sen. Bill Cassidy (R-La.), chair of the Senate HELP Committee, in his opening remarks called on his colleagues to pass the DETERRENT Act. The DETERRENT Act, [which was passed by the House last year](#), seeks to amend foreign gift and contract reporting requirements for institutions by amending the Higher Education Act (HEA).

One provision of the bill includes decreasing the foreign gift reporting threshold for institutions from \$250,000 down to \$50,000, and a \$0 threshold for "countries of concern." The legislation would also create a new "Investment Disclosure Report" requirement for private institutions with endowments over \$6 billion or with "investments of concern" above \$250 million. Under this provision, institutions would need to annually disclose to the ED investments with a "country of concern" or a foreign entity of concern. Then, those institutions' reports would be made publicly available in a searchable database.

Notably, NASFAA and other higher education groups in the past [have opposed](#) the DETERRENT Act, warning of harm that the legislation could have on the privacy of research faculty and staff.

“We need to protect college campuses, and one of the keys to doing that is transparency,” Cassidy said. “Passing the DETERRENT Act is the next step. Let’s close reporting loopholes, increase accountability, and provide transparency to Congress, intelligence agencies, and the public.”

Sen. Jim Banks (R-Ind.) asked one of the hearing’s witnesses, Craig Singleton, senior fellow of the Foundation for Defense of Democracies, if the current threshold for foreign gift reporting is appropriate for institutions in today’s geopolitical environment. Currently, [under Section 117 of the HEA](#), institutions that receive federal financial assistance are required to disclose to ED semiannually any gifts from and contracts with a foreign source that, alone or combined, are valued at \$250,000 or more in a calendar year.

Singleton said this threshold is not appropriate and called on institutions to report all of their foreign gifts and contracts, without any threshold.

Notably, a key effort from the Trump administration has been greater transparency in foreign gift reporting. Earlier this year, ED published data submitted from institutions’ 2025 foreign funding disclosures [on a new website](#).

Also related to foreign gift reporting, Sen. Patty Murray (D-Wash.) asked another witness, Robert Daly, senior fellow of the Asia Society, on ED’s plans to move its foreign gift reporting responsibilities to the Department of State and whether this move could make compliance more complicated for institutions.

[In February](#), ED announced a new interagency agreement (IAA) where the State Department will support the department in managing the foreign funding reporting portal. The IAA also noted that the State Department will also use its “national security and foreign national academic admissions expertise to review and assess the industry’s compliance with the law, share data with the public and federal stakeholders, and identify potential threats.”

Daly responded, noting that it isn’t clear what aspects of foreign gift reporting are moving to the State Department.

Murray also posed a question to Cassidy on when the Senate HELP Committee will hold a hearing with Education Secretary Linda McMahon. Cassidy said the hearing is “in process.”

Throughout the hearing, some Republican senators called for tougher reporting metrics for institutions when it comes to foreign gifts and contracts, warning of concerns related to national security. Meanwhile, other Democratic senators criticized the nature of the hearing, including Sen. Edward Markley (D-Mass.) who said the Trump administration is “weaponizing good faith compliance” with foreign gift reporting to “continue its war on higher education.”

It's unclear when the Senate HELP Committee will hold a markup on the DETERRENT Act. The legislation has already passed the House and now needs to advance the Senate HELP Committee before a broader Senate vote.

GAO: ED Needs to Ensure Loan Servicer Accuracy and Call Quality After RIF

A government watchdog is calling on the ED to assess its loan servicers' accuracy and call quality, and address gaps in its loan servicer oversight, warning that a lack of oversight could be harmful to both borrowers and the department.

The Government Accountability Office (GAO) on Wednesday [published a new report](#) examining the extent to which ED's reduction in force (RIF), which was first announced last year, has affected how Federal Student Aid (FSA) carries out its responsibilities to oversee loan servicers.

GAO notes that in February 2025, FSA stopped assessing student loan servicers on accuracy and call quality due to lack of staff capacity. Around this time last year, Education Secretary Linda McMahon [first announced ED's plans for a RIF](#), and President Donald Trump [signed an executive order](#) directing McMahon to dissolve ED and return education "back to the states."

Before discontinuing these assessments, FSA assessed its loan servicers quarterly on accuracy and call quality. For accuracy assessments, FSA would review data for borrowers in servicer systems and compare it to data in FSA systems to determine if servicers were keeping accurate records for borrowers. For call quality assessments, FSA would review phone calls between borrowers and servicers to determine if servicers were providing good and accurate customer service.

GAO found that the decision to stop these quarterly assessments occurred after the Trump administration began its effort to dissolve ED and downsize the department in January 2025. ED reported that between January and December 2025, FSA staffing dropped from 1,433 employees to 777, which is a reduction of 656 employees.

A recent [NASFAA analysis](#) examined how staffing levels, workforce composition, and departure patterns shifted across ED in 2025.

Notably, GAO found that prior to FSA discontinuing this oversight, most servicers did not meet the performance standards for accuracy and faced financial penalties of about \$850,000.

