CAPFAA State and Federal Relations Committee – News Update

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Committee Representative:

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Department of Education Officials Talk Post-July 1 Student Aid Landscape at NASFAA 2026

Officials from the U.S. Department of Education (ED) joined the NASFAA 2026 National Conference just one day before monumental federal student aid policy changes take effect, as financial aid professionals eagerly awaited additional guidance and clarification on the regulations they're tasked with implementing.

On the second day of NASFAA's annual convening, financial aid professionals heard directly from Under Secretary of Education Nicholas Kent in a fireside chat with NASFAA President & CEO Melanie Storey. Just hours before, on Monday evening, ED released its final regulations from the Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) committee, as well as updated guidance following a temporary stay impacting key parts of ED's narrowed professional degree definition — two developments Kent briefly addressed in his remarks.

NASFAA is currently working on a deep dive of ED's accountability rules, which will be available in an upcoming edition of *Today's News*. Additionally, NASFAA will hold a special session during its virtual summit that will delve into ED's final rules on accountability for low earnings outcomes.

These accountability regulations were developed after the enactment of the One Big Beautiful Bill Act (OBBBA), which Kent referred to as the Working Families Tax Cuts Act. According to Kent, since the accountability rule is considered a "market-moving rule," the department had to publish it after the stock markets closed, which is why it was released at 5:15 p.m. on June 29.

"For the first time ever, we are going to be starting an accountability framework that launches tomorrow, where every single institution, whether you are public, private, non-profit, proprietary, whether you offer Ph.Ds. or whether you offer a certificate program," Kent said. "What the American people expect is that if they send their son or daughter to enroll in college, then they should be slightly better off than if they never attended. I think it is a pretty low bar, to be honest."

There are many competing priorities for aid offices to sort through this summer. Kent stressed that there isn't currently an immediate urgency for schools to address these new regulations and explained that the first data reporting period will begin this October and that the department will first begin calculating new earnings tests in 2027.

New Developments and Post-SAVE Loan Repayment

In other late-breaking news, Kent explained how the department was complying with a recent court ruling that temporarily halted the implementation of a portion of ED's (ED) narrowed professional degree definition from its Reimagining and Improving Student Education (RISE) final rule.

Kent explained that ED's tight timeline for implementing the rule may have made it difficult for the court to fully register the nuances around the department's work to define a professional student, which could have led to the temporary pause. ED will now take some time to further explain to the court how its definition was developed and will work to ensure the court is more comfortable moving forward, Kent said.

To provide aid offices with more guidance on the court's order, the department issued an electronic announcement clarifying how schools should treat professional degree programs for loan limit purposes. These codes are temporarily eligible for the higher professional degree program loan limits during the stay, until the case is heard in full and a final ruling is made.

Kent also shared updates on the repayment landscape and an upcoming negotiated rulemaking session.

The next rulemaking session will be the department's sixth committee under the second Trump administration and will focus on regulatory reductions that will touch on the process for campus mergers, consolidations, and closures.

Regarding the repayment landscape, Kent devoted most of his time to the latest developments in the SAVE plan, but also touched on the department's efforts to simplify the loan rehabilitation process. Kent explained that the department is working to make the loan rehabilitation process frictionless so that borrowers aren't required to rely on paper applications that can take up to a month to complete when the process should only take minutes.

The department has emphasized its focus on returning borrowers to repayment, which has been complicated by ongoing legal disputes over SAVE.

Kent said that he empathized with borrowers who are confused and frustrated by the repayment landscape and said that SAVE was simply broad student loan forgiveness in disguise.

Beginning on July 1, servicers will begin contacting borrowers enrolled in the SAVE plan, telling them to move to a "lawful" repayment plan. Servicers will contact up to 250,000 borrowers per week and give them 90 days to select a new repayment plan. If they do not choose a plan, they will be moved to the new Repayment Assistance plan (RAP).

Kent explained that the onboarding process has given SAVE borrowers plenty of time to think about their move to another plan since they first began receiving communications last July that explained the plan was going away.

To get a sense of how schools operate, Kent said he has also prioritized visiting several schools throughout his tenure. Storey thanked Kent for engaging with aid offices directly and recognized that for some schools, it can feel unsettling to have ED visiting campus, but encouraged them to engage with the department to share their stories of how policy and implementation play out on campuses.

Kent explained that his campus visits were incredibly informative and that real-time feedback is important for developing department policies. He also stressed that ED has the same goals as financial aid administrators: helping and protecting students.

“This is a partnership; this is not a ‘gotcha’ moment. As long as financial aid administrators and institutions are implementing the law as best they know it and are making a good faith effort, we are going to take that into consideration,” Kent said.

Financial Aid Professionals Engage With ED During Listening Session

On Tuesday, attendees also engaged with additional department officials during a listening session.

NASFAA encouraged participants to share information that the department could take back and follow up with answers and further guidance.

While financial aid professionals have experienced significant frustration with the rollout of OBBBA, providing constructive feedback will enable the department to provide resources in the most time-efficient manner.

During the session, ED explained its process for developing webinars, listening sessions, and FAQs. And while the breadth of information was appreciated, attendees said the number of resources outside of a central hub made it difficult to easily identify official guidance from the department. Several listeners encouraged ED to consolidate its final and updated guidance in a single place to make navigation easier for aid offices.

Attendees also requested clearer guidance on loan limits for borrower-based academic years, as well as on the schedule of reductions (SOR).

Another suggestion was for ED to ensure that visual materials such as webinar slide decks, match the verbal guidance, with one attendee describing inconsistencies around SOR guidance as “destroying [their] life.”

ED officials said they are working on an FAQ focused on SOR and requested patience in the timing of the delivery to ensure the FAQs are correct.

Questions over the recent guidance related to the temporary stay (link) over professional degree loan limits trickled into the listening session, specifically over how schools should proceed in the coming days, as many are on the brink of disbursing loans to students. ED said an institution can use its judgment as to what to do in the interim, noting they have the ability to limit loans for certain programs — a flexibility that ED detailed in a Dear Colleague Letter late last week.

Attendees also shared that proactive outreach to former students navigating student loan repayment was challenging, particularly in helping borrowers connect with their servicers. In some instances, attendees shared, borrowers were on hold for over an hour. They also shared concerns with SAVE plan borrowers who could overwhelm the system, as ED plans to begin notifying 250,000 students every two weeks about the next steps for being moved into a new repayment plan, which raises concerns over adequate servicer staffing.

There were also issues with the consistency and accuracy of NSLDS, and requests that the FSA handbook be in PDF format.

ED explained that the vision for the FSA handbook is to make it easier to search, and they have been reluctant to go back to where rolling out live updates could be more difficult. Acknowledging that the search function doesn't work well, the department requested additional feedback from attendees to help determine whether to revise the electronic handbook.

Following Legal Action, ED Temporarily Adds New CIP Codes Eligible for Professional Degree Designation, Removes Others

Less than a week after a federal court temporarily halted (or "stayed") key parts of the ED's narrowed professional degree definition, ED issued an Electronic Announcement (EA) (GENERAL-26-42) clarifying how schools should treat professional degree programs for loan limit purposes. The guidance includes an updated list of Classification of Instructional Programs (CIP) codes that are temporarily eligible for the higher professional degree program loan limits during the stay, until the case is heard in full and a final ruling is made, as well as a list of programs that may have been previously eligible but have been temporarily removed from eligibility.

As a reminder, the One Big Beautiful Bill Act created a distinction between graduate and professional degree programs for Direct Unsubsidized loan limits: professional students can now borrow up to $50,000 annually and $200,000 in the aggregate, while graduate students remain capped at $20,500 annually, with an aggregate limit of $100,000.

As previously reported, a federal court on June 23 paused two pieces of ED's Reimagining and Improving Student Education (RISE) final rule just days before its July 1, 2026, effective date. That ruling temporarily suspends part of the professional degree definition at 34 CFR 685.102, which contained ED's new, narrower test for what qualifies as a professional degree program, and the provision (which appeared in the rule's preamble) that a program is not considered a professional degree program if its graduates are required to work under another professional's supervision.

The EA identifies which additional fields now temporarily qualify for the higher professional degree loan limits during the stay. ED identified eligible programs at the 6-digit CIP code level, with a total of 29 6-digit CIPs now meeting the professional degree criteria, including physician assistant (associate), occupational therapy, physical therapy, several advanced nursing degrees, speech-language pathology, athletic training, and audiology.

The 6-digit CIP codes that are temporarily eligible for professional degree loan limits are:

6-digit CIP	6-digit CIP Title (Degree)
01.8001	Veterinary Medicine (D.V.M.)
22.0101	Law (L.L.B.; J.D.)
39.0602	Divinity/Ministry (M.Div.)
39.0605	Rabbinical Studies (M.H.L.)
42.2801	Clinical Psychology (Psy.D.)
42.2803	Counseling Psychology (Psy.D.)

42.2805	School Psychology (Psy.D.)
42.2807	Clinical Child Psychology (Psy.D.)
42.2810	Health/Medical Psychology (Psy.D.)
42.2811	Family Psychology (Psy.D.)
42.2812	Forensic Psychology (Psy.D.)
42.2899	Clinical, Counseling and Applied Psychology, Other (Psy.D.)
51.0101	Chiropractic (D.C.; D.C.M.)
51.0202	Audiology/Audiologist (AuD)
51.0203	Speech-Language Pathology/Pathologist (SLP)
51.0401	Dentistry (D.D.S.; D.M.D.)
51.0809	Anesthesiologist Assistant (CAA)
51.0912	Physician Associate/Assistant (MSPA; PA)
51.0913	Athletic Training/Trainer (MSAT; MAT)
51.1201	Medicine (M.D.)
51.1202	Osteopathic Medicine (D.O.)
51.1203	Podiatry (D.P.M.; D.P.; Pod.D.)
51.1701	Optometry (O.D.)
51.2001	Pharmacy (Pharm.D.)
51.2306	Occupational Therapy/Therapist (OT; MSOT; OTD)
51.2308	Physical Therapy/Therapist (PT; DPT)
51.3801	Registered Nursing/Registered Nurse (MSN)
51.3804	Nurse Anesthetist (DNAP)
51.3818	Nursing Practice (DNP)

ED appears to imply that schools must originate loans at the higher professional degree limit for the newly-identified, temporarily eligible programs unless they choose to apply lower institutional loan limits, stating in the EA that, "During the pendency of the ongoing litigation, institutions may wish to consider, for programs now temporarily classified as awarding professional degrees pursuant to the Court's order, limiting loan amounts to the graduate-level caps to mitigate potential disruption to student borrowers resulting from changes in program classification that may arise from the ongoing litigation." Institutions should review the published CIP list against their affected programs and consult their own legal counsel before making packaging decisions.

The EA provides operational guidance for increasing individual students' loans from the graduate level to the professional level, which involves changing the Student Level Code in the Common Origination and Disbursement (COD) system to one of the three Professional Grade Levels, and either increasing the existing loan or originating a new loan for the difference between the graduate and professional loan limit amounts.

ED also explicitly excluded 25 programs that share a 4-digit CIP code with a professional degree program but differ at the 6-digit CIP code level. This means that programs institutions had previously determined to be qualified for the higher professional degree loan limits may no longer be eligible for those loan limits until a final decision is issued by the court. Programs temporarily excluded from the professional degree designation are:

6-digit CIP	6-digit CIP Title (Degree)
39.0601	Theology/Theological Studies
39.0604	Pre-Theology/Pre-Ministerial Studies
39.0699	Theological and Ministerial Studies, Other
42.2802	Community Psychology
42.2804	Industrial and Organizational Psychology
42.2806	Educational Psychology
42.2808	Environmental Psychology
42.2809	Geropsychology
42.2813	Applied Psychology
42.2814	Applied Behavior Analysis
42.2815	Performance and Sport Psychology
42.2816	Somatic Psychology
42.2817	Transpersonal/Spiritual Psychology
51.1299	Medicine, Other
51.2002	Pharmacy Administration and Pharmacy Policy and Regulatory Affairs
51.2003	Pharmaceutics and Drug Design
51.2004	Medicinal and Pharmaceutical Chemistry
51.2005	Natural Products Chemistry and Pharmacognosy

51.2006	Clinical and Industrial Drug Development
51.2007	Pharmacoeconomics/Pharmaceutical Economics
51.2008	Clinical, Hospital, and Managed Care Pharmacy
51.2009	Industrial and Physical Pharmacy and Cosmetic Sciences
51.2010	Pharmaceutical Sciences
51.2011	Pharmaceutical Marketing and Management
51.2099	Pharmacy, Pharmaceutical Sciences, and Administration, Other

ED indicated that institutions would not be required to return funds already disbursed prior to the publication of the EA for students whose programs were previously considered professional degrees, but would have to make adjustments to future disbursements for students enrolled in these programs

The EA is explicit that these designations are temporary. ED stated in the announcement:

"Although the Department is confident that the professional degree definition in the RISE Final Rule is lawful and will continue to defend it, we are, nonetheless, for the duration of the Court's preliminary stay, based on the Department's understanding of the Court's ruling, treating the programs listed below as awarding professional degrees for the purpose of administering statutory loan limits. These interim administrative designations are provided solely to facilitate implementation of the Court's order and may change as litigation in the case proceeds."

In other words, this is not a permanent rule change and was not done through negotiated rulemaking. It is ED's interim compliance posture for the duration of the stay, until the case is heard in full and a final ruling is made. The department has signaled it expects to revert to its narrower definition if it prevails in the litigation.

ED Publishes Final Regulations Implementing OBBBA Accountability Framework

The ED released its final rule covering the new Student Tuition and Transparency System and Earnings Accountability (STATS) framework, created by the One Big Beautiful Bill Act (OBBBA), also referred to as the Working Families Tax Cuts Act (WFTCA). Most changes are effective July 1, 2027, with an option for early implementation beginning July 1, 2026.

Two provisions are effective August 30, 2026: the addition of definitions for “Eligible non-GE program” and “Gainful employment Program (GE program)” at CFR 685.102 and changes to CFR 685.300 whereby institutions, by nature of entering into a program participation agreement (PPA) with ED, agree that programs must meet the STATS and earnings accountability requirements in order to participate in the Direct Loan program.

Institutions are not required to affirmatively choose early implementation. Rather, ED will assume that schools have opted for early implementation if they complete their annual reporting on October 1, 2026, and omit the data elements required under the Gainful Employment and Financial Value Transparency (GE/FVT) regulations that are no longer required under the new rules. If a school chooses not to early-implement the changes effective July 1, 2027, it would be required to report all data elements under the current GE/FVT reporting requirements by October 1, 2026.

As a reminder, the STATS regulations amend the GE/FVT regulations, retaining the earnings premium but eliminating the debt-to-earnings metric. It applies the earnings premium to almost all programs across all institution types, resulting in the loss of Direct Loan eligibility for programs that fail the test in any two out of three consecutive years. Failing programs can lose eligibility to participate in all of the Title IV programs if at least half of the institution's Title IV funds or at least half of the institution's Title IV recipients are associated with low-earning outcome programs. The regulations allow programs that fail in a single year to teach out currently enrolled students if the institution agrees not to enroll any new students in the program, and to close the program. Reporting requirements are largely unchanged from the previous GE/FVT reporting, but fewer data elements are required under the new framework.

ED simplified the process for expanding cohorts to reach a sample size of 30, a requirement of the OBBBA. The single-year cohort period continues to be all program completers in the same 6-digit Classification of Instructional Programs (CIP) code for the fourth award year prior to the year for which the most recent earnings data are available from the Federal agency when the earnings premium measure is calculated. If a single year cohort is smaller than 30 completers, ED will continue to sequentially add previous award years, as was included in the proposed rule, but will only go as far back as the seventh award year, whereas the proposed rule allowed for ED to look back to the 8th award year prior to the year for which earnings data was available.

Under the proposed rule, if the cohort size had not yet reached 30 completers after looking back to the 8th prior award year at the 6-digit CIP level, ED would have looked back at the fourth through eighth prior award years at the program's 4-digit CIP level, and would have then repeated the same process at the 2-digit CIP level. ED was persuaded by commenters not to expand the cohort as far out as the 2-digit CIP level due to concerns over comparability between programs at that level, so ED will stop expanding at the 4-digit CIP code level, looking back only to the 7th award year prior to the year for which the most recent earnings data are available from the Federal agency when the earnings premium measure is calculated.

While OBBBA conditioned only a program's eligibility to participate in the Direct Loan program on passing the earnings premium metric, ED's proposed rules went a step further and added a provision to the administrative capability requirements that failing programs at institutions where at least half of their Title IV funds or at least half of their Title IV recipients are associated with low-earning outcome programs could lose eligibility to participate in all of the Title IV programs.

ED retained this provision in the final rule but added a new exemption for programs offered by institutions that do not participate in the Direct Loan program, and have not participated in the five most recently completed award years prior to the year in which the earnings premium measure is calculated. The same exemption would also apply to institutions that agree not to permit Direct Loan borrowing for a failing program for at least five consecutive award years, provided ED determines that doing so is in the best interests of students.

ED clarified in the rules that this provision also covers Prison Education Programs (PEPs), since they do not offer Direct Loans. NASFAA had raised concerns in its comments that, despite PEP enrollees' exclusion from the earnings premium metric calculation, a non-PEP program that shares a 6-digit CIP with a PEP could cause the PEP to fail due to the non-PEP program's completers' low incomes. ED also provided assurances that "any denial of participation applying to a program that includes students who are enrolled in a PEP or CTP program will not apply to those students."

The final rule adds a new exemption to the earnings accountability scope and purpose to exclude programs at institutions that enroll only students with a documented specific learning disability or autism, meaning that the eligibility consequences of the regulations are not applicable to such institutions.

The department also added a new provision that would delay the program eligibility consequences for programs that prepare students for occupations in which a majority of workers earn tipped income. Under the new provision, such programs will be treated neither as passing nor as failing the earnings premium for any year in which graduates' earnings are measured in 2025 or earlier.

The department's rationale for this change is based on a new provision from another part of the OBBBA, the "No Tax on Tips" policy, a temporary federal income tax deduction through the 2028 tax year that allows eligible workers in tipped professions to exclude up to $25,000 of their qualifying, voluntary tip income from federal taxes beginning with the 2026 tax year. ED believes tips will be less likely to be underreported in light of this change, and wishes to only begin evaluating earnings for tax years in which the policy is effective.

The result is at least a one-year delay in the rule's eligibility consequences for affected programs. In the final rule, the department identified 20 programs subject to this delay, listed by CIP code. In the preamble, ED also committed to making the earnings data and the earnings threshold used to calculate the earnings measure available to the public for these 20 programs, but they will not be subject to the consequences of failing the earnings premium metric until the graduates are measured using earnings from the 2026 tax year or later.

The final rule also provided more information about the process by which institutions may appeal the Secretary's determination that a program is a low-earning outcome program. The regulations specify the items on which an institution can base its appeal, including which individuals are included in the list of completers or the determination of the earnings threshold used in the comparison. Additionally, ED clarified in the final rule that an institution will have 30 days from the date of receipt of a notification of determination to file its appeal.

ED was swayed by commenters who argued that earnings data from the Census Bureau's American Community Survey (ACS) may be unreliable for calculating one of the graduate-level earnings thresholds, specifically the "same-state, same-field bachelor's degree median earnings benchmark" for programs at institutions where at least 50% of the students enrolled in the institution during the award year the calculations are made are from the State where the institution is located.

In cases where ACS data are unreliable, which ED estimates would be the case for approximately 2,650 graduate programs, the department has decided to set a value of $1 for the "same-state, same-field of study" earnings threshold.

Regarding the high school earnings benchmark comparison group, NASFAA raised concerns in its comments that the ACS data ED proposes to use for that benchmark includes certificate holders, thereby undermining a fair comparison. In the preamble, ED conceded that there was ambiguity and agreed that the ACS documentation is unclear and that some certificate holders may be miscategorized as having only received a high school diploma.

Still, ED declined to make changes on that front. ED responded with its own analysis of the Census Bureau's 2024 Survey of Income and Program Participation, which found that certificate holders make up only about 9% of high school diploma holders and that their earnings move the median by roughly $200, which it deemed 'de minimis.' ED reached the same conclusion for graduate certificate holders, potentially placing them in the earnings benchmark group for individuals who hold only a bachelor's degree.

NASFAA questioned ED's authority to consider an institution not to be administratively capable, and to consequently revoke all Title IV eligibility (not just Direct Loans) for low-earning programs when more than 50% of an institution's Title IV recipients or dollars are tied to low-earning programs for two out of three consecutive years, since OBBBA did not include that provision. ED defended its authority and did not back down on this new administrative capability requirement. Further, the department expanded the required student warnings related to this provision, adding that an institution that failed this administrative capability test in at least one of the three most recent consecutive award years must also tell students that those in low-earning outcome programs could also lose access to all Title IV aid, not just loans.

