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Re: *Reimagining and Improving Student Education (RISE)* — Notice of Proposed Rulemaking (FR Doc. No. 2026-01912)

March 2, 2026

Dear Ms. Abernathy:

On behalf of the National Association of Independent Colleges and Universities (NAICU), the more than 1,700 private, nonprofit colleges and universities it represents, and the undersigned associations, I submit the following comments on the Department of Education's Reimagining and Improving Student Education (RISE) Notice of Proposed Rulemaking (NPRM). We appreciate the Department's work to operationalize the statutory directives in P.L. 119-21 through the RISE NPRM. We also recognize the Department's constraints, and we do not mistake implementation for authorship.

In the same spirit, we believe the NPRM can be strengthened through several common-sense, legally durable refinements that better align the rule with congressional intent, administrative feasibility, and the shared goal of protecting students while maintaining access to high-value graduate and professional pathways.

I. Recommendations

The Department's NPRM outlines numerous implementation decisions that fundamentally alter how higher education financing functions, with a clear focus on reducing overall federal investment. Considering these changes, NAICU has developed a list of recommendations we believe will strengthen the durability of the proposed changes by making common-sense adjustments that better reflect the operational reality of our institutions.

Core recommendations

1. Revise the professional program definition so that it relies on the three-part criteria Congress required and the program list remains illustrative, not finite.
2. Establish an institutional professional program designation pathway, with auditability and clear standards.
3. Implement the student loan proration requirements only for incoming students as of July 1, 2026, to prevent unnecessary disruption for currently enrolled students.
4. Establish additional support structures for borrowers in the Repayment Assistance Plan (RAP).

Additional recommendations

1. Commit in the final rule to reporting annually on how the elimination of Grad PLUS loans has impacted borrowing outcomes for students and institutions.
2. Include a financing gap analysis in the final rule that addresses the assumption that the private credit market will step in for the federal government to support students.
3. Provide an analysis that justifies why and how the lowered borrowing limits and elimination of Grad PLUS will place downward pressure on tuition.
4. Clarify lingering questions about how students will be treated under the student loan grandfathering exemption.



II. Analysis

Recommendation: Revise the professional program definition so it relies on the three-part criteria Congress required and the program list remains illustrative, not finite.

From the standpoint of private, nonprofit institutions serving a wide array of graduate and professional students, the Department's proposed approach to professional programs risks undermining the nature and intent of the federal graduate lending program. In addition, NAICU believes the Department has exceeded its statutory authority in its proposed definition of professional programs. Each of the subsections below describes NAICU's concerns about the Department's interpretation of the professional program definition and the ways in which it is inconsistent with the authorizing statute.

The Department is converting what Congress incorporated as an illustrative list of example programs into a de facto bounded list, thereby altering the character of the statutory directive. In the *One Big Beautiful Bill Act*, Congress incorporated the existing definition of "professional programs" in 34 CFR 668.2. As the Department itself notes, that definition includes an illustrative list of degrees that "provide context for the types of degrees that Congress considered to have met its definition of professional degree for the purposes of higher loan limits." Notably, the definition adopted by Congress states that "examples of a professional degree include but are not limited to" the listed programs. As proposed, however, the Department treats the list as effectively defining the outer boundaries of what may qualify.

The statute itself already establishes clear boundaries through an operative three-part test. A "professional" program must provide education and training that is:

1. sufficient to begin practice in a profession,
2. beyond that of a typical bachelor's program, and
3. that generally requires licensure.

These criteria represent the core statutory standards that Congress decided would determine a professional program. The role of the illustrative list provided in 34 CFR 668.2 should therefore be to provide examples of programs that satisfy the three-part test, not to narrow (or supplement) the statutory criteria.

The Department further states, "This exercise of running the degree through the operative definition, then comparing and contrasting it to the list of degrees cited in 34 CFR 668.2, appropriately takes into account the broader statutory scheme and ensures that the Department interprets the statute in accordance with the intent."

The comparison requirement is specious and arbitrary as the statute does not expressly require such a comparative step. A plain language reading of the relevant provision demonstrates that the three-part test operates as the sole eligibility standard, and programs that satisfy those three criteria should qualify as "professional" regardless of whether they align neatly with the examples listed in the regulation.