Stopping these assessments on accuracy and call quality pose serious risks, such as overpaying servicers for poor service, GAO warned. Borrowers could face many financial consequences with this lack in servicer oversight, such as overbilling or being placed in the wrong loan repayment status. GAO also warned that FSA lacks assurance that borrower records are correct and that servicers are giving borrowers quality information.

"Inaccurate records can result in borrowers being billed for incorrect amounts or placed in the wrong repayment status," the report reads. "Additionally, borrowers need to be given accurate information when they call for help. Addressing these gaps in servicer oversight will assist Education in carrying out its statutory responsibilities and also help the government avoid overpaying servicers for poor performance."

Richard Lucas, acting Chief Operating Office (COO) of FSA, disagreed with GAO's assessment and outlined several methods FSA is taking to ensure student loan servicers distribute accurate information to borrowers in a letter included in the GAO report. Measures FSA is taking to ensure quality and accurate calls include data quality assessments, cross-system data validation, surveys, audits, complaint reviews, operational reviews and reporting, and FSA leadership oversight.

“FSA utilizes a variety of robust methods to assess servicer accuracy and call quality to fulfill its servicer oversight responsibilities,” Lucas wrote in a letter. “FSA’s multi-program approach to vendor oversight, as detailed in this response, is a far superior strategy to the limited impact that the accuracy and call quality SLAs have had on servicer performance.”

However, GAO does not believe these methods outlined in Lucas’s letter are effective substitutes and maintains the importance of assessing servicer call quality and accuracy.

This GAO report is part of a request from Sen. Bernie Sanders (I-Vt.), ranking member of the Senate Health, Education, Labor, and Pensions (HELP) Committee, and Rep. Bobby Scott (D-Va.), ranking member of the House Education & Workforce Committee, to examine ED’s capacity to carry out its statutory responsibilities after its RIF. ED’s oversight of loan servicers is just one of its many statutory responsibilities.

Scott responded to Wednesday’s report, stating that ED’s lack of oversight on student loan servicers “is a dereliction of duty.”

“I am gravely concerned that ED incorrectly believes it can replace real oversight of servicers with untested automation or artificial intelligence,” Scott said in a statement. “These findings should serve as a flashing red warning sign for Congress about what is to come as ED ramps up to implement the Republicans’ overhaul of the student loan program in the ‘Big Ugly Bill’ and the havoc it will cause for borrowers.”

Sanders also responded to the GAO report, criticizing the Trump administration for proposing [large funding cuts to higher education](#).

“Instead of providing relief to 43 million Americans who are drowning in student debt, the Trump Administration has made it harder for them to understand how much they owe and how long it will take to pay back by illegally firing nearly half the staff at the Federal Student Aid Office,” Sanders said in a statement.

ED Creates E-App User Reference Guide

The ED published a new resource titled “[Application for Approval to Participate in Federal Student Financial Aid Programs User Reference Guide](#).” While NASFAA is unaware of an official announcement, the user guide now appears as a resource on the Federal Student Aid [Title IV Participation Application](#) webpage. The introduction states that the guide provides detailed instructions for completing the Application for Approval to Participate in Federal Student Financial Aid Programs (E-App), beyond the help text that is provided in the application itself, and the instructions are organized by E-App section. The guide also offers details on how to resolve Partner Connect access issues and contact information for additional assistance.

Judge Delays Trump Administration's Enforcement of ACTS Reporting Deadline

A federal judge [on Friday](#) issued [a temporary restraining order](#) blocking the Trump administration from enforcing its Admissions and Consumer Transparency Supplement (ACTS) reporting deadline, in order to hold a hearing between a group of Democratic states attorneys general who filed a lawsuit against the ED.

[Last week](#), a group of 17 Democratic states attorneys general [sued ED](#) and the Office of Management and Budget (OMB), arguing that the department's ACTS reporting requirement was rushed and created a "[considerable](#)" [burden for institutions](#). As part of the initial ACTS reporting requirement, institutions were required to submit the past seven years of student application data by Wednesday, March 18.

On Friday, Judge F. Dennis Saylor IV of the U.S. District Court of Massachusetts responded to the lawsuit and [issued a temporary restraining](#) order against ED from enforcing its March 18 deadline. Institutions now have through March 25 to submit their ACTS reporting, Saylor ordered, noting that this extension will permit a hearing and orderly resolution between the states and ED. Currently, a hearing between the states and ED is scheduled for March 24.

Notably, the Association for Institutional Research (AIR) [last week confirmed](#) that an institution could also request an extension to submit their ACTS reporting, moving the deadline to April 8, if it meets certain requirements.

It's unclear how this restraining order will affect the ACTS data collection process, and ED has yet to publish any guidance after Saylor's order was issued.

New ED Status Report Shows Growing Backlog of PSLF Buyback Applications

A new legal filing from the ED shows an uptick in the backlog of Public Service Loan Forgiveness (PSLF) buyback applications, along with progress in processing income-driven repayment (IDR) applications.

