

February 26, 2026

Linda McMahon  
Secretary, U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, D.C. 20202

**RE: Docket ID ED-2025-OPE-0944**

Dear Secretary McMahon:

This comment responds to the Department’s Notice of Proposed Rulemaking,<sup>1</sup> “Reimagining and Improving Student Education,” 91 Fed. Reg. 4258 (Jan 30, 2026) (RIN 1840-AD98) to “amend the regulations for the Federal student loan programs authorized under title IV of the Higher Education Act (HEA) of 1965, as amended (the title IV, HEA programs) to implement the following statutory changes to title IV HEA programs included in the One Big Beautiful Bill Act (OBBA) signed into law by President Trump on July 4, 2025,” such as:

- a. Establishing new loan limits for graduate students, professional students, and parents, and phasing out the Graduate PLUS loan Program;
- b. Changes to loan repayment plans; phasing out existing Income-Contingent Repayment (ICR) plans, creating a new tiered standard repayment option, and implementing a new income-driven repayment plan; and
- c. Enabling borrowers in default who have previously rehabilitated a defaulted loan a second chance to rehabilitate their loan(s) and resume repayment.

These comments focus on ensuring faithful implementation of Congress’s statutory objectives, promoting long-term repayment success, and protecting taxpayers from unintended subsidy expansion:

**1. Loan Rehabilitation (Section 674.39; see also § 682.405)**

In addition to the language that is being proposed as part of the updates to the regulation following passage of the *One Big Beautiful Bill Act (OBBA)*, the Department should consider adding a provision to the section on Loan Rehabilitation (§ 674.39 and § 682.405) to require the borrower requesting a loan rehabilitation for the second time to undergo mandatory financial counseling (including in the counseling the consequences of a third default) with the Department of Education or another designated private partner approved by the Secretary.

Because OBBA now permits a second rehabilitation opportunity, the Department retains discretion to condition that opportunity on reasonable procedural safeguards that promote successful long-term repayment. Rehabilitation ultimately holds the borrower accountable for repaying their loans and requires a series of payments to exit default. Requiring a mandatory financial counseling session

---

<sup>1</sup> “Reimagining and Improving Student Education,” Federal Register, Docket ID: ED-2025-OPE-0944, <https://www.federalregister.gov/documents/2026/01/30/2026-01912/reimagining-and-improving-student-education> (accessed on February 18, 2026).

would ensure borrowers understand the importance of rehabilitating loans a second time and highlight the benefits of repaying loans in full rather than repeating default.

2. **Income-Driven Repayment Plan (Section 685.209 – Repayment Assistance Plan):** In addition to the proposed changes to the regulations, the Department should consider making the following adjustments to ensure proper oversight and fiscal responsibility consistent with HEA § 455(q):

- a. **Timely Reporting of Material Income Increases**

The Department discusses the calculation of income and spousal proration under the Repayment Assistance Plan at 91 Fed. Reg. 4281-85 (Jan. 30, 2026), implementing amendments to 34 C.F.R. § 685.209(e)-(f). While the NPRM addresses annual income verification, the Department should consider adding language requiring borrowers enrolled in the Repayment Assistance Plan (RAP) and any other income-driven repayment plans prior to July 1, 2027, to report material increases in income within 60 days. Suggested language:

“Borrowers shall report material increases in income within 60 days (including the date at which the increased income began), and the Secretary shall promptly adjust repayment obligations upon receipt of updated income information. The Secretary shall also make reasonable efforts to obtain updated income information from available Federal data sources if IRS data is delayed.”

If a borrower fails to certify or update income information, the borrower may be placed into the Tiered Standard Repayment Plan until compliance is achieved. This way, the responsibility falls on the borrower to update their income information, thereby limiting the number of borrowers who take advantage of income-driven repayment programs, which ultimately use taxpayer dollars to lower borrowers' payments and result in debt cancellation.

- i. Alternatively, the Secretary could also consider requiring quarterly income recertification deadlines in order to stay enrolled in income-driven repayment programs.