As Congress determined when it incorporated this definition, programs that meet the criteria above are to be deemed "professional" for the purposes of student loan borrowing limits. Thus, when the Department says, "the Department does not necessarily claim that the included list of professional degrees represents all professional degrees being offered by institutions, just those that the Department has identified as meeting the statutory definition," it is suggesting that it has applied the



criteria above to all known programs offered in higher education and found that only those in its select list of 11 programs qualify. This is obviously and demonstrably false.

Pointedly, the “include but not limited to” language that Congress adopted is not decorative. Courts generally avoid reading statutory/regulatory text in a way that renders words superfluous. The Department’s approach of a finite list and additional material disqualifiers functionally nullifies the “not limited to” phrase in section 668.2 by preventing otherwise-qualifying degrees outside the agency’s chosen Classification of Instructional Programs (CIP) groupings from ever qualifying. The Department’s interpretation is thus inconsistent with the statutory language.

The Department’s legal justification for its interpretation is flawed. Although a detailed legal analysis of the Department’s justification for its interpretation is beyond the scope of this comment letter, some of the precedents and rules of construction cited by the agency do not provide the support it asserts.

For example, the Department cites a legal canon known as *noscitur a sociis* – that otherwise-broad terms are narrowed by neighboring words – to claim the example list narrows meaning to degrees “similar in nature.” *Noscitur*, however, is a tool to resolve ambiguity; it cannot override explicit “not limited to” language. The canon does not support turning an expressly illustrative list into a closed list.

The Department also relies on *noscitur* to import new criteria that do not appear in the incorporated definition. That is not “narrowing a word’s meaning;” it is adding elements to serve a purpose beyond statute. An example of this is the Department’s assertion that the programs on the list suggest only doctoral-level programs could ever potentially be deemed professional. Ironically, the Department’s inference is defeated by the list itself. The list’s theology examples (M.Div./M.H.L.) are not doctoral degrees; L.L.B. was a bachelor’s degree and not a doctoral nomenclature. Those inclusions alone make up 20% of the programs on the original list, and nearly 20% of all listed degrees. The Department notes that the list includes non-doctoral programs, but concludes that this, in fact, supports their position. In NAICU’s view, using the list to imply a universal “doctoral level” requirement is internally inconsistent.

Even if some limiting principle is permissible, the Department is adding principles that do not appear in the incorporated definition, while excluding others. That is not reasonable statutory interpretation.

The Department’s insistence that the NCES first-professional degree history proves a six-year/doctoral-level concept is weakly justified and extra-statutory. The Department argues the section 668.2 definition “historically” traces back to NCES’s former “first-professional degree” concept (six full-time equivalent (FTE) years; two years post-baccalaureate) and uses that history to justify embedding those requirements into the Direct Loan definition.

As the Department notes, NCES eliminated the first-professional category in IPEDS starting in 2008–09 and reclassified awards. The Department is relying on a legacy reporting category that NCES explicitly discontinued, then using it as a quasi-statutory constraint. Congress incorporated 34 CFR 668.2 “as in effect” on the enactment date, not “as interpreted through a 2007 NCES category.” If the six-year/doctoral test was meant to be binding, it would be in section 668.2. It is not.

Further, the historical/legacy justification is cited within the context of denying a Doctorate of Physical Therapy (DPT) from inclusion in the list of professional programs, and the Department insists that the shift toward an entry-level DPT requirement is a “modern development.” The citation



it uses indicates that this “development” began in 1999 – nearly 30 years ago.^a It is logically inconsistent for the Department to suggest that the DPT shift is too “modern,” while claiming that the first-professional degree definition from 2007 is appropriate “historical” justification for their proposed definition.

Additionally, though the Department may not have meant this deliberately, the logic of denying a nearly 30-year-old entry-level DPT requirement as “too modern” illogically implies that any new or emerging professional field could not justifiably be added to the list of professional programs until it had existed at least as long as the DPT requirement.