ED filed a new [status report](#) detailing the number of pending and outstanding IDR and PSLF applications for the period February 1- 28. This ongoing monthly status report is part of the department's [agreement with the American Federation of Teachers \(AFT\)](#).

The filing showed that as of February 28, 2026, ED has a backlog of 88,170 PSLF Buyback applications. That's a gain of nearly 5,000 applications [compared to two months ago](#), when the backlog was 83,370. Additionally, in the month of February, ED received 4,180 PSLF buyback applications but decided on (approved or denied) 2,520 applications.

As for IDR applications, ED received 243,258 applications in February. During this most recent period, the department decided on 329,169 IDR applications. As of February 28, 2026, there are 576,609 pending IDR applications. Notably, the backlog of pending IDR applications has decreased by over 150,000 in the past two months. [Earlier in January](#), ED reported a backlog of 734,221 IDR applications as of December 31, 2025.

NASFAA Signs on to Letter Urging Congress to ‘Protect and Maintain’ Funding for Student Aid in FY 27

NASFAA joined several higher education organizations and [signed onto a letter from the Student Aid Alliance](#), urging leaders of the Appropriations Committees to “protect and maintain” funding for federal student aid programs in fiscal year (FY) 2027 by increasing the allocation to the Subcommittee on Labor-HHS-Education. The letter requests that Congress address the projected \$17 billion funding shortfall in the Pell Grant program and cites Congress’s bipartisan support for student aid programs, which include the Pell Grant, Campus-Based Aid, Federal TRIO Programs, Gaining Early Awareness and Readiness in Undergraduate Programs (GEAR UP), and Graduate Assistance in Areas of National Need (GAANN). “Without the strong partnership between the federal government, states, institutions, and families, millions of students would not be able to pursue their postsecondary education,” the letter reads. “We call on Congress to continue its bipartisan support of federal student aid programs—which combine grants, work-study, and loan programs—to enable low- and middle-income students to succeed.”

House Education Committee Advances Student Aid Fraud Prevention Bills

The House Education & Workforce Committee advanced three bills focused on preventing fraud in the federal student aid programs. The markup follows an [executive order](#) that President Donald Trump signed earlier this week, establishing a task force to “eliminate fraud” in the federal government.

The committee [marked up seven bills](#), three of which focused on preventing fraud in the federal student aid programs – the Student Aid Fraud Oversight and Accountability Act of 2026, the No Aid for Ghost Students Act of 2026, and the FAFSA Verification Efficiency Act. The four other bills focused on K-12 issues and reforming the [Truman Scholarship](#), a merit-based federal grant awarded to college juniors.

Rep. Tim Walberg (R-Mich.), chair of the committee, opened the markup by voicing support for all seven bills and specifically noted that the Student Aid Fraud Oversight and Accountability Act of 2026, the No Aid for Ghost Students Act of 2026, and the FAFSA Verification Efficiency Act would “crack down on federal student aid fraud.”

However, Rep. Bobby Scott (D-Va.), ranking member of the committee, voiced several concerns for all three bills, citing administrative burden on institutions and privacy concerns.

NASFAA has also raised concerns about the FAFSA Verification Efficiency Act, which would allow the Education Secretary to verify the Social Security number and citizenship status of anyone applying for federal student aid, which includes contributors.

NASFAA President and CEO Melanie Storey said that unless a student and their family are seeking to borrow under the Parent PLUS loan program, confirming the parent contributors’ citizenship status is irrelevant and constitutes a privacy breach for the parties involved.

“While we appreciate the desire for operational efficiency, it should not be at the expense of basic privacy rights,” Storey said in a statement. “This bill would simply codify a process for gathering information that is not necessary to verify student eligibility and is outside the boundaries of current computer-matching agreements. FSA should implement user-focused data matches with the Social Security Administration: one to verify the SSN and citizenship status of the applicant/borrowers, and another to verify the SSN of any contributor or others who require an FSA ID.”

More details on each bill considered during the committee markup are provided below:

The Student Aid Fraud Oversight and Accountability Act of 2026

The committee first discussed the Student Aid Fraud Oversight and Accountability Act of 2026, which would amend the Higher Education Act (HEA) to require the Education Secretary to prioritize program reviews of institutions that disburse federal student aid without verifying the identity of a student whose FAFSA “presents a reasonable suspicion of identity fraud.”

Specifically, the bill states that the Education Secretary would identify each institution that has disbursed, on or after October 1, 2026, federal financial aid to a student who presented a reasonable suspicion of identity fraud, as determined by the identity fraud detection system used by the Department of Education (ED). This identity fraud detection system would be established through the No Aid for Ghost Students Act of 2026.

Institutions would be able to determine that a student is not of reasonable suspicion of identity fraud by confirming the student’s identity through in-person verification or live, synchronous audiovisual verification. Conducting such identity verification before disbursement to a student who was flagged by ED as presenting a reasonable suspicion of identity fraud would remove the institution from the program review priority list.

