Federal Update

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FINANCIAL AID WARRIORS

TRANSFORMING STUDENT LIVES ONE AT A TIME

SPRING 2026

Most Recent Federal Update

In Person –March 6, 2026

- **Tamy Abernathy, Director, Policy Coordination Group, and David Musser, Acting Director, Policy Development Group**
- **FSA Conference, Washington, DC**
- **Access at https://fsapartners.ed.gov/training/federal-student-aid-fsa-training-conference/program/sessions/2026/federal-update**
- **Can see both the Handout and the Video**

The Bartnicki Family

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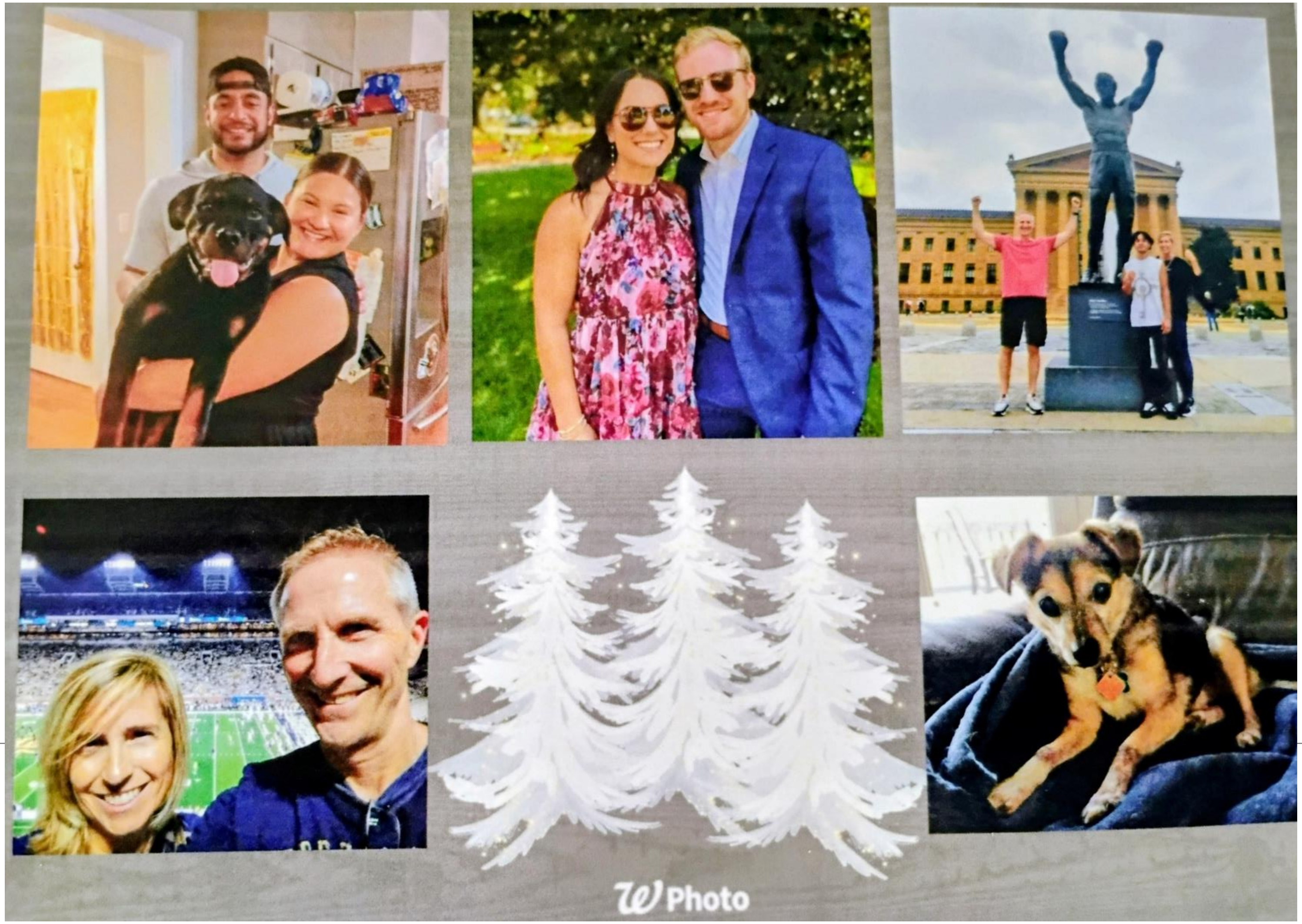

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FAFSA Applications Update

OBBBA Changes to Pell Grants and Need Analysis

Implemented on the 2026-27 *Free Application for Federal Student Aid* (FAFSA®) form

Asset exemptions

Amends the need analysis formula, used to calculate the Student Aid Index (SAI), to exempt assets from the following (in addition to the existing exemption for a family's primary residence):

- A family-controlled small business with not more than 100 full-time or full-time equivalent employees
- A family farm on which the family resides
- A commercial fishing business and related expenses, including fishing vessels and permits owned and controlled by the family

Pell ineligibility due to high SAI

Modifies the Pell Grant calculation to make a student ineligible for a Pell Grant if the student has an SAI that equals or exceeds twice the amount of the maximum Pell Grant.