Now that the final rules have been published, ED can release official sub-regulatory guidance on provisions of the new accountability framework. ED recently postponed a previously scheduled webinar on the STATS and earnings accountability framework.

Federal Court Vacates PSLF Final Rule on Employer Eligibility, Hours Before July 1 Effective Date

A federal judge struck down the ED's final rule on Public Service Loan Forgiveness (PSLF) employer eligibility, vacating it entirely just hours before its scheduled July 1 effective date.

As a result, the PSLF Final Rule's employer eligibility changes are terminated and will not take effect on July 1. The current PSLF regulations, including the "qualifying employer" definition, remain in effect, and PSLF will continue to be administered under those requirements.

As a reminder, in March 2025, President Donald Trump signed an executive order directing ED to revise PSLF eligibility criteria to ensure the definition of "public service" excludes organizations that engage in activities with a "substantial illegal purpose." ED went through a negotiated rulemaking session in summer 2025 with no consensus, giving it free rein to draft the final rule. ED finalized the rule on October 30, 2025, with an effective date of July 1, 2026.

The ruling resolves two consolidated lawsuits challenging the rule: one brought by the National Council of Nonprofits (NCN) and a coalition of cities, labor unions, and nonprofit and employee associations, and the other brought by Massachusetts and 21 other states, plus the District of Columbia. Both cases argued the rule was contrary to law and arbitrary and capricious; the NCN suit also raised a First Amendment claim.

The lawsuit challenging ED's new PSLF employer eligibility rule had gained urgency over the past week as the department sought emergency clearance to revise the PSLF certification form before the July 1 effective date. The case was originally heard on June 3, 2026, prior to ED's emergency clearance filing.

The plaintiffs argued that this development added urgency to the litigation because, if the court did not block the rule before July 1, the new form would go into effect simultaneously with the rule, and employers would be making perjury-level attestations beginning with the first PSLF certification form submission after that date.

In response, in the decision issued June 30, Judge Myong J. Joun ruled that the final rule is contrary to law, exceeds ED's statutory authority, is arbitrary and capricious, and violates the First Amendment. The court ruled in favor of the plaintiffs on all counts and issued an order of dismissal the same day.

As of publication, ED had not yet responded to the court's order. The department retains the option to appeal the decision.

ED FINALIZES WORKFORCE PELL RULE AND NEW PELL RESTRICTION WHEN NON-FEDERAL AID COVERS FULL COST

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ED announced a final rule implementing two Pell Grant changes enacted through the Working Families Tax Cuts Act. First, the rule creates the new Workforce Pell framework for certain short-term workforce programs. Second, it codifies a new restriction that makes a student ineligible for Pell Grant funds when non-Federal grants or scholarships equal or exceed the student's cost of attendance for the relevant period. The Department published the final rule in the Federal Register on May 19, 2026.

The Workforce Pell provisions open a new Title IV pathway for short-term programs, but only within a tightly defined regulatory structure. Eligible workforce programs must be undergraduate programs that run at least 8 weeks but less than 15 weeks and fall within specified clock-hour or credit-hour ranges. The final rule also requires approval by both a Governor and the Secretary, ties ongoing eligibility to completion and job placement outcomes, and imposes a value-added earnings test that limits published tuition and fees based on graduate earnings. Students enrolled in these programs may receive Pell Grants, but not other Title IV aid tied to the program.

This framework may require both strategic and operational review. Institutions considering short-term workforce offerings will need to assess whether existing or planned programs can satisfy State approval processes, federal approval standards, and ongoing outcome thresholds. The regulation also connects program viability to tuition pricing and labor-market outcomes, which means academic leadership, financial aid, workforce development staff, institutional research, and finance teams may all need to participate in program oversight and decision-making. Even institutions that do not currently operate short-term programs may want to monitor how the rule affects enrollment strategy, competitive positioning, and external partnerships.

The second change may carry more immediate implications for packaging and award administration. Under the final rule, a student cannot receive a Pell Grant for an award year if the student receives non-Federal grant or scholarship assistance that equals or exceeds cost of attendance. The regulation also states that, in those cases, an institution must either reduce non-Federal grant or scholarship aid that is within the institution's control or return any Pell Grant funds still undisbursed and cancel future disbursements for the award year. Institutions should review how this may affect institutional scholarships, state grant coordination, and private aid packaging, especially when aid revisions occur late in the cycle.

Timing will require careful attention. The Federal Register notice states that the rule is effective July 20, 2026, except for amendatory instructions 10 and 13, which are effective May 19, 2026. The notice also states that the Department is permitting early implementation of the eligible workforce program provisions beginning July 1, 2026, and will treat institutions that participate through a qualifying program on the ECAR between July 1 and July 20, 2026, as having elected early implementation. Institutions should watch for additional sub-regulatory guidance, particularly where questions remain about applicability, award administration, and State-level processes.

ED has now moved Workforce Pell from statute to final regulation. The next step is determining whether the opportunity, administrative burden, pricing constraints, and outcome expectations align with institutional strategy, oversight capacity, and operational readiness. If it does, contact us for assistance to ensure the quickest time to launch.

ED ADDS IMPLEMENTATION SUPPORT FOR WFTCA RULES

As the July 1, 2026 implementation date approaches, ED announced additional support for institutions working through the Working Families Tax Cuts Act rules. In Electronic Announcement GENERAL-26-30, the Department said it has already published two of the three final rules and expects the third shortly. It also launched a living FAQ resource and a new email channel for institutions and other partners to submit policy-related questions as implementation continues.

This update matters because it identifies where ED intends to post clarifications and how campuses can raise unresolved questions as implementation continues. The announcement also points readers to upcoming webinars, virtual office hours, and a planned town hall. For institutions managing policy changes on a short timeline, these resources may help leadership teams, compliance staff, and operational offices stay aligned as new guidance is released.

NEGOTIATORS REACH CONCENSUS ON ACCREDITATION REFORM RULES

Accreditation policy may be entering another period of change. On May 21, 2026, ED announced that its Accreditation, Innovation, and Modernization negotiated rulemaking committee reached consensus on a proposed regulatory framework to revise the federal accreditation system. ED tied the effort to the Administration's April 23, 2025 executive order on accreditation and to the negotiated rulemaking process required under the Higher Education Act.

According to the announcement, the consensus package would make several significant changes to the current framework. ED said the proposed language would reduce barriers for new accreditors seeking recognition, simplify the process for institutions to change accreditors, require accreditors to ensure institutions maintain transfer credit policies that presume acceptance of comparable undergraduate coursework completed at another accredited institution, and restrict resource sharing between accreditors and affiliated trade or professional associations. The Department also said the framework is intended to reduce unnecessary financial, compliance, and administrative burdens associated with accreditation.

The proposal would also place greater emphasis on student outcomes and institutional policy expectations. Under the agreed-upon language described by ED, accreditors would evaluate performance using measures such as standardized assessments, licensure or certification results, retention, completion and graduation rates, post-completion outcomes, and educational and economic returns. The announcement further states that accreditors would assess whether institutions maintain policies addressing academic freedom, research misconduct, civil rights and, where applicable, First Amendment protections, along with policies that support intellectual diversity and the free exchange of ideas among faculty.

This development provides insight into changes in how accreditors will review transfer credit practices, student outcome evidence, research integrity controls, and institutional policy frameworks tied to faculty rights and civil rights protections. That gives institutional leaders reason to pay attention now, even though the proposal is not yet final. ED's background statement explains that negotiated rulemaking precedes publication of a Notice of Proposed Rulemaking, and the press release does not provide a final effective date or implementation timeline for these changes.

This is a policy development worth watching closely, particularly for institutions evaluating accreditor relationships, transfer credit practices, governance expectations, and whether existing policies align with future accreditation standards.

FEDERAL STUDENT LOAN INTEREST RATES INCREASE FOR 2026-2027 AWARD YEAR

Borrowing costs are set to move up again for the 2026-2027 award year. Based on the May 12, 2026, 10-year Treasury note auction, the Department is expected to set slightly higher federal student loan interest rates for all Direct

Loans first disbursed on or after July 1, 2026, through June 30, 2027.

Based on the Treasury high yield from the final auction prior to June 1, undergraduate Direct Loan rates are projected to increase from 6.39% to 6.52%. Graduate and professional Direct Unsubsidized Loan rates are expected to rise from 7.94% to 8.07%, while Parent PLUS and Graduate PLUS Loan rates will increase from 8.94% to 9.07%.

This annual rate-setting process is established in statute. Each year, the Department calculates interest rates by adding a fixed margin to the high yield of the 10-year Treasury note auctioned in May. The applicable add-ons remain unchanged at 2.05% for undergraduate Direct Loans, 3.60% for graduate

Direct Unsubsidized Loans, and 4.60% for PLUS Loans. Interest rate caps also remain in place at 8.25%, 9.5%, and 10.5%, respectively. Once set, these rates are fixed for the life of each loan.

At the time of writing, FSA had not yet published its official interest rate chart for the 2026–2027 award year. Institutions should monitor the FSA Knowledge Center for the forthcoming Electronic Announcement, which typically confirms the rates and provides the finalized chart and loan fee information.

From an operational perspective, financial aid offices should plan for updates to consumer information disclosures, financial literacy materials, and entrance and exit counseling content to reflect the new rates effective July 1. While the increase is modest, it continues the broader pattern of rate movement tied to Treasury market conditions. Institutions may also receive questions from prospective and continuing borrowers regarding borrowing costs, particularly for PLUS Loans as rates approach the statutory caps. For cabinet and enrollment leaders, that makes borrower communication and system readiness part of the broader summer implementation cycle.

Administrative systems and vendor configurations should be reviewed in advance of the new award year to confirm that updated rates are accurately reflected in packaging, disclosures, and loan origination processes. Although these changes follow an established statutory formula, timely updates help support accurate student communications and a strong internal control.

Institutions evaluating borrower communication strategies or system readiness for the upcoming award year may want to confirm that operational teams, vendor partners, and published materials are aligned once FSA releases its official guidance.

FAFSA FRAUD DETECTION UPDATE TRIGGERS EXPANDED V5 VERIFICATION ACTIVITY

ED updated its April 15, 2026 Electronic Announcement on FAFSA real-time fraud detection to report the results of a one-time screening of 2026–27 FAFSA forms submitted before the Department implemented real-time fraud detection. That review resulted in approximately 300,000 applications being selected for Verification Tracking Group V5 based on indicators associated with suspected fraud risk.

Institutions reported receiving system-generated Institutional Student Information Record transactions for affected applicants. Although this update does not change the underlying V5 framework, it does expand the number of records that may now require identity verification activity at the institutional level.

ED also clarified that fraud screening extends beyond the initial FAFSA submission. When a student submits a new online correction and the application has not previously been evaluated for fraud risk, the Department will screen the application at that point and include any applicable fraud-related comment codes on the resulting transaction. At the same time, ED stated that applications already selected through the one-time screening will be treated as having been evaluated for fraud, which should prevent duplicate fraud-related verification tied solely to a later correction.

This update sits within the Department's broader rollout of real-time fraud detection for the 2026–27 FAFSA cycle. The earlier April announcement described a new process under which applicants are evaluated for fraud risk as they complete the FAFSA. The May update is narrower and mainly signals that institutions may see a meaningful increase in V5-selected records as ED applies that fraud screening approach to forms submitted before the real-time process went live.

For financial aid offices, the practical question is how this higher verification volume may affect processing timelines, student outreach, and coordination across enrollment and aid operations. The announcement does not introduce new institutional procedures, but it does reinforce the need for schools to monitor incoming transactions carefully and assess whether existing processes continue to support a strong internal control as fraud screening activity increases.

ED HIGHLIGHTS INSTITUTIONAL EXPECTATIONS FOR FAFSA FRAUD PREVENTION AND TITLE IV CONTROLS

ED used Electronic Announcement GENERAL-26-31 to underscore an important point for institutions: federal screening does not replace campus responsibility for fraud prevention. The announcement outlines institutional practices intended to help colleges and universities prevent FAFSA fraud, protect students and families, and safeguard Title IV funds. It follows FSA's April 26, 2026, implementation of real-time identity fraud screening within the FAFSA form, which evaluates risk as an application is completed and requires a limited number of applicants to complete additional identity confirmation steps.

The announcement grounds that message in existing institutional obligations. ED points to 34 CFR 668.16(f), which requires institutions to administer Title IV programs with adequate internal controls to prevent errors, fraud, or mismanagement of federal student aid funds. It also reiterates that institutions must refer credible information indicating fraud or other criminal misconduct to the Department's Office of Inspector General under 34 CFR 668.16(g). ED further connects this guidance to earlier FSA announcements on institutional identity verification issued in April 2026 and June 2025. In practical terms, the Department is reinforcing that institutions remain responsible for identifying risk, resolving conflicting information, and preventing improper disbursements throughout the aid lifecycle.

Rather than announcing a new mandate, ED summarized practices colleges are already using and presented them as examples institutions may wish to consider. A central theme is early intervention. The announcement points to institutions that place immediate holds on accounts when suspicious activity appears, including questionable identity documentation, inconsistent demographic information, unusual address changes, conflicting FAFSA submissions, suspicious refund requests, or concerns raised by another office. For institutional leaders, that emphasis matters because it frames fraud prevention as an operational control that can interrupt registration, awarding, disbursement, or refunds before funds are released.

ED also highlights layered identity verification for higher-risk cases. The announcement describes institutions that use multiple forms of corroboration, such as government-issued photo identification, live or remote identity confirmation, notarized documentation, address checks, and supporting civil or academic records. The Department did not prescribe a single model, but the examples suggest that institutions should consider whether their current processes rely too heavily on a single document or a single office. A tiered review process may better support a strong internal control when risk indicators become more serious.

Another important feature of the announcement is its treatment of conflicting information as a campuswide issue rather than a financial aid issue alone. ED points to examples involving admissions, the registrar, student conduct, bursar or student accounts, information security, campus police, and institutional leadership. That framing has practical implications for cabinet-level planning. Institutions that treat fraud prevention as the sole responsibility of financial aid may overlook warning signs that surface first in another office. Shared escalation channels and coordinated case review may therefore matter as much as the underlying fraud policy.

The announcement also places significant attention on attendance, academic engagement, disbursement timing, and refund processing. ED highlights practices such as timely reporting of no-shows or lack of academically related activity, pre-refund review of students with suspicious indicators, and coordination with disbursement vendors so credit balance refunds do not go out automatically when identity or attendance questions remain unresolved. These controls may be especially important in online and short-term enrollment environments, where a fraudulent actor may attempt to secure a refund before the institution completes its review.

ED also encourages institutions to treat unusual enrollment history and concerning transfer patterns as possible indicators of risk. The announcement references patterns such as repeated non-completion, repeated withdrawals after aid disbursement, and multiple recent enrollments with little or no academic credit. That point extends the discussion beyond formal unusual enrollment history flags and suggests that institutions should think more broadly about whether enrollment behavior warrants additional scrutiny before future disbursements. The announcement stops short of prescribing a specific response, which means institutions will need to exercise judgment in deciding how to review these cases consistently and fairly.

A separate section of the announcement reminds institutions that fraud review does not end after packaging or the initial disbursement decision. ED notes that institutions generally must review subsequent Institutional Student Information Records during the processing year and must reconcile conflicting information discovered after disbursement, including returning funds when necessary. That reminder reinforces a lifecycle view of fraud prevention. Institutions that focus only on the front end of awarding may leave later-stage vulnerabilities unaddressed when new information emerges through later ISIR transactions, changes in National Student Loan Data System data, address updates, or unusual account activity.

The announcement also draws attention to governance and training. ED describes institutions that maintain formal red-flag or identity theft prevention programs, assign responsibility for oversight, train staff who handle covered accounts or personally identifying information, and update their programs as fraud methods evolve. For many institutions, that may be the most important takeaway. The Department is not simply highlighting suspicious cases. It is signaling the importance of a documented framework that assigns responsibilities, defines escalation paths, supports account holds when necessary, and prepares frontline staff to identify concerns before aid is released.

Finally, ED reiterates that institutions must refer credible fraud information to the Office of Inspector General and do not need to prove a case before making a referral. That reminder should prompt institutions to review how they document concerns, preserve supporting evidence, and determine when a case rises to the level of referral. The announcement does not create a new reporting standard, but it does underscore the importance of consistent documentation and escalation practices.

The practical takeaway is that ED expects fraud prevention to function as an institution-wide Title IV responsibility rather than a narrow financial aid task.

The announcement does not establish a new deadline, and ED expressly states that the institutional examples it cites are illustrative rather than endorsed models. Still, the guidance gives institutions a useful signal about the controls ED expects campuses to evaluate: account holds, layered identity review, cross-functional escalation, attendance and refund controls, ongoing review of later-arriving data, staff training, and documented referral processes. Institutions should review whether their current approach supports a strong internal control across the full student aid lifecycle and whether leadership oversight is clearly defined.

UNDERSTANDING GLBA COMPLIANCE FOR TITLE IV INSTITUTIONS

Service provider oversight remains a live GLBA issue for Title IV institutions. In prior guidance, FSA reminded schools that institutions subject to the Gramm-Leach-Bliley Act Safeguards Rule must address how vendors and other service providers protect customer information when they handle data on the institution's behalf.

The issue is not new, but it continues to matter. In December 2021, the Federal Trade Commission revised the Standards for Safeguarding Customer Information, commonly known as the Safeguards Rule. Those changes heightened expectations around information security programs and reinforced that institutions participating in Title IV programs must pay attention not only to their own controls, but also to the controls maintained by third parties with access to covered information.

Under the Safeguards Rule, institutions are expected to select service providers that are capable of maintaining appropriate safeguards, require those safeguards by contract, and periodically assess service providers based on the risk they present. For institutional leaders, this is a governance and vendor-management issue as much as an information security issue. Colleges and universities should be able to identify which vendors handle covered data, understand what contractual protections are in place, and confirm that oversight responsibilities are clearly assigned.

ANNUAL UEI REGISTRATION RENEWAL IN SAM REQUIRED FOR TITLE IV PARTICIPATION

ED reminded institutions in Electronic Announcement GENERAL-26-26 that annual renewal of the Unique Entity Identifier in the General Services Administration's System for Award Management remains required for Title IV participation. Institutions that participate in federal student aid programs must maintain an active UEI registration to support federal funding operations.

Institutions receiving Title IV funds must register their UEI in SAM and renew that registration each year. The Department indicates that failure to maintain an active UEI may interrupt administrative processes tied to federal funding.

The G5 system verifies that a UEI is active before performing actions such as issuing awards, processing changes, or reassigning funds. If a UEI lapses, the institution may experience delays or disruptions in accessing Title IV funds.

The announcement highlights several operational considerations that institutions should review. Institutions that use different UEIs across systems must ensure each is registered and maintained. For example, if an institution reports disbursement records in the Common Origination and Disbursement System using a different UEI than the one used for G5 cash activity, both identifiers must be actively registered in SAM.

Institutions with multiple UEIs, including those tied to approved additional locations, must register and renew each UEI individually. The Department notes that it is common for institutions to maintain multiple identifiers for different operational purposes, which increases the risk of a missed renewal if tracking responsibilities are not clearly defined.

FSA advises institutions to complete renewal activity well in advance of the expiration date. Schools should allow at least ten business days after submitting a renewal for the registration to become active in SAM. This timing is relevant for institutions approaching funding transactions or other G5 activity.

SAM provides advance notice of upcoming expirations. The institution's point of contact and alternate point of contact will receive reminder emails at 60 days and 30 days prior to the renewal deadline. Institutions should confirm that these contacts are current and that reminder notifications are monitored and routed appropriately, especially where responsibility for renewals sits outside the financial aid office.

This reminder reinforces the need for coordination across financial aid, finance, and grants management functions. Institutions should confirm that responsibility for UEI maintenance is clearly assigned and documented, and that a centralized tracking mechanism exists for all active UEIs. Periodic reviews of all identifiers in use across COD, G5, and other federal systems can help confirm alignment with SAM records and support a strong internal control.

Institutions should review the status of all UEIs currently in use and confirm that renewal dates are tracked and monitored. Where renewals are approaching, schools should initiate the SAM registration confirmation process early to avoid delays in activation.

Additional information is available in the SAM user guides under the Help section of the SAM website. Institutions may also contact the Federal Service Desk or the G5 Help Desk for assistance with registration or renewal questions.

Maintaining an active UEI remains a baseline requirement for participation in Title IV programs. As institutions continue to manage multiple identifiers across systems, proactive oversight of SAM registrations should remain an operational priority.