The Department’s “doctoral-level” requirement for any program to be added as professional creates outcomes that conflict with federal labor-market evidence. For example, such evidence includes Bureau of Labor Statistics (BLS) data that states:

- a. Physical therapists entering the occupation need a DPT, and all states require licensure^b;
- b. Occupational therapists’ typical entry-level education is a master’s degree, and all states require licensure^c;
- c. Nurse practitioners must earn at least a master’s degree and must be licensed/certified^d; and
- d. Physician assistants typically need a master’s degree and are licensed in all states^e.

All of these examples provide real-world evidence that these programs meet the operative criteria of the test Congress put into statute and should, under any reasonable interpretation of the definition, be considered a professional program.

The Department’s determination that “CIP intermediate groupings are a reasonable, administrable proxy for ‘similar’ degrees” is irrelevant and unnecessary. The only area in which the Department allows unlisted programs to potentially qualify as “professional” is proposed through limiting the universe of programs to the 4-digit CIP code associated with the listed programs. In other words, an unlisted program field must be in the same four-digit CIP “intermediate grouping” as the enumerated degrees. While we appreciate the Department’s attempt at creating a more inclusive list of programs, it is an addition of little value and less justification.

According to the Department, this inclusion adds 0.8% more students, with 0.5% of those coming from the Clinical Psychology field and creates additional funding outlays of \$112 million over the 10-year budget window, relative to the original proposal of just the 10 fields in the original list. The justification continues to further lay out the budgetary impact of the proposals the Department considered throughout rulemaking, making it clear that the decision by the Department was driven by a desire to reduce funding availability for graduate programs, not guided by statutory interpretation or program implementation.

^a Plack, Margaret M PT, MA; Wong, Christopher K PT, MS, OCS. The Evolution of the Doctorate of Physical Therapy: Moving Beyond the Controversy. *Journal of Physical Therapy Education* 16(1):p 48-59, Spring 2002.

^b Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook*, Physical Therapists, at <https://www.bls.gov/ooh/healthcare/physical-therapists.htm> (visited November 16, 2025).

^c Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook*, Occupational Therapists, at <https://www.bls.gov/ooh/healthcare/occupational-therapists.htm> (visited February 01, 2026).

^d Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook*, Nurse Anesthetists, Nurse Midwives, and Nurse Practitioners, at <https://www.bls.gov/ooh/healthcare/nurse-anesthetists-nurse-midwives-and-nurse-practitioners.htm> (visited February 10, 2026).

^e Bureau of Labor Statistics, U.S. Department of Labor, *Occupational Outlook Handbook*, Physician Assistants, at <https://www.bls.gov/ooh/healthcare/physician-assistants.htm> (visited February 01, 2026).



Further, CIP codes raise numerous concerns if they are to be used as an eligibility criterion, such as:

- They are a classification taxonomy and were not designed with program limitations in mind.
- There is no statutory basis for using CIP codes to exclude otherwise-qualifying programs under an incorporated definition that never mentions CIP.
- CIP coding is institution-assigned, subject to inconsistency, and periodically revised. If CIP revisions occur, eligibility could shift for reasons unrelated to professional licensure or “beginning practice,” raising serious legitimacy concerns.
- The CIP constraint is both under- and over-inclusive. It is under-inclusive because it excludes degrees outside the listed CIP families even if they satisfy the operative section 668.2 test. It is over-inclusive because it risks including programs within a CIP family that are not actually professional-entry degrees.

In NAICU’s view, the Department fails to convincingly justify why the CIP code taxonomy is the correct boundary rather than the incorporated section 668.2 criteria themselves, and thus we do not believe this is a justifiable reading of the incorporated definition.

The Department creates its own criterion of “independent, unsupervised practice” to justify excluding certain supervised, but otherwise professional fields. The agency says it is “hesitant” to treat degrees leading to employment that “must be supervised” and “cannot be performed independently” as professional degrees, and argues this interpretation is “informed by the characteristics” of the section 668.2 list.

The problem is that “independent practice” is an arbitrary and extra-statutory criterion created by the Department and not the overlay Congress established in the text. Section 668.2 requires a degree for “beginning practice,” not “independent practice.” The Department’s interpretation is therefore inconsistent with the explicit definition in statute and out of touch with how many licensed professions work. Numerous professions begin in supervised practice modes (clinical supervision, residencies, supervised hours, etc.). Again, the Department’s interpretation is inconsistent with the statute and should be revised.