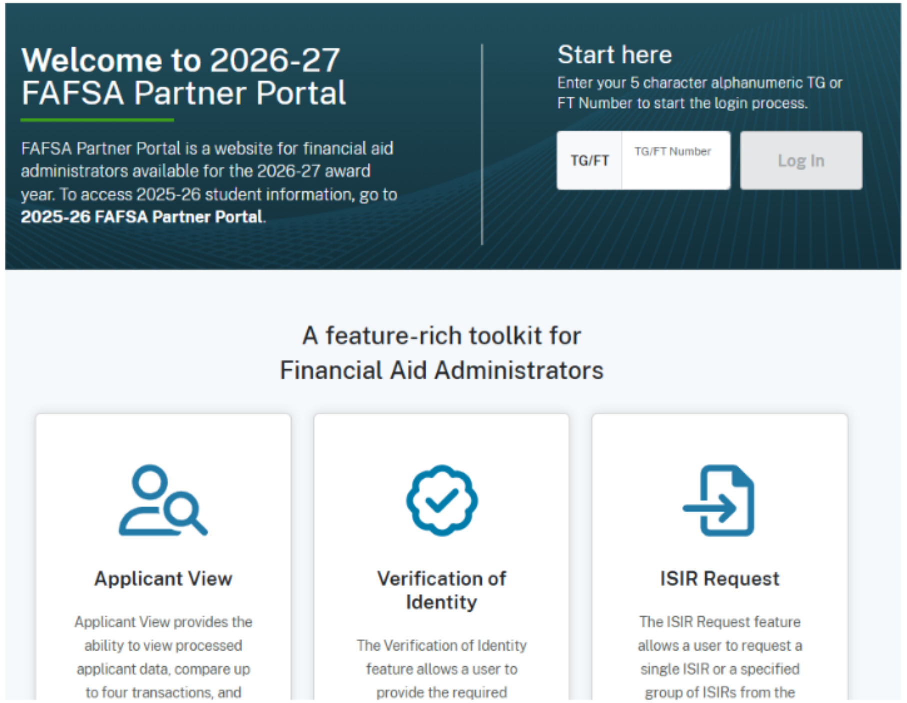
NOTE: This does not apply to special Pell Grant eligibility rules (formerly known as the Iraq Afghanistan Service Grant [IASG] and the Children of Fallen Heroes [CFH] Scholarship).

Foreign income incorporated into Pell eligibility calculation

Modifies the Pell Grant calculation formula to incorporate foreign earned income, rather than relying on financial aid administrators' review of foreign income and adjustment of financial data in individual cases to calculate Pell Grant eligibility.

FAFSA Partner Portal Improvements

- Ability to print FAFSA Submission Summary
- Institutional Student Information Record (ISIR) comparison feature
- Ability for states to request ISIRs by SSN
- Updated application receipt timestamp now in Central Time



Identity Verification and Fraud Prevention

In summer 2025, due to significant evidence of fraud, the Department launched a nationwide effort to prevent fraud and identity theft and improve the integrity of the *Title IV, HEA* programs.

Phase One
(June 2025):
All first time summer students flagged for V5 verification.

Phase Two
(August 2025)
Targeted fraud screening conducted on 2025-26 FAFSA forms, with suspicious forms flagged for V5 verification.

Phase Three
(Spring 2026)
Real-time fraud detection implemented on the FAFSA form.

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Identity Verification and Fraud Prevention

- EA-APP-25-16 / FR November 26, 2025
- **Statement of Educational Purpose is *no longer required.***
- **An institution can now document completion of the identify component of V4 and V5 verification with:**
  - **Student submission of a valid government ID in person or through video call;**
  - **Certification from a notary that the student appeared before the notary and presented a government-issued photo ID confirming their identity, for students who cannot appear in person or on video call;**
  - **Verification from a vendor compliant with NIST Identity Assurance Level 2 of the student's identity; or**
  - **Confirmation of the student's identity by responsible individual at the student's prison facility.**

Negotiated Rulemaking

PUBLIC SERVICE LOAN FORGIVENESS

RISE

AHEAD

ACCREDITATION

Public Service Loan Forgiveness

PSLF: Negotiated Rulemaking Timeline

March '25
President Trump signed *The Restoring Public Service Loan Forgiveness* Executive Order on March 7.
Executive Order directed Secretary to "ensure the definition of 'public service' excludes organizations that engage in activities that have a substantial illegal purpose."

Apr
ED announced intent to negotiate and established "Student Loans and Affordability" Neg Reg committee on April 4.
ED held in-person hearing on April 29.

May
ED held virtual hearing on May 1.

July
Committee held negotiated rulemaking sessions June 30–July 2.
Did not reach consensus (one dissenting vote.)

Aug
NPRM published by ED on Aug 18.

Sept
13,989 comments received.

Oct
Final Rule published by ED on Oct 31.

July '26
Final Regulations Effective July 1.

More information on OPE's website for 2025-2026 Negotiated Rulemaking

PSLF: Added and revised definitions in § 685.219

Adds paragraphs (b)(1) through (b)(35), including new definitions for:

- Aiding or abetting
- Chemical castration or mutilation
- Child or children
- Foreign terrorist organizations
- Illegal discrimination
- Other Federal immigration laws
- Substantial illegal purpose
- Surgical castration or mutilation
- Terrorism
- Trafficking
- Violating State law
- Violence for the purpose of obstructing or influencing Federal Government policy

Revises definition of "qualifying employer"

(b)(27) Qualifying employer means:

(i)(A) A United States-based Federal, State, local, or Tribal government organization, agency, or entity, including the U.S. Armed Forces or the National Guard;

(B) A public child or family service agency;

(C) An organization under Section 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under Section 501(a) of the Internal Revenue Code;

(D) A Tribal college or university; or

(E) A nonprofit organization that—

(1) Provides a non-governmental public service as defined in this section, attested to by the employer on a form approved by the Secretary; and

(2) Is not a business organized for profit, a labor union, or a partisan political organization; and

(ii) Does not include organizations that engage in activities such that they have a substantial illegal purpose, as defined in this section.

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PSLF: Qualifying Employer Standard and Process

The Secretary determines by a preponderance of the evidence that an employer has engaged in activities with substantial illegal purpose, based on:

- A final judgment by a State or Federal court, whereby the employer is found to have engaged in illegal activities that have a substantial illegal purpose.
- A plea of guilty or nolo contendere, whereby the employer admits to have engaged in illegal activities that have a substantial illegal purpose or pleads nolo contendere to allegations that the employer engaged in illegal activities that have substantial illegal purpose.
- A settlement that includes admission by the employer that it engaged in illegal activities that have a substantial illegal purpose described in the regulations under § 685.219.
- A failure to certify on the Borrower Employer Certification Forms that they did not engage in activities with substantial illegal purpose (and a refusal to correct this on request).

The Department notifies employers and provides them an opportunity to respond prior to issuing a final determination of ineligibility.
The Department will notify borrowers when the employer is pending disqualification and when it is disqualified.

Employers can still regain their eligibility as a qualifying employer even after being disqualified.

