



Presentation Title

One Big Beautiful Bill/Budget Reconciliation
and Negotiated Rulemaking



Annual Conference
March 11 - 13, 2026

WE'RE A LITTLE
DISAPPOINTED
YOU MILLENNIALS
AREN'T BUYING
NEW CARS.....

IT'S IMPORTANT
FOR THE ECONOMY
YOU KNOW!

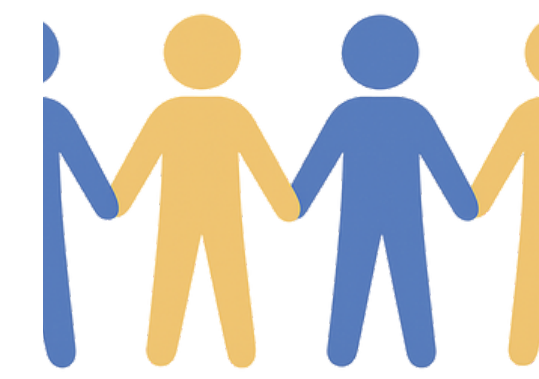
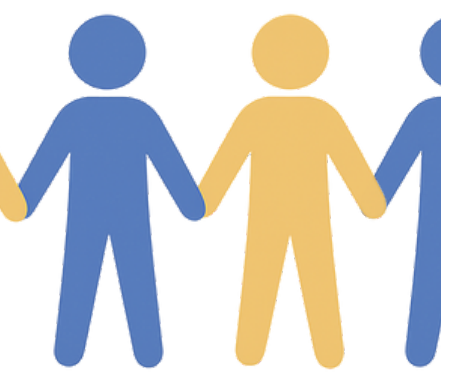
DO YOU
NEED
A LOAN?