The Department’s program-by-program exclusions are based on extra-statutory standards set by the Department, such as “not distinct,” or “state variation.” The Department gives specific reasons for excluding several degrees, such as:

- **Nursing (MSN/DNP):** The Department says students are already licensed nurses when they begin, and that Nurse Practitioner (NP) practice authority varies by state, making the agency hesitant to treat the field as distinct.
- **Physical Therapy (DPT):** The Department emphasizes historical evolution and that it never updated its “professional program” definition to include DPTs.
- **Physician Assistant (MSPAS):** The Department emphasizes physician supervision and “unsettled” practice authority.

If the incorporated test is “beginning practice,” “beyond bachelor,” and “licensure generally required,” these BLS-characterized entry degrees look like straightforward fits, yet the Department excludes them largely because it adds several of its own constraints.

“Already licensed” is not a disqualifier under section 668.2. The statutory definition does not expressly state that a professional degree must be the *first* credential a person earns. Instead, the statutory definition says the degree signifies completion of academic requirements for beginning



practice in a given profession and generally requires licensure. The Department’s “already licensed” logic for NP programs effectively adds a “no prior license” rule, also not required by section 668.2.

Likewise, state-to-state scope variation is not a statutory basis to deny “professional degree” status. The Department acknowledges universal licensure in every state is not required yet uses variation in NP practice authority as a reason to deny distinctness. Many enumerated professions also face significant state variation in scope-of-practice and licensing details; variation alone cannot rationally be a disqualifier without a consistent standard.

The Department also states that it finds that fields that were not previously added to the definition back in 2007 as “dispositive regarding the interpretation” of which, if any, programs should be included today. The Department’s historical inaction under entirely different circumstances does not constitute a sound legal argument, nor does it establish congressional intent to freeze professional practice in 2007-era categories, especially where Congress incorporated an expressly non-exhaustive definition. It also stands out because the Department did not employ this logic when deciding to add Clinical Psychology to the list since it was similarly not added back in 2007.

The Department imposes a more-than-50-percent credit-hours test to prevent “abuse” in joint degree programs. The Department construes “enrolled in a program of study that awards a professional degree” to mean spending more than half of coursework toward the professional degree, citing concerns that graduate programs could be disguised to access higher limits.

The Department asserts the need for this restriction to preemptively prevent the “potential for abuse,” but does not show evidence of actual abuse patterns, let alone in sufficient quantity to justify a bright-line test. Even if we accept the Department’s concern as reasonable, there is nothing in the statute or elsewhere to support this argument.

The statute’s phrasing focuses on whether the program of study *awards* a professional degree, not whether the student’s credits exceed a threshold at some measurement point. The Department’s restriction is not compelled by text and is arbitrary by default.

The bottom line: There is no version of a bounded list that appropriately satisfies the definition Congress passed into law as part of the One Big Beautiful Bill Act. Any restricted list will undoubtedly fail to capture qualifying programs, be difficult to update, and lag behind real-world labor market needs. We strongly encourage the Department to revise its proposed definition in order to comply with statutory requirements. Moving forward with the Department’s proposal is unsupported by data or any reasonable interpretation of the statute. We encourage the Department to revise its proposed restriction and, instead, rely on the definition Congress provided: professional programs are those that award a professional credential upon completion.

Recommendation: Establish an institutional professional program designation pathway, with auditability and clear standards.

If the Department wishes to implement this statute effectively and in line with congressional intent, it requires the agency to recognize what institutions actually do and already document. Institutions routinely maintain auditable evidence of program purpose, licensure linkage, accreditation, curriculum length, required clinical/supervised practice, and credential outcomes. Those are the facts the operative professional-degree criteria are meant to capture.



Nevertheless, the NPRM leans on extra-statutory criteria as the primary mechanisms for classification, including the premise that programs would be identified through six-digit codes “as assigned by the institution or determined by the Secretary,” and that four-digit CIP groupings are the “most appropriate level” for classifying programs. This approach is administratively convenient but substantively unreliable. It is misaligned with the operational reality that these new criteria are not licensure tests and do not reliably convey whether a particular graduate credential is the generally required entry-to-practice pathway in a regulated profession.