- The employer is disqualified for 10 years; at or after this time, they must certify that they are no longer engaged in activities that have a substantial illegal purpose.
- The Secretary approves a corrective action plan signed by the employer that includes: a certification by the employer that it is no longer engaging in activities that have a substantial illegal purpose; a report describing the employer's compliance controls, which are designed to ensure that the employer does not continue to engage in these activities in the future; and any other terms or conditions imposed by the Secretary.
- If an employer regains eligibility, the Secretary shall update the qualifying employer list.
- Borrowers do not lose credit for payments made while the employer was eligible, but they may not request reconsideration based on employer ineligibility.

PSLF: Correction to Final Rule

On October 31, 2025, the Department published the Final Rule that included instructions on the amendatory regulations.

Corrections to the regulations at § 685.219 are needed 30 days prior to the effective date of the regulations (July 1, 2026.)

A correction notice will be issued by June 1, 2026, in advance of the July 1, 2026, effective date of the regulations.

48966 Federal Register / Vol. 90, No. 209 / Friday, October 31, 2025 / Rules and Regulations

DEPARTMENT OF EDUCATION

34 CFR Part 685

[Docket ID ED–2025–OPE–0016]

RIN 1840–AA28

William D. Ford Federal Direct Loan (Direct Loan) Program

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Final regulations.

SUMMARY: The Secretary establishes new regulations on the Public Service Loan Forgiveness (PSLF) program in the William D. Ford Federal Direct Loan (Direct Loan) program under 34 CFR 685.219 by adding or clarifying provisions to exclude employers that engage in specific enumerated illegal activities such that they have a substantial illegal purpose, including defining obligations and processes tied to making such a determination of an employer, clarifying that borrowers will receive full credit for work performed, until the effective date of the Secretary's determination that an employer is no longer a qualifying employer under the rule; and establishing methods for an employer to regain eligibility following a determination of ineligibility by the Secretary. These regulations ensure that taxpayer dollars are not misused by preventing PSLF benefits from going to individuals employed by organizations that have a substantial illegal purpose. The revisions strengthen accountability, enhance program integrity, and protect hardworking taxpayers from shouldering the cost of improper subsidies granted to employees of organizations that undermine national security and American values through criminal activity.

DATES: These regulations are effective July 1, 2026. For the implementation dates of the regulatory provisions, see the Implementation Date of These Regulations in **SUPPLEMENTARY INFORMATION.**

enumerated activities such that they have a substantial illegal purpose from being considered qualifying employers under the Public Service Loan Forgiveness (PSLF) program. The activities indicative of a substantial illegal purpose include aiding and abetting violations of Federal immigration laws, supporting terrorism or engaging in violence for the purpose of obstructing or influencing Federal Government policy, engaging in the chemical and surgical castration or mutilation of children in violation of Federal or state law, engaging in the trafficking of children to another State for purposes of emancipation from their lawful parents in violation of Federal or State law, engaging in a pattern of aiding and abetting illegal discrimination, and engaging in a pattern of violating State laws. This action aligns with President Trump's Executive Order *Restoring Public Service Loan Forgiveness*, Executive Order 14235 (Mar. 7, 2025) directing the Department to revise PSLF eligibility criteria to prevent Federal funds from subsidizing activities that undermine national security and American values. The final rule clarifies the definition of a qualifying employer, specifies activities constituting a substantial illegal purpose, outlines the impact on borrower eligibility, and ensures employers are notified and given an opportunity to respond before any adverse decision by the Secretary. These measures strengthen the integrity of the PSLF program and protect American taxpayers from supporting organizations engaged in illegal activities such that the organization has a substantial illegal purpose.

Purpose of This Regulatory Action

Summary of the Major Provisions of This Regulatory Action

The final regulations—

* Amend § 685.219(b) to modify the existing structure of the subsection into the regulatory paragraph structure.

PSLF for any month that a qualifying employer is no longer eligible as a qualifying employer for the PSLF program. Borrowers will receive full credit for work performed until the effective date of the Secretary's determination that an employer engaged in illegal activities such that it has a substantial illegal purpose under the rule.

* Amend § 685.219(e) to require the Secretary to notify borrowers of a qualifying employer's status if the qualifying employer is at risk of becoming or becomes ineligible to participate in the PSLF program.
* Amend § 685.219(g) to clarify that a borrower may not request reconsideration of a determination by the Secretary that resulted in the employer losing status as a qualifying employer because the employer has a substantial illegal purpose.
* Add § 685.219(h) to establish that the Secretary determines by a preponderance of the evidence, and after notice and opportunity to respond, and consideration of materiality, that a qualifying employer has engaged in activities enumerated in paragraph (b)(30) on or after July 1, 2026, such that the employer has a substantial illegal purpose. Also, the Secretary will presume certain actions are conclusive evidence that the employer engaged in activities such that it has a substantial illegal purpose.
* Add § 685.219(i) to establish that the Secretary will initiate the process for determining whether a qualifying employer engaged in activities such that it has a substantial illegal purpose when (1) the Secretary receives an application in which the employer fails to certify that it did not participate in activities that have a substantial illegal purpose, or (2) the Secretary otherwise determines that the qualifying employer engaged in such activities under the standard set forth in § 685.219(h). The Secretary made a minor technical change from the NPRM to remove an extraneous word "which" from (i)(1)(ii).