FY27 SEQUESTER-REQUIRED CHANGES TO THE TITLE IV STUDENT AID PROGRAMS

For another year, Direct Loan origination fees and TEACH Grant reductions will not change on October 1. Financial aid offices will not need to update fee rates mid-cycle, which provides some stability as the Budget Control Act of 2011, the sequester law, continues to drive these adjustments.

Beginning on October 1, 2020, origination fees on Direct Loans, including Direct PLUS Loans, as well as TEACH Grant awards, are as follows:

- The loan fee for Direct Subsidized Loans and for Direct Unsubsidized Loans is 1.057%. For example, the fee on a $5,500 loan will be $58.13.
- The loan fee for Direct PLUS Loans (for both parent borrowers and graduate and professional student borrowers) is 4.228%. For example, the fee on a $10,000 PLUS Loan will be $422.80.
- A TEACH Grant where the first disbursement is on or after October 1, 2020, and before October 1, 2027, requires a reduction of 5.70 percent from the statutory award amount, resulting in a maximum award of $3,772.

DIRECT LOAN CLOSEOUT DEADLINE SET FOR 2024-25 AWARD YEAR

July 31, 2026 is the closeout deadline for the 2024–25 William D. Ford Federal Direct Loan Program. FSA announced the date in Electronic Announcement DL-26-02 and confirmed that it is the final processing day before the end of the award year. All institutional data must be submitted to and accepted by the Common Origination and Disbursement System by that date to be reflected in the school's final ending cash balance.

To complete closeout, institutions must reconcile and complete formal confirmation steps. Schools must reconcile to an ending cash balance of $0 and total net unbooked disbursements of $0, as reflected on the School Account Statement and internal records. After reconciliation is complete, institutions must submit the School Balance Confirmation form through the COD website and verify that the correct program and award year are selected.

FSA established a firm submission cutoff of 8:00 p.m. Eastern time on July 31, 2026. After this point, the COD System will no longer accept Direct Loan records for the 2024–25 award year, and institutions will not be able to draw down additional funds for that period. The Department will reduce the Current Funding Level to the greater of net drawdowns or net accepted and posted disbursements.

The announcement reinforces that regulatory requirements governing cash management, disbursement reporting, and monthly reconciliation remain in effect and take precedence over the closeout deadline. Institutions that maintain timely and accurate monthly reconciliation should begin closeout shortly after final disbursements rather than waiting until July.

Timing considerations remain important. The COD System must accept all submitted records prior to the deadline for inclusion in the final ending cash balance. In addition, refunds of cash processed through G5 can take seven to nine days to be reflected in COD balances. Institutions should factor this processing time into their closeout timeline.

FSA also reiterated that institutions should not use G5 drawdown adjustment transactions to move funds between programs, award years, or institutions to resolve reconciliation issues. These actions do not align with federal cash management requirements and may create additional risk.

In limited cases, FSA may grant extended processing on a case-by-case basis when an institution's processing period extends beyond the closeout deadline. Institutions in this situation should contact the

FSA Partner and School Relations Center. For post-deadline activity, schools do not need extended processing to submit decreases or non-financial updates. However, to submit increases to awards or disbursements, or to create new records after the deadline, institutions must request access through the COD website's Request Reopen/Extended Processing function after completing full reconciliation.

This annual closeout deadline continues to serve as an indicator of institutional control over Title IV processing. Institutions that maintain consistent reconciliation practices and align internal records with COD data are generally better positioned to complete closeout without relying on deadline-driven corrections.

As July approaches, institutions should review reconciliation status, confirm processing timelines for any outstanding adjustments, and plan final submissions well in advance of the deadline.

ED Confirms No Resolution Required for Comment Code 352

The ED, in an electronic announcement on Tuesday, explained that, effective immediately, institutions should disregard the FPS C Flag associated with Comment Code 352 while the department updates its logic to ensure that the FAFSA Processing System (FPS) no longer sets a C flag for post-screening Reason Code 34/Comment Code 352.

According to ED's notice, schools should not delay awarding or disbursing aid if it is based only on the presence of this FPS C Flag.

Prior to Tuesday's notice, NASFAA provided Federal Student Aid (FSA) with feedback from members identifying ISIRs with comment code 352 and requesting guidance on resolving the associated C Flag, because ED had not provided instructions on how to resolve this C Flag, which began appearing on significant numbers of ISIR transactions being sent to institutions over the past several weeks after updates were made to several ED systems.

ED explained that comment code 352 appeared on reprocessed ISIRs as a result of the Common Origination and Disbursement (COD) system setting the value for its loan limit exception flag to "Yes" for borrowers it identified as meeting the criteria for the interim exception to the new federal loan limits established in the One Big Beautiful Bill Act. That information passed to the National Student Loan Data System (NSLDS), where the post-screening process identified that the value of the field changed and triggered comment code 352 and a corresponding C flag to appear on new ISIR transactions sent to schools.

ED acknowledged, however, that the decision to flag these transactions with a C Flag was inappropriate.

"We are aware that the FPS C Flag has caused confusion since FPS C Flags generally signal that an institution must resolve an eligibility issue before awarding and disbursing aid," the announcement reads. "In response to feedback from the financial aid community, ED is taking steps to update its logic to no longer set an FPS C Flag for post-screening Reason Code 34/Comment Code 352."

ED will begin reprocessing ISIRs to remove the C Flag associated with Comment Code 352 starting June 11.

House Appropriations Committee Advances FY 2027 Budget, Includes Amendment to Reclassify Nursing Programs as 'Professional'

The House Appropriations Committee on Tuesday night, in a 34-28 vote, advanced its fiscal year (FY) 2027 funding bill for the ED and other government agencies, adopting a bipartisan amendment that would reclassify nursing programs as a professional degree.

Notably, the House's budget proposal, which was released last week, would make several changes to federal student aid programs, including funding cuts to the Federal Work-Study (FWS) and Federal Supplemental Educational Opportunity Grant (FSEOG) programs and eliminating funding for subsidized federal student loans, which are only available for undergraduate students. Additionally, the bill would increase the maximum Pell Grant award by $50 and would add about $15 billion in mandatory Pell funding to address the projected funding shortfall.

Overall, the budget proposal allocates $70.7 billion for ED, an $8 billion, or 10%, decrease from the FY 26 enacted level.

Throughout Tuesday's markup, lawmakers debated and offered amendments on various aspects of the budget proposal, which covers the departments of Labor, Health and Human Services, ED, and related agencies.

Notably, a bipartisan manager's amendment was adopted by the committee, which included a provision that would reclassify advanced nursing programs as professional degree programs.

The amendment clarified that the term "advanced nursing program" means a post-baccalaureate educational program that prepares students for advanced practice registered nursing licensure, certification, or authorization, including nurse practitioner, clinical nurse specialist, certified nurse midwife, certified registered nurse anesthetist, or other advanced practice registered nurse programs.

With the implementation of the One Big Beautiful Bill Act (OBBBA), ED recently released final rules clarifying which programs would be considered as professional degrees – meaning that some students would face lower loan limits if their program is considered a graduate degree, and higher loan limits if their program is considered a professional degree. Many lawmakers have expressed concerns with ED's definition, noting that some students – especially those studying nursing – would be impacted and could ultimately lead to nursing shortages. States and nursing organizations have already filed lawsuits against ED over its definition of a professional degree.

"This rule would saddle students with mountains of debt and put advanced nursing careers out of reach for many," Rep. Lauren Underwood (D-Ill.) said during Tuesday's markup. "America needs more nurses, not fewer, but this decision would worsen our nursing shortage and put more of a strain on our health care system, especially in rural and underserved areas."

Underwood continued and said this amendment is a good start but "unfortunately it does not go far enough."

"The Trump administration's harmful student loan rules hurt dozens of professionals and will lead to workforce shortages in a wide range of healthcare fields and other industries, threatening public health and raising costs on everybody," Underwood said. "The entire rule must be blocked or rescinded."

While this amendment had bipartisan support, the House's FY 27 funding bill for ED was advanced on a party-line vote, without any amendments offered by Democrats being adopted by the committee.

Rep. Madeleine Dean (D-Penn.) offered an amendment to remove a provision in the bill that would terminate funding for new Direct Subsidized Loans for undergraduate students beginning July 1, 2027.

"For decades, the subsidized loans program has been one of the federal government's most effective tools for helping students from low-income families afford higher education," Dean said. "Let me be clear, taking away subsidized loans from students with financial need in order to finance a modest increase in Pell grants is not a meaningful investment in college affordability."

Rep. Robert Aderholt (R-Ala.), chair of the Labor, Health and Human Services, Education, and Related Agencies Subcommittee, opposed Dean's amendment, saying this policy is not new and that Congress has already ended subsidized loans for graduate students in 2011.

"Students will still have access to unsubsidized loans to finance their college education up to existing annual and total limits," Aderholt said. "This bill reinvests the savings from this loan policy into the Pell Grant program."

Ultimately, Dean's amendment was rejected by the committee.

Rep. Rosa DeLauro (D-Conn.), ranking member of the House Appropriations Committee, introduced an amendment to block ED's interagency agreements (IAAs) with several federal agencies. This amendment was also rejected.

The budget bill is now moving to the House floor for consideration, though the expected timeline is currently unclear. The Senate has yet to release its budget proposal for ED for FY 27.

House Passes No Aid for Ghost Students Act

The House passed legislation, in a 249-172 vote, which aims to codify the ED's recent fraud prevention measures on the FAFSA form.

First introduced by Rep. Burgess Owens (R-Utah.), the No Aid for Ghost Students Act would amend the Higher Education Act (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 measures that ED recently launched in April.

Already, ED has detailed how its FAFSA fraud prevention measures work.

The bill specifies that this fraud detection system would screen each FAFSA submitted on or after October 1, 2026. If a student is suspected of identity fraud, 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 would also require ED to annually conduct an evaluation of the identity fraud detection system and report on its effectiveness to Congress.

The legislation in March advanced out of the House Education & Workforce Committee in a 30-3 vote.

Rep. Tim Walberg (R-Mich.), chair of the Education & Workforce Committee, praised the passage of the legislation, saying that fraudsters have stolen billions of taxpayer dollars from the federal student aid programs.

“No Aid for Ghost Students Act is a common-sense solution to strengthen oversight, improve identity verification, and stop fraud before it happens—ensuring we can maintain the integrity of our federal student aid system,” Walberg said in a statement. Every federal student aid dollar should go to a student pursuing an education, not to criminals exploiting the system."

However, since the Education & Workforce Committee’s consideration, Rep. Bobby Scott (D-Va.), who serves as ranking member, has expressed concern about the legislation’s enforcement standards and a lack of guidance, which could allow the administration to further “weaponize” student aid.

“The Trump Administration has issued numerous threats and made efforts to withhold Title IV funding as a weapon of ideological control over educational institutions,” Scott said. “Already, this Administration has rewritten the accreditation handbook, threatened funding to select institutions that violate its legally dubious executive orders, and embedded ideological conditions into annual participation agreements.”

Scott further requested that Congress allow ED’s anti-fraud system to operate and evaluate the department’s findings.

In the Senate, companion legislation was introduced by Sen. Ashley Moody (R-Fla.), where it has yet to be considered by the Senate Health, Education, Labor and Pensions (HELP) Committee.

Member Preview of NASFAA’s Comments on Proposed Changes to IDR Request Form

NASFAA has shared the draft of its response to the ED’s request for comments on its proposed changes to the Income-Driven Repayment (IDR) Plan Request form. The department recently proposed revisions to the IDR request form to reflect the repayment plan changes enacted under the One Big Beautiful Bill Act (OBBBA). In the comments, NASFAA expressed support for many of the proposed updates, while also offering suggestions to improve the form's clarity and requesting additional guidance on how family size and the number of dependents are determined for calculating monthly payment amounts under the available IDR plans. NASFAA hopes our members will use these comments to inform their own comments, which are due to ED on June 22, 2026.

New NASFAA FAQ: Pell Grant Shortfall

NASFAA has put together a new issue brief that walks through several frequently asked questions about a funding shortfall in the Pell Grant program. The explainer provides details on how the program is funded, outlines the difference between the Pell Grant shortfall and reserve, covers congressional actions that have addressed the shortfall, and offers an outlook on future shortfalls. The resource also contains several graphics to help readers better understand the terms and developments that have directly impacted the program.

NASFAA Signs onto Letter Expressing Concerns Over ED's Proposed Changes to Foreign Gifts and Contracts Reporting

NASFAA, along with several higher education organizations, signed onto a letter expressing concerns over several proposals made by the ED regarding the foreign gifts and contracts reporting process under Section 117 of the Higher Education Act (HEA). Earlier in April, ED published an information collection request which listed two "substantial" changes to the foreign gifts and contracts reporting process, including public disclosure of donor names and a new requirement for an individual to certify that an institution is in compliance with Section 117. The organizations expressed concerns over these two changes, noting that the public disclosure of donor names "would have a chilling impact on legal foreign donations from alumni and others to our institutions" and that the new certification requirement "is absent from the existing statute and could create liability for individuals that does not exist in statute." The organizations also highlight concerns with ED's new foreign gift reporting portal, and highlight the reporting burden on institutions.

NASFAA Submits Comments on Proposed Changes to Repayment Plan Selection Form

NASFAA submitted comments to the ED in response to its proposed changes to the Fixed Payment Repayment Plan Request form. The department proposed revisions to the form to reflect the repayment plan changes enacted under the One Big Beautiful Bill Act (OBBBA). NASFAA's comments expressed support for many of the proposed updates and offered recommendations to further improve the form's clarity and usability for borrowers.

NASFAA Shares Preview of Comments on Second Draft of 2027-28 FAFSA

NASFAA is pleased to share its draft comments to the ED on the second round of revisions to the 2027-28 FAFSA. In this second and final round of comments, NASFAA thanked ED for changes made because of the 60-day comment period, including better help text for several questions, revising the timeframe specified in the student homelessness question, and rewording the question about high school completion status. NASFAA also reiterated remaining areas of concern not taken into consideration from the first commenting round as well as other suggestions for further improvements. NASFAA hopes our members will use these comments to inform their own comments, which are due to ED on June 25, 2026.

ED Announces Temporary 1% Interest Rate Reduction for Borrowers Enrolled in Auto Pay

The ED unveiled a new initiative to help student loan borrowers return to repayment, announcing that borrowers enrolled in auto pay will be eligible for a 1% interest rate reduction on their federal loans beginning July 1.

Auto pay is an option for federal student loan borrowers to get their monthly loan payment automatically deducted from their checking or savings account by their federal loan servicer. If a borrower enrolls in auto pay, servicers typically reduce the borrower's interest rate by 0.25%.

ED noted that the borrowers who enroll in auto pay by September 30, 2026, or who are already enrolled in auto pay, will receive this 1% interest rate reduction benefit through June 30, 2028.

ED Under Secretary Nicholas Kent said the department hopes this temporary initiative will "drive up repayment rates and significantly improve the overall health of the federal student loan portfolio."

"The Trump administration is making student loan repayment easier than ever, and borrowers should not wait to take advantage of this temporary interest rate reduction to stay on track for key student loan benefits," Kent said in a statement. "No matter your age or college credential, we want to make sure that borrowers can understand their options and choose a repayment option that works best for them."

ED noted that prior to the COVID-19 pandemic, over 80% of borrowers in active repayment were enrolled in auto pay. Today, only 40% are enrolled.

Since the Trump administration took office, a key priority has been returning student loan borrowers to repayment. Already, ED has announced a campaign in which, starting July 1, the 7 million borrowers enrolled in the Saving on a Valuable Education (SAVE) plan will be directed to choose a new repayment plan or be automatically enrolled in either the current standard plan or the new Tiered Standard plan.

Notably, this initiative was announced just two weeks before the administration launches its two new repayment plans enacted through the One Big Beautiful Bill Act – the Repayment Assistance Plan (RAP) and the Tiered Standard repayment plan.

The department listed instructions for borrowers to enroll in auto pay in its press release.

NASFAA Submits Comments on Proposed Changes to IDR Request Form

NASFAA submitted comments to the ED in response to its proposed changes to the Income-Driven Repayment (IDR) Plan Request form. The department proposed revisions to the IDR request form to reflect the repayment plan changes enacted under the One Big Beautiful Bill Act (OBBBA). NASFAA's comments expressed support for many of the proposed updates, while also offering suggestions to improve the form's clarity and requesting additional guidance on how family size and the number of dependents are determined for calculating monthly payment amounts under the available IDR plans.

Court Faces Pre-July 1 Deadline on RISE Final Rule Challenge

With July 1 just a week away, two federal lawsuits are pressing courts to act before a wave of student aid rule changes from the One Big Beautiful Bill Act (OBBBA) take effect.

The lawsuits challenge the Reimagining and Improving Student Education (RISE) negotiated rulemaking (neg reg) committee's final rule's definition of "professional degree" and its consequences for some workers in the healthcare industry.

Prior to the OBBBA, there was no meaningful distinction between graduate and professional students for federal student loan borrowing purposes. All graduate-level students had access to the same annual Unsubsidized loan limit of $20,500 and, critically, could borrow up to the full cost of attendance through the Graduate PLUS loan program.

The OBBBA created a two-tier system, treating "professional" students differently from "graduate" students for loan limit purposes. Starting July 1, 2026, only eleven degree-programs qualify as "professional degrees": the ten included in an earlier regulatory definition's illustrative list — fields like medicine, pharmacy, dentistry, law, and optometry — plus doctoral degrees in clinical psychology, which was added during RISE committee negotiations. A program with the same four-digit Classification of Instructional Programs (CIP) code as one of the eleven programs could also qualify as a professional degree if it meets certain licensure and program length requirements.

The law set the loan limits at two different levels: professional students could now borrow up to $50,000 annually, while graduate students remained capped at $20,500 under the Unsubsidized loan program. In addition to establishing new annual loan limits, the OBBBA eliminated the Graduate PLUS loan program for new borrowers, a program that effectively filled the gap between the Unsubsidized loan limits and the actual costs of attendance for many students.

The lawsuits filed against the Department of Education (ED) argue that the department misinterpreted the statute and, during the negotiated rulemaking process and in the final rule, manufactured excessive exclusivity in its definition of a professional program.

The first lawsuit was filed by a coalition of 25 states and the District of Columbia, challenging four specific provisions of the RISE rule. First, the narrowed definition of "professional degree" itself. Second, regarding the rule's treatment of students who withdraw and re-enroll, the lawsuit argues that OBBBA's limited exception provision requires only that a student be enrolled as of June 30, 2026, and that ED added a re-enrollment disqualification with no basis in the statute. Third, and related to the limited exception as well, ED interprets a transfer to a new institution as the start of a new program of study, and the states argue the statute does not require this interpretation. Fourth, ED's refusal to exercise existing authority under HEA Section 428H(d), which they've used to set higher loan limits for high-cost health profession programs, despite plaintiffs' argument that the preamble's claim that ED "lacked authority" to use it is simply wrong.

The states are seeking a declaration that these provisions are unlawful, national vacatur of the challenged provisions [which would strike the rule from existence entirely with nationwide effect], and a permanent injunction [which would leave the provisions intact, and would only affect the parties named in the suit] limited to public institutions within the plaintiff states. Critically, the states have not yet filed a motion for a preliminary injunction [a temporary pause on enforcement while the case proceeds, which affects only the parties named in the lawsuit], meaning the July 1 implementation date will proceed as scheduled unless they do so.

The second lawsuit, a consolidation of two lawsuits originally filed separately, was made by professional associations representing nurse practitioners and physician associates. The lawsuit argues that the final rule violates the Administrative Procedure Act (APA) by unlawfully limiting access to federal Direct Loans for students pursuing healthcare-related professions.

The coalition is seeking five forms of relief. First, a stay of the rule pending resolution of the case [pausing the rule from taking effect while litigation is pending, which would likely be limited to the association plaintiffs and their members]. Second, a preliminary injunction blocking the provisions from taking place on July 1 [which, if granted, would likely be limited to the association plaintiffs' members]. Third, a permanent injunction [issued after the case is heard in full, directing ED not to enforce the professional degree definition against parties associated with the association plaintiffs until ED promulgates a lawful replacement rule; the rule would technically still exist but be unenforceable against those covered]. Fourth, vacatur of the professional degree definition [which would strike it from existence entirely with nationwide effect]. Fifth, a declaration that the challenged provisions are unlawful.

Given that the healthcare association lawsuit sought a preliminary injunction to stop the rule from taking effect as of July 1, 2026, the court heard the plaintiff's arguments on June 23. Though the cases were consolidated, the two parties decided to present their arguments separately before the court.