STUDENT
LOAN
DEBT



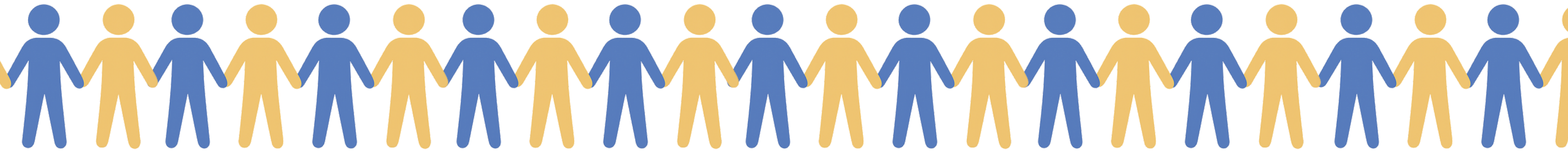
GM Ford FCA

©2016
Auchter auchtoon.com Michigan
Radio



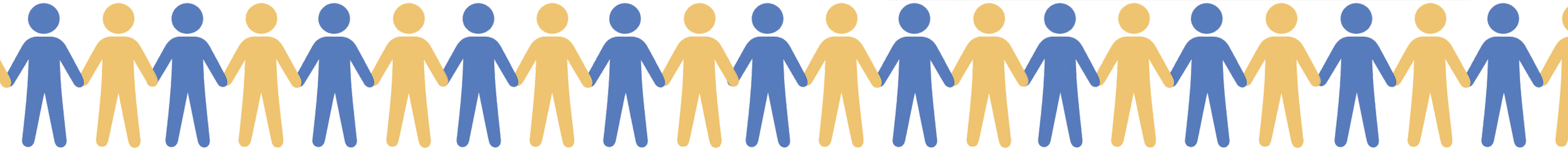
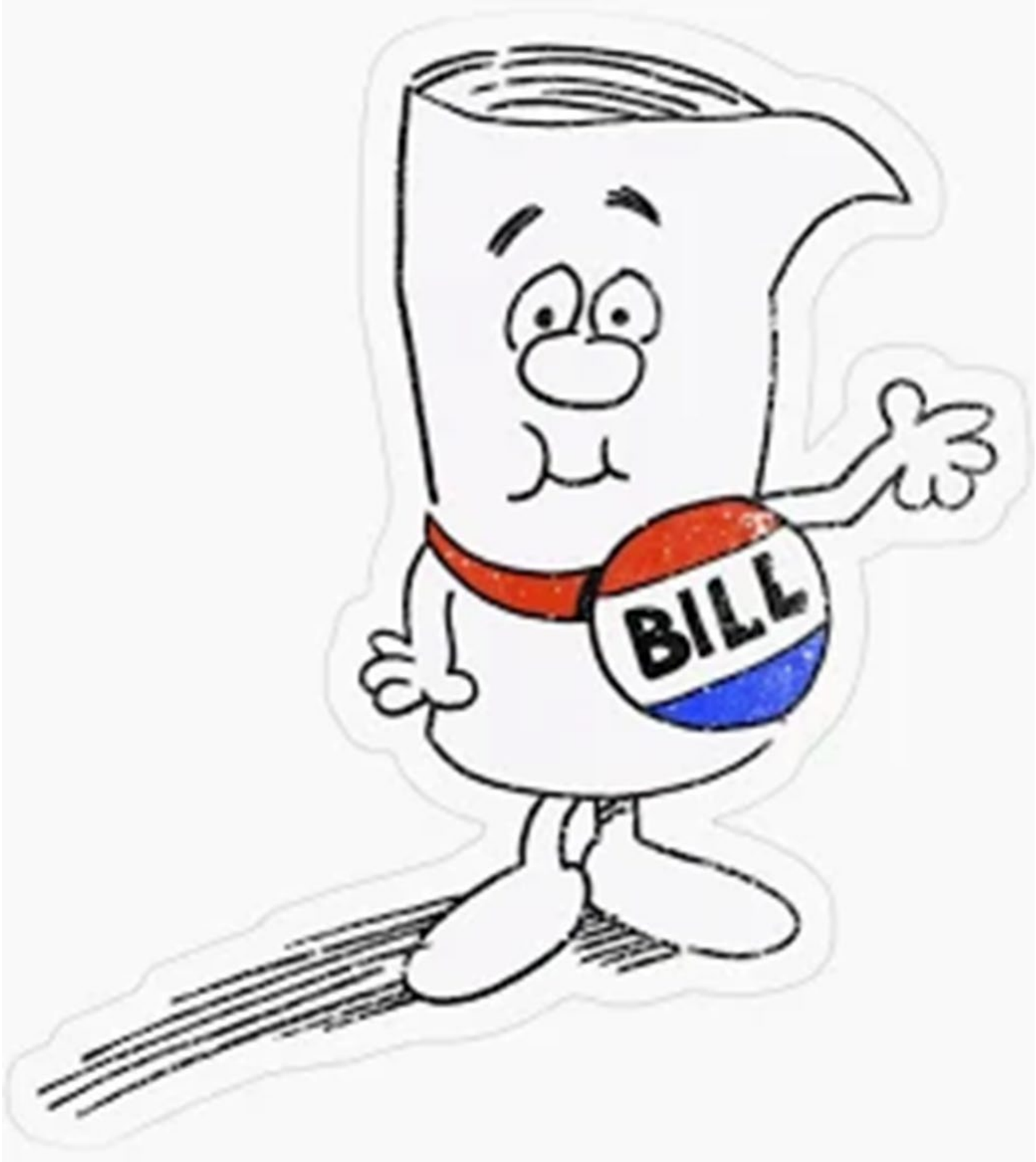
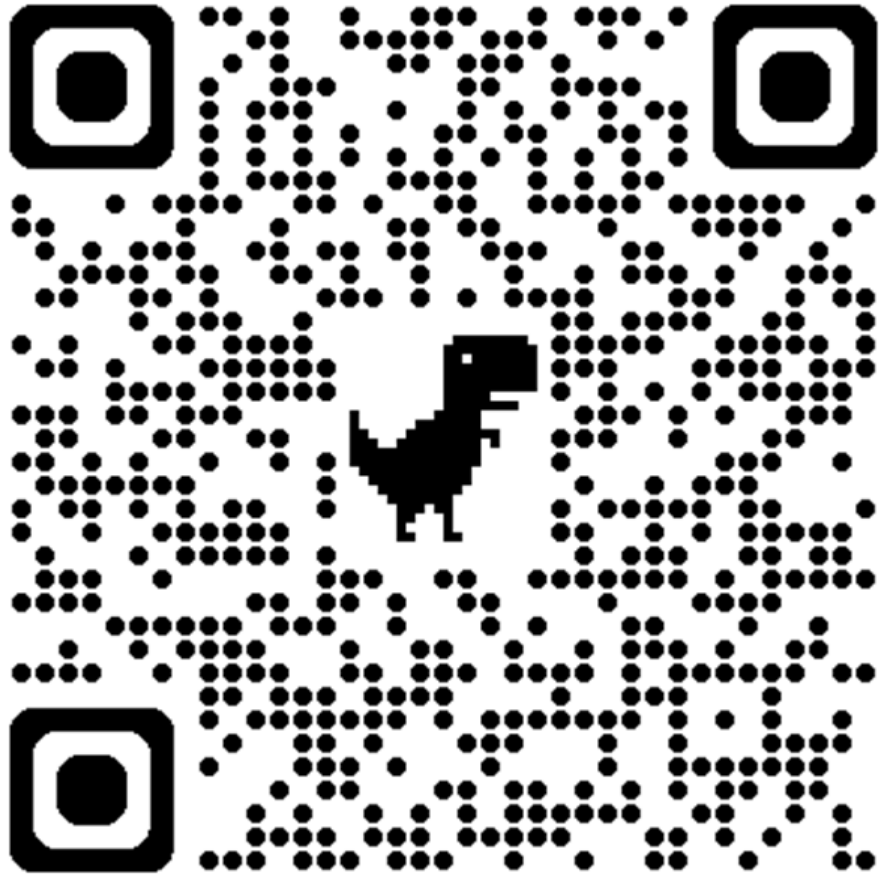
Agenda

- Budget Reconciliation
- Negotiated Rulemaking
- R.I.S.E. Negotiated Rulemaking
- A.H.E.A.D. Negotiated Rulemaking
- Consensus Reached – Updated Regulations