Rep. Glenn Thompson (R-Penn.), who introduced the legislation, said the bill would install “common sense” identity checks to potentially fraudulent students.

“This legislation is a key step in rooting out fraud and abuse in our education system and ensuring our taxpayers' money is not wasted,” Thompson said.

However, Scott noted that this legislation could harm institutions for singular errors, such as neglecting to report that they verified the identity of a student to whom they later disbursed Title IV funds.

“Colleges are working hard to prevent individuals from fraudulently enrolling in their institutions or receiving federal student aid for classes that they did not take,” Scott said. “This bill could penalize institutions for simply making a single mistake with one individual student.”

Scott introduced several amendments to this legislation, including an amendment to prioritize program reviews for institutions that have displayed a pattern of disbursing student aid to potentially fraudulent individuals. This amendment would allow institutions to provide information on any errors or mistakes made regarding a given disbursement to a reasonably suspicious individual. It would also seek to make sure ED targets institutions that are not taking meaningful steps to address fraud issues, rather than institutions trying to do their best to address fraud.

Scott said he would support this legislation but noted that he expects the committee to work with colleges, financial aid officers, and other stakeholders before the legislation heads to the House for consideration.

Thompson responded to Scott, saying that while he opposes his amendments, he is willing to work with Scott to address his concerns.

Ultimately, the committee voted against including all of Scott’s amendments.

The Student Aid Fraud Oversight and Accountability Act of 2026 advanced in a 33-0 vote.

The No Aid for Ghost Students Act of 2026

The No Aid for Ghost Students Act of 2026, introduced by Rep. Burgess Owens (R-Utah), chair of the House Higher Education and Workforce Development Subcommittee, would amend the HEA to require the Education Secretary to use an identity fraud detection system to review each FAFSA to determine whether the FAFSA presents a reasonable suspicion of identity fraud. It is NASFAA's understanding that the intent of the bill is to codify the fraud detection initiative that ED is [currently developing](#) and plans to implement in the next several months.

This would apply to each FAFSA submitted on or after October 1, 2026. Under this bill, if a student is suspected of identity fraud after submitting their FAFSA, the student would receive a notification from ED that they are subject to additional identity verification requirements. If an institution wants to disburse aid to this student, the institution would need to verify that student's identity.

Additionally, the bill would require the Education Secretary to establish guidelines for its identity verification procedures for institutions no later than October 1, 2026. The bill then would require ED to annually conduct an evaluation on the identity fraud detection system and report on its effectiveness to Congress.

"Federal aid, it needs to go to students who need it most, and every cent that is defrauded represents a lost opportunity for students in need and a serious offense to the American taxpayer," Owens said.

Scott also voiced concerns with this legislation, noting that as written, the bill lacks details on what steps an individual should take if they get flagged for verification, especially if that individual is a non-fraudulent student but may not have immediate access to necessary documentation. Additionally, Scott warned that this legislation could be confusing to institutions and potentially slow down aid disbursement.

In response, Scott introduced multiple amendments, including language that ED's fraud detection system would be rooted in the current V4 and V5 verification process. Ultimately, the committee voted against including any of Scott's proposals.

However, despite these concerns, Scott voiced support for the legislation and the need to address identity fraud in the federal student aid programs.

The No Aid for Ghost Students Act of 2026 advanced in a 30-3 vote.

The FAFSA Verification Efficiency Act

The FAFSA Verification Efficiency Act, introduced by Walberg, would amend the HEA to allow the Education Secretary, in cooperation with the Commissioner of the Social Security Administration (SSA) to verify the social security number and citizenship status of anyone applying for federal student aid, including contributors, through the existing database match.

"As Congress works to reduce improper federal student aid payments, we should make sure the department has the tools it needs to detect fraudulent identities and inaccurate financial information," Walberg said.

Scott voiced opposition to this bill, citing serious concerns about data privacy for students and their families. He noted that the current statute only requires students and parents applying for a Parent PLUS loan to meet citizenship eligibility criteria, and there is no need for the SSA match to include citizenship status for all contributors.

“This opens the door to very concerning federal data citizenship beyond what is required by law,” Scott said. “Given the Trump administration's ongoing rampant and violent attacks on immigrants and people of color, I'm concerned that this data collection can and will be used to further expand immigration enforcement and intimidate students from mixed status families from applying to college.”

Scott introduced an amendment that would ensure ED safeguards students' and their contributors' data.

Walberg responded, opposing Scott's amendment, saying the department already knows how to safeguard students' and families' data and will use it for the intended purpose of identity verification.

Rep. Suzanne Bonamici (D-Ore.) warned that passage of this bill could discourage students and families from applying to federal student aid, citing constituent fears over immigration enforcement, and voiced support for Scott's amendment. However, the committee ultimately did not adopt Scott's amendment after Walberg stated the bill should not be controversial and dismissed concerns over the data collection language as “inaccurate, spin information.”

The FAFSA Verification Efficiency Act advanced in a 19-13 vote, along party lines.

These three bills now move to the House for a vote. The timeline for when the House will consider these bills is unclear. Stay tuned to *Today's News* for more updates.