During the hearing, presided over by Judge Beryl Alaine Howell, the plaintiffs emphasized that their challenge is not directed at Congress's decision to eliminate Grad PLUS loans or impose new borrowing limits through the OBBBA. Instead, they argued that ED unlawfully implemented those statutory changes by adopting a definition of "professional degree program" that excludes programs Congress never intended to exclude.

Plaintiffs repeatedly stressed that "we don't challenge the One Big Beautiful Bill Act. We don't challenge the statute. We don't challenge the elimination of Grad PLUS loans." Rather, they contend that affected nursing, physician associate, and other health profession programs "should have been subject to the higher caps and are only subject to the lower caps because of the Department's implementation of this rule."

To demonstrate the practical impact, plaintiffs cited evidence that more than 80% of nursing school deans expect enrollment declines as a result of the rule and that roughly 75% of students at those institutions may be deterred from pursuing their degrees because of the new borrowing restrictions. They also argued that students forced to rely on private loans could lose access to federal borrower protections, including PSLF, even if they pursue careers in public service.

Howell focused on a central question: because the loan limits themselves are established by statute, how would halting the department's rule provide meaningful relief if the plaintiffs are not challenging the law enacted by Congress?

In response, plaintiffs argued that the statutory distinction between graduate and professional degree programs is not self-executing, meaning the law does not automatically identify which degree programs qualify as "professional" programs. Plaintiffs argued that ED had to make those determinations itself and, in doing so, imposed requirements that are not found in the statute.

According to the plaintiffs, Congress relied on ED to establish a lawful framework for determining which programs qualify as professional degree programs and therefore receive the higher loan limits. Because ED adopted an allegedly unlawful definition that excludes certain programs, plaintiffs contend there is currently no valid mechanism for applying the statutory distinction. As a result, they argued that the court should prevent the department from enforcing the challenged definition and the lower borrowing caps that flow from it, until the agency adopts a lawful replacement.

ED then took its turn largely defending the challenged rule on two grounds: that the plaintiffs' alleged injuries are speculative and that the department reasonably interpreted Congress's statutory language. ED counsel added that any court-ordered relief, if granted, should be narrowly tailored.

ED acknowledged that a loss of members or membership dues could constitute an injury for the plaintiff organizations; however, it argued that the claims are speculative as there is no certainty that the borrowing limits will reduce enrollment in the affected programs. Department counsel argued that a variety of outcomes are possible, including students turning to private loans or pursuing alternative financing options, making it difficult to establish a causal connection at this moment in time.

Howell appeared skeptical of the department's approach to defining professional degree programs, highlighting what she described as a contrast between the agency's insistence that it lacked authority to consider certain policy concerns raised in the proposed rule comments, while simultaneously adding criteria, such as a reliance on four-digit CIP codes, that Congress did not expressly include in the statute. ED defended its use of CIP codes as an administrative tool, arguing that they are widely used throughout higher education and student aid administration.

ED repeatedly emphasized that Congress deliberately imposed borrowing limits on professional degree programs where none had previously existed. Counsel argued that the department's rule simply operationalizes that congressional decision, even if the resulting changes are significant and potentially disruptive.

The hearing ended with a discussion of what should happen if the plaintiffs prevail. The department urged the court to limit any relief to the specific provisions of the rule challenged in the lawsuit. Counsel also indicated that if the court invalidates any part of the professional degree definition, the department could move relatively quickly to reclassify affected programs and implement a revised approach without undertaking a new rulemaking process, although no specific timeline was provided.

If the typical procedure for preliminary injunction hearings is followed, Howell has a few options: issue a ruling within days; issue a short order first granting or denying the injunction briefly, with a longer explanation to follow; or request supplemental briefing, meaning asking for additional information from the two parties. At this stage, Judge Howell is not deciding the ultimate legality of the rule; she is deciding if the plaintiffs have met the requirements for a preliminary injunction.

If the court grants the preliminary injunction, it would block implementation of the "professional degree" definition for the affected parties represented by the plaintiffs only. If the court does not grant the injunction, it does not end the case; it simply means the plaintiffs did not meet the standard required to obtain emergency relief before the case is fully litigated. The court could also grant partial relief, blocking only certain aspects of the professional degree definition, such as the department's use of the CIP code as a criterion.

Howell did not issue a decision at the conclusion of the hearing but instead requested supplemental information specifically regarding the CIP code portion of the final rule. She has also asked the plaintiffs to provide more evidence on the legal standing of a stay being issued. Given the July 1, 2026, implementation date for the provisions at issue, a decision is expected shortly.

ED Announces Higher Education Fraud Summit

The ED announced that it will host an in-person summit on Tuesday, July 7, at the department's LBJ Auditorium in Washington, D.C. The one-day summit will feature staff from ED and Federal Student Aid, Inspectors General, institutions of higher education, and industry partners for panels and sessions focused on combating fraud across higher education. ED released an FAQ addressing questions on who should attend from each institution, how many in-person attendees are allowed per institution, and more. ED noted that a virtual attendance option may be offered closer to the summit date, but is not guaranteed. Registration must be completed by July 3.

NASFAA Updates Financial Aid Offer Examples to Reflect OBBBA Implementation

NASFAA continues to refine its aid offer models to promote transparency and consistency in how financial aid information is communicated to students and families. These updated models continue to meet all current NASFAA Code of Conduct requirements while also reflecting recent policy developments, including changes enacted through the One Big Beautiful Bill Act (effective July 1, 2026) and NASFAA's endorsement of the Improving Financial Aid Offers for Students Act. The aid offer-examples have been updated to provide institutions with non-mandated, practical models for clearly communicating financial aid eligibility and costs using current terminology, disclosures, and best practices.

New FSA Data Shows 1.3 Million Uptick in Defaulted Borrowers

Federal Student Aid (FSA) on Tuesday released newly updated data from 70 quarterly application, disbursement, and loan portfolio reports, showing a 1.3 million uptick in the number of borrowers in default since the last quarter in 2025.

As part of a quarterly update, FSA's updated reports include new data from January 1 through March 31, 2026. Notably, in the latest quarter, the number of borrowers in default increased by approximately 1.3 million compared with the previous quarter (October 1 through December 31, 2025). In total, as of March 31, there are roughly 9 million borrowers in default, with $220 billion in outstanding federal student loan debt, which represents more than 13% of the total $1.64 trillion federally managed student loan portfolio.

This updated data comes as the Trump administration ramps up initiatives to bring borrowers back into repayment – including a 1% interest rate reduction if borrowers enroll in auto pay and a campaign to get borrowers enrolled in the Saving on a Valuable Education (SAVE) plan to choose another repayment plan.

Overall, FSA noted that as of March 31, the outstanding federal student loan portfolio includes 42.6 million recipients with federal student loans totaling $1.7 trillion, a roughly 4% increase from March 2025.

Other key takeaways include that over 17.2 million borrowers, or about 42% of all federally managed borrowers, have at least one loan in a current repayment or delinquency status. FSA warned that many borrowers in delinquent status are at risk of entering default in the coming months, specifically noting that 20% of recipients with loans in active repayment, or about 3.5 million borrowers, are more than 30 days delinquent on their accounts, and about 1.4 million borrowers are in late-stage delinquency, at risk of defaulting within six months.

Additionally, about 8.4 million borrowers have at least one loan in forbearance, totaling $485 billion in federal student loans. FSA noted that this is a decrease from the previous quarter, as some borrowers enrolled in the SAVE plan began transitioning out of forbearance, and that more borrowers will exit forbearance as the SAVE plan sunsets in the coming months.

Roughly 3.6 million borrowers, or 9% of federally managed borrowers, have at least one loan in deferment totaling $157 billion.

The updated reports also include new data on institutional nonpayment rates, which differ from cohort default rates. Last summer, FSA first released institutional nonpayment rates, which are the percentage of Direct Loan borrowers who entered repayment since January 2020 and whose federal student loans were more than 90 days delinquent at the time the data were collected; in this quarterly report, the data are as of May 2026.

In this new data, approximately 2,000 institutions have nonpayment rates at or exceeding 25%, an increase of roughly 200 institutions since the February 2026 report, FSA noted.

With this new data, FSA does note that its recent student loan data is not comparable to prior years because of the three-and-a-half-year payment pause from the Covid-19 pandemic, along with the implementation of programs such as the on-ramp and Fresh Start.

FSA also provided new data on the usage of income-driven repayment (IDR) plans. According to FSA, approximately 13 million Direct Loan and ED-serviced FFEL borrowers in repayment, deferment, or forbearance statuses are enrolled in an IDR plan. Within the past year, the number of Direct Loan and ED-serviced FFEL balances in IDR plans increased from $728 billion to $784 billion.

Bonamici Introduces Resolution to Impeach McMahon

Rep. Suzanne Bonamici (D-Ore.) on Thursday introduced a resolution to impeach Education Secretary Linda McMahon, stating that McMahon violated her oath of office, illegally transferred the operations of the ED to other federal agencies without the consent of Congress, and made false statements before Congress.

Last week, Bonamici indicated she would be unveiling this resolution, saying she “will not stand by and let Sec. McMahon destroys the federal programs, funding, and research that are critical to public schools and the millions of students they serve.”

"Secretary McMahon has betrayed students, families, and educators by dismantling and demolishing the Department of Education, something she does not have authority to do," Bonamici said in a statement. "Congress created the Department and it would take an Act of Congress to shut it down."

The resolution lists several actions McMahon took since taking office that Bonamici argued go against the law, including creating multiple interagency agreements (IAA) with other federal agencies in an effort to "dismantle" ED. Most notably, ED in March announced an IAA with the Treasury Department with the goal of phasing out other Federal Student Aid (FSA) functions to the agency.

"Although the Department of Education has framed these interagency agreements as 'partnerships', Linda M. McMahon has publicly made statements referencing her plan to dismantle and eliminate the Department of Education, demonstrating a willful intent to violate the Department of Education Organization Act," the resolution reads.

The resolution notes that ED cannot be dismantled, nor can statutory functions be reassigned to another federal agency without an act of Congress.

The resolution also alleges false statements McMahon made before Congress. Specifically, during a February 2025 Senate Health, Education, Labor, and Pensions (HELP) Committee hearing, McMahon said she would disburse all congressionally appropriated funds in accordance with statute. The resolution notes that, among other instances, McMahon rejected or canceled approximately 100 TRIO grants, and halted $350 million in federal grant funds.

The resolution also claims that McMahon breached public trust by terminating approximately 2,000 employees at ED, which ultimately affected the department's ability to disburse congressionally authorized funding in a timely manner, and created significant delays that affected educational programming at elementary and secondary schools and institutions of higher education.

"Linda M. McMahon has decimated the Department of Education's capacity to fulfill its statutory responsibilities and created a culture of fear and chaos that has already disrupted and harmed critical educational programming," the resolution reads. "These actions have breached the public trust in the Department of Education and in Linda M. McMahon as its leader."

The legislation is cosponsored by 16 House Democrats including Reps. Mark DeSaulnier (Cali.), Maxine Dexter (Ore.), Veronica Escobar (Texas), John Garamendi (Cali), Adelita Grijalva (Ariz.), Jahana Hayes (Conn.), Jared Huffman (Cali.), Mike Quigley (Illi.), Doris Matsui (Cali.), Andrea Salinas (Ore.), Lateefah Simon (Cali.), Mark Takano (Cali.), Shri Thanedar (Mich.), Rashida Tlaib (Mich.), Jill Tokuda (Hawaii), and Nikema Williams (Ga.).

McMahon responded to Bonamic's resolution last week, calling on Democrats to "do better."

"It speaks volumes that House Democrats think an impeachable offense is working to improve student outcomes and reduce the federal bureaucracy," McMahon wrote. "They must not be bothered by chronic failures of our education system that result in historic low-test scores, a failed FAFSA form rollout, classrooms shuttered during COVID, designating parents as terrorists, and males in female locker rooms."

ED's Updated PSLF Form Request Adds Urgency to Court Challenge

With July 1 just under a week away, a lawsuit challenging the ED's new Public Service Loan Forgiveness (PSLF) employer eligibility rule has gained urgency in the past week, with the department seeking emergency clearance to revise the PSLF certification form before the July 1 effective date.

In March 2025, President Trump signed an executive order directing ED to revise PSLF eligibility criteria to ensure the definition of "public service" excludes organizations that engage in activities with a "substantial illegal purpose." ED went through a negotiated rulemaking session in summer 2025 with no consensus, giving it free rein to draft the final rule. ED finalized the rule on October 30, 2025, with an effective date of July 1, 2026.

The suit originally filed by the National Council of Nonprofits in November 2025 has returned to the public eye after ED issued a request for emergency clearance to revise the PSLF Certification and Application form. The revised form will require employers to attest, under penalty of perjury, that they have not engaged in any activity constituting a "substantial illegal purpose" on or after July 1, 2026, a provision included in the PSLF final rule.

The National Council of Nonprofits said that this development adds urgency to the litigation because, if the court does not block the rule before July 1, the new form will go into effect simultaneously with the rule, and employers will be making perjury-level attestations beginning with the first PSLF certification form submission after that date.

The case was heard earlier this month, with no decision issued, and no court has issued a preliminary injunction blocking the rule. Thus, the plaintiffs have requested that "the Court grant their pending motions for summary judgment before July 1," so borrowers and employers are not subjected to the new certification requirement.

Court Temporarily Pauses Key Parts of Professional Student Definition Days Before July 1 Effective Date

A federal court has temporarily halted the implementation of a portion of the ED's narrowed professional degree definition from its Reimagining and Improving Student Education (RISE) final rule, just days before the rule was set to take effect on July 1, 2026.

Significant uncertainty remains as the ruling is only a day old. ED has not yet appealed, a path they can pursue, or commented publicly on any plans to issue guidance. For now, institutions should consult their own legal counsel before deciding how to proceed.

The decision, which applies nationally, temporarily reverts to the current three-part standard for professional degree programs at 34 CFR 668.2 until the court issues a final decision on the full merits of the case. Under that standard, a professional degree is one that signifies completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor's degree, generally requires professional licensure, and includes (but is not limited to) the ten fields of study listed in the regulation.

As previously reported, the consolidated lawsuit brought by professional associations representing multiple healthcare-related professionals argued that ED violated the Administrative Procedure Act (APA) by adopting a “professional degree program” definition that “imposed new requirements absent from the preexisting definition adopted by Congress and turned an illustrative list of qualifying degrees into an exhaustive one.” The court heard arguments on June 23, with the plaintiffs seeking, among other forms of relief, a stay of the rule pending resolution of the case, a request that was partially granted.

The stay order pauses two pieces of the final rule: part (i) of the professional degree definition at 34 CFR 685.102, which contained ED’s new requirements that narrowed the fields of study that would be considered professional degree programs, and the requirement that a degree program be free from another professional’s supervision, which appeared in the rule’s preamble.

Part (i) is the portion of the definition that established ED’s more restrictive test for what can be considered a professional degree program. It required, among other things, that a professional degree generally be at the doctoral level, that it require at least six academic years of postsecondary coursework including at least two years of post-baccalaureate coursework, that it generally require professional licensure to begin practice, and that it carry a four-digit Classification of Instructional Programs (CIP) code in the same intermediate group as the eleven fields ED established as an exhaustive list in the rule. The court's stay suspends the applicability of these criteria.

Part (ii) of the final rule lists the eleven fields ED established as professional degree programs: the ten listed in the current definition at 34 CFR 668.2 (Pharmacy, Dentistry, Veterinary Medicine, Chiropractic, Law, Medicine, Optometry, Osteopathic Medicine, Podiatry, Theology) plus Clinical Psychology, which ED added in the final rule. Part (ii) remains in place, but the court adopted the understanding that this list is not exclusive.

With part (i) paused, programs that would have been measured against ED’s stricter professional degree criteria (that the program be at the doctoral-level, require six years of postsecondary coursework, and share a 4-digit CIP-code with one of the 11 programs in part (ii)) will now be evaluated under the current three-part standard at 34 CFR 668.2 described above. Clinical Psychology remains an eligible program because part (ii) survived the stay.

Emergency relief like this is sometimes limited to the parties who brought the suit. In this case, the court froze the provisions because they likely violate portions of the APA, and it explained that relief arising from APA violations generally applies nationwide, not just to the plaintiff organizations and their members.

The ordered stay suspends ED's authority to implement the provisions until the court can fully decide the case on its substance (called a full-merit hearing). The June 23 ruling was a quick emergency decision on whether the plaintiffs had grounds for temporary relief before July 1, not a deep-dive hearing on whether the rule is actually lawful.ED sought to block the pause order from taking effect until it could file its own appeal, a request that the judge ultimately denied.

Both ED and the plaintiffs must propose a schedule for further court proceedings by July 2, and the stay will remain in place until the case is fully resolved, whenever that occurs.

NASFAA will continue to monitor the case, as well as the related multistate challenge, and will provide updates in *Today’s News* as the litigation proceeds.

NASFAA Comments on Second Draft of 2027-28 FAFSA

NASFAA submitted comments to the ED on its second and final round of revisions to the 2027-28 FAFSA. In the comments, NASFAA expressed appreciation for changes made because of the 60-day comment period, such as better help text for several questions, revising the timeframe specified in the student homelessness question, and rewording the question about high school completion status. NASFAA also reiterated concerns ED had not taken into consideration from the first commenting round.

Financial Aid Professionals Identify Boundaries for AI Usage and Highlight Concerns Over Data Privacy

The adoption of artificial intelligence (AI) tools in professional settings continues to rise, but financial aid offices are still in the early stages of adoption and, according to recent listening sessions, are still operating without a formal process for decision-making regarding AI use.

In early March of 2026, NASFAA's Research Department, in partnership with the Use of AI in the Financial Aid Office Task Force, conducted six virtual listening sessions to explore current AI usage, decision-making processes, guardrails, and training. The task force's goal is to examine how financial aid professionals are using, or considering using, AI, including promising practices and challenges related to privacy, compliance, data stewardship, customer service, and equity.

Findings are then presented by topic to provide a clearer picture of how financial aid offices are incorporating AI into their practice.

Key findings highlight:

- Areas in which financial aid professionals identified where human judgment must remain critical to office operations, and also explained how offices are still operating in an "exploratory" phase of AI usage. In particular, participants identified professional judgment determinations, such as dependency overrides, special circumstance adjustments, and satisfactory academic progress (SAP) appeals, as areas where AI should not make or substantially drive decisions. Compliance functions, including regulatory interpretation, policy application, and verification, were similarly protected.
- Data privacy also remained a top concern throughout the listening sessions, with participants citing gaps in institutional policies concerning the usage of Federal Tax Information (FTI) and other sensitive information in appeals. One participant identified a scenario in which students bring AI transcription tools into virtual counseling sessions where FTI is discussed, and noted that current institutional policies reviewed in the task force's policy scan do not provide guidance on data privacy.
- As the profession continues to develop its own policies for utilizing this new technology, participants urged NASFAA to provide neutral, financial aid-specific resources, including model policy language, training resources, and decision frameworks for optional AI policies.

The task force will use the information gathered across its reports to inform their final report, which will be submitted to the NASFAA Board of Directors. Already, NASFAA's Research Department has published its first report outlining key findings from its membership survey of financial aid professionals earlier in

April, which found that only 54% of financial aid professionals are using this technology in their offices for financial aid work.

NASFAA's second report provided a review of institutions' AI policies, and examined what institutions are addressing, and not yet addressing, on data privacy, human oversight, disclosure, and staff training, with implications for financial aid practitioners navigating a highly regulated work context.

The final report, NASFAA's Use of AI in the Financial Aid Office Task Force Recommendations, will be published after it has been reviewed and approved by the NASFAA board in the summer of 2026.

ED Outlines Guidance on Institutional Authority to Set Program-Level Loan Limits

The ED released a Dear Colleague Letter (DCL) reminding institutions of their new authority, effective July 1, 2026, to establish lower annual loan limits for specific programs through the One Big Beautiful Bill Act (OBBBA).

The OBBBA includes a provision where institutions have the authority to establish lower annual loan limits for specific programs, though this authority must be consistently applied to all students enrolled in that program of study, and there is no opportunity for financial aid administrators to use professional judgment (PJ) on a case-by-case basis to increase an individual student's loans back to the statutory maximum. Further, if institutions choose to use institutional loan limits, the institutional limit is the starting point for adjustments for less than full-time enrollment.

In the DCL, ED lists best practices institutions can take when using this authority to set lower loan limits. For example, institutions may want to establish loan limits lower than the new annual loan limits made under OBBBA for students in professional degree programs, especially for programs that may be associated with lower post-graduate earnings, or higher rates of delinquency and default.