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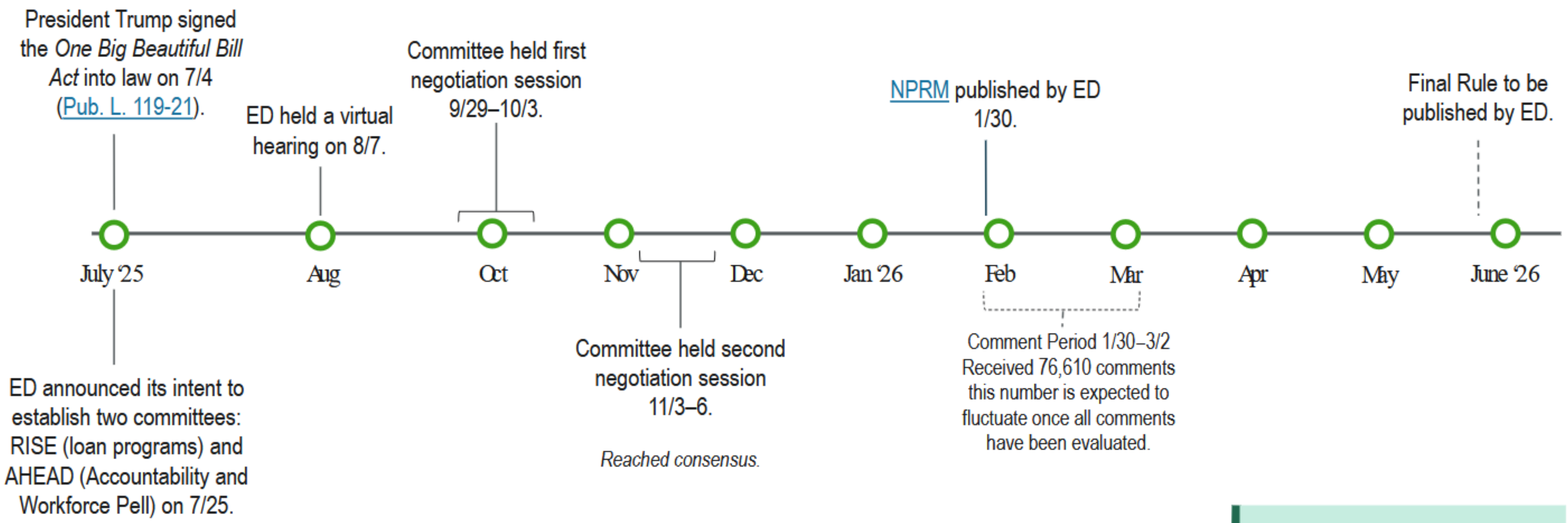
DISCLAIMER

The 2025 *One Big Beautiful Bill Act* makes numerous amendments to the *Higher Education Act of 1965,* as amended (*HEA*), some of which became effective upon enactment of *One Big Beautiful Bill Act*, while others will become effective on July 1, 2026, and beyond. To ensure that the U.S. Department of Education (ED) can implement those provisions that are effective now or will become effective on July 1, 2026, ED is drafting presentations and documents in advance of publication of a final rule on these topics. These presentations and documents are intended to ensure that vendors, servicers, partners, and stakeholders have the requisite time to prepare for the implementation of the *One Big Beautiful Bill Act* provisions. However, the information is subject to change depending upon ED's rulemaking process. ED has not prejudged the outcome of that negotiated rulemaking process. This information provides a structure for vendors, servicers, partners, and stakeholders to begin building these systems, but it does not impair, prevent, or control policy decisions that may be made by ED. The information is preliminary, and ED, including its vendors and servicers, will not launch any new systems or make final system changes that are public facing until ED publishes a final rule on these topics. ED will provide additional information if any changes are made during the rulemaking process.

OB3: Reimagining and Improving Student Education (RISE) – Changes to the Federal Student Loan Programs

Reimagining and Improving Student Education (RISE) Timeline



Effective July 1, 2026

RISE: Effective Upon Enactment of OB3 (DCL GEN-25-04)

1

IBR Enrollment Changes

Eliminates the requirement that borrowers have a partial financial hardship to qualify to enroll in an IBR plan. Borrowers now qualify if their payment under a standard 10-year repayment plan exceeds the amount calculated under the IBR plan.

2

Parent PLUS Consolidation

Allows borrowers with a consolidation loan that repaid a Parent PLUS Loan to enroll in an IBR plan.

3

Repayment Assistance Plan (RAP) and PSLF

Allows RAP payments to count toward PSLF (upon RAP's creation).

4

Borrower Defense to Repayment

Delays implementation of the 2022 BDR regulations and reinstates the regulations that were effective beginning July 1, 2020.

5

Closed School Loan Discharge

Delays implementation of the 2022 CSD regulations and reinstates the regulations that were effective beginning July 1, 2020, for any loans originating prior to July 1, 2035.

ED to publish a Notice that restores prior regulations for both BD and CSD

RISE: Professional Student Definition

A professional graduate student must be enrolled in a program leading to a professional degree and may not receive *Title IV* aid as an undergraduate student for the same period. Professional degrees must meet the following conditions:

They must represent both completion of the academic requirements for beginning practice in a profession and a level of professional skill beyond that which is normally required for a bachelor's degree.

They must generally be at the doctoral level, which requires at least six academic years of postsecondary education coursework for completion, including at least two years of post-baccalaureate level coursework.

They must require professional licensure to begin practice.

They must include a four-digit program CIP code, as assigned by the institution or determined by the Secretary, in the following intermediate group:

- Pharmacy (Pharm.D.)
- Dentistry (D.D.S. or D.M.D.)
- Veterinary Medicine (D.V.M.)
- Chiropractic (D.C. or D.C.M.)
- Law (L.L.B. or J.D.)
- Medicine (M.D.)
- Optometry (O.D.)
- Osteopathic Medicine (D.O.)
- Podiatry (D.P.M., D.P., or Pod.D.)
- Theology (M.Div., or M.H.L.)
- Clinical Psychology (Psy.D. or Ph.D.)

RISE: Amendments to *Title IV, HEA* programs

New Definitions

- Professional Student
- Graduate Student
- Expected Time to Credential
- Program Length

Loan Limits

- Eliminates Grad PLUS
- Caps annual and aggregate Parent PLUS
- Amends annual and aggregate loan limits for graduate and professional borrowers
- Establishes a new lifetime maximum loan limit
- Establishes less than full-time enrollment reduction of annual loan limit
- Permits institutions to limit borrowing for specific programs

Repayment Plans

- New Tiered Standard (Fixed) repayment plan
- New Repayment Assistance Plan (Income-Based)
- Sunsetting ICR / PAYE / Alternate and transition to RAP, Tiered Standard
- Implications on PSLF, excepted loans, consolidation
- IBR minimum payment