What is appropriate, and entirely feasible, is to use designation and documentation pathways that already exist in federal administration to identify professional programs. Institutions already report program characteristics through federal systems, already undergo accreditation, and are already accustomed to maintaining compliance documentation for program eligibility. The Department should build on that infrastructure rather than create a definitional scheme that is misguided.

Thus, to implement the proposal above, we recommend the Department adopt a process under which institutions may designate a program as “professional” for loan-limit purposes and be required to document (and provide to the Department upon request or at specific intervals) evidence that the program meets the operative criteria test by demonstrating that the designated program(s):

- Constitutes the academic requirements for beginning practice in the relevant regulated profession;
- Provides professional skills beyond what is normally required at the bachelor’s level; and
- Is generally tied to licensure or certification to begin practice (recognizing state variation).

The Department already recognizes the operative criteria matter and describes using context and comparability analysis. The concern is that it then substitutes additional, unjustified categorical exclusions rather than implementing a documented, criteria-based review.

To address the Department’s understandable concern about opportunistic overclassification, we support guardrails that are straightforward and enforceable:

- Standardized documentation elements;
- Clear penalties for misclassification (focused on institutional corrective action, not retroactive borrower harm absent misconduct);
- A petition/appeals process with timelines; and
- Periodic review of designated programs.

NAICU strongly urges the Department to adopt this pragmatic compromise, which achieves consistent federal administration without locking eligibility to a static list that cannot keep pace with regulated professions. These recommendations are consistent with the statutory language and underscore the reality that institutional documentation and classification is the only workable alternative to an under-inclusive federal list.

Recommendation: Implement the student loan proration requirements only for new students as of July 1, 2026, to prevent unnecessary disruption of currently enrolled students.

The statute now requires proration of annual loan limits based on enrollment intensity, and the Department must implement that requirement. The NPRM emphasizes that this provision will “save taxpayers money” by reducing amounts borrowed by part-time students and notes that institutions will receive less revenue as a result.



But the Department’s current approach, which is the immediate, universal application of proration upon the publishing of a mandated “schedule of reductions,” would produce avoidable disruption for students who are currently enrolled and for institutions that must retool systems under compressed timelines. The NPRM acknowledges the operational structure: proration is tied to enrollment status at the point an institution determines eligibility for disbursement, requiring enrollment-status confirmation before each disbursement.

Applying proration to currently enrolled students in 2026–27 would be an implementation choice that is needlessly destabilizing and inconsistent with the Department’s stated commitment to orderly transitions for currently enrolled students. The NPRM’s discussion of “expected time to credential” is explicit that Congress used July 1, 2026, as the trigger for major new limits and that “expected time to credential” exists to create a limited exception for students enrolled as of June 30, 2026. The existence of the “grandfathering exemption” alone provides evidence that Congress intended to minimize disruption to current students, and applying the loan proration requirement in similar fashion is in keeping with that intention.

Practically speaking, this approach is the only implementation path that avoids midstream changes to loan packaging, reduces error risk, and prevents students from facing abrupt, unexpected financing gaps during active enrollment.

Making this change effective for students as of July 1, 2026, is important because:

- Continuing students made enrollment decisions based on known loan rules; proration for continuing cohorts rewrites those assumptions mid-program.
- Institutions will face immediate recalculation complexity, disbursement delays, and student account disruptions, which are all problems that fall hardest on low-income students and those balancing work/family obligations.

If the Department believes the statute compels proration for all borrowers immediately (including continuing students), it should adopt a transition safe harbor that achieves the functional equivalent of prospective implementation. Specifically, the Department should codify that:

- Proration is determined at the time of disbursement eligibility and is not recalculated retroactively for that payment period;
- Institutions are not required to claw back or repackage based on subsequent enrollment fluctuations within the term; and
- The Department will provide a clear, vendor-ready operational specification and a compliance grace period for 2026–27 implementation errors that are technical rather than abusive.