And even for programs where OBBBA did not change the annual borrowing limits, but did create new aggregate loan limits, institutions may want to consider setting loan limits below the statutory maximums for certain programs in relation to the cost of the program, and should ensure students have a "manageable debt burden after graduation," ED wrote.

ED encourages institutions to counsel students to borrow only what they need, noting that some institutions are proactively providing students with information about their cumulative student loan debt, including an estimate of their projected average monthly payment after graduation. These institutions have also provided a reminder to students that they may choose to reduce their future loan disbursements.

"We are committed to working with you and the broader financial aid community to maximize the new benefits available under the Act, helping borrowers limit unnecessary borrowing, and ensuring they are well positioned to successfully manage their federal student loan debt after graduation," the letter reads.

In the DCL, ED highlighted a previous white paper from NASFAA, in which two-thirds of respondents agreed that aid administrators should have the authority to limit loans for undergraduate, graduate, or professional students.

NASFAA has previously supported institutional authority to limit loans, including for less than full-time status. However, the OBBBA version of this authority does not align with NASFAA's recommendations, as it does not allow aid administrators to increase a student's loan amount higher than the school's established limit, up to the applicable statutory limit, on a case-by-case basis under PJ.

In previously submitted comments to the department, NASFAA outlined its concerns with the OBBBA provision, noting that the law mandates loan adjustments for less than-full-time status, whereas less-than full-time adjustments would have been at the discretion of the institution under NASFAA's proposal. This mandate could hinder institutions from using their authority to establish lower loan limits, NASFAA wrote in its submitted comments.

"ED's additional requirement that institutions that choose to use the authority to limit students' loans must then apply the new mandatory adjustments for less than-full-time enrollment to the institutionally-set limit, again, without the opportunity for PJ, makes it less likely that institutions will use this new authority than if it had been designed the way NASFAA envisioned it," NASFAA wrote.

'Shining Brightly' and 'Fighting Forward': NASFAA Marks 60th Anniversary at 2026 National Conference

Over 2,400 financial aid professionals have convened just outside of the nation's capital in National Harbor, Maryland, to connect and proudly celebrate NASFAA's 60th anniversary after a year of significant challenges that tested offices across all regions.

Throughout this week, attendees can participate in unique sessions and individualized pathways geared to help them navigate the latest guidance and regulatory updates to federal financial aid policy.

Noting NASFAA's diamond anniversary, **Heidi Carl,** NASFAA's 2025-26 national chair, told attendees that the pressure from this past year should allow financial aid professionals to celebrate in style, since it is pressure that makes a diamond.

"We are going to shine brightly throughout this week," Carl said. "This conference is sure to be filled with learning, connecting, sharing, and most importantly, igniting our light so we can shine brightly for one another."

NASFAA's President & CEO, Melanie Storey, recognized the significant change and challenges the profession has faced in the last several years, from a global pandemic and emergency funding for higher education, to FAFSA simplification, and now implementing monumental changes enacted by the One Big Beautiful Bill Act (OBBBA).

After the past few years, Storey said she has retired the term "unprecedented" as a descriptor for recent trends, instead opting for the term "extraordinary."

However, instead of just surviving these latest challenges, Storey said that attendees should look toward the possibilities that are associated with new guidance and pointed to the enactment of the Higher Education Act (HEA) in 1965 as a sign of just how far college access has come.

"Over 61 years ago, with the HEA, the idea of access to college, regardless of resources, was radical," Storey said. "The debates were fierce, the compromises hard fought, but here we are 60 years later. We are doing it every day."

While the past year has been difficult for every aid office, Storey reminded attendees that there have been other challenging, dark days in this profession, but stressed that the profession is unified in its committed belief that all students have the opportunity to pursue postsecondary education, even if there is disagreement on how to get there.

During the opening session, attendees also had the opportunity to hear from Mark Schulman, a performance driver, author, and celebrity drummer for notable musicians, including P!nk, Foreigner, Billy Idol, and Cher. Schulman shared insight into how financial aid professionals can “hack into” the rockstar attitude.

Schulman, in an interactive performance, explained that financial aid professionals are not just processing paperwork; they are changing the trajectories of human lives.

“You got into [this profession] because somewhere along the way, you believed that a student’s zip code shouldn't determine their future,” Schulman said. “Through every regulation, every system overhaul, every “One Big Beautiful Bill” that lands on your desk at 4 p.m. on a Friday, you kept showing up.”

Earlier in the day, during a pre-conference session on belonging, attendees also had the opportunity to hear from Michael Hingson, a New York Times best-selling author and international lecturer, who explained how professionals can work toward creating inclusive environments where everyone is empowered to fully contribute.

Hingson, blind since birth, survived the 9/11 attacks with the help of his guide dog Roselle, and used his remarks to explain why it is important for all professionals, especially those working in financial aid, to observe the world in a different way than we typically do.

He explained how the invention of the lightbulb could be viewed as an ADA compliance tool to assist individuals who are not able to read or navigate in the dark. Since Hingson has access to braille reading tools, his ability to read is not impacted by the availability of light.

“Blindness isn’t the problem; the problem is our perceptions. Every single person on this planet has a disability,” Hingson explained.

Financial aid professionals are constantly adapting to unique circumstances and to shifting guidance that applies only to certain student populations or specific programs.

“We all need to recognize that many times we have differences,” Hingson said. “But it doesn't mean that our differences make us any less than anyone else.”

The *Today's News* team is on the ground in National Harbor, keeping you up to date on NASFAA 2026 sessions and special events. Be sure to follow our **social media channels**, where you can share your experiences and connect with your colleagues. Check out all of our conference news coverage and stay tuned to *Today’s News* for more throughout the conference.

Democrats Unveil Bill to Double Pell Grant, Shift to Mandatory Funding

A group of congressional Democrats last week unveiled bicameral legislation to make college more affordable by nearly doubling the maximum Pell Grant award, indexing it to inflation, shifting the program to mandatory funding, and more.

The Pell Grant Preservation and Expansion Act was reintroduced by Reps. Mark Pocan (D-Wisc.) and Bobby Scott (D-Va.), ranking member for the House Committee on Education and the Workforce, and Sens. Mazie Hirono (D-Hawaii), Jack Reed (D-R.I.), Sheldon Whitehouse (D-R.I.), and Patty Murray (D-Wash.), vice chair of the Senate Appropriations Committee. Previous versions of this legislation were introduced in 2024, 2021, and 2017.

The bill would make several changes to the Pell Grant program. First, the bill would increase the maximum Pell award to $10,000 for the 2026-27 award year – the current maximum is $7,395. From there, the maximum award would double over five years to $15,000. After the five-year period, the maximum award would be indexed to inflation to ensure its purchasing power remains strong in future years, the lawmakers wrote.

The bill would also shift the Pell Grant program to full mandatory funding. Currently, the program is funded through both discretionary and mandatory funding. Discretionary funding is determined by Congress each year through the appropriations process, while mandatory funding is set in the law and does not require annual approval. By shifting the program to full mandatory funding, this bill would ensure that students can count on their awards being fully funded now and into the future and would protect the program from future funding shortfalls.

NASFAA recently published an issue brief that walks through several frequently asked questions about a funding shortfall in the Pell Grant program.

Under this bill, Pell Grant access would also be expanded to DREAMers, undocumented immigrants who came to the United States as children. Additionally, a student's Pell Grant lifetime eligibility would be expanded to 18 semesters. Currently, a student's lifetime eligibility is capped at 12 semesters.

The bill also includes a provision that would automatically qualify a student for the maximum Pell Grant award if the student or their family participates in Medicaid and SNAP. These students would also receive an additional award of up to $1,500, in addition to the maximum award.

There would also be changes to Satisfactory Academic Progress (SAP) requirements under this bill. The lawmakers noted that nearly 40% of first-year Pell Grant recipients risk losing access to Pell Grants due to "confusing SAP requirements."

The bill would reduce financial aid penalties tied to SAP and impose new mandates on institutional SAP policies. An institution's Title IV SAP policy could be no more burdensome than any policy it applies to students not receiving Title IV aid, and it would have to be applied consistently to all students, regardless of grade level, enrollment level, or educational program.

Additionally, institutions would no longer have the option to review SAP annually and would instead be required to review SAP each payment period and provide a one-payment-period financial aid warning. Institutions would still have the option to provide a payment period for financial aid probation based on an approved appeal or after developing an academic plan. Students who fail SAP after the mandatory warning and optional probation, leave school, and do not re-enroll anywhere for two years would qualify for a SAP reset, usable only twice. Under the reset, attempted and earned courses would still count, but unearned credits from withdrawal, failing grades, or incompletes would not. The bill would also require ED to notify students who left without re-enrolling after failing SAP that they are again eligible for Title IV aid, which would require additional reporting to ED on behalf of institutions.

The lawmakers also aim to expand Pell Grant eligibility for part-time students. Under the bill, the minimum award level would be set at 5% of the maximum award, rather than the current 10%. The lawmakers wrote that this will ensure that part-time students, such as returning adults who may only be able to take a few classes at a time, retain access to aid as the maximum award grows. The lawmakers noted that as the maximum award increases to $15,000 under this bill, a student would be able to receive a minimum award of $750.

Lastly, the bill would repeal a provision of the One Big Beautiful Bill Act (OBBBA) that makes students whose total non-federal grants and scholarship assistance alone equals or exceeds their cost of attendance ineligible for a Pell Grant. Under this legislation, these students would be eligible for a Pell award.

In a statement, Scott stressed that the Pell Grant is the "most important tool we have to help students afford college."

"Simply put, Pell Grants' purchasing power has severely eroded, making it even more difficult for students to afford higher education," Scott said in a statement. "By doubling the maximum Pell Grant award and moving the program to mandatory funding, the Pell Grant Preservation and Expansion Act directly addresses this shortfall and begins to restore purchasing power to help millions of students earn a quality degree without being forced to take on excessive debt."

Murray also stressed the importance of the Pell Grant in making college affordable for students.

"There is absolutely no reason students should be saddled with mountains of debt if they want to get a college degree," Murray said in a statement. "Government should be helping to open doors for American students, not slamming them shut like Trump is doing. Every year, I fight to protect and expand the Pell Grant—this bill would increase Pell Grants for millions of students to help them afford a postsecondary education and further their careers while helping ensure the Pell Grant is there to support students for generations to come."

FSA Postpones Student Tuition and Transparency System (STATS) and Earnings Accountability Webinar

FSA announced that it is postponing its Student Tuition and Transparency System (STATS) and Earnings Accountability webinar, which was originally scheduled for July 8, to an unspecified date. FSA wrote that it will provide an update "as soon as further details are available." The Department of Education announced the final rule on this accountability framework will be published in the Federal Register on July 1.

Now Available: State Workforce Pell Certification Form

The ED announced that the State Workforce Pell Program Certification Form is now available for governors to complete in order to communicate to ED the programs they have approved and certified as eligible workforce programs for purposes of the expanded eligibility for Pell Grants under the One Big Beautiful Bill Act (OBBBA). ED provided information on the application process in the electronic announcement stating governors would provide completed forms to the institution and the institution would upload the form into its Application to Participate in the Federal Student Financial Aid Programs (E-App). While the Workforce Pell provisions under OBBBA are effective July 20, 2026, starting Wednesday, institutions have the option to early implement.

ED Provides FVT/GE Reporting Updates Amid STATS Early Implementation Option

The ED explained new updates to the National Student Loan Data System (NSLDS) with the implementation of the Student Tuition and Transparency System and Earnings Accountability (STATS) framework, outlining several reporting requirements that are now optional for the October 1, 2026 reporting if an institution chooses to early implement STATS.

On Wednesday, ED published its final rule for its new accountability framework, which was enacted under the One Big Beautiful Bill Act (OBBBA), with most of the regulations effective on July 1, 2027, and an option for early implementation beginning July 1, 2026.

In an electronic announcement, ED reminded institutions that this new accountability framework is replacing the existing Financial Value Transparency and Gainful Employment (FVT/GE) regulations, and noted that for this year's October 1 reporting, institutions may choose to report under the FVT/GE regulations, or under STATS if the institution chooses early implementation.

As a result, ED has made several fields optional for this year's October 1 reporting as of Wednesday. These optional fields are detailed in the announcement. ED stated that it will consider an institution's decision not to report data in the optional fields to be an indication of the institution's early implementation of STATS. For institutions that do want to early implement, they can omit data in some or all of the optional fields, ED wrote.

Institutions that want to remain under the FVT/GE regulations for this year would still report data for the optional fields.

All institutions are required to submit either data under STATS or FVT/GE by October 1, 2026, ED clarified.

The announcement also mentions NSLDS updates that will be made to accommodate new Workforce Pell fields that will be reported to NSLDS from the Common Origination and Disbursement (COD) System now that Pell Grant eligibility has been expanded to certain short-term workforce programs.

ED Officials Share Updates on Final Rules and Insight Into Policy Agenda

The ED provided NASFAA 2026 National Conference attendees with a federal update presentation detailing how its regulatory agenda will impact the administration of federal student aid.

Three officials provided financial aid administrators with key insights into the department's next negotiated rulemaking session, upcoming FAQs, implementation of Workforce Pell, updates to the FSA handbook, and developments concerning the rollout of several final rules.

To kick things off, Ashley Reich, deputy under secretary and chief of staff, noted that the department will hold another "catchall" negotiated rulemaking session in the spring of 2027, with topics still to be determined. During **Tuesday's** session, Under Secretary of Education Nicholas Kent noted that the department was considering topics related to the process for campus mergers, consolidations, and closures.

Reich also noted that ED has now processed over 14 million FAFSAs and that the department has recorded a 95% satisfaction rate, which officials credited to the form's quicker submission times. Additionally, the department's fraud-prevention efforts, including real-time identity verification, have resulted in over $200 million in savings for taxpayers. Reich noted that ED has seen very few instances of financial aid administrators setting the FAA Fraud Override field on ISIRs flagged by ED as potentially fraudulent overrides, citing that as proof that ED's fraud prevention efforts are working to correctly identify fraudulent applications.

As new rules as a result of the OBBBA go into effect this July 1, ED provided an overview of recent **negotiated rulemaking** sessions that led to these rule packages: Accreditation, Innovation, and Modernization (AIM); Reimagining and Improving Student Education (RISE); and Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD).

Reich explained that the department implemented OBBBA changes throughout the federal student aid (FSA) site and in ED systems this past weekend and that servicers have now also made the updates necessary to allow borrowers to apply to the Repayment Assistance Plan (RAP) and enable FSA to process these applications.

"Today is truly a historic day and one that many of us have been anticipating for quite some time. The team has been very busy implementing [OBBBA], and it's really important to know that we have embarked on a lot of work over the past year," Reich said. "As you heard the under secretary remark yesterday, in his remarks, what was implemented over this weekend and effective today is more monumental in full unit scale than when we moved from FFEL to full direct lending."

Additionally, Reich highlighted that the new federal student loan Repayment Calculator is now live and available on StudentAid.gov. Previously called the "loan simulator," the Repayment Calculator now reflects all eligible repayment plan options as of July 1, 2026, including RAP and the Tiered Standard Plan.

Reich also noted that details of the next FSA Training Conference will be announced "soon."

The presentation then turned to Jeffrey Andrade, deputy assistant secretary for Policy, Planning, and Innovation, who provided an update on the latest developments concerning "professional students" and final Public Service Loan Forgiveness (PSLF) rules.

On Tuesday, a **federal judge struck down** the Department of Education's (ED) final rule on PSLF employer eligibility, vacating it entirely. Andrade said the department was reviewing the judge's decision and weighing all available options.

In response to another federal court order **temporarily halting** (or "staying") key parts of ED's narrowed professional degree definition, Andrade said they will push forward with defending the rule to ensure the court better understands the nuance outlined in their rules package.

In the meantime, Andrade pointed to the recent **electronic announcement** clarifying how schools should treat professional degree programs for loan limit purposes.

On a similar topic, Andrade reminded institutions of their **new authority**, effective July 1, 2026, to establish lower annual loan limits for specific programs through the One Big Beautiful Bill Act (OBBBA). He stressed that the purpose of the OBBBA was to reduce overborrowing.

David Musser, acting director of the policy development group, then walked attendees through developments in the workforce Pell program.

Musser also provided an overview of the **new accountability rules** and reminded institutions that their first reporting deadline for the Financial Value Transparency data is Oct. 1, 2026.

NASFAA's Policy Session Dives into OBBBA Implementation, Congressional Dynamics, and ED's Priorities for Student Aid

To round out the NASFAA 2026 National Conference, attendees heard from NASFAA's policy team, which explained where things stand on the implementation of the One Big Beautiful Bill (OBBBA), congressional dynamics, and NASFAA's continued engagement in the policy space.

Before digging into the policy front, the session began with a passing of the gavel from 2025-26 National Chair Heidi Carl to 2026-27 National Chair Dr. Angela Johnson, the vice president of enrollment management at Cuyahoga Community College (Tri-C).

During her remarks, Johnson stressed the importance of meeting students where they are and to "bloom" where students need financial aid professionals most, especially as the student aid landscape continues to shift beneath the profession's feet.

"Many of us spent the past several years adapting to special circumstances we did not choose," Johnson said. "Yet despite all this, we remain here serving, leading, advocating, innovating and moving forward, not because the challenges disappeared but because the mission remains."

The presentation then turned to NASFAA's President & CEO Melanie Storey, who provided an overview of federal changes from this time last year.

During last year's conference, OBBBA was still working its way through Congress, and its enactment, along with finalized policy, was still very much up for debate. Fast forward to this July, when the breakneck pace of legislative activity has led to the law's enactment, with new rules now taking full effect.

Storey highlighted key pressure points that have emerged since the law's enactment, in which students and their families are trying to navigate these new rules, meanwhile financial aid professionals must also navigate shifting guidance and try to combat burnout, staffing issues, and more demands on their offices.

To combat these challenges and difficult times, Story reminded professionals to ensure they first take care of themselves.

"Please put your oxygen mask on before helping others," Storey said. "It is such a community of giving and I enjoy all of you for that, but I also need you to take care of yourselves."

Karen McCarthy, NASFAA's vice president of public policy and federal relations, provided more detail on the federal dynamics and recent developments that have raised new questions concerning OBBBA guidance.

As Congress heads into a midterm election year, McCarthy explained that there is significant uncertainty depending on whether there is a change in control of either or both chambers.

Right now, it is clear that there will be a change in Senate leadership, since the Education Committee chair, Bill Cassidy (R-La.) lost his primary race. After the elections, the committee will either be run by a new Republican or return to control of Democrats if the chamber flips.

If Democrats manage to flip a chamber, McCarthy indicated that there would likely be a significant amount of oversight activity conducted by Democrats who have been seeking answers into the ED's staffing following reduction in force (RIF) notices.

McCarthy then walked attendees through the annual appropriations process, which is currently in the middle of negotiations for fiscal year (FY) 2027. She outlined the **White House** budget request as well as the proposal put forward by the **House**. Notably, with only a few weeks until the summer recess, the Senate has yet to provide any bill text for its proposal.

Since Congress has struggled to meet its annual September 30 deadline to complete the budget process, McCarthy said it seems likely that another short-term extension will be needed to get through the fall's elections.

Regardless of what happens during the elections, it is likely that Congress will focus on a projected **shortfall** for the Pell Grant Program and said that NASFAA would continue to urge for increased funding for the program, especially after its expansion with Workforce Pell under OBBBA.

During the week of the conference, there was significant activity in the courts concerning OBBBA impacting loan limits and the "professional degree" definition.

Last week, a federal court order **temporarily halt**ed (or "stayed") key parts of ED's narrowed professional degree definition. In this interim period, while the department will likely seek to appeal the ruling, ED **issued** an Electronic Announcement (EA) (GENERAL-26-42), on Tuesday, clarifying how schools should treat professional degree programs for loan limit purposes.

McCarthy also pointed to ED's recent guidance where institutions can use their judgment as to what to do in the interim of this ruling, noting they have the ability to limit loans for certain programs — a flexibility that ED detailed in a **Dear Colleague Letter** late last week.

Lastly, McCarthy highlighted that the policy team is on the lookout for another negotiated rulemaking session that ED teased for early spring 2027.

Melanie then explained that, for the year ahead, Congress will likely not maintain the same pace of rapid changes in student aid, as midterms, possible gridlock, and additional court activity would slow the legislative process.

Even though the legislative pace may slow, it offers financial aid offices the opportunity to focus on their students and raise their voice in highlighting what is happening on their campuses.

“Your stories are powerful,” Storey said. “They are real students, real examples and so we always rely on you.”