Other Provisions

- Second loan rehabilitation
- Deferment limitations
- Forbearance cap

Before and After Comparison: Loan Limits

Before	TOPIC	After
Graduate or professional students may borrow up to $20,500 annually; $138,500 aggregate (including undergraduate loans)	**Direct Unsubsidized Loans**	Graduate students may borrow up to $20,500 annually; $100,000 aggregate. Professional students may borrow up to $50,000 annually; $200,000 aggregate
Students may borrow up to the cost of attendance minus other financial assistance (OFA)	**Grad PLUS**	Grad PLUS is eliminated
Parents may borrow up to the COA minus OFA (per dependent)	**Parent PLUS**	Parents may borrow $20,000 annually or $65,000 lifetime minus OFA (per dependent)
No numerical limit; cannot exceed the student's COA, less their OFA and EFC for subsidized loans	**Lifetime Aggregate Limit**	Cannot exceed $257,500 without regard to amounts repaid, forgiven, canceled or otherwise discharged
Not prorated for less than full-time students; limit remains the same regardless of enrollment status	**Less than Full-Time Annual Limit**	Less than full-time students may only borrow an amount proportional to their enrolled credit hours relative to the institution's full-time credit hours
Institutions not permitted to limit borrowing	**Institutionally-Determined Limit**	Institutions may limit borrowing for a program of study if the limit is applied consistently to all students

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Repayment Plan Milestones

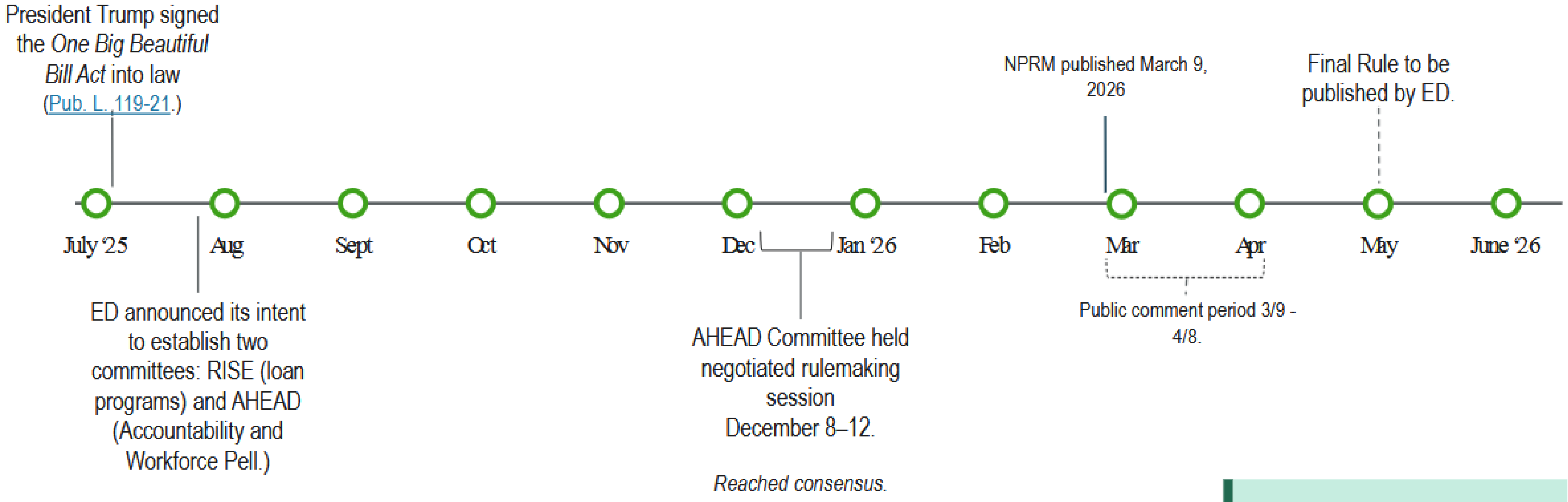
LOAN PROGRAMS	July 1, 2026	July 1, 2028
ICR, PAYE, REPAYE, Alternate	• No new loans may be disbursed • Borrowers may continue repaying	• Plans sunset • Borrowers must enroll in IBR, RAP, or Tiered Standard or will be auto-enrolled
Existing Fixed Repayment Plans (incl. graduated, extended)	• No new loans may be disbursed • Borrowers may continue repaying	• Borrowers may continue repaying loans or transition to Tiered Standard or RAP
IBR	• Removal of partial financial hardship • Plan remains; no new borrowers may enroll on or after July 1, 2026	• Borrowers may continue repaying existing loans
RAP	• Program established; may disburse new loans	• Borrowers from other programs complete transition
Tiered Standard	• Program established; may disburse new loans • New Parent PLUS only eligible under Standard[1]	• Borrowers from other programs complete transition
SAVE	• Plan suspended[2]	• Borrowers transition to IBR, RAP, or Tiered Standard

[1] *To obtain income-based repayment, all existing Parent PLUS loans must consolidate to IBR before 2028 deadline.*
[2] *Neg Reg for SAVE TBD contingent upon final settlement outcome.*

OB3: AHEAD: Accountability in Higher Education and Access through Demand-driven Workforce Pell

Workforce Pell

OBBBA: Workforce Pell Timeline



Effective July 1, 2026

OBBBA: Workforce Pell

- Effective July 1, 2026, the One Big Beautiful Bill Act creates a new type of Pell-eligible program called an “eligible workforce program” that can be shorter than the current minimum program length.

- Eligible workforce programs must be between 150-599 clock hours (or an equivalent number of credit hours) and must be at least 8 weeks but less than 15 weeks in calendar time.

- These programs must be designed to train students to enter occupations that support local or regional workforce needs.

OBBBA and Workforce Pell: Student Eligibility

- Students in eligible workforce programs must generally meet the same eligibility requirements for Pell Grants as other students.

- Institutions will generally award and disburse Pell Grants for eligible workforce programs in the same manner as other Pell Grants.

- Students cannot qualify if they have a graduate credential or if they are currently enrolled in a graduate program.

- Otherwise-eligible students with bachelor's degrees ***are eligible for Pell*** if enrolled in eligible workforce programs.

OBBBA and Workforce Pell: Eligible Workforce Program Requirements

Requirements determined by a state Governor, after consultation with a State workforce board:

Alignment

Program must be aligned with "high-skill, high-wage, or in-demand industry sectors or occupations."