- b. **Operational Sequencing of Interest Cancellation and Principal Subsidy**

The Department discusses the addition of interest cancellation and principal subsidies under the Repayment Assistance Plan at 91 Fed. Reg. 4281 (Jan. 30, 2026), by adding a new section (o) to 34 C.F.R. § 685.209. The Department should consider adding language to Section 685.209(o) clarifying the operational sequencing of interest cancellation and principal subsidy mechanics under RAP, such as, “Interest cancellation and principal subsidy adjustments shall occur only after application of the borrower’s required monthly payment obligation.”

This clarification ensures that statutory interest cancellation does not function as a pre-payment subsidy independent of borrower participation and reduces the risk that future administrative guidance could modify sequencing in a manner inconsistent with congressional intent.

**c. Transparency and Annual Reporting of RAP Subsidy Costs**

The Department should consider requiring public annual subsidy cost estimates related to RAP provisions added to 34 C.F.R. § 685.209(o), including: the unpaid interest waiver (any monthly interest not covered by the payment is waived, preventing negative amortization), and the matching principal payment feature (that contributes up to \$50 to ensure the borrower's loan balance decreases).

The Department should make public such information available on the federal student aid website and also submit annual transparency reports to Congress. Increased transparency promotes accountability and facilitates oversight consistent with the fiscal objectives underlying OBBB.

**d. Administrative Forbearance and Qualifying Payment Credit**

The Department made changes to the Public Service Loan Forgiveness program (PSLF) at 91 Fed. Reg. 4289 (Jan. 30, 2026) (as directed by OBBB), by amending 34 C.F.R. § 685.219. The Department also made changes to income-driven repayment plans (as directed by OBBB) at 91 Fed. Reg. 4280 (Jan. 30, 2026), by amending 34 C.F.R. § 685.209 (Income-Driven Repayment). The Department should consider amending section 685.219(c)(2)(v) and also section 685.209(k)(4)(iv) and adopting language such as: "Administrative or processing forbearances initiated by the Secretary or a loan servicer shall suspend accrual of qualifying payment credit unless expressly required by statute."

For example, if a servicer transition requires temporary administrative forbearance, this clarification would ensure that qualifying payment credit does not accrue during such periods unless Congress has explicitly required that outcome, and would also protect against future administrative waivers or guidance that borrowers should receive credit toward forgiveness in this specific situation.

**3. Consolidation (Section 685.220)**

The Department made the changes directed by OBBB regarding consolidation of loans at 91 Fed. Reg. 4290 (Jan. 30, 2026), by amending 34 C.F.R. § 685.220. In addition to the language that is being proposed to amend § 685.220, the Department should consider adopting language, such as: "Consolidation shall not result in repayment terms or forgiveness eligibility more favorable than would have applied absent consolidation, except where expressly required by statute."

This clarification would ensure that consolidation cannot be used to reset status in a way that increases eligibility for cancellation or forgiveness relative to the underlying loans.

**4. Alternative Repayment Plans (Section 685.221)**

The Department proposes amendments to 24 C.F.R. § 685.221, which governs alternative repayment plans. See 91 Fed. Reg. 4291-92 (Jan. 30, 2026). In addition to the proposed amendments, the Department should consider adding language stating: "Months in an

alternative repayment plan shall not count as qualifying payments for Public Service Loan Forgiveness or time-based forgiveness unless expressly required by statute.” This helps guarantee that borrowers who are given access to an alternative repayment plan repay what they owe.

- a. The Department should consider requiring recertification every 12 months (or more frequently) and automatic termination unless the borrower requalifies. This provision would ensure that borrowers don’t remain on an alternative repayment plan longer than needed.
- b. The Department should also define “exceptional circumstances” with a non-exhaustive list of qualifying circumstances, such as catastrophic medical events, permanent disability, etc. Circumstances should be limited to situations that involve severe, medically determinable physical or mental impairments. Such clarifications would ensure that alternative repayment plans are granted only upon documented and defined “exceptional circumstances” and will not serve as substitutes for income-driven or other repayment plans.

These recommendations are submitted to assist the Department in implementing the higher education reforms passed in the One Big Beautiful Bill Act in a manner consistent with congressional intent. They aim to promote responsible repayment, administrative clarity, and prudent stewardship of taxpayer resources. Thank you for the opportunity to comment. I would be happy to answer any questions about this comment.

/s/

Madison Doan  
Policy Analyst, Center for Education Policy  
The Heritage Foundation