Parties Seek Extension in Professional Student Definition Lawsuit

The parties in the nurse practitioner (NP) and physician associate (PA) groups' lawsuit against the Department of Education (ED) have jointly asked the court for a one-week extension to propose a hearing schedule, as they continue to sort out how the ED's revised professional degree Classification of Instructional Programs (CIP) code guidance applies to advanced nursing degrees.

As a reminder, on June 24, Judge Beryl Howell granted the plaintiffs' request for preliminary relief, pausing (or “staying”) two pieces of the final rule: part (i) of the professional degree definition, which contained ED’s new requirements that narrowed the fields of study that would be considered professional degree programs, and the stipulation that a degree program’s graduates not be required to work under another professional’s supervision. Howell also directed the parties to jointly propose a briefing schedule for when the full case would be heard by July 2.

In response to the judgment, ED issued an Electronic Announcement (EA) (GENERAL-26-42) clarifying how schools should treat professional degree programs for loan limit purposes while the pause is in place. The guidance includes an updated list of CIP codes that are temporarily eligible for the higher professional degree program loan limits during the stay, until the case is heard in full and a final ruling is made, as well as a list of programs that may have been previously eligible but have been temporarily removed from eligibility.

Rather than filing a proposed schedule on July 2 as directed, both the plaintiffs and the defendants filed a joint motion requesting an additional week. According to the filing, the NP plaintiffs say the department's list of professional degree programs from the June 29 EA does “not appear to cover all of [the NP] Plaintiffs' relevant degree programs, including advanced nursing degrees that can be earned in other CIP Codes that are not listed." Plaintiffs have asked ED counsel to clarify whether the list is exhaustive, whether it will be updated, and how it should be interpreted. PA plaintiffs have separately asked the department to clarify the guidance's scope as it applies to Physician Associates/Assistants, and are still awaiting a response. ED counsel says the department is "actively considering updates to the technical guidance."

The court has not yet ruled on the extension request. If granted, the parties would be required to file a joint status report, including a proposed briefing schedule, by July 9.

ED Hosts Summit Focused on Combatting Fraud in Student Aid Programs

The ED, along with inspectors general, institutional leaders, federal and state law enforcement, and industry partners, met in Washington, D.C., on Tuesday for a day devoted to discussing and sharing ideas to combat fraud in the federal student aid programs.

A key priority for the Trump administration has been to combat financial aid fraud. Most recently, in April, the administration launched new identity fraud prevention measures for the FAFSA form.

ED Under Secretary Nicholas Kent gave a keynote address at the start of the summit, highlighting the administration's efforts to combat fraud and noting that the department has prevented more than $2 billion in attempted federal student aid fraud from reaching bad actors.

Since ED has launched its FAFSA fraud detection measures in April, Kent said Federal Student Aid (FSA) has rejected over 53,000 fraudulent applications and has saved more than $212 million from going to fraudulent actors. He also noted that ED has identified more than $1 billion in fraudulent applications for the 2026-27 FAFSA cycle, which started on October 1, 2025.

Kent also highlighted ED's partnership with the Social Security Administration, noting that through real-time data sharing with the agency, ED has prevented $1 billion from going to fraudsters, which is half of the $2 billion total saved.

"It has never been more important to safeguard federal and state resources, especially at a time when the Pell Grant program is running at a shortfall," Kent said. "At the end of the day, every dollar lost to fraud is a dollar taken away from a student trying to build a better future."

In his keynote address, Kent mentioned several specific instances where the Office of Inspector General (OIG) stopped student fraud rings in North Carolina, Michigan, and Wisconsin.

Following Kent's address were two discussions led by staff in FSA and ED. Aaron Lemon-Strauss, executive director of the FAFSA program at FSA, detailed the new fraud-detection measures in the FAFSA form to attendees.

Addressing concerns that potential non-fraudulent students may be caught up in these new fraud detection measures, Lemon-Strauss noted that institutions can override a fraud determination if they verify the student's identity.

Lemon-Strauss noted that FSA is "comfortable" with the rate of institutional overrides, and that the agency has not seen any institutions overriding beyond what FSA might expect.

From there, Lemon-Strauss went through several example scenarios that institutions may face under the new fraud prevention measures and answered questions from attendees.

Specifically, Lemon-Strauss was asked how long an applicant's risk score is good for. Is that applicant's risk score only good for that aid year, or are they going to be expected to resubmit to that ID verification process with every subsequent submission?

Lemon-Strauss said FSA does not want to force someone whose identity has been confirmed to reconfirm it. But he added that if enough time has passed and FSA still has concerns about fraud, FSA will need to verify the applicant's identity.

Another attendee noted that institutions have to verify students annually and often end up with many students in the same V4/V5 selection. Is there a plan for institutions that verify in person to flag these students so they don't have to re-verify?

Lemon-Strauss said FSA is working to significantly reduce the amount of V4/V5 verification and aims to bring the V4/V5 rate "to basically zero."

Another attendee asked: if an institution determines that something is fraudulent but FSA is unaware of it, is there a way for that institution to report it both to warn other institutions and to improve FSA's prevention measures? Lemon-Strauss said for now, institutions should report fraudulent activity to ED's OIG.

ED's Deputy Under Secretary James Bergeron led a session focused on the highest-risk areas for fraud in federal student aid programs and the work ED is doing to prevent it. Bergeron noted that, beyond the FAFSA fraud prevention measures, the department has done a lot of work on post-screening of student aid records. Additionally, he noted that ED is interested in examining ways to prevent fraud in the Public Service Loan Forgiveness (PSLF) program.

"Our entire purpose here is to ensure that the federal funding that we're entrusted to administer actually goes to students, families, and borrowers who it is intended," Bergeron said. "We really do see this as kind of a partnership."

Tuesday's summit continued with sessions from ED's OIG, higher education institutions, industry partners, and more.

'July 1 Is Really the Starting Gun of a Marathon:' NASFAA Discusses Implementation of OBBBA and What Lies Ahead for Financial Aid Profession

NASFAA President and CEO Melanie Storey joined the American Council on Education (ACE) for a conversation about how financial aid offices are implementing several provisions of the One Big Beautiful Bill Act (OBBBA), and what the profession is looking ahead to.

Storey joined ACE for its dotEDU podcast to discuss how financial aid offices are navigating a complex time in the profession, with a slew of regulatory changes to the student aid programs, including a new Workforce Pell Grant program, new accountability metrics, and much more.

Storey noted at the start of the discussion that July 1 was just the beginning of a long haul for financial aid professionals in implementing OBBBA. And already many financial aid professionals are feeling burnout and whiplash from the changing landscape of the past few years, which includes OBBBA, FAFSA simplification, the sunsetting of the Saving on a Valuable Education (SAVE) plan, and more.

"For financial aid professionals, July 1 is really the starting gun of a marathon that's going to continue into the fall, at least through the next year – likely more depending on how some of these lawsuits go," Storey said. "Quite frankly, we're entering that marathon already pretty tired."

She added that, after the NASFAA National Conference last week, many financial aid professionals are desperate for information from the ED that they can rely on and share with students and families.

“I came out of the conference feeling like this is an incredibly resilient group of folks,” Storey said. “They are. I said I would retire the word ‘unprecedented’ because I'm just convinced that it no longer means what you think it means, because it just keeps happening.”

Storey and the dotEDU team dove into the specifics of what OBBBA is changing in student aid and the challenges the financial aid profession faces due to a tight implementation timeline and unclear guidance from ED.

There are also legal challenges that aid offices need to navigate through, after a federal court temporarily halted the implementation of a portion of ED’s professional degree definition. As a result, ED issued a new electronic announcement with an updated list of Classification of Instructional Programs (CIP) codes that are temporarily eligible for the higher professional degree program loan limits.

Storey urged institutions to be cautious, noting long-term implications for students and institutions amid this uncertainty.

“I urge the campuses to proceed with caution, right, to really think about what are the right financial choices for both the students that you're supporting and the institution, and try to balance that out,” Storey said. “That is a super unsatisfying answer to students. I own that, but if the goal is to get you through the program, we have to kind of ride some of the uncertainty, and this is really an exercise in living with ambiguity. It's not comfortable for anyone, not comfortable campus leaders, miserable for students, and it's really hard for financial aid professionals who are in the middle of it.”

Part of the discussion focused on concerns that institutions may be held liable for relying on unclear guidance from the department. Storey noted that at NASFAA 2026, ED Under Secretary Nicholas Kent signaled that ED will grant grace to institutions that are doing their best to implement OBBBA based on the information they have at the time.

“That is not a very comfortable space for financial aid administrators, who are important stewards of billions of dollars, and take compliance very seriously,” Storey said. “Now, while it's helpful to hear that from the department, and that relates to program reviews… we have institutional auditors and state auditors, and others for whom that may or may not prevail in any way, and that is a very disconcerting place for financial aid administrators.”

As the discussion wound down, Storey was asked what financial aid professionals should be looking at in the next few months. Storey said that the schedule of reductions (SOR) is a complex issue for aid offices ahead, noting that ED has provided limited guidance, that it is a complicated process, and that it tends to be “outrageously manual.”

Further ahead, Storey said the administration's regulatory efforts should be on financial aid professionals’ radars, specifically accreditation and Return of Title IV (R2T4), which Kent previewed at NASFAA 2026.

“Everybody sees it as a financial aid problem, but it really ultimately becomes a campus problem,” she said.

NASFAA Task Force Outlines Recommendations to 'Fill the Gap' in Artificial Intelligence Resources for Financial Aid Administration

A new NASFAA task force report outlined several recommendations for the association to take to "fill the gap" when it comes to resources in using artificial intelligence (AI) in the financial aid office, along with future considerations and research for NASFAA to take as it relates to AI use in the profession.

This report is the fourth and final in a series from NASFAA's Task Force on the Use of Artificial Intelligence in Financial Aid Offices. Already, the task force has released three reports – the first focusing on survey findings of 1,233 financial aid professionals at 834 institutions; the second focusing on a review of institutional AI policies; and the third focusing on findings from six member listening sessions.

Concluding this series of reports, the task force listed four recommendations for the association to take.

The first being that NASFAA should adopt an association-wide working definition of AI for use across all member-facing resources and a regularly updated glossary of common AI terms, both written in plain language. The task force states that a working definition and glossary would give NASFAA a consistent foundation for all subsequent resources, give member institutions a resource to anchor staff training and internal policy development, and help financial aid professionals engage more confidently in institutional conversations about AI.

The second recommendation from the task force is that NASFAA should update its Statement of Ethical Principles to include language addressing the use of emerging technologies in financial aid administration.

As AI and other emerging technologies become more widely used by financial aid offices, the absence of any reference to these tools in the Statement of Ethical Principles leaves members without a clear signal about how existing professional obligations apply in new contexts, the report reads.

The third recommendation from the task force is that NASFAA should form another task force to create a Responsible Use of AI in Financial Aid Administration Toolkit. Some resources the task force suggests NASFAA could create include:

- A role-differentiated training resource specific to financial aid administration
- An AI evaluation and vendor assessment toolkit for evaluating tools before adoption and monitoring performance after implementation
- Criteria and resources for evaluating student-facing AI tools
- Resources on measuring AI's impact on student outcomes and service quality
- Resources to ensure that AI-assisted communications remain accessible and understandable for students from diverse backgrounds, including first-generation and low-income students

Lastly, the task force recommended that NASFAA develop resources that translate the updated ethical principles into operational direction for financial aid offices, including standards for transparency and disclosure, human oversight, student impact considerations, ethical considerations in AI procurement, and the boundaries of AI use in high-stakes student decisions.

“[The recommendations] ask NASFAA to ensure that when a financial aid professional is making a decision about AI, whether that is evaluating a vendor, drafting an office policy, or determining whether a given task is appropriate for AI assistance, they have access to resources developed by an organization that understands their work,” the report reads. “As federal attention to AI in education continues to grow, financial aid administrators will need a trusted source to help them interpret and apply any emerging guidance to their specific context.”

Samantha Hicks, chair of the task force, thanked those who participated in the member survey, policy scan, and listening sessions, noting that the task force was able to hear aid administrators' care in their work and their value of the human element of the profession.

She added that the task force also saw the need for financial aid-specific resources for AI use in the office.

“And I believe this work is unfinished,” Hicks said. “AI is changing rapidly & our time together was limited. I really hope that this is the beginning of some great work that NASFAA can do in the future around helping its members with AI use.”

The task force concluded through its series of reports that the financial aid profession is thoughtful and cautious with its AI use, though it is operating largely without the tools it needs.

“Financial aid administrators understand the stakes of their work — for students, for institutions, and for federal compliance — and are approaching AI accordingly,” the report reads. “What they lack are tools and resources that meet them where they are: specific to their regulatory context, neutral with respect to adoption, and grounded in the realities of financial aid practice rather than the broader higher education conversation.”

House Republicans Introduce Package of Bills to Transfer ED Responsibilities, Appropriations to Other Agencies

A group of House Republicans on Thursday introduced a 10-bill legislative package to transfer the ED's responsibilities and appropriations to other federal agencies.

The group, led by Rep. Tim Walberg (R-Mich.), chair of the House Education & Workforce Committee, introduced this package, dubbed "Less Bureaucracy, Better Education," seeking to codify the Trump administration’s efforts to dismantle ED. Already, ED has announced several interagency agreements (IAAs) with other agencies, including a plan to eventually move Federal Student Aid (FSA) in its entirety to the Treasury Department—only the defaulted loan portfolio has been relocated so far.

“The legislative package reflects a simple principle: education policy should be focused on helping students succeed — not preserving a federal bureaucracy for its own sake,” Walberg said in a statement. "Rather than allowing unnecessary layers of Washington bureaucracy stand between families and the services they rely on, the bills would transfer key statutory authorities to agencies better equipped to carry them out while maintaining continuity for students and stakeholders."

The package of 10 bills addresses various aspects of ED’s responsibilities in both K-12 and higher education.

Included in the package is Walberg's bill, the "Less Bureaucracy, Better Student Aid Act", which would transfer the functions of FSA to the Treasury Department, along with the office's existing appropriations funding, staff, contracts, and records.

This portion of the bill package leaves effective dates for the FSA transfer to be jointly determined by the Secretary of Education and the Treasury rather than fixing them in statute. It does, however, require a sequenced roll-out: defaulted loan servicing functions transfer first, non-defaulted servicing transfers second (on or after the first transfer's date), and then all remaining ED functions, such as the HEA programs like the Pell Grant, the Direct Loan program, and Need Analysis, transfer last (on or after the second transfer's date).

The legislation also included a provision that the director of the Office of Management and Budget will ensure that this transfer does not result in a net increase in full-time employees.

Additionally, the bill includes a provision to terminate the authority to exempt student loans from the Debt Collection Improvement Act (DCIA). Since 2001, the Secretary of the Treasury has granted FSA an exemption from a DCIA requirement that federal agencies transfer nontax debts that are 180 days or more delinquent to the Treasury's Bureau of the Fiscal Service for centralized debt collection. The exemption currently allows ED to service its own delinquent and defaulted federal student loan debt, rather than transferring it to the Treasury for collection.

The package of bills also includes the "Less Bureaucracy, Better Workforce Development Act," also introduced by Walberg, to transfer responsibilities and appropriations of the Office of Career, Technical, and Adult Education to the Department of Labor (DOL).

Another part of the package includes the "Less Bureaucracy, Better Higher Education Act," introduced by Rep. Mark Harris (R-N.C.), which would require certain postsecondary education programs to be transferred to DOL, including the federal TRIO programs, the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), and the Graduate Assistance in Areas of National Need (GAANN) program.

Additionally, the "Less Bureaucracy, Better Foreign Gift Transparency Act," introduced by Rep. Michael Baumgartner (R-Wash.), is also included in the package. This provision would allow the Department of State to manage all foreign gift and contract reporting done under section 117 of the Higher Education Act (HEA).

Rep. Bobby Scott (D-Va.), ranking member of the House Education & Workforce Committee, criticized the legislative package, saying the package would "offload critical offices to agencies that are ill-equipped to carry out core duties."

"This would weaken educational opportunities and workforce readiness services for millions of Americans," Scott said in a statement. "Despite Republicans' rhetoric, they are not 'modernizing' the Department — they are blessing President Trump's scheme to dismantle it piece by piece. The American people will bear the brunt of these disastrous policies promoted by Republicans."

ED Adds Professional Degree CIP Codes for Nursing, Psychology

The ED has revised Electronic Announcement (EA) (GENERAL 26-42), updating the list of Classification of Instructional Programs (CIP) codes temporarily eligible for professional degree loan limits by adding degree programs not included in its original June 29 guidance. This revision comes one day after the plaintiffs in the lawsuit filed by nurse practitioner (NP) and physician associate (PA) groups against ED were told that ED was "actively considering updates to the technical guidance."

As a reminder, on June 24, Judge Beryl Howell granted the plaintiffs' request for preliminary relief, pausing part of the department's narrowed definition of professional degrees under the Reimagining and Improving Student Education (RISE) final rule, as well as the provision excluding programs whose graduates are required to work under another professional's supervision.

In response, ED published an EA on June 29, identifying 29 6-digit CIP codes as temporarily eligible for the higher professional degree loan limits. NP plaintiffs subsequently argued that this list did not cover all of their members' relevant degree programs, noting that some advanced nursing degrees, including more specialized Doctor of Nursing Practice tracks, are classified under separate 6-digit CIP codes that share the same 4-digit CIP code family (51.38) as other eligible programs but were left off ED's list entirely. Plaintiffs asked ED to clarify whether the list was exhaustive and whether it would be updated; PA plaintiffs raised similar questions about the scope as it applies to physician associate/assistant programs. On July 9, rather than filing a proposed briefing schedule as previously ordered, the parties jointly requested a one-week extension to July 16 to allow time to assess ED's forthcoming updated guidance, which it published on July 10 as a revision to the original June 29 EA.

The revised EA, updated on July 10, clarifies that the 6-digit CIP codes for the Registered Nursing/Registered Nurse (MSN) (51.3801) and Nursing Practice (DNP) (51.3818) now include any program within the same four-digit CIP code, as assigned by the institution or determined by ED, provided it awards the same credential. ED also amended the CIP code list of eligible professional degree programs, adding Clinical Psychology Ph.D. programs with CIP code 42.2801 that were inadvertently omitted from the initial list.

ED did not make changes to eligible CIP codes for physician associate/assistant programs in the updated EA. However, hours after the updated EA was posted, a "Notice of Updated Department Action" was posted to the lawsuit's docket. That notice informed the court about the updates to the EA and also stated "The Department further reports that, for the duration of the Court's stay order in this case, it will grant requests from institutions to treat as awarding professional degrees programs that offer a physician assistant degree within CIP code 51.0912, provided that the degree is equivalent to the degrees listed in the updated guidance's parenthetical for that CIP code." It is unclear at this time whether ED intends to update the EA a second time to include this guidance on physician assistant degree CIP codes.

The updated EA also did not address the NP plaintiff's question of whether the CIP code list is exhaustive. ED's response so far has been limited to updating the EA with additional codes and has not directly addressed whether the list is meant to be exhaustive.

As with the eligible CIP codes in the June 29 guidance, these designations remain interim: ED has been clear that it intends to continue defending the RISE final rule's narrower professional degree definition and could revert to that definition if the department prevails in the ongoing litigation. Related, ED has not yet appealed the court order, a path they can still pursue. Institutions should review the updated CIP list against their affected programs and work with institutional legal counsel to decide how to proceed.

ED and the plaintiffs are due to file a joint status report, including a proposed briefing schedule for the full case hearing, by July 16.

NASFAA's Virtual Summit Opens with a Welcome Message from National Chair, Dr. Angela Johnson

NASFAA's 2026 Virtual Summit kicked off, offering attendees the opportunity to tune into unique sessions focusing on professional development, the latest financial aid policy guidance, and much more.

The reimagined summit — designed with more targeted content, greater flexibility, and learning opportunities based on member feedback — began with an extensive Cash Management Professional Credential session. While the recording of this session will be available to all Summit registrants, only those who attended the live training will have access to the credential materials and the opportunity to sit for the credential.

During the opening session, NASFAA's 2026-27 National Chair Dr. Angela Johnson, the vice president of enrollment management at Cuyahoga Community College (Tri-C), welcomed attendees and encouraged participants to use the Summit as an opportunity to continue conversations from the **NASFAA 2026 National Conference**.

"This virtual summit is another opportunity to cultivate that growth," Johnson said. "Throughout the week, our sessions will challenge your thinking, strengthen your practice, and equip us to better serve students in an ever-changing higher education landscape."

Johnson reminded attendees that, even after challenging seasons, remarkable growth is possible when the right conditions come together and encourage financial aid professionals to embrace the opportunities that lie ahead.