Meets Hiring Requirements

Program must meet the hiring requirements of employers in the sectors with which it's aligned.

Portability

Program must either be "stackable and portable" across more than one employer or lead to the only recognized credential for an occupation.

Academic Credit

Students who complete the program must receive academic credit toward a certificate or degree program at the same institution.

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OBBBA and Workforce Pell: Eligible Workforce Program Requirements

Requirements determined by the U.S. Department of Education:

Length (Calendar Time)	Length (Hours)	Modality	Time Offered	Completion Rates	Placement Rates
At least eight weeks but less than 15 weeks	Between 150–599 clock hours (or an equivalent number of credit hours)	Cannot be offered using correspondence courses or study abroad; remedial and noncredit coursework do not count toward Pell eligibility	Must be offered for at least one year before Department approval	Must have verified completion rate of at least 70% within 150% of normal time	Must have verified job placement rate of 70% measured 180 days after completion

OBBBA and Workforce Pell: Value-Added Earnings

The *OBBBA* creates a "value-added earnings" metric that pertains specifically to eligible workforce programs.

Earnings Test

- This metric compares median earnings of graduates with 150% of the Federal Poverty Level (with consideration to regional price parity).
- The difference between the two values is the "value-added earnings" for the program.

Cohort Selection

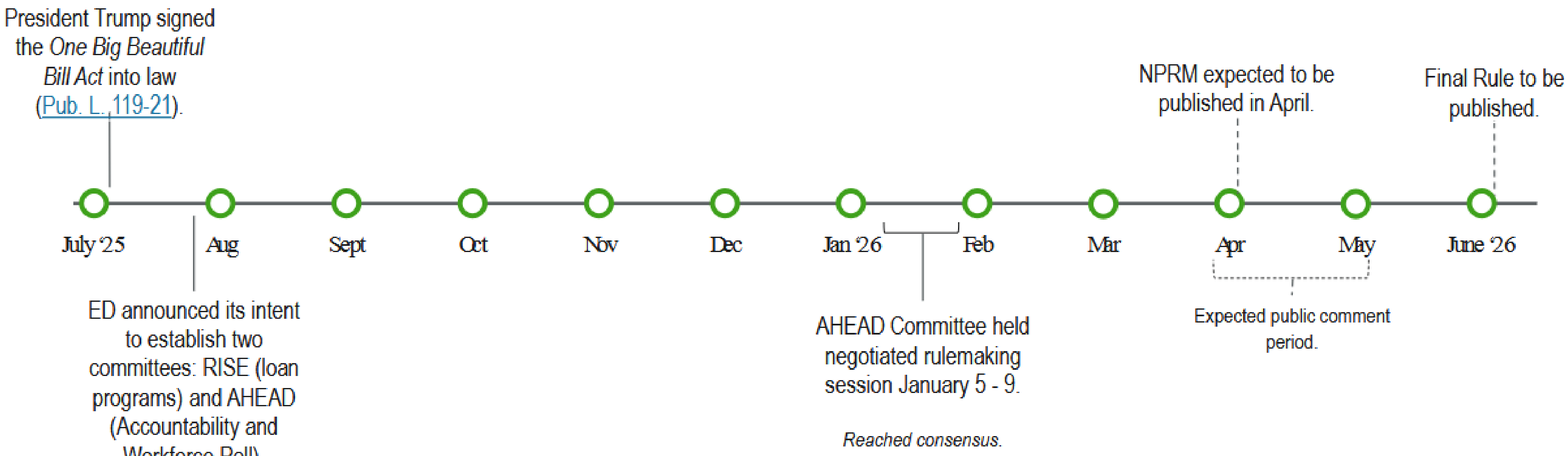
- ED will evaluate the earnings of individuals who graduated from eligible workforce programs three award years prior.
- Value-added earnings apply to eligible workforce programs in the 2030-31 award year.

Limits on Tuition and Fees

- An eligible workforce program's published tuition and fees can be no higher than the calculated value-added earnings for the program.

Earnings Accountability

OBBBA: Earnings Accountability Timeline



Effective July 1, 2026

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OBBBA: Earnings Accountability

- The *One Big Beautiful Bill Act* creates a new set of standards for programs of study to be included in an institution's participation in the Direct Loan program.

- When fully implemented, a program of study's Direct Loan eligibility will end if the median earnings of the program's graduates falls below statutory thresholds for two out of three consecutive years.

- Schools must agree to this framework as of July 1, 2026.

OBBBA and Earnings Accountability: Applicability

Under the Department's proposed regulations, **all** *Title IV*-eligible programs would be subject to the new earnings accountability framework, including:

- Undergraduate and graduate non-degree programs
- Bachelor's degree programs*
- Associate's degree programs*
- Graduate/professional degree programs*

* These types of programs were previously not subject to eligibility consequences if they failed the existing "gainful employment" metrics if they were offered by public or non-profit institutions.

Earnings Accountability Thresholds

- A program falls below standard if the median earnings of students who graduated from the program do not equal or exceed the “earnings threshold.”
- The earnings threshold is the median earnings of working adults aged 25 to 34 with:
  - a high school diploma, for undergraduate degrees; or
  - a baccalaureate degree, for professional or graduate degrees.