Nevertheless, NAICU’s strong preference remains to apply proration to incoming cohorts only. Anything else risks disruption where Congress and the Department have both recognized the need for transition stability.

Recommendation: Establish additional support structures for borrowers in the Repayment Assistance Plan (RAP).

The Department proposes to implement RAP in § 685.209, including a base payment schedule keyed to adjusted gross income (AGI), and a minimum payment floor of \$10. We recognize that the RAP model has several significant and beneficial features for borrowers, such as the prevention of negative amortization, which is one of the best improvements to student loan repayment in decades, and a principal subsidy payment of up to \$50 per month.



However, the lack of an income protection allowance (IPA), as all other income-driven repayment plans have had, weakens its effect and will likely increase delinquency and default rates, particularly among low-income borrowers.^{f,g} Under the proposed RAP base payment schedule, a borrower at or near the poverty line can still face a non-zero required payment, even after dependent adjustments. The result is that the lowest-income borrowers will face higher payments under this plan relative to previous income-driven repayment plans.

Further, RAP's design builds in a kind of "payment cliff" whereby small increases in income lead to dramatically larger loan payment requirements.^h For example, if a borrower's AGI is \$30,000, they would be required to pay 3 percent of that, or \$900 annually. If that borrower's income increased to \$31,000, they would be required to pay 4 percent of that, or \$1,240 annually, a 38 percent increase. And while these numbers on their own may not seem concerning, these changes would apply to the very lowest-income borrowers, where every dollar spent carries enormous importance.

We recognize that the absence of an IPA and the structural income cliffs are not the Department's decisions, and we are not asking for changes that contravene the statute. However, structural deficiencies like these are how good repayment designs fail in practice, and we encourage the Department to take any available steps to better support borrowers through the transition period.

We encourage the Department to publish clear explanations in the final rule, and future subregulatory guidance for borrowers that:

1. **Acknowledges that RAP contains no exempted income amount** and that the Department's ability to add a 150% FPL income protection allowance is constrained by the statutory payment formula;
2. **Explains that RAP establishes income thresholds** that will substantially increase payments when a borrower's income crosses them, with clarifying examples;
3. **Strengthens the final rule** to require fast, borrower-protective income recalculation and clear dependent documentation standards;
4. **Commit to strong servicing oversight** and qualifying-payment credit integrity; and
5. **Identify publicly** the narrow statutory change needed if Congress wishes to allow an income protection allowance within RAP going forward.

III. Additional recommendations

Recommendation: Commit in the final rule to reporting annually on how the elimination of Grad PLUS loans has impacted borrowing outcomes for students and institutions.

We recognize that Congress eliminated Grad PLUS for future cohorts, and we understand the Department is implementing that statutory directive. However, the elimination of a federal financing pathway of this magnitude is not a "one-and-done" regulatory change, but an ongoing policy shock that will reshape enrollment decisions, borrowing behavior, completion, and institutional budgets over multiple years. The NPRM itself acknowledges that the elimination of Grad PLUS and the

^f Wheat, Chris, Daniel M. Sullivan, and Lucas Nathe. 2025. *The new income-driven repayment plan: Student debt outcomes and federal revenue implications*. JPMorganChase Institute. <https://www.jpmorganchase.com/institute/all-topics/financial-health-wealth-creation/new-income-driven-repayment-plan>.

^g Zampini, Michele, Brucker, Ellie, Ph.D., Elliott, Mia. 2025. *How House Republicans' Student Loan Repayment Plan Would Disproportionately Harm Low-Income Borrowers*. *The Institute for College Access and Success (TICAS)*. <https://ticas.org/affordability-2/rap-income-protection-reconciliation-2025/>

^h Id.



imposition of new annual and aggregate limits will materially change loan volume and institutional revenue flows.