Trump Administration Begins Moving Student Loan Responsibilities to Treasury Department

The ED announced it is shifting its student loan portfolio responsibilities to the Treasury Department through a new interagency agreement (IAA), with the subsequent goal of phasing out other Federal Student Aid (FSA) functions to the agency.

Under this agreement's first phase, according to a [fact sheet released by ED](#), Treasury will assume operational responsibility for collecting on defaulted federal student loans, and will “leverage private default resolution agencies” to help defaulted borrowers enroll in rehabilitation or return to good standing. ED cited that this move will facilitate the return of defaulted borrowers to repayment, which has been a goal Trump administration since taking office.

Treasury will also assume operational responsibilities for FSA's Default Resolution Group, which operates the Default Management and Collections System (DMCS) and provides support to defaulted borrowers.

Following this first phase, Treasury will then begin to provide operational support for non-defaulted federal student loan debt “to the extent practicable and permitted by law” and will “seek opportunities to provide operational support” to FSA's other functions. That includes the administration of the FAFSA and more, ED wrote, although specific details on what this effort could look like were not included. However, [some reporting found](#) that this agreement could mean Treasury would eventually administer other student aid programs, including the Pell Grant program.

ED maintains that it will continue all its statutory responsibilities through the Office of Postsecondary Education and FSA, which includes policy development.

Education Secretary Linda McMahon on Thursday said that this agreement will “dramatically” improve the administration of the federal student aid programs.

“As the Federal student aid portfolio soars to nearly \$1.7 trillion and with nearly a quarter of student loan borrowers in default, Americans know that the Department of Education has failed to effectively manage and deliver these critical programs,” McMahon said in a statement. “By leveraging Treasury’s world-renowned expertise in finance and economic policy, we are confident that American students, borrowers, and taxpayers will finally have functioning programs after decades of mismanagement.”

However, NASFAA President and CEO Melanie Storey responded to the announcement with serious concerns for borrowers and urged ED to establish and communicate clear timelines for execution with stakeholders, including financial aid professionals.

“Regardless of which entity is servicing student loans or collecting on defaulted loans, what’s most important is that students and borrowers have frictionless service and maintain access to the information they need to make progress on repaying their loans,” Storey said in a statement. “That means providing clear communications on the status of their loans, information on how to rehabilitate defaulted loans, and who they can reach out to for assistance. Making a transition of this magnitude would require significant time and careful planning to avoid potential disruption to borrowers — an undertaking that could be challenging given the steep staff reductions that have taken place across the federal government.”

ED stated that it will share any anticipated plans and timelines with stakeholders, such as students, parents, borrowers, institutions, and vendors, and claimed that the department will ensure that the agreement is “implemented effectively and enhances the delivery of federal financial aid.”

As for how this agreement will impact institutions, ED wrote that all existing federal student aid systems – such as the FAFSA, Common Origination and Disbursement (COD) System, and the National Student Loan Data System (NSLDS) – will remain in place and be “administered in accordance with applicable statutory requirements.” Institutions should continue to use the caseteams@ed.gov email with matters related to FSA. ED also maintained that this move will not impact students, families, and borrowers.

Over the past few months, ED has announced several IAAs to shift its various responsibilities to other agencies in the federal government, with the goal of dissolving ED. That includes [six IAAs announced](#) in November with the Departments of Labor (DOL), Interior (DOI), Health and Human Services (HHS), and State, which aimed to “streamline” education programs at both the postsecondary and K-12 levels. Most recently, ED announced [a new IAA](#) in February with State to help manage the foreign funding reporting portal.

Some Democratic lawmakers [have questioned the authority](#) of these IAAs over the past few months, arguing that only Congress has the authority to dissolve ED. In the fact sheet provided by ED, the department claimed that it has the statutory authority to implement this agreement, and that this agreement is “aligned” with the FSA Performance-Based Organization (PBO) legislation.

Rep. Tim Walberg (R-Mich.), chair of the House Education and Workforce Committee, praised the move, stating that this agreement will “simplify” the federal student aid programs.

“Treasury already handles large, complex financial systems, so it’s well positioned to manage student aid more efficiently and responsibly,” Walberg said. “This shift will simplify how aid is delivered, reduce delays, and make better use of taxpayer dollars. Most importantly, it will make the process easier and more reliable for students and families who depend on this support.”

However, Rep. Bobby Scott (D-Va.), ranking member of the committee, warned that the move could bring even more confusion to borrowers and reiterated that only Congress has the power to dismantle ED.

“ED has historically functioned as a one-stop shop for student borrowers, including financial services and advisors to assist with issues,” Scott said in a statement. “Today’s transfer will likely add yet another administrative barrier to borrowers navigating an already opaque student loan repayment process. This is also happening just as borrowers are about to face new, harmful changes to the student loan program under Congressional Republicans’ ‘Big Ugly Bill’ and the ramifications of eliminating the SAVE plan.”