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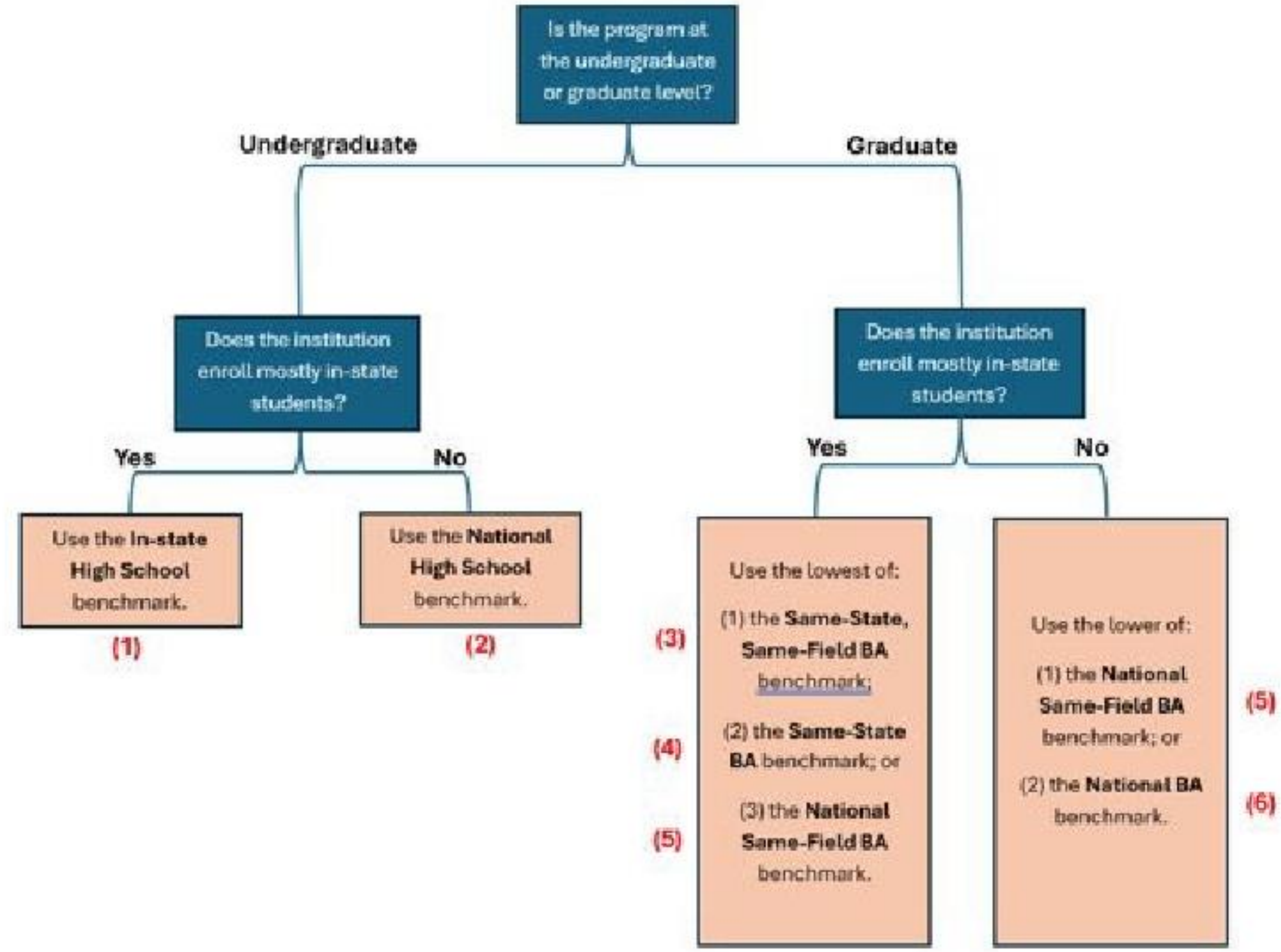
Earnings Accountability Thresholds



OBBBA and Earnings Accountability: Differences from Gainful Employment

	Current GE (2023)	Proposed Earnings Accountability
Applies to:	GE programs only	All *Title IV*-eligible programs (GE and Non-GE programs)
Tests:	Earnings test and debt-to-earnings test	Earnings test only
Earnings Measurements:	3-year median earnings of working and non-working individuals; earnings are measured later in qualifying graduate programs	4-year median earnings of working individuals
Earnings Benchmarks:	Earnings of individuals with a high school diploma in the same state	Aligned with *One Big Beautiful Bill Act* Section 84001 (six earnings benchmarks)
Process for Aggregating Small Programs:	Pooled 2- or 4-year cohorts	Aligned with *One Big Beautiful Bill Act* Section 84001 (aggregating with completers from up to five prior cohorts)
Exemptions and exceptions:	Schools in U.S. Territories or Freely Associated States; substantially similar programs with fewer than 30 *Title IV* completers.	Aligned with *One Big Beautiful Bill Act* Section 84001 (no ex)
Sanctions:	Loss of all *Title IV* aid	Loss of Federal student loans, with potential loss of Federal Pell Grants if more than 50% of students or Title IV revenue is from programs at the institution fail the earnings metric

Student Tuition and Transparency System (STATS)

- The Department's proposed regulations would maintain most Financial Value Transparency reporting requirements for institutions, but with some significant changes.
- Under STATS, the Department's focus would be on obtaining information that will allow it to calculate an accurate net price for recipients of *Title IV* aid.
- The Department has proposed eliminating numerous reporting requirements that it heard from institutions were particularly burdensome or complex.

Student Tuition and Transparency System (STATS)

Remaining Reporting Items

- For programs:
  - Name, CIP code, credential level, and length of the program
  - Accreditation status and (if programmatically accredited) the name of the accrediting agency
  - Adherence to licensure requirements
  - Total number of students enrolled in the program during the most recently completed award year
- For students:
  - Identifying information and date of first enrollment
  - Cost of attendance and tuition and fees
  - Residency status
  - All types of non-*Title IV* aid received, including private loans

Eliminated Reporting Items

- For programs:
  - "Qualifying graduate program" status
- For students:
  - Attendance dates and enrollment status
  - Completion and withdrawal dates
  - Institutional debt at the time of completion or withdrawal

Accreditation

FR January 27, 2026 Negotiated Rulemaking: Accreditation

- The Department announced its intention to establish a negotiated rulemaking committee to amend regulations concerning the Secretary's recognition of accrediting agencies and institutional eligibility.
- Rulemaking dates:
  - Session 1: April 13–17, 2026
  - Session 2: May 18–22, 2026
- Topics of negotiation include, but are not limited to:
  - Simplification of ED's regulations for recognition and review of accrediting agencies
  - Revision of criteria and related regulations used by the Secretary to recognize accrediting agencies
  - Amendment of requirements for accrediting agencies' standards to consider program-level student achievement and outcomes
  - Review of accrediting agencies' concurrent oversight responsibilities in the "regulatory triad" to ensure that accrediting agency standards do not contravene any law
  - Review of the role that accrediting agency standards may have played in promoting violations of Federal law

See *Federal Register* for complete list and details.