Budget Reconciliation

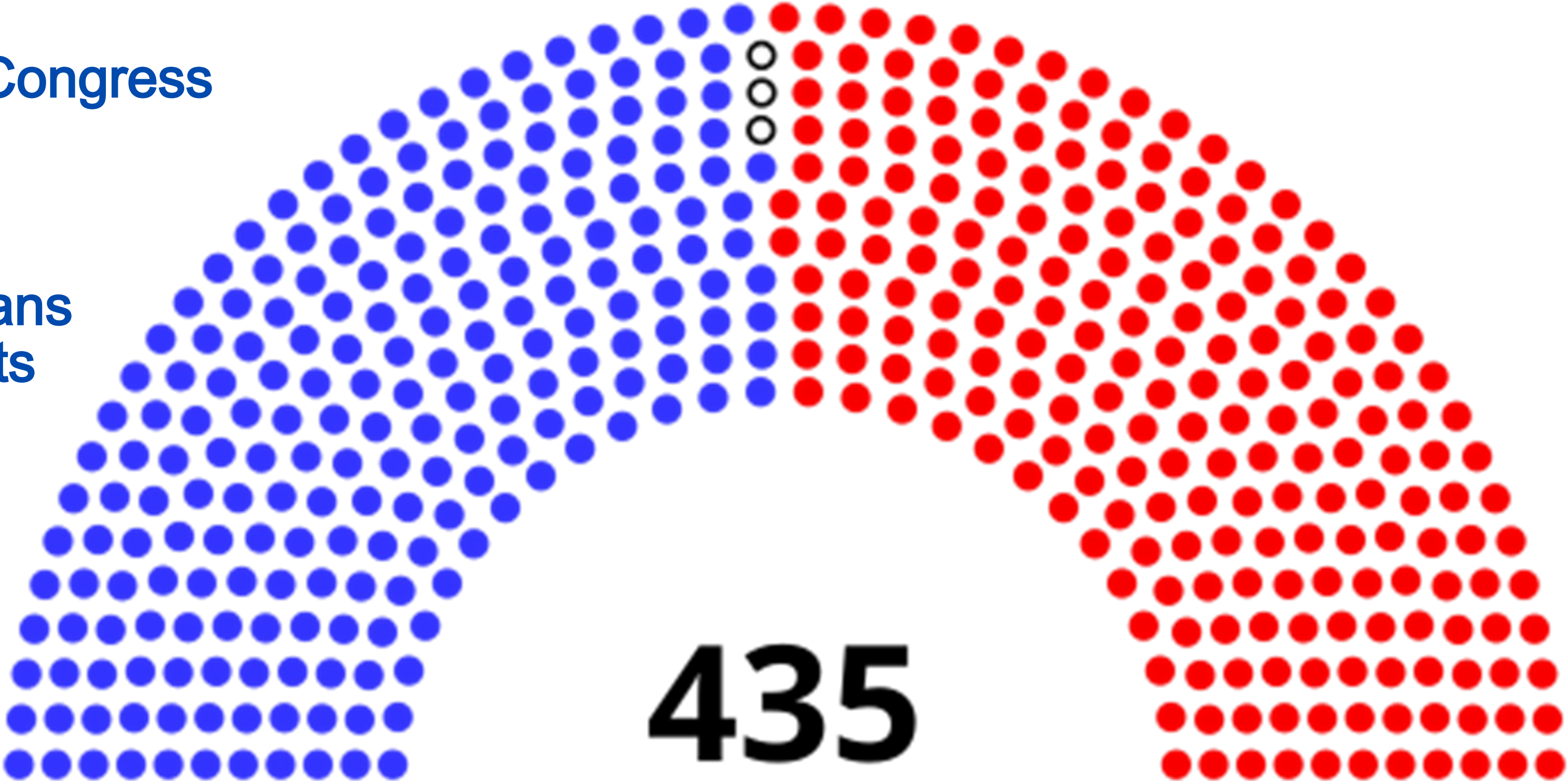
Everything starts here:



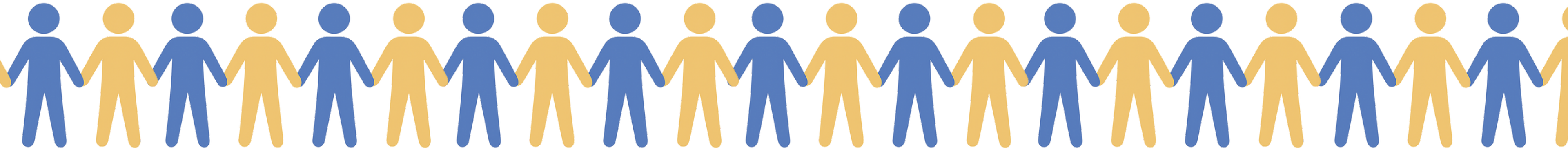
Budget Reconciliation

House 119th Congress

218 Republicans
214 Democrats
3 Vacancies



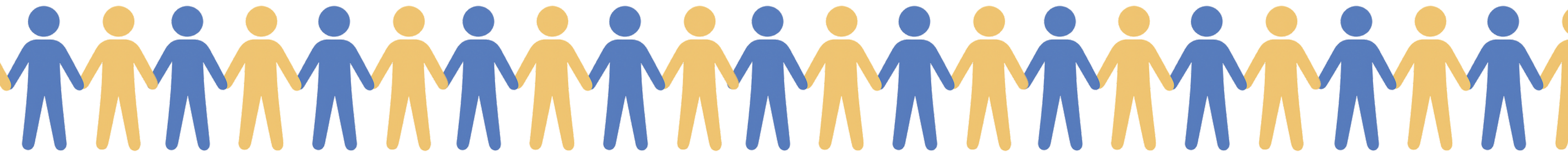
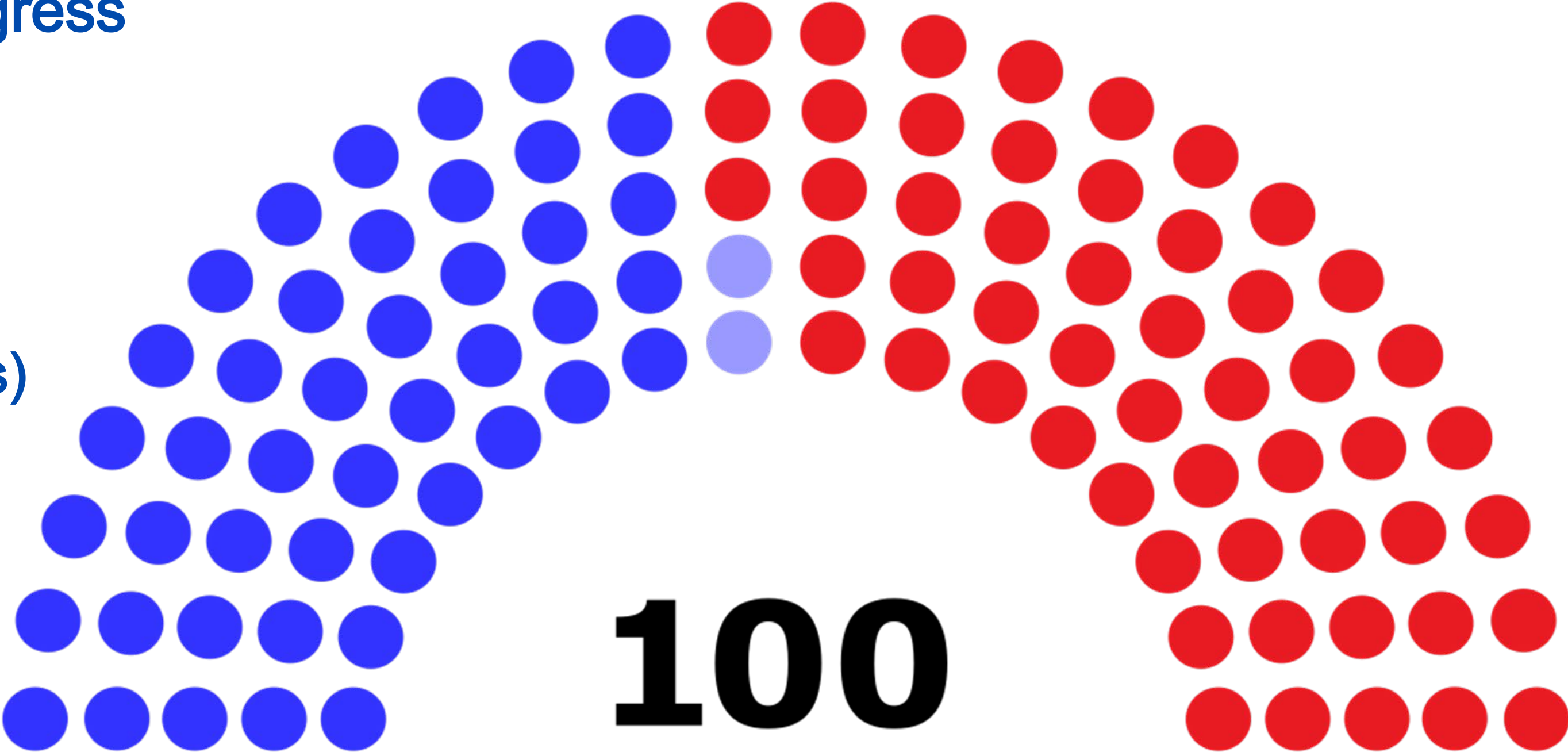
435