Institutions Report Recent Increase in Borrower Defense to Repayment Claims

NASFAA members have reported receiving an increase in the number of borrower defense to repayment (BDR) claims over the past several weeks, leading to questions about the reason for the sudden uptick, whether more claims will follow and how many to expect, and whether and how schools should respond given the fact there are a number of different [regulations](#) governing borrower defense claims.

As a reminder, BDR is a [long-existing](#), but previously rarely-used, provision of the Higher Education Act (HEA) that enables students who have experienced certain types of institutional misconduct to have their federal student loans forgiven.

Below are some of the most common questions NASFAA has been hearing from member institutions.

Why the sudden increase in BDR claims?

NASFAA has reached out to the ED to ask what triggered this release of BDR claims to schools. ED officials said that the claims reflect, “Federal Student Aid (FSA) sending borrower defense notifications based on existing application inventory.” They also confirmed that these claims fall outside the scope of the [Sweet vs. McMahon](#) settlement, where ED was presumably directing resources prior to turning to these applications that fall outside of the settlement.

Do we know how many claims were sent to institutions, if more claims are coming and, if so, how many?

ED officials did not share numbers, but told NASFAA that, “schools may receive applications in batches as part of the Department’s standard notification and fact-finding process under the current framework.”

Many of the borrower defense to repayment claims we’ve received seem frivolous, baseless or don’t meet the definition of a borrower defense claim. Is ED doing any sort of filtering on these claims before sending them to schools?

Schools in the past have shared examples of borrower claims that, upon first glance, appear not to meet the standards for a borrower defense claim or lack merit, leading some financial aid professionals to wonder whether ED is conducting any sort of pre-screening of these claims before sending them to schools.

ED is not necessarily required to review BDR claims for “material completeness” before sending them to institutions, because material completeness is a concept only included in the most recent 2023 borrower defense rules, which are currently delayed from being implemented until 2035 in accordance with the [One Big Beautiful Bill Act](#). As such, BDR claims that would have been subject to the 2023 rules are currently subject to the 2019 rules.

Is the school required to respond?

No, institutions are not required to respond. It is always the school’s choice to respond to a borrower defense claim notification. It is NASFAA’s understanding that a nonresponse from an institution will not be viewed as automatically favorable for a borrower’s claim. However, institutions should work with their legal counsel when determining whether a response is warranted.

If they choose to respond, institutions have 60 days to respond following ED’s notification of a borrower defense claim. A lack of response is presumed by ED to mean the institution does not contest the claim. If the department rules in favor of the applicant, however, and seeks recoupment from the institution, the institution is provided a second opportunity to respond as part of a separate recoupment proceeding.

Will institutions be liable for loans that are forgiven under borrower defense claims?

The claim review and recoupment processes are separate and distinct processes. It is NASFAA’s understanding that a lack of a response from an institution is not an admission of wrongdoing and that if an approved claim did move to the recoupment stage, there would be another opportunity for the school to respond. NASFAA has asked ED to confirm this.

Will ED be issuing any guidance related to these BDR claims?

ED officials have indicated that FSA is preparing an electronic announcement (EA) to be released “shortly.” The EA is expected to include “additional context on what schools are seeing, what to expect going forward, and where to direct questions.”

As things currently stand, if a school decides to respond, it should follow the institutional response requirements in [34 CFR 685.405](#) and as outlined in the notification the institution receives from ED. The content of the institutional response is entirely up to the institution.

For more background and information we encourage members to utilize our [borrower defense web center](#) and [AskRegs: How Does a School Respond To Borrower Defense Claims?](#)

Legislation Introduced to Exclude State-Based Loan Programs from Preferred Lender Requirements

Sens. Bill Cassidy (R-La.) and Lisa Murkowski (R-Alaska) [introduced](#) the State-Based Education Loan Awareness Act last week, a bill that would clarify how state-based education loan programs are treated

under federal financial aid rules by excluding them from the definition of a “preferred lender arrangement” (PLA).

Under current law, institutions that recommend specific private lenders may be considered to have a PLA, which can trigger a series of disclosures, reporting, and conduct requirements designed to prevent conflicts of interest and protect borrowers.

The State-Based Education Loan Awareness Act would carve out an exception for certain state-based loan programs, allowing institutions to share information about them without being subject to PLA requirements.

To meet the requirements for the exclusion, the loan program must:

- Be provided by a state agency, state authority, or nonprofit organization
- Provide loans that are not funded, insured, or guaranteed by the Federal government
- Be authorized, established, or chartered by state law, or otherwise approved by the state
- Offer interest rates and fees that are at least as favorable as those for federal Direct PLUS loans at the time of origination
- Only be made available to a borrower after they have been advised of their eligibility for Federal education loans and of the interest fees, rates, and benefits of Federal education loans.

Similar versions of this bill were introduced in the 116th Congress by Murkowski and in the 118th Congress by Rep. Pete Sessions (R-Texas), which would have also excluded loans made by federal agencies other than the ED from PLA requirements, in addition to state-based education loans.