We urge the Department to commit, in the final rule preamble and through a posted data product, to publishing an annual report (beginning no later than one year after initial implementation) addressing:

- **Borrowing outcomes:** average and distributional federal borrowing for graduate/professional students by credential level, field/CIP, sector, and income proxies (e.g., Pell history where available), including the share of students hitting annual/aggregate caps.
- **Private-loan substitution:** estimated increases in private education loan volume for graduate/professional students (to the extent the Department can measure through NSLDS/credit bureau partnerships or survey-based proxies), any corresponding increases in borrowing costs, and identification of private market lending gaps for programs.
- **Enrollment/stop-out patterns:** changes in graduate/professional enrollment, persistence, and completion in high-cost/clinical programs most likely to experience financing gaps.
- **Institutional impacts:** program-level enrollment shifts, unmet need, and institutional grant aid/discounting responses, by sector and mission.

The Department is implementing changes that the NPRM itself describes as consequential to borrowers and institutions. Without adequate transparency, the Department is effectively asking students and institutions to bear the downside risk of a major financing redesign while the Department retains the upside of claiming success without measurement.

Recommendation: Include a financing gap analysis in the final rule that addresses the assumption that the private credit market will step in for the federal government to support students.

The NPRM's regulatory impact discussion implicitly assumes that when lowered federal borrowing limits are implemented, students will either adjust program choices or obtain other financing. But the NPRM does not provide a rigorous, field-specific financing gap analysis showing how, when, and for whom those gaps will be closed, or what happens when they are not.

It is irresponsible for the federal government to redesign graduate financing while treating private credit substitution as self-evident. Private loan underwriting is not universal; private loan terms vary widely; and private credit access is not evenly distributed by race, wealth, or family support. Treating private credit as a neutral backstop effectively converts federal policy into a risk-transfer mechanism that shifts students from a regulated federal framework into a less protective market without publicly acknowledging the distributive consequences.

We urge the Department to include a financing gap analysis in the final rule that quantifies, at minimum:

- Projected financing gaps (COA minus federal aid and revised loan eligibility) by field, credential level, and sector;
- Borrower profiles most likely to face gaps (by income proxy, dependency history, first-generation status where available, and demographic distributions to the extent permissible);
- Sensitivity analysis showing outcomes under different private credit substitution rates (e.g., 25%, 50%, 75% uptake), including impacts on stop-out and program switching; and
- Evidence basis for any assumption that private lenders will expand access at scale and on what terms (interest rates, cosigner requirements, approval rates, repayment flexibility).



The Department already has most of the data and analytic tools to do this credibly. This work should be undertaken immediately to acknowledge and attempt to ameliorate foreseeable risks to students under the new federal lending policy.

Recommendation: Provide an analysis that justifies why and how the lowered borrowing limits and elimination of Grad PLUS will place downward pressure on tuition.

The NPRM asserts that limiting borrowing will “put downward pressure on tuition prices” and encourage institutions to evaluate program costs, but the NPRM does not provide an empirical or causal foundation that supports the claim.

In the private, nonprofit sector, program pricing is not a simple function of available borrowing. Program costs are driven by faculty labor markets, clinical supervision requirements, accreditation standards, compliance obligations, insurance, facility and equipment needs, and the real costs of instruction.

If the Department believes caps will reduce tuition, it should specify:

- What costs institutions are expected to reduce without degrading quality or accreditation compliance.
- What share of programs have price-setting power responsive to marginal changes in federal loan limits.
- What evidence suggests that institutions will have the financial capacity to lower tuition rather than reduce enrollment capacity or hope students can access private credit.

Absent an analysis that answers these questions, the Department’s “downward pressure” theory is an untested assumption.

We urge the Department to include, in the final rule, a transparent and data-driven justification that includes:

- **Historical evidence** (or peer-reviewed literature synthesis) on whether borrowing constraints reduce tuition in graduate/professional programs, distinguishing between sectors and program types;
- **Program-level cost structure analysis** showing which components of graduate/professional COA are plausibly reducible versus fixed (clinical placement, faculty ratios, lab/clinical equipment, etc.);
- **Alternative behavioral response modeling** (tuition reduction vs enrollment reduction vs increased institutional aid vs private-loan substitution); and
- **Time horizon realism** where the Department should specify expected timelines and acknowledge lags in program restructuring, especially since tuition is not an adjustment that can be made without significant financial planning for most programs.

If the Department cannot support its tuition-pressure claim with evidence and a plausible causal mechanism, it should narrow the claim and avoid presenting speculation as certainty in the final rule record.