"As we celebrate 60 years of excellence, may we continue to build on that remarkable legacy of resilience, purpose, and hope, and together, continue to bloom where students need us most," Johnson said. "I hope you leave the summit inspired, connected, and ready for the important work ahead."

The NASFAA 2026 Virtual Summit offers a dynamic, fully online learning experience for financial aid professionals. Registration is open exclusively to current NASFAA member institutions; everyone on your NASFAA roster can participate — live or on demand. Make sure your intuition is **registered** so your staff roster has access to these timely sessions.

NASFAA Updates OBBBA Resources Based on Recent Changes

The ED recently released its final rule covering the new Student Tuition and Transparency System and Earnings Accountability (STATS) framework, created by the One Big Beautiful Bill Act (OBBBA). NASFAA updated several of its OBBBA resources to align with the information and guidance reflected in the final rule and created a new resource related to the cohort expansion process. We also updated several resources in response to the recent court order, which led to temporary changes to the programs eligible for professional degree loan limits.

NCAN: 2026 High School Seniors Set New FAFSA Completion Record

The high school class of 2026 set a new record in FAFSA completions, with 59.1% of graduating seniors completing the FAFSA by June 30, according to new data from the National College Attainment Network (NCAN).

Earlier this year, the class of 2026 already set an all-time high FAFSA completion rate, with 54.7% of seniors completing the FAFSA form as of May 1. Roughly two months later, NCAN saw an over 4% increase in completions, with 59.1% of the class completing the FAFSA, marking the form's highest completion rate since NCAN started tracking FAFSA completions nearly 10 years ago.

Compared to last year, the class of 2025 had a FAFSA completion rate of 53.9% by June 30, 2025, which NCAN uses as the milestone date to measure FAFSA completions. In 2024, high school seniors had a FAFSA completion rate of 47.3% by June 30, 2024 – likely due to technical issues and delays related to the implementation of FAFSA simplification.

NCAN CEO Kim Cook said in a statement that this year's record showed what is possible under FAFSA simplification "when bipartisan policy, tireless advocacy and sustained practice improvements align."

"The increase in students completing the FAFSA, shows that students deeply value college, and respond positively when we make it easier for them to get help paying for their education. Still, the simpler FAFSA cannot become a finish line," Cook said in a statement. " Now that we have made FAFSA simpler, there is more to do to increase postsecondary enrollment, persistence and completion for students furthest from opportunity."

Specifically, Tennessee has the highest high school senior FAFSA completion rate at 72.7%, followed by Illinois at 71.6%, Texas at 69.3%, New Jersey at 67.5%, and Mississippi at 66.3%.

The states that saw the biggest gains in FAFSA completions were Alaska, with a 20.7% increase, followed by New Mexico with a 18.8% increase, Florida with a 16.7% increase, Montana with a 16.5% increase, and Arizona with a 15.6%.

Another factor contributing to this record-setting year is due to states' universal FAFSA policies, which make FAFSA completion a requirement or expectation for graduation. Currently, 9 states have these policies.

Other reasons for this year's record, which NCAN previously noted in May, include the 2026-27 FAFSA cycle opening early on September 24, 2025. Additionally, the FAFSA process was much smoother and simpler for families this year due to improvements from Federal Student Aid (FSA). Additionally, since this is the third year out since the implementation of FAFSA simplification, college access professionals have a lot more experience to better assist students and families with FAFSA completion.

NCAN wrote that it will continue to monitor FAFSA completion through the 52nd week of this year's FAFSA cycle, and then transition to tracking the 2027-28 FAFSA cycle.

NASFAA 2026 Virtual Summit: Examining the Future of Higher Education Amid OBBBA Implementation, Midterm Elections, and Other Challenges Ahead

After a difficult year following the enactment of the **One Big Beautiful Bill Act (OBBBA)**, NASFAA President and CEO Melanie Storey sat down with Jon Fansmith of the American Council on Education (ACE) at NASFAA's 2026 Virtual Summit to discuss the future of higher education by examining trends, challenges, and opportunities for the financial aid community.

A large part of Tuesday's session with Storey and Fansmith, who is ACE's senior vice president of government relations and national engagement, was directed at the implementation of OBBBA. Storey noted that the July 1, 2026, implementation date is just a "starting gun of a marathon," and that while there are many more challenges ahead, there are also opportunities for the higher education community.

A key part of the issue for financial aid offices, and the higher education community as a whole, has been the accelerated timeline from the ED to implement several provisions of OBBBA by July 1, 2026 – including new loan limits, the elimination of Graduate PLUS loans, new loan repayment plans, and much more. Along with that, there have been issues with **ambiguity** from the department, which includes unclear or no guidance on how institutions will remain compliant under these new regulations.

"We've spent the better part of a year in a lot of ambiguity," Storey said. "Our institutions need to be in compliance with literally billions of federal dollars. We need to be good stewards of those dollars, and in some cases, we just aren't quite sure what our responsibilities are."

Storey added that the changes made under OBBBA are right on the coattails of FAFSA simplification, which was also a turbulent time for ED and financial aid offices. Beyond OBBBA, ED is also pushing other key initiatives, including preventing fraud in the student aid programs, which also falls on financial aid offices.

A possible way to avoid the whiplash and ambiguity institutions are feeling right now could be solved through the **reauthorization process of the Higher Education Act (HEA)**, both Storey and Fansmith noted. The budget reconciliation and annual appropriations processes, which are how Congress has been enacting policy changes to higher education in the absence of a long-overdue HEA reauthorization, don't fully address the complex issues institutions face, especially regarding the student aid programs.

"The problem, of course, as we see time and time again, is simple ideas when translated into really complicated environments, like the myriad of circumstances students face financing their education rarely works smoothly," Fansmith said. "There are all these unintended consequences that would be one thing to anticipate over a multi-year HEA reauthorization process, definitely are not going to be fully addressed in a couple months long reconciliation process, which is what we had."

Fansmith added that many members of ACE and NASFAA are struggling to stay afloat during the changing landscape of higher education.

"A lot of [members] are paddling furiously to stay afloat and do the best they can as the tides shift, while also waiting to see in three months, six months, a year, where the sore spots emerged, and where the problems, and things that really need to be addressed are," Fansmith said.

Storey agreed with Fansmith, adding that in the past few years, Congress has implemented "piecemeal" federal policy rather than a comprehensive overhaul of higher education, and that these efforts "don't serve the diversity of students and institutions."

Looking ahead, the duo spoke about November's midterm elections and how a shakeup in Congress could impact higher education. Fansmith said it's likely that Democrats will control the House, but it's uncertain which party will control the Senate.

Fansmith warned that even if Democrats do end up taking control of both chambers, gridlock is still to be expected with the Trump administration in office.

"It's not going to mean a lot of the reversals of the Trump administration's policies," Fansmith said. "It's also probably not going to mean there's going to be new laws getting passed because of a divided government, even Democrats in control of both chambers, they might be able to pass bills, but they will be bills the president won't sign."

Storey and Fansmith concluded the session by addressing some questions from attendees, and Fansmith encouraged participants to share their stories about higher education.

NASFAA Shares Preview of Comments Concerning ED's Federal Direct Loan Program Regulations for Forbearance and Loan Rehabilitation

NASFAA is pleased to share a draft of its response to the ED's request for comments on its information collection for the Federal Direct Loan Program Regulations for Forbearance and Loan Rehabilitation, specifically ED's new Digital Rehabilitation Application. NASFAA's comments address the application's default status banner and pre-application disclosure language, including a recommendation that ED account for the second rehabilitation opportunity created by the One Big Beautiful Bill Act (OBBBA) starting July 1, 2027, as well as the sequencing of spousal information collection during the Marital Status step. NASFAA hopes our members will use these comments to inform their own comments, which are due July 20, 2026.

FSA Announces New Office Hour Dates, Reschedules STATS Webinar

Federal Student Aid (FSA) on Tuesday announced three additional virtual office hour sessions this month, and rescheduled its webinar focused on the Student Tuition and Transparency System and Earnings Accountability (STATS) and Earnings Accountability final rule. The webinar will now take place on July 29 from 11 a.m.-12:30 p.m. ET. FSA also provided an updated list of the schedules for its virtual office hours on July 16, 23, and 30 from 3-4 p.m. ET.

House Education Committee Advances Legislative Package to Transfer ED Responsibilities and Appropriations to Other Agencies

The House Education & Workforce Committee advanced a legislative package that would transfer several of the ED's responsibilities and appropriations to other agencies within the federal government.

The 10-bill package, introduced last week, aims to codify the Trump administration's efforts to dismantle ED and would directly impact higher education programs. That includes the "Less Bureaucracy, Better Student Aid Act", which would transfer the functions of Federal Student Aid (FSA) to the Treasury Department, along with the office's existing appropriations funding, staff, contracts, and records, which was introduced by Rep. Tim Walberg (R-Mich.), chair of the House Education & Workforce Committee.

Additionally, the bill package includes "Less Bureaucracy, Better Workforce Development Act," also introduced by Walberg, to transfer responsibilities and appropriations of the Office of Career, Technical, and Adult Education to the Department of Labor (DOL). The "Less Bureaucracy, Better Higher Education Act," introduced by Rep. Mark Harris (R-N.C.), would require certain postsecondary education programs to be transferred to DOL, including the federal TRIO programs, the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), and the Graduate Assistance in Areas of National Need (GAANN) program. And the "Less Bureaucracy, Better Foreign Gift Transparency Act," introduced by Rep. Michael Baumgartner (R-Wash.), would allow the Department of State to manage all foreign gift and contract reporting done under section 117 of the Higher Education Act (HEA).

Walberg opened up the markup by stating that ED has failed, noting that the student loan portfolio stands at $1.7 trillion, and over 9 million borrowers are in default.

"The 10 bills we are marking up today will advance that vision by reducing unnecessary bureaucracy and better connecting education and workforce training programs so high school and college graduates leave with the skills they need to succeed," Walberg said. "President Trump and Secretary McMahon have pointed the way to an education system that is more responsive to state and local needs, and we are excited to take the first steps toward realizing their vision."

Rep. Bobby Scott (D-Va.), ranking member of the committee, however, expressed concerns about the legislative package, stating that the Treasury Department is not equipped to manage FSA's responsibilities.

"Now Treasury must secure another contractor and does not expect to have the contracted staff needed to support default resolutions until the end of 2026, at the earliest," Scott said. "And what does the Department of Treasury know about which colleges and which programs within a college are even eligible for student loans, or when a student might be eligible for a discharge of his loan, by completion of the requirements of Public Service Loan Forgiveness or fraud by a college? These programs have been administered by the Department of Education for years, and now you've got an agency that hasn't dealt with that."

Throughout the markup, Democrats offered several amendments to the 10-bill package but were ultimately rejected by the committee. For example, when considering the "Less Bureaucracy, Better Student Aid Act," Rep. Joe Courtney (D-Conn.) introduced an amendment that would allow the Government Accountability Office (GAO) to study the effects of the One Big Beautiful Bill Act (OBBBA) on student loan borrowers before FSA's responsibilities would be transferred to the Treasury.

Rep. Alma Adams (D-N.C.) also introduced an amendment that would allow GAO to look at default prevention and loan rehabilitation, which includes examining the interagency agreement (IAA) between ED and Treasury, before FSA could move to Treasury.

Adams specifically requested information concerning how many borrowers would be at risk of default, whether they are getting accurate information, default prevention efforts, access to rehabilitation options, and whether Treasury is prepared to manage the department's portfolio.

Ultimately, the committee advanced portions of the 10-bill package that impact higher education with near identical votes of 20-16 – "Less Bureaucracy, Better Student Aid Act" advanced by a recorded vote of 19-16.

Following the committee markup, Education Secretary Linda McMahon said it was a "major step" in cementing the administration's effort to overhaul the department.

"Today's bills put forth by the House Education and Workforce Committee move us closer to a leaner, results-driven government – one that empowers families, supports educators, and delivers better outcomes for students by ensuring each federal responsibility is carried out by the agencies best equipped to manage them," McMahon said.

NASFAA 2026 Virtual Summit: Working Through ED's Accountability Framework

The ED extensive rulemaking agenda has created a flurry of new regulations that took effect earlier this month, and while a significant portion of the One Big Beautiful Bill Act (OBBBA) is having an immediate impact on campuses, the administration's new accountability framework will also lead to new responsibilities for financial aid offices.

During the NASFAA 2026 Virtual Summit, members of the policy team hosted a timely session to dive into the new Student Tuition and Transparency System and Earnings Accountability (STATS) framework, which was **officially published** on July 1.

While Under Secretary of Education Nicholas Kent **noted** at NASFAA's 2026 National Conference that there is no immediate urgency for schools to address these new regulations, he reminded attendees that the first data reporting period is due October 1, 2026, and that the department will begin calculating new earnings tests in 2027.

In order to prepare financial aid offices for this change, Megan Walter, NASFAA's senior policy analyst, began Wednesday's session by providing an overview of the Gainful Employment and Financial Value Transparency (GE/FVT) timeline and how previous efforts dating back to 2011 were ultimately stalled.

Most changes to the STATS framework are effective July 1, 2027, with an option to implement early, beginning July 1, 2026. Walter explained to attendees how the new "low-earning outcome test" will work for undergraduate and graduate programs, and how the new STATS framework differs from GE/FVT regulations.

NASFAA recently developed a **flowchart** outlining the process that the Department of Education will use to determine which student completers and their earnings are included when calculating a program's First-Year Earnings Premium under the new STATS/Earnings Accountability regulations.

Walter noted some of the exemptions and carve-outs in the new STATS framework. The final rule has an exemption for institutions that enroll only students with a documented specific learning disability or autism. These institutions still have to comply with STATS reporting, and ED will still calculate an earnings premium for their programs. What they're exempt from is the consequence: even a failing earnings premium will not trigger loss of Direct Loan or Title IV eligibility for those programs.

Some institutions are also shielded from losing all Title IV eligibility, even if they have a failing program. Institutions that don't participate in the Direct Loan program, and haven't for the five most recent award years, are exempt from that consequence. The same protection applies to institutions that agree not to permit Direct Loan borrowing for a failing program for five consecutive award years, provided ED determines that doing so serves students' best interest.

During the presentation, Jill Desjean, NASFAA's director of policy analysis, walked attendees through the warning process if their institution fails the new STATS framework, as well as the institutional appeals process.

From there, Desjean outlined the timeframe for this new STATS reporting framework, with GE/FVT reporting due on October 1, 2026, and STATS reporting due on October 1, 2027. Desjean pointed to an **electronic announcement** from ED that provided limited guidance on how institutions can implement the STATS reporting framework early.

Clare McCann, managing director of policy and operations at American University's Postsecondary Education & Economics Research (PEER) Center, presented data outlining earnings thresholds for undergraduate programs by state, and graduate programs by broad field of study.

From there, McCann walked through data on low-earning programs. Overall, she said, the data indicate that fewer than 4% of students are enrolled in failing programs, with the largest share in undergraduate certificate programs. Notably, McCann pointed out that undergraduate certificates account for only 8% of enrollment but 52% of students in low-earning programs.

She added that her organization found that most institutions, except for for-profit institutions, have very few of their students in failing programs. Notably, McCann pointed out that HBCUs and MSIs have lower enrollment in failing programs than other institutions.

The session ended with the panel answering questions from attendees. One attendee asked what a school should consider when weighing whether to opt for early STATS implementation.

Desjean said she didn't have an answer, but she imagined that the department would likely address this question in **its upcoming STATS and earnings accountability webinar** on July 29.

Another attendee asked whether institutions would have access to American Community Survey (ACS) data, which is used as a threshold in the STATS framework, and whether they could use this data to run their own model and see the potential impact in advance.

McCann said ACS data is public, but it is not the most straightforward and gave some caveats to using the data. She added that her organization is currently conducting its own analysis of what the STATS framework will entail for all programs and institutions.

NASFAA Submits Comments on Federal Direct Loan Program Regulations for Forbearance and Loan Rehabilitation

NASFAA is pleased to share its response to the ED's request for comments on its information collection for the Federal Direct Loan Program Regulations for Forbearance and Loan Rehabilitation, specifically ED's new Digital Rehabilitation Application. The department has redesigned the application as part of its efforts to simplify the loan rehabilitation process for borrowers with defaulted loans. NASFAA's comments address the application's default status banner and pre-application disclosure language, including a recommendation that ED account for the second rehabilitation opportunity created by the One Big Beautiful Bill Act (OBBBA) starting July 1, 2027, as well as the sequencing of spousal information collection during the Marital Status step.

Court Sets Schedule for Professional Degree Definition Lawsuit, Case to Continue Through At Least December

The court overseeing the nurse practitioner (NP) and physician associate (PA) groups' (plaintiffs) lawsuit against the ED, challenging ED's definition of a professional degree under the RISE final rule, has set a briefing schedule that will run through early December. This timeline means that the June 29 Electronic Announcement (EA) issued by ED updating the list of professional degree programs eligible for higher Unsubsidized Loan limits will likely remain in effect until a final decision is made by the judge, which can happen any time after December 4, unless ED successfully appeals the stay or takes other action.

Unlike the preliminary injunction hearing, the remainder of the process will proceed through written filings or briefings. There is no meeting or hearing scheduled at which both sides would present their arguments live before a judge. Once the court receives the final document on December 4, the judge can then make their final ruling.

The case, which resulted in a partial stay, or pause, of the rule in June, is now entering a longer merits phase, meaning the court will work through the full substance of the case. Both parties agreed to resolve the case by summary judgment, where a judge decides the case without a trial. According to the briefing schedule set by the court, the key dates are:

- July 30, 2026: Deadline for plaintiffs to amend their original complaint that started the lawsuit (see below)
- September 4, 2026: ED must produce its administrative record (the internal documents and materials ED relied on in developing the final rule, and guidance if added to the complaint)
- October 2, 2026: Plaintiffs file their motion, or main written arguments, asking the court for summary judgment
- November 6, 2026: ED files its motion for summary judgment
- November 20, 2026: Plaintiffs file their reply in support of their own motion and opposing ED's motion
- December 4, 2026: ED files its final reply to the plaintiff's motion, closing the briefing phase

In the briefing schedule, the plaintiffs signaled that they may amend their complaint to request that the court also review the department's June 29 EA and its subsequent July 10 update in response to the original court-ordered pause. As part of resolving the case, the court would need to determine whether it has authority to review agency-issued guidance before reaching the question of whether the guidance itself is lawful, and to determine the legality of the final rule.

Depending on whether the court decides it has authority to review the EA, there could be a few different scenarios as a result:

- If the court finds it cannot review the EA but finds the rule illegal, the "professional degree" definition would revert to the pre-One Big Beautiful Bill Act (OBBBA) definition of "professional degree" at 34 C.F.R. § 668.2, which is the definition Congress wrote into the law, Schools would continue to operate under the terms of the EA unless ED revises or rescinds the guidance or a new challenge to the EA itself comes before a court.
- If the court finds it can review the EA and upholds that guidance but strikes down the final rule, the "professional degree" definition would revert to the pre-OBBBA definition of "professional degree" at 34 C.F.R. § 668.2, which is the definition Congress wrote into the law. Schools would continue to operate under the terms of the EA unless ED revises or rescinds the guidance.
- If the court finds it can review the EA, and that both the EA and the rule are illegal, the "professional degree" definition would revert to the pre-OBBBA definition of "professional degree" at 34 C.F.R. § 668.2, which is the definition Congress wrote into the law, and ED would presumably draft new guidance to replace the EA that the court struck down.
- If the court upholds the final rule, meaning it finds the rule to be legal, it is not entirely clear what happens to the EA. By ED's own terms, the EA's interim CIP list applies only for the duration of the stay. ED has not explicitly addressed what would happen if the final rule is ultimately upheld, but the EA's language suggests the interim guidance would end with the stay.

It is worth noting that the type of judgment the plaintiffs receive (if it is in their favor) matters here as well. A vacatur removes the challenged provision from the regulations entirely, based on a finding that they were unlawful, and is harder to undo on appeal. A permanent injunction produces a similar practical result for schools in the near term, but it's more vulnerable on appeal, since courts weigh injunctions against additional factors like harm and fairness, not just whether the rule was legal. That gives an appellate court a way to narrow or lift the injunction without ever revisiting whether the rule itself was lawful.

As the briefing schedule doesn't close until December 4, 2026, unless the court or ED takes some other action in the meantime, ED's June 29 guidance remains in effect, and schools can continue to rely on it while the case proceeds. At this time, there is no indication that ED has filed or announced plans to appeal the court's June partial stay. Additionally, as previously reported, plaintiffs raised the exhaustiveness question with ED counsel in an exchange that was referenced in the parties' joint filings, but it was not presented to the court as a question for the judge to resolve. As a result, ED faces no court deadline to answer it directly, and its practice so far has been to respond through incremental EA updates rather than a formal position on the record. ED has still not addressed whether the list is meant to be exhaustive, leaving open the possibility of further updates.