This bill is in the early stages of introduction and now awaits consideration from the Senate Health, Education, Labor, and Pensions (HELP) Committee.

Judge Extends ACTS Reporting Deadline Again, But Only For Public Institutions in 17 States

UPDATE: The National Center for Education Statistics (NCES) has extended the ACTS reporting deadline for institutions not included in the lawsuit against the Department of Education (ED) from March 25 to March 31. Institutions that are private and/or are not located in the 17 states now have until March 31 to submit their ACTS reporting. The article below has been updated to reflect this update.

A federal court judge on Tuesday extended a temporary restraining order blocking the Trump administration from enforcing its ACTS reporting deadline until April 6, but solely for public institutions within the 17 states named in a lawsuit against the ED. For institutions that don't fall into this category, their deadline to submit ACTS reporting is Tuesday, March 31.

[Earlier this month](#), 17 Democratic attorneys general sued ED and the Office of Management and Budget (OMB), arguing that the department's ACTS reporting requirement was rushed and created a “considerable” burden for institutions. As part of the initial ACTS reporting requirement, institutions were required to submit the past seven years of student application data by Wednesday, March 18.

Judge F. Dennis Saylor IV of the U.S. District Court of Massachusetts responded to this lawsuit and issued a temporary restraining order, preventing ED from enforcing its March 18 deadline. This initial restraining order applied to all institutions, regardless if their state was included in the lawsuit, [as confirmed by the Association for Institutional Research](#) (AIR), and extended the ACTS reporting deadline through March 25.

After a hearing on Tuesday between ED and the 17 states, Saylor [extended the temporary restraining order against ED](#), blocking the department from enforcing its ACTS reporting deadline through Monday, April 6. However, as Saylor noted in his decision, this extension only applies to public institutions within the 17 states included in the lawsuit against ED.

Those states include Massachusetts, California, Maryland, Colorado, Connecticut, Delaware, Hawaii, Illinois, Nevada, New Jersey, New York, Oregon, Rhode Island, Vermont, Virginia, Washington, and Wisconsin.

And for institutions that aren't public and/or aren't located within the 17 states included in the lawsuit, the deadline to submit their ACTS reporting was set for Wednesday, March 25, but NCES extended it to March 31. It's also important to note that earlier in the month, institutions [were able to request an extension](#) to submit their ACTS reporting until April 8 if they met two conditions and submitted the request by March 18.

As part of this lawsuit, NASFAA, the American Council on Education, and other higher education organizations filed [an amicus brief](#) outlining several concerns about ED's motive and process in obtaining this data.

For example, one concern listed in the brief states that ACTS reporting creates an enormous new burden on institutions, and that producing the extensive data required by ACTS has and will continue to severely strain institutional time and resources.

Additionally, the organizations stress that the implementation of ACTS reporting has been rushed, arguing that ED has failed to engage with commenters, and the government has acted without statutory authority in implementing ACTS.

ACTS reporting also calls for data that may not exist or be practicable for institutions to submit, the organizations argued. Additionally, ED hasn't sufficiently addressed serious privacy concerns, the organizations warned, noting that the ACTS data is disaggregated across so many categories that the resulting data cells will, in some cases, contain only a handful of students or even a single individual.

"For nearly four decades, the Department of Education has administered IPEDS through a careful, collaborative process that has ensured data is reliable, consistent, and useful," the amicus brief reads. "ACTS abandons this process. The result is a survey of unprecedented scope on an unrealistic and ultimately harmful timeline, that leaves unanswered questions around risks to student privacy, and that will produce data of questionable quality and reliability."

A final decision on the legality of ACTS reporting has yet to be made by the court.

New Brief Examines How to Support College Students Experiencing Homelessness

Nearly 14% of college students reported experiencing homelessness in 2024, while roughly 43-48% of students reported difficulty maintaining stable housing, according to a new brief examining strategies institutions, states, and federal policymakers can take to combat student homelessness.

[The brief, led by SchoolHouse Connection](#), examines data from multiple sources on student homelessness, including Trellis Strategies' 2024 Student Financial Wellness Survey and the Hope Center's 2023–24 Student Basic Needs Survey. From these data sources, SchoolHouse Connection listed key findings on the state of student homelessness.

One key finding is that most students experiencing homelessness are not in shelters but rather stay temporarily with others, and that food insecurity is very common among students experiencing homelessness. For example, 72% of students experiencing homelessness had low or very low food security, according to the Trellis data. That's compared to 44% of first-generation students and 36% of students who had not experienced homelessness.

Additionally, students who have experienced homelessness report higher mental health burdens, with 48% of these students screening positive for a likely major depressive disorder. Meanwhile, 31% of first-generation students and 28% of students who had not experienced homelessness screened positively for a likely major depressive disorder.

Other findings included in the brief are that students experiencing homelessness report less institutional support despite greater need, with 49% of students who reported experiencing homelessness agreeing that their institution has support services for their financial situation. Additionally, transportation to postsecondary education, work, and childcare demands can create educational barriers for students experiencing homelessness.