Budget Reconciliation

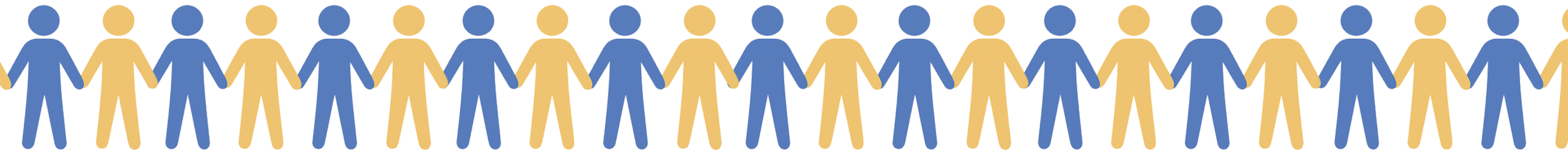
Senate 119th Congress

53 Republicans
47 Democrats
(+2 Independents)



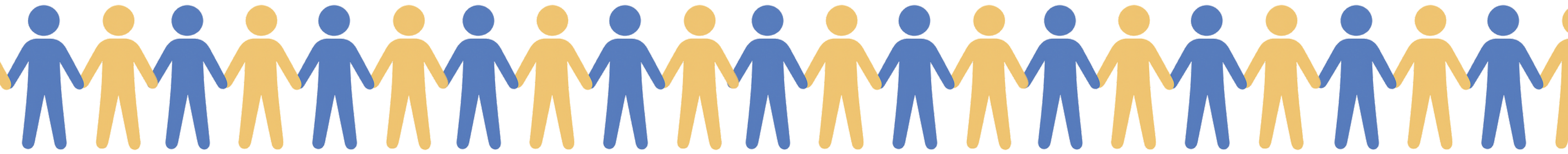
Budget Reconciliation

- House has a small majority for Republicans
- Senate has a small majority for Republicans but not enough to stop a filibuster
 - 53 is much different than 60
 - Need votes from across the aisle
- Budget Reconciliation requires a simple majority (50 + 1)



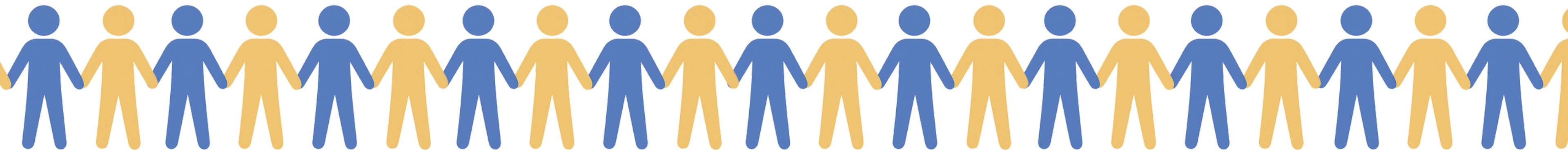
Budget Reconciliation

- Provides for expedited passage of budget -related items
- Used to align spending, revenue, and debt limits with budget targets
- Used by both parties, historically –
 - 2010 Health Care and Education Reconciliation Act (HCERA)
 - ACA
 - Eliminated FFEL for DL
- 2017 Tax Cuts and Jobs Act
- 2022 Inflation Reduction Act
 - ACA subsidies extended
- 2025 H.R. 1 AKA P.L. 11921 and One Big Beautiful Bill Act
 - OB3, OBBBA, HR 1