Recommendation: Clarify lingering questions about how students will be treated under the loan grandfathering exemption.



The NPRM describes a statutory transition structure for individuals who, as of June 30, 2026, are enrolled in a program of study and have received a Direct Loan for that program, allowing continued borrowing under prior rules for the “expected time to credential.”

That concept is directionally appropriate, and we appreciate the Department’s reasonable implementation, but the NPRM leaves critical operational questions unresolved. Ambiguity here will directly translate into inconsistent aid packaging, borrower confusion, compliance risk, and, most importantly, unexpected mid-program financing gaps for students who believed they were protected.

In plain terms: grandfathering is only meaningful if students and institutions can reliably predict how it applies. If the Department does not clarify these questions now, it will likely result in preventable chaos in 2026–27 and then likely take many years to fix such errors.

We recognize that the Department has provided its interpretation regarding several of the points below through this NPRM and prior rulemaking, but clear, subregulatory guidance being published as quickly as possible is critical to prevent additional confusion among students and institutions. Thus, we encourage the Department to add explicit clarifications in the final rule and publish subregulatory guidance before 2026–27 award-year packaging begins.

At minimum, the Department should clearly lay out:

- Which Direct Loans qualify a student for this exemption and which of those loans a student can access during the exemption period;
- Whether a student who takes an approved leave of absence, medical leave, or other documented interruption remains within “expected time to credential,” and under what conditions;
- Whether program changes and internal transfers such as changing concentration, track, or modality within the same credential counts as the same “program of study,” and what documentation is required;
- Why a student who transfers to another institution but remains in the same credential field is ineligible for this exemption given the statutory text does not limit it to staying at the same institution;
- The interaction with consolidation and repayment plan eligibility for borrowers who mix pre- and post-July 1, 2026, loans; and
- How “expected time to credential” is calculated for nonstandard terms, part-time patterns, and clinical sequences.

We urge the Department to include these clarifications in the final rule preamble and to publish operational guidance sufficiently early for institutions to counsel admitted and continuing students honestly before enrollment commitments are finalized.

IV. Conclusion

NAICU is committed to being a constructive partner with the Department as it moves from proposal to final rule and then to implementation. Our sector serves students with wide-ranging financial circumstances and professional aspirations, and we see firsthand how definitional precision and clear communication during transition periods translate into either stable pathways or avoidable barriers.

We respectfully encourage the Department to use this comment period to calibrate the NPRM so that it is faithful to congressional intent, operationally workable for institutions, and protective of students’ access to advanced education and public-service careers. NAICU stands ready to provide



data, operational feedback, and stakeholder coordination to support a final framework that achieves the Department's goals while minimizing unintended consequences.

Thank you for the opportunity to comment.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Barbara K. Mistick'.

Barbara K. Mistick, D.B.A.
President, NAICU

On behalf of:

Alabama Association of Independent Colleges and Universities
Association for Biblical Higher Education
Association of Independent California Colleges and Universities
Association of Independent Colleges & Universities in Massachusetts
Association of Independent Colleges & Universities of Rhode Island
Association of Independent colleges and Universities of Pennsylvania
Association of Independent Colleges of Art & Design
Association of Independent Kentucky Colleges and Universities (AIKCU)
Association of Jesuit Colleges and Universities
Association of Presbyterian Colleges and Universities
Commission on Independent Colleges & Universities in New York
Connecticut Conference of Independent Colleges
Council of Independent Colleges
Council of Independent Colleges in Virginia, Inc.
Georgia Independent College Association
Independent Colleges and Universities of Florida
Independent Colleges and Universities of New Jersey
Independent Colleges and Universities of Texas
Independent Colleges of Indiana
Independent Colleges of Washington
International Association of Baptist Colleges and Universities
Kansas Independent College Association
Maryland Independent College and University Association
Michigan Independent Colleges & Universities
Minnesota Private College Council
North Carolina Independent Colleges and Universities
Oregon Alliance of Independent Colleges and Universities
South Carolina Independent Colleges and Universities
Tennessee Independent Colleges & Universities
Wisconsin Association of Independent Colleges and Universities
Work Colleges Consortium