The brief lists four overarching strategies for institutions, states, and federal policymakers to better support these students. One strategy includes designating and training homeless higher education liaisons. SchoolHouse Connection noted that designated liaisons are especially important for students who enter higher education without family or other adult support systems. This liaison role helps direct individualized support to students experiencing homelessness and can help these students with applying for financial aid, securing emergencies and longer-term housing, and more.

Additionally, institutions, states, and federal policymakers should work to make emergency aid accessible and responsive to students. For example, Congress could provide funding for the Supplemental Educational Opportunity Grant (SEOG) program. States could ensure that any state-funded emergency aid programs explicitly include housing-related costs. And institutions could make emergency aid broad and flexible for students and should remove any eligibility restrictions that may exclude students experiencing homelessness.

Institutions should also support gap and year-round housing options for students. For example, institutions could utilize residence halls during breaks and for emergency housing and prioritize students experiencing homelessness for housing access.

Lastly, SchoolHouse Connection recommends multiple approaches to institutions, states, and federal policymakers to improve support for students transitioning from high school. For institutions that include

assisting students to complete the FAFSA as early as possible and helping high school students make informed decisions.

ED Begins Campaign to Move Borrowers Enrolled in SAVE to Other Repayment Plans

The ED [announced](#) new guidance directing borrowers enrolled in the Saving on a Valuable Education (SAVE) plan to choose a new repayment plan; otherwise, in the coming months, they will be automatically enrolled in either the current standard plan or the new tiered standard plan.

All borrowers enrolled in SAVE will begin receiving guidance via email about this announcement over the week. Starting July 1, loan servicers will contact borrowers enrolled in SAVE, instructing them to apply for another repayment plan within 90 days or be automatically enrolled into a new plan. ED clarified that loan servicers will notify borrowers of the dates for their specific 90-day deadline.

ED believes the 90-day timeline, which would begin after the July email notification, is “ample time” for borrowers to explore repayment options.

If a borrower wants to exit the SAVE plan before July 1, they may contact their servicer at any time to enroll in another repayment plan, ED clarified.

Current SAVE borrowers will have several repayment plan options to choose from, depending on their loan type, including the new tiered standard plan, enacted by the [One Big Beautiful Bill Act \(OBBBA\)](#), which becomes effective on July 1. Under this plan, borrowers are required to make fixed monthly payments over 10 to 25 years, depending on their loan balance. Borrowers could see higher monthly payments on the tiered standard payment plan compared to other repayment plans – such as the new Repayment Assistance Plan (RAP), which will also become available on July 1, or the income-based repayment plan (IBR), income-contingent repayment plan (ICR), and the Pay As You Earn (PAYE) plan.

Under the OBBBA, ICR, PAYE, and SAVE will all sunset on July 1, 2028. A borrower currently enrolled in SAVE could choose to switch to ICR or PAYE now but would need to switch to another repayment plan by July 1, 2028. In the press release, ED did not indicate that it will encourage borrowers to enroll in a specific plan.

Many questions remain about ED’s timeline for processing the repayment plan applications for the over 7.5 million borrowers enrolled in SAVE, given that ED already has a large backlog of pending income-driven repayment (IDR) and Public Service Loan Forgiveness (PSLF) buyback applications. [In a recent legal filing](#), ED confirmed in February that it has a backlog of 576,609 pending IDR applications and 88,170 PSLF Buyback applications.

“The Department says borrowers must ‘enroll’ in or ‘transition’ to a new repayment plan within 90 days, so it’s unclear if borrowers whose applications may be stuck in the processing backlog at their 90-day deadline will be held harmless or if they will be moved to a standard plan,” said Megan Walter, NASFAA senior policy analyst. “Servicers are currently processing about 250,000 applications a month. At that pace, clearing an estimated 7.5 million additional applications could take more than two years. We urge the Department to allocate adequate resources to the backlog and the anticipated surge in applications.”

There are also questions about how ED's [new interagency agreement \(IAA\)](#) with the Treasury Department could affect the department's ability to move these borrowers into other repayment plans, particularly if the scope of that agreement expands beyond its current focus on defaulted loans.

For the past two years, the legality of the SAVE plan has been the subject of litigation – including the expedited path to loan forgiveness and \$0 monthly payments for borrowers who qualify. Most recently, the Trump administration and the state of Missouri [reached a settlement](#) to end the SAVE plan, which [a federal court finalized](#). ED has announced its plan to hold a negotiated rulemaking session to remove the SAVE plan from federal regulations but has yet to release any details on when this would occur.

FSA Seeks FA Professionals to Provide Feedback on Partner Products and Services

Federal Student Aid (FSA) [announced](#) that it is seeking volunteer financial aid professionals to provide feedback, ideas, and expertise on FSA partner products and services. Specifically, FSA is looking for feedback on Partner Connect, the FAFSA Partner Portal, the FAFSA Processing System, along with other services that support Title IV administration. Those interested can [sign up](#) to be added to a list that FSA may contact for future user interviews, surveys, and usability testing.