TPD Discharge: LOANS-25-07 and LOANS-25-04

01

December 20, 2024

U.S. Department of Education's Office of Federal Student Aid (FSA) announced the transition of the Total and Permanent Disability (TPD) discharge process to StudentAid.gov.

02

March 23, 2025

TPD discharge process fully transitioned to FSA. Borrowers can submit their TPD forms and track their progress to forgiveness on StudentAid.gov.

The key change made in the transition was that a TPD Federal loan servicer would now handle the processing of TPD assignments from loan holders. The regulations and overall process for TPD discharges did not change.

03

July 30, 2025

TPD discharge loan assignment process resumed. Loan holders (i.e., guaranty agencies, lenders, and schools participating in the Federal Perkins Loan Program that are servicing their Perkins Loan portfolio) could submit loan transfers to the new TPD loan assignment servicer.

Loan holders could submit all TPD assignments held since Dec. 20, 2024, including a TPD assignment rejected by the previous TPD servicer after Dec. 20, 2024, but before Feb. 9, 2025.

Perkins Loans

Schools are required to report the status of their Perkins Loan portfolio and program Fund annually through the Fiscal Operations Report and Application to Participate (FISAP), as well as report monthly on their outstanding loans to the National Student Loan Database System (NSLDS®.)

— See Fiscal Procedures and Records [34 CFR 674.19(d)]

Under the due diligence general requirements, schools are required to follow all policies and procedures.

— See Due Diligence [34 CFR 674.41(b)]

Schools are required to assign to the U.S. Department of Education any Perkins Loan that has been in default for more than two years.

— Refer to May 26, 2023 [EA ID: CB-23-09] and Aug. 27, 2021 [EA ID: General 21-53] Electronic Announcements for complete information and conditions

Schools must account for the receipt and expenditure of Perkins Loan program funds (Distribution of Assets – returning of federal/institutional share of the Fund.)

— See CB-25-18

When using contractors for billing and collection, schools must make certain servicers and collection firms comply with the program rules in performing its duties.

— See Use of Contractors [34 CFR 674.48], Collection Procedures [34 CFR 674.45]

Schools that no longer wish to service their Perkins Loan portfolio should begin the liquidation process to close out their program.

— Follow steps outlined in Part II, Federal Perkins Loan Assignment and Liquidation Guide

Guidance on the Use of Federal Tax Information (FTI), FAFSA Data, and Non-FAFSA Data

- GEN-25-08 released 9/30
- Provides information on the permitted access, disclosure, and use of FTI, FAFSA data, and non-FAFSA data by schools, state agencies, and contractors under the *Higher Education Act*, the Internal Revenue Code (IRC), the *Family Educational Rights and Privacy Act*, and the *Privacy Act of 1974*.
  - Defines FTI, FAFSA data, and non-FAFSA data
  - Describes FTI and FAFSA data use without additional student consent
  - Describes FTI and FAFSA data use that requires student consent
  - Explains *FERPA* and the use of non-FAFSA or institutional data
  - Clarifies the role student consent plays in disclosures and data sharing

  - When determining whether a use or disclose of data is allowable, the most restrictive statute applies (*HEA,* IRC, or *FERPA*).

Voter Registration and FWS Allowable Uses
GEN 25-05

Provides guidance on the minimum institution obligations regarding the requirement in the *Higher Education Act* for distribution of voter registration forms

DCL GEN-22-05 and GEN-24-03 rescinded

Explains the use of FWS Funds for Voter Registration and Other Political Activities

- Regulations under 34 CFR 675.22(b)(5) prohibits FWS funds from being used, among other things, to employ students whose work "involves any partisan or nonpartisan political activity."
- Institutions must avoid employing students in FWS jobs where they engage in any political activity or in work that serves the interests of a particular group

DCL GEN 25-09 Prohibited Use of Grant Funds for Lobbying

- Clarifies the longstanding statutory and regulatory prohibitions on the use of federal grant funds for lobbying, including membership dues that support lobbying activity, and reminds grantees of their responsibilities under applicable law and regulations.
- Grantees are responsible for ensuring that use of federal funds complies with applicable federal statutes and regulations by:
  - ensuring no federal grant dollars are used directly or indirectly to pay for lobbying efforts,
  - disallowing membership fee amounts tied to a percentage of a federal grant,
  - maintaining adequate documentation to demonstrate compliance and ensure that membership fees are reasonable, necessary, and not used on lobbying, and
  - avoiding payment of dues to organizations that cannot or do not report the proportion of their activities that are dedicated to lobbying.

FR July 7, 2025 Classification of Revenue Under *Title IV* (90/10)

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

- The Department revised and clarified its interpretation of revenue received by a proprietary institution of higher education under the *Title IV* Revenue and Non-Federal Education Assistance Funds regulations called the "90/10 Rule."
- The *HEA* establishes the requirement in the Federal Student Aid Program Participation Agreement that proprietary institutions derive not less than 10% of their revenue from non-federal sources.
- The July 7, 2025, *Federal Register* emphasizes the 90/10 Rule may include revenue generated from programs at unapproved locations and/or programs offered through distance education.
- The July 7, 2025, *Federal Register* supersedes the preamble of the 2022 final rule.

Final Funding Authorizations for Campus-Based Aid

CB-26-05

Final funding amounts posted by April 1, 2026

Borrower Defense to Repayment

GENERAL-26-22

Resumed

Option to respond; no negative inference against a school that does not respond

Institutions provided the opportunity to respond 60 days from the date the notification is received

More than 90% have fewer than 100 applications

Review the Q&A!

Implementation of R2T4 Regs

GENERAL-26-20

Institutions required to take attendance must document the date of the institution's determination that the student withdrew no later than 14 days after the LDOA

Modules count in the denominator only when the student begins attendance in the module

Early implemented – Incarcerated individual exception; full refund exemption (both optional)

Draft Cohort Default Rates

LOANS-26-03

March 23 draft cohort default rate notifications were sent to the SAIG mailbox; download at NSLDS if not enrolled in eCDR

SHCDREOP

Appeal Period began March 31

FSA TRAINING

- Friday Webinars are coming to assist us with OB3 implementation issues
- Announced in April

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