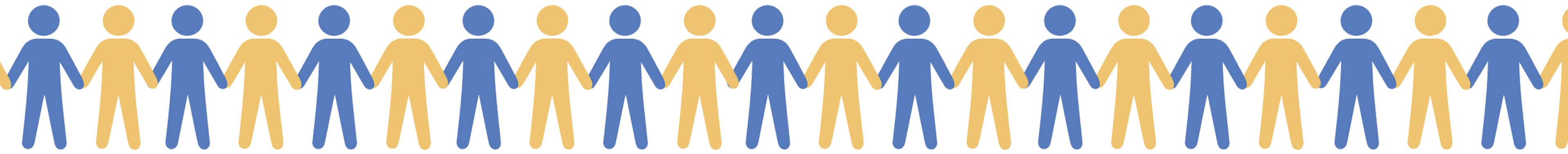
Budget Reconciliation

- OB3 behaved as a “ defacto ” HEA Reauthorization
 - Most significant changes since last HEA Reauthorization in 2008
 - Last major program changes since 2010 HCERA
- Approximately 65 pages impacting
 - Student loans
 - Pell Grants
 - Definitions including Graduate and Professional students



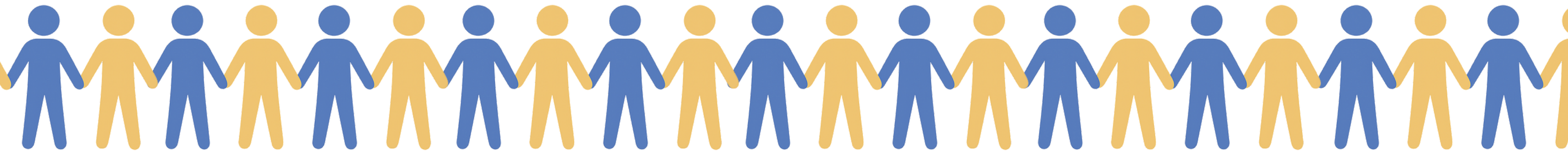
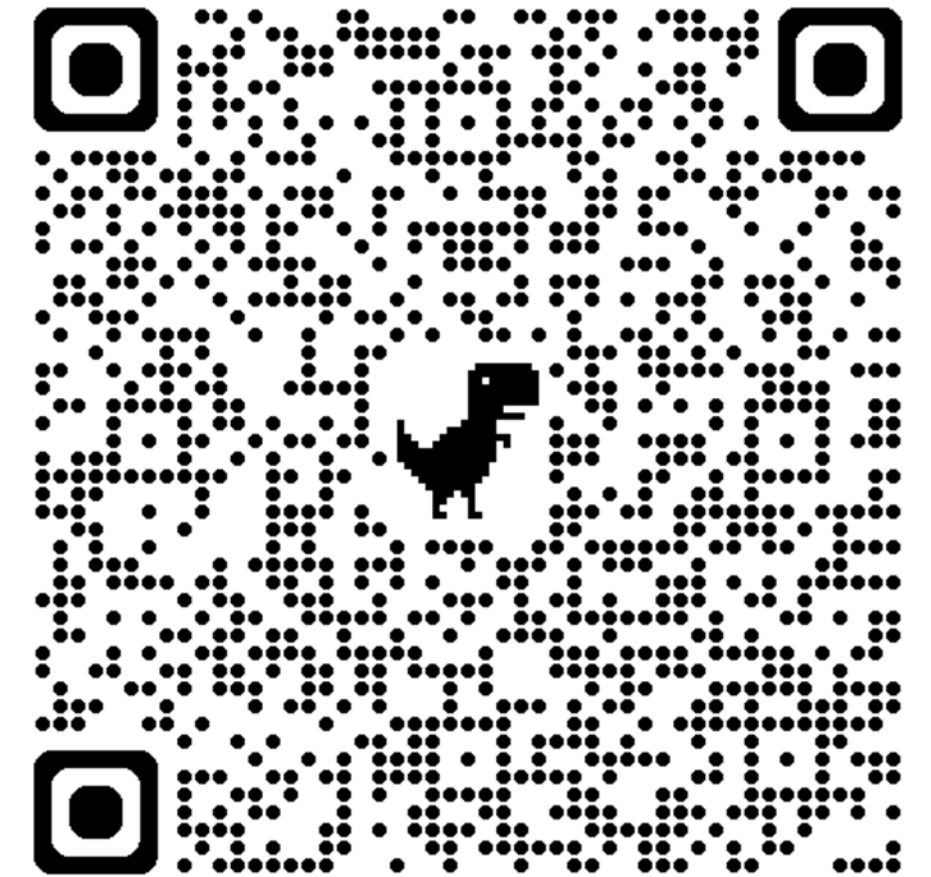
Negotiated Rulemaking

- Congress passed the Negotiated Rulemaking (NegReg) Act 1990
- Agencies are not required to always use NegReg
- Secretary of Education is required to use NegReg in certain circumstances
- NegReg is designed to supplement the notice -and- comment procedures in the Administrative Procedure Act



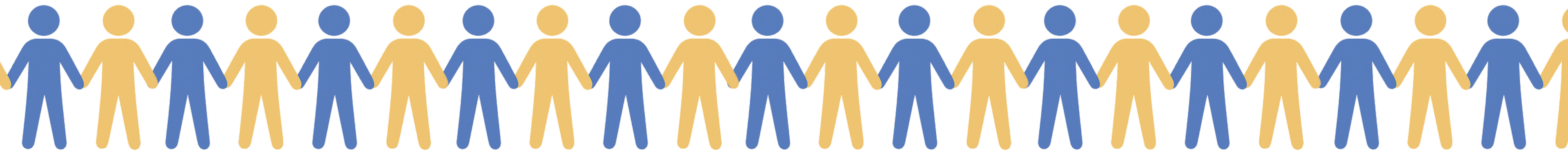
Negotiated Rulemaking

- NegReg if engaged in, must follow certain requirements:
 - Federal Advisory Committee Act (FACA) is usually followed
- Announcement in Federal Register
- Listing subject, scope, agenda, dates, committee composition, application details
- Limits participants to 25, can be increased in certain cases



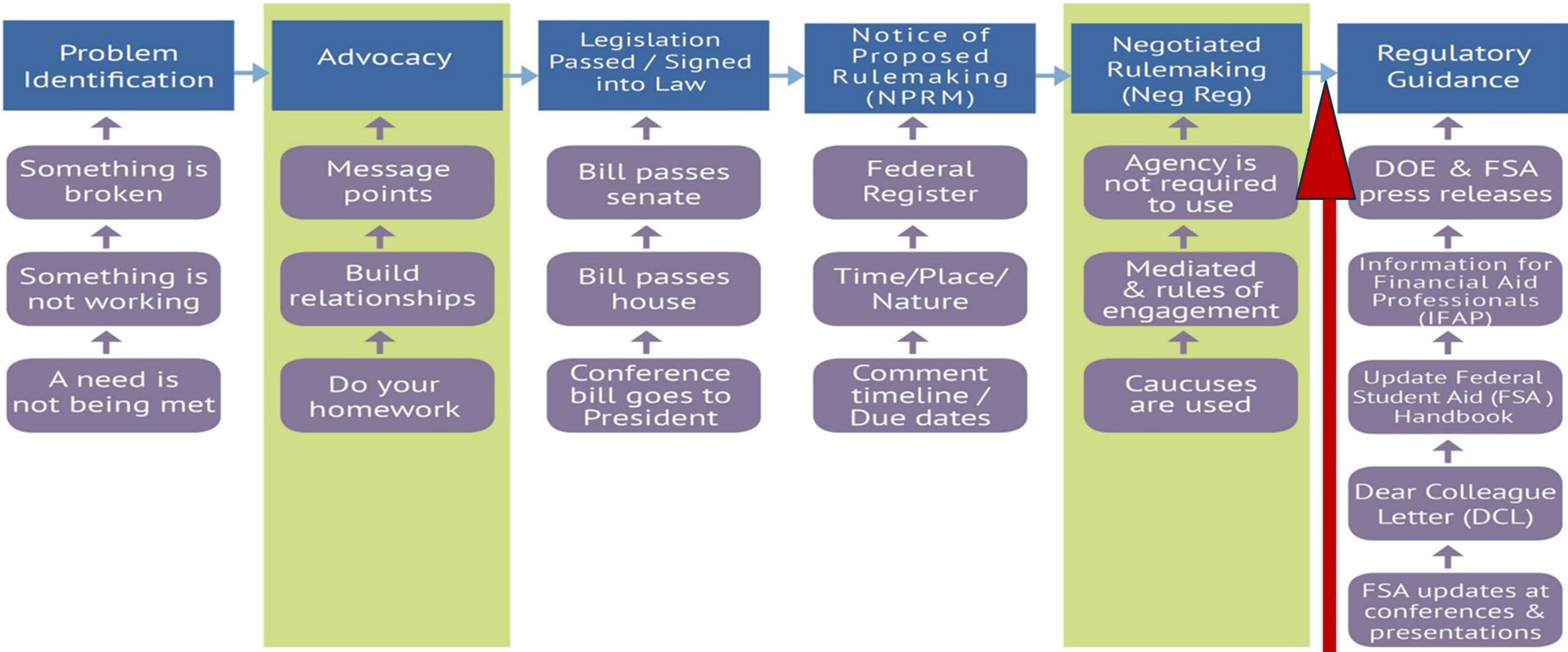
Negotiated Rulemaking

- NegReg and Consensus
 - Goal is to reach consensus, where all those on the committee will NOT vote against the proposed regulation(s)
 - Don't need to like it but can you live with it
 - During negotiations, pulse checks will happen to see how negotiations are going and are non-binding
 - Final consensus check occurs after all items proposed have been reviewed
 - Consensus reached = input on Preamble and we have something we can live with
 - Consensus NOT reached = no input on Preamble and we end up with what the Department promulgates

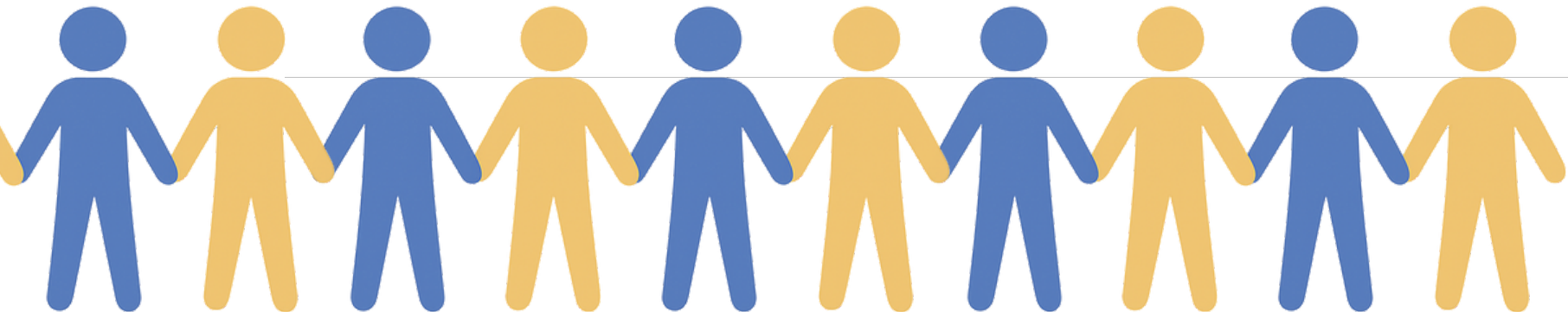


Negotiated Rulemaking

Legislation Life Cycle

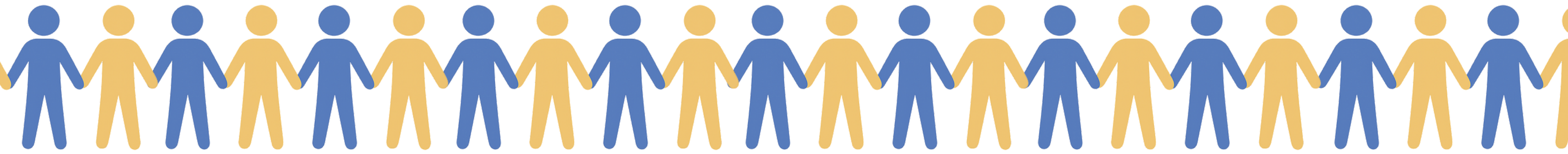


**We are here in the process –
Proposed Rule Public Comment Period**



2025 NegReg

- Department of ED noticed the community in the Federal Register the intent to hold two Negotiated Rulemaking panels
 - R.I.S.E. Reimagining and Improving Student Education – September/October 2025 & November 2025
 - A.H.E.A.D. Accountability in Higher Education and Access through Demand - driven Workforce Pell – December 2025 & January 2026



R.I.S.E. NegReg Panel

ISFAA 2026 Conference

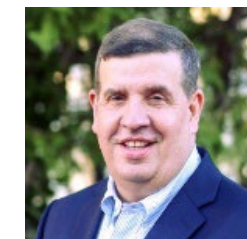
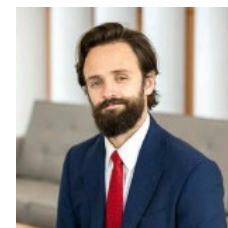
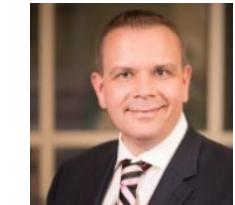
State Officials, Including State Student Grant Agencies, State Higher Education Executive Officers, and Representatives of Authorizing Agencies

Student loan servicers, collection agencies, lenders, and guaranty agencies

Organizations Representing Taxpayers and the Public Interest

Public Institutions of Higher Education Including Institutions Eligible to Receive Federal Assistance Under Title III and Title V of the HEA, Tribal Colleges and Universities, and Historically Black Colleges and Universities

Proprietary Institutions of Higher Education, as Defined in 34 CFR 600.5



Legal assistance organizations that represent students and borrowers, consumer advocates, and civil rights groups that represent students

Student Loan Borrowers, who are Veterans, U.S. Military Service Members, or Groups Representing Them

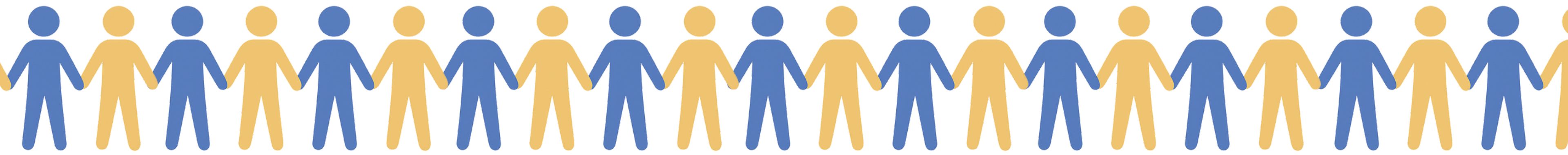
Student Loan Borrowers, Including Borrowers in School, Deferment, Forbearance, Delinquent, Default, and currently in Repayment

Private Nonprofit Institutions of Higher Education Including Institutions Eligible to Receive Federal Assistance Under Title III and Title V of the HEA, Tribal Colleges and Universities, and Historically Black Colleges and Universities

R.I.S.E. NegReg Updates

17 Regulatory updates were reviewed, discussed, and edited

- 674.39 Loan Rehabilitation
- 682.215 Income Based Repayment
- 682.405 Loan Rehabilitation Agreement
- 685.102 Definitions
- 685.200 Borrower Eligibility
- 685.201 Obtaining a Loan
- 685.203 Loan Limits
- 685.204 Deferment
- 685.205 Forbearance
- 685.208 Fixed Repayment
- 685.209 Income Driven Repayment
- 685.210 Choice of Repayment
- 685.211 Miscellaneous
- 685.219 PSLF
- 685.220 Consolidation
- 685.221 Alternative Repayment
- 685.303 Processing Loan Proceeds



674.39 Loan Rehabilitation

Reimagining and Improving Student Education (RISE)

Negotiated Rulemaking Session 2, November 3 – 7, 2025

#1 Proposed Draft Regulations

Section 674.39 Loan Rehabilitation

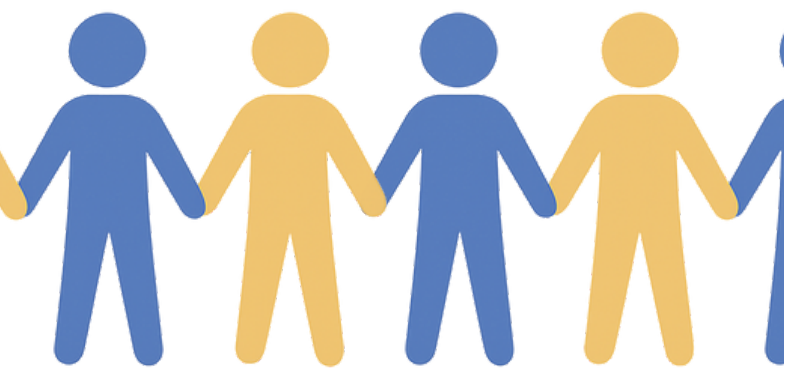
Amend § 674.39 by revising paragraph (e) to read as follows:

§ 674.39 Loan rehabilitation.

* * * * *

(e) (1) On or before June 30, 2027, ~~the~~ the borrower may rehabilitate a defaulted loan only one time.

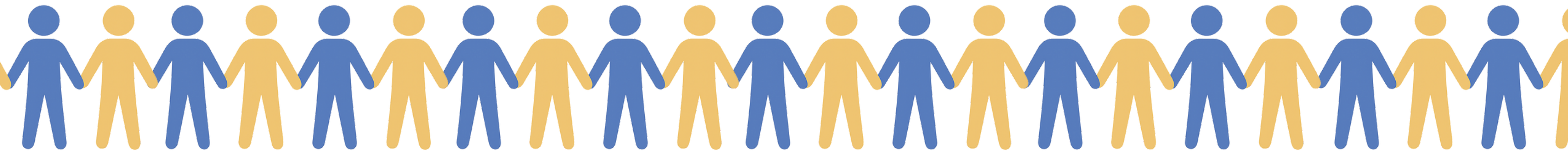
(2) On or after July 1, 2027, the borrower may rehabilitate a defaulted loan a maximum of two times.



R.I.S.E. NegReg

Effective Dates of OB3

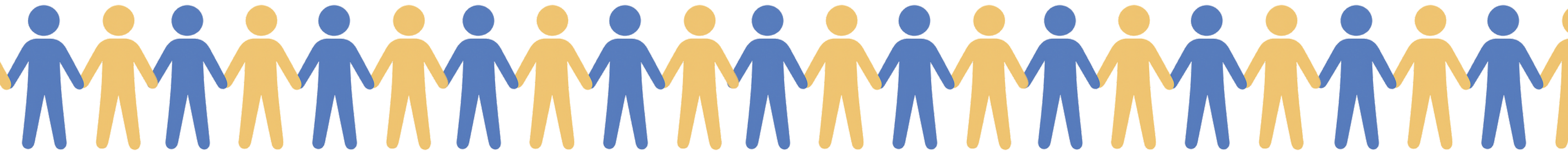
- July 4, 2025
 - Borrower Defense to Repayment
 - Closed School Discharge
- July 1, 2026
 - Most all remaining provisions
 - 2026 - 2027 award year
- July 1, 2027
 - Loan rehabilitation
 - Loan deferment
 - Loan forbearance
- July 1, 2028
 - Elimination of SAVE (earlier...), ICR, and PAYE repayment plans for current borrowers
- July 4, 2025
 - FAFSA Asset Exemptions
 - Foreign Income Inclusion
 - Students with High SAI (“ Pellionaires”)
 - IBR updates



R.I.S.E. NegReg

July 4, 2025

- Borrower Defense to Repayment
 - Postpones current regulations till 2035
 - Reverts to 2019 standards, more difficult to discharge
- Closed School Discharge
 - Postpones current regulations till 2035
 - Reverts to 2020/2023 criteria, more difficult to discharge
- IBR
 - Partial Financial Hardship removed from calculation
- FAFSA updates



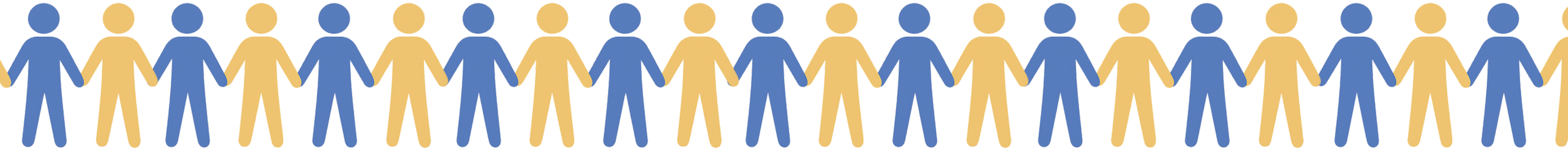
R.I.S.E. NegReg

July 1, 2026

New Borrowing Loan Limits

Borrower Type	Undergraduate (no change)	Graduate	Professional	Parent
Annual	\$5,500-\$12,500	\$20,500	\$50,000	\$20,000
Aggregate	\$31,000-\$57,500	\$100,000 (not including UG)	\$200,000 (not including UG)	\$65,000
Lifetime Limit (ALL)	\$257,500*			N/A

* Without regard to any amounts repaid, forgiven, cancelled or otherwise discharged

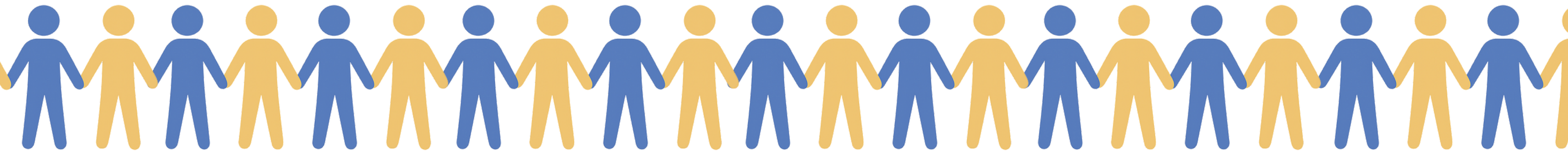


R.I.S.E. NegReg

July 1, 2026

New Borrowing Loan Limits

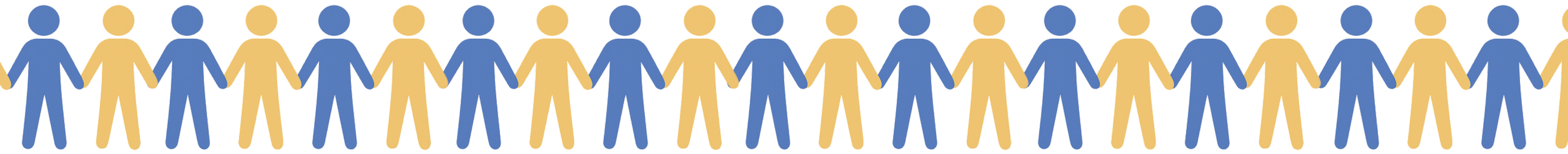
- Mid-cost