ED Publishes FAQ Addressing Real-Time FAFSA Fraud Detection Process

The ED published an electronic announcement on Friday that provides a list of frequently asked questions related to the real-time FAFSA fraud detection process.

The FAQ covers five topic areas:

- Identity Confirmation Methods and Standards
- Fraud Comment Codes, Rejects, and V4/5
- FAA Fraud Override and Inter-School Coordination
- Special Populations and Scenarios
- Compliance, OIG Reporting, and Prior-Year Aid

While many of the questions have been answered in other forums, such as ED's earlier announcement detailing the fraud detection process and their May 1, 2026 webinar, the FAQ provides new information for several previously unanswered questions. Financial aid administrators should read the full FAQ, as it contains important details beyond what is covered here.

In the FAQ, ED reiterates that no action is required when an ISIR is flagged with comment code 360 (risk evaluation could not be performed) and adds that those records will not be reevaluated automatically. Instead, if a correction is made to the FAFSA, the record will be reevaluated at that time.

ED also provided information about the fraud detection process for incarcerated applicants, explaining that they are not exempt from the real-time fraud evaluation or identity confirmation process. If they are unable to confirm their identity in real-time on a mobile device with an acceptable form of identification, their ISIR will be rejected and they must confirm their identity with the institution. The department reminded institutions of the documentation flexibilities available to incarcerated individuals when confirming their identity, as outlined in Electronic Announcement APP-25-16.

Another key question addressed whether schools are required to return previously disbursed Title IV aid if the student's application is later determined to be fraudulent. ED confirms schools must return all Title IV aid in cases where a student is determined to have been ineligible for Title IV aid, even if the school did not have knowledge of the ineligibility at the time of disbursement. The FAQ says "This applies even in cases involving fraud, where the school did not have verification flags or other indicators at the time of disbursement. The absence of prior knowledge or verification selection does not relieve the school of responsibility if the student was not, in fact, eligible under the statute or regulations. The financial responsibility for improper payments lies with the school."

FSA to Start Beta Testing 2027-28 FAFSA in August

Federal Student Aid (FSA) provided details on plans to begin beta testing the 2027-28 FAFSA in August, in preparation for its October 1 launch deadline.

FSA has conducted beta testing on the FAFSA for the past two cycles in an effort to catch issues and deploy technical fixes before the form is available to the public.

This cycle's beta testing will have two phases, with the first phase starting on Wednesday, August 5. During this period, the 2027-28 FAFSA will be beta tested by a limited group of school districts, community-based organizations, and institutions of higher education through in-person and virtual events.

For the second phase FSA will broaden beta testing to the general public. FSA indicated that this period of testing will occur sometime "in late August or early September" after the first phase concludes. FSA clarified that during the second phase of testing, any student or parent will be able to request to participate in beta testing on StudentAid.gov, and FSA will admit groups of users throughout the month. FSA said it will post an update to the electronic announcement when this participation request form opens.

As a reminder, under law October 1 is the official launch date for the FAFSA each year, and the Department of Education (ED) must certify by September 1 that the FAFSA will be ready by October 1.

As a result of FSA's beta testing, institutions and state agencies may start receiving a small number of Institutional Student Information Records (ISIRs) in August, since students participating in beta testing are completing real 2027-28 FAFSAs. The number of ISIRs institutions receive will likely grow throughout August and September as beta testing continues.

FSA clarified that institutions do not need to do anything with these ISIRs before the regular award year begins. However, institutions and agencies are able to download these students' ISIRs into their systems and process the records on their preferred timeline. FSA reminded institutions that it released test ISIRs in July, which can be used for system testing.

For the institutions that do download ISIRs before October 1 and experience any issues, FSA encourages these institutions to report their issues to both their software vendor, if applicable, and to the FPS Help Desk.

House Democrats Host Panel Over Trump Administration's Changes to Student Loan System

Rep. Bobby Scott (D-Va.), ranking member of the House Education and Workforce Committee, hosted a panel of student loan experts to discuss the impact of the Trump administration's efforts to change the student loan system, with a focus on the enactment of the One Big Beautiful Bill Act (OBBBA).

Earlier in May, Scott and Rep. Alma Adams (D-N.C.) sent a letter to Rep. Tim Walberg (R-Mich.), chair of the House Education and Workforce Committee, and requested an oversight hearing with Federal Student Aid (FSA) on its ability to serve students and borrowers. In a press release, Scott said Republicans did not respond to the request.

In response, Scott hosted a panel with student loan experts, including Wil Del Pilar of Education Trust, Jordan Matsudaira of Postsecondary Education & Economics Research, José Miranda of the Institute for College Access and Success, and James Carroll of the United States Student Association.

Scott opened up the panel by criticizing the Trump administration's efforts to dismantle the ED, stating that the Treasury Department has "no expertise" on how to serve students or institutions of higher education, or how to monitor student loan servicers.

Compounding the administration's efforts to dismantle ED is the enactment of OBBBA, Scott said, noting that the law could be harmful to many students through the elimination of Graduate PLUS loans, and the enactment of new loan limits and repayment plans.

"These changes come at the worst possible time, as millions of borrowers are experiencing delinquency and default for the first time in more than five years," Scott said. "The 'big ugly bill' also makes college less affordable for the next generation of students. It eliminates Grad PLUS loans, capped Parent PLUS loans, limited access to Pell Grants in certain situations, and created new lifetime borrowing limits that leave many students without enough federal aid to complete their education."

During the panel, Scott pointed to work that House Democrats have done to combat the Trump administration's higher education policies, including a bicameral Joint Resolution under the Congressional Review Act (CRA) to rescind ED's final rule on OBBBA's new student loan provisions.

Scott said Wednesday's discussion serves as an opportunity to hear directly from experts about what Congress should be doing to protect borrowers.

Throughout Wednesday's panel, experts discussed their concerns, particularly about ED's definition of professional student and how some students would be locked out from pursuing their degrees, particularly in high-demand medical fields.

OIG Review Reveals RIF Impact at FSA

A recent review by the ED's Office of Inspector General (OIG) reveals the impact of the Trump administration's efforts to dismantle the department, with specific numbers of how many employees have left Federal Student Aid (FSA).

This review, conducted by OIG covers changes in ED's staffing, operations, contracts, and grants from January 20, 2025, through March 31, 2025, when the Trump administration began its efforts to dismantle the department. With this review, OIG noted that there was a scope limitation due to ED not providing all requested information and "unfettered access" to department staff.

Overall, OIG found that the administration's reduction in force (RIF) resulted in staffing changes in 16 of ED's 17 offices. ED saw a 40% decrease in its workforce, with an overall reduction of at least 1,579 of its 3,902 employees.

A majority of those employees were separated by ED's RIF, with OIG finding 1,227 employees were separated by RIF actions, and at least 352 employees voluntarily separated through other options.

OIG's review also examined changes in ED grants, with the office finding the department:

- Terminated 90 grants with total obligations totaling $504 million;
- Identified 223 additional grants totaling $252 million for termination;
- Moved 84 grants totaling $316 million in obligated funds to closeout;
- Awarded 15 new grants totaling $22 million;

- And modified the terms and conditions of 21 grants totaling $18 million awarded to 2 grantees.

When it comes to contracts, the OIG review found that ED:

- Terminated 129 contracts with a total value of $1.3 billion;
- Descoped an additional 27 contracts;
- Awarded 77 new contracts with a total value of $610.4 million;
- And reversed 3 previously terminated contracts with a total value of $100.2 million.

The review also looked at staffing at FSA from January through March 2025. As of January 20, 2025, FSA had 1,446 employees within 136 suboffices.

But, as of March 11, 2025 – roughly two months later – 72 of FSA's suboffices, which consisted of 918 employees, were impacted by ED's RIF effort, resulting in "at least" a 40% reduction in FSA staff. OIG specified that from these 72 suboffices, 411 employees were separated through the RIF and another 174 separated through other means between January 20, 2025, and March 31, 2025. OIG estimated that 861 employees remained at FSA as of March 11, 2025.

Of the 72 FSA suboffices impacted by the RIF, OIG found 55 suboffices have 50% or fewer of their employees remaining, 23 suboffices have some remaining employees, and 32 suboffices have no employees remaining.

OIG reviewed the functions of the FSA suboffices directly impacted by the RIF. What OIG found is that suboffices that oversee guaranty agencies, lending institutions, and servicers, and suboffices administering a program of eligibility, certification, financial analysis, and oversight of schools participating in FSA programs, had no remaining employees. OIG noted that these functions are all statutory responsibilities.

OIG also listed other non-statutory functions of 32 FSA suboffices with no remaining employees. Some of those functions included designing and executing FSA's enterprise risk management system; managing FSA's human resources operational functions and program; managing processes for Cohort Default Rates, ScoreCards, and Gainful Employment rates, and more.

There were also 23 FSA suboffices that had 50% or fewer employees remaining. Some of the functions of these offices include managing FSA's customer website, the myStudentAid mobile application, and the Marketing and Communications platform; providing management services and support related to the performance of the Title IV portfolio and administering oversight of institutions participating in the department's federal student aid programs; providing primary IT services for all FSA systems; and more.

OIG also listed the functions of the 64 FSA suboffices not impacted by ED's RIF. Some of those responsibilities include; managing the Direct Loan program and the Teach Grant Origination and Disbursement processes maintained on the Common Origination Disbursement (COD) system and the COD website, including functionality available to FSA, schools, and servicers; implementing the Secretary's authority to resolve appeals of final audit and final program review determinations; and more.

Lastly, OIG detailed changes in FSA contracts, finding that between January and March 2025, four FSA contracts were terminated and another four were descoped. The services provided by these contracts included Diversity, Equity, Inclusion, and Accessibility training; contract and procurement reviews; internal control assessments; and maintenance of FSA's Digital and Customer Care application. Additionally, during January and March 2025, ED awarded nine new FSA contracts related to loan servicing, default management, and software licenses.

Amended SAVE Plan Lawsuit Claims ED Engaged in "Shadow Repeal" of REPAYE Plan

An ongoing legal challenge to the ED's wind-down of the Saving on a Valuable Education (SAVE) repayment plan was recently amended, with plaintiffs, made up of four individuals, arguing that the department's actions to sunset the SAVE plan's precursor, Revised Pay As You Earn (REPAYE), violates the Administrative Procedure Act (APA).

Plaintiffs argue that, because the SAVE plan regulations adopted in 2023 amended the REPAYE regulations, the federal court's vacatur, or nullification, of the SAVE plan in March restored the REPAYE regulations that were in place prior to the creation of SAVE.

Borrowers currently enrolled in SAVE, then, should not have to transition out of that plan as ED currently requires. Instead, their repayment terms should revert to REPAYE terms, similar to how borrowers enrolled in REPAYE had their monthly payments automatically recalculated when SAVE took effect. To repeal REPAYE, the plaintiffs argue, ED would have to engage in negotiated rulemaking under the APA.

By failing to revert to the REPAYE terms following the SAVE vacatur and instead requiring borrowers to transition to other repayment plans, plaintiffs allege that ED has engaged in a "shadow repeal" of REPAYE, effectively eliminating that program, even though the court only ended SAVE.

Since ED began sending communications to SAVE borrowers in July with a 90-day deadline to enroll in a new plan, the plaintiffs are requesting a preliminary injunction and stay to postpone that deadline while the court considers the case.

Plaintiffs are also arguing that ED should forgive balances for borrowers enrolled in SAVE who met the criteria for cancellation prior to the SAVE vacatur and identify and accept payments from borrowers for the months of involuntary forbearance prior to the SAVE vacatur that they are entitled to buy back.

ED has asked for the lawsuit to be dismissed. If dismissed, borrowers would need to select a new eligible repayment plan or be automatically enrolled in a standard repayment plan. If the plaintiffs succeed, they seek immediate forgiveness for borrowers who have already reached the SAVE plan's forgiveness threshold. They are also requesting that ED reinstate REPAYE and automatically switch SAVE plan borrowers to REPAYE. It is unclear if SAVE borrowers who have already voluntarily changed plans would have REPAYE available to them as well if the plaintiffs are successful.

As a reminder, the One Big Beautiful Bill Act (OBBBA) sunsets the Income Contingent Repayment (ICR), PAYE, SAVE, and REPAYE plans as of July 1, 2028, so even if the court rules in the plaintiffs' favor, borrowers in those plans will still be forced to choose a new plan sometime in the next two years.

The Hope Center: Most Students Do Not Know Their College Offers Emergency Aid

While data shows that more institutions are offering emergency aid programs, most students do not know that their institution offers emergency aid, according to a new blog from the Hope Center for Student Basic Needs.

The blog, written by Muhammad Kara, PhD, a former NASFAA DME intern, examined data from NASFAA's 2025 Administrative Burden Survey, the Trellis Student Financial Wellness Survey, and other sources to detail how institutional emergency aid programs may not be reaching the students who need it.

For example, according to the Trellis Emergency Aid in the Wake of the Pandemic brief, the share of students receiving emergency aid decreased from 44% in fall 2021 to 4% in fall 2025, a decline of roughly 90%.

The scale of this decrease is also captured in additional data. According to data from a forthcoming Trellis Strategies survey, in fall 2021, 41% of students responded “yes” to receiving emergency aid from their institutions. As of fall 2025, that number has dropped to 4% of students.

This leads to the question whether students who need emergency aid can find it, qualify for it, and reach it in time, Kara wrote.

“Emergency aid is one of the best tools in higher education for keeping students enrolled,” Kara wrote. “Unlike traditional financial aid, which is packaged months before a term and disbursed at fixed time periods, emergency aid is designed to move quickly. This matters when more than half of students could not cover a $500 emergency with savings or credit. A modest grant, often a few hundred to a thousand dollars, can help a student cover an unexpected cost before it forces them to leave school.”

Kara noted that NASFAA's 2025 Administrative Burden Survey found that the number of institutions offering an emergency aid program increased from 35% in 2020 to 52% in 2025.

“That's good news,” Kara wrote. “But a program's existence is only the first of several steps toward ensuring students in crisis get help. The student must also learn that the program exists, establish that they qualify, and obtain the funds quickly enough to make a difference.”

Throughout the blog post, Kara stressed the importance of reaching students with emergency aid and how crucial this aid is for students to complete their education.

“Financial strain falls most heavily on the students with the least economic resources,” Kara wrote. “If students had ready access to emergency aid to fill gaps in their budgets and weather unexpected expenses, they'd be much less likely to rely on risky (and costly) forms of borrowing.”

Kara listed other possible solutions to help students receive the emergency funding they need. That includes reviving federal emergency aid through the Higher Education Emergency Relief Fund (HEERF). During the Covid-19 pandemic, HEERF directed nearly $40 billion in emergency grants to students, who in turn used that aid for food, housing, transportation, healthcare, and other costs, and were more likely to stay enrolled in their program.

Congress can also pass legislation allowing institutions to award Federal Supplemental Educational Opportunity Grant (FSEOG) funds as emergency grants again, like it did during the COVID-19 pandemic.

However, Kara noted that the FSEOG program could face a funding decrease under the current appropriation process for fiscal year (FY) 2027.

Temporary Changes to Professional Student Loan Limits: NASFAA Resource Details What Students Need to Know

This new student-facing resource explains the June 24 court stay in the RISE Final Rule professional degree litigation and what it means for borrowing. It walks through which programs are now temporarily eligible for the higher professional student loan limits ($50,000/year, $200,000 aggregate) versus the original 11-field list, and answers common student questions in plain language, like whether schools have to raise their limits, whether it's safe to borrow the full amount given the uncertainty, and what may happen if the court later reverses course. This resource is now available as a webpage and PDF on the OB3 Web Center.

Court Sets Schedule in State-Led Professional Degree Definition Lawsuit, Second Case Challenging RISE Rule

Back in May, a coalition of 25 states and the District of Columbia (plaintiffs) sued the ED over the RISE Final Rule's definition of "professional degree." The states argued that by limiting the higher $50,000 annual/$200,000 aggregate loan limit to a short list of programs such as medicine, law, and pharmacy, ED rewrote the One Big Beautiful Bill Act’s (OBBBA) statutory definition. The states also challenged the rule's grandfathering provisions' treatment of students who transfer, temporarily withdraw, and re-enroll. The states are seeking a declaration that these provisions are unlawful, a vacatur (or nullification) of those provisions, and a permanent injunction.

The court has now entered a scheduling order, setting out the dates for the case to be heard. The case will be resolved through cross-motions for summary judgment rather than a trial, meaning the judge will decide based on the administrative records that ED compiled when writing the rule.

July 31, 2026: ED has agreed to produce the administrative record (the internal documents and materials ED relied on in developing the final rule)

August 26, 2026: Plaintiffs file their motion, or main written arguments, asking the court for summary judgment

September 25, 2026: ED files its cross-motion for summary judgment, combined with its opposition to the plaintiffs' motion

October 16, 2026: Plaintiffs file a combined reply in support of their motion and opposition to ED's cross-motion

November 6, 2026: ED files its reply in support of its cross-motion, closing the briefing

Plaintiffs have indicated they'll request oral argument once the cross-motions are filed. ED isn't asking for a hearing or opposing one; it's leaving that decision entirely to the court's discretion. If a hearing happens, it would come sometime after the briefing closes in November.

This case is on a similar scheduling track to the lawsuit brought by nurse practitioner (NP) and physician associate (PA) groups challenging the same rule, but it isn't the same case. The NP/PA case sought and won a preliminary stay (or pause) before the July 1 effective date, so schools have been relying on ED's interim guidance in that case since June. The 25-state coalition case, by contrast, didn't seek a preliminary injunction, so the RISE Final Rule has been in effect since July 1, outside the scope of the stay ordered by the NP/PA lawsuit.

Because this case's briefing closes first, on November 6, compared to December 4 for the NP/PA case, this case could get a ruling before the NP/PA lawsuit does. That ruling wouldn't bind the other court, but it could still shape the outcome. The plaintiff states are asking for vacatur of the challenged provisions, which, if granted, would strike those provisions from the regulations entirely and apply nationwide, not just in the plaintiff states. If that happens before the NP/PA case is decided, it could effectively resolve the same legal question in that case as well, unless ED appeals or the court overseeing the NP/PA case reaches its own different conclusion.

Senate HELP Advances College Transparency Act and Seeks to Limit ED's Interagency Agreements

The Senate Health, Education, Labor and Pensions (HELP) Committee advanced several bills, including the College Transparency Act, a bill that aims to provide students with information about enrollment, completion, and postsecondary earnings for institutions and majors across the country.

The College Transparency Act was reintroduced last year by Sens. Bill Cassidy (R-La.), chair of the Senate HELP Committee, and Elizabeth Warren (D-Mass.), who have both sponsored previous versions of the bill. The bill is supported by multiple higher education organizations, including NASFAA, and advanced out of the committee in a 21-1 vote on Thursday.

Specifically, the bill would create a postsecondary student data system that would evaluate student enrollment patterns, progression, completion, and postsecondary outcomes, along with higher education costs and financial aid for institutions in the U.S. According to the bill text, this data system would help assist with transparency of college costs and would provide information to students and families to help inform their decisions about postsecondary education. The data system would be available to users through a website and analytics tool.

"This bill ensures students and families have better information as they consider higher ed opportunities," Cassidy said during Thursday's markup. "It modernizes the college reporting system for post-secondary data by providing accurate reporting on student outcomes such as enrollment, completion, and post-college earnings across colleges and majors, while ensuring the privacy of individual students is securely protected."

The committee also considered additional bills related to higher education, including the State-Based Loan Awareness Act, introduced by Sen. Lisa Murkowski (R-Ala.), which 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). This bill advanced in a 20-2 vote.

The committee also considered legislation that would prohibit the transfer of certain offices – including the Office of Postsecondary Education – from the Department of Education (ED) to other federal agencies. While Sen. Patty Murray (D-Wash.) offered an amendment to prohibit ED from transferring Federal Student Aid (FSA) to other agencies, the amendment was rejected. Ultimately, the legislation advanced in a 13-9 vote.

The Senate's effort to limit ED's interagency agreements (IAA) follows a recent House markup in which the Education & Workforce Committee advanced legislation that would transfer several of the department's responsibilities to other agencies.

During the markup, Sen. Ashley Moody (R-Fla.) asked Cassidy when the committee will consider the No Aid for Ghost Students Act, which passed the House in June. Cassidy said the committee will consider the legislation in September and that he personally supports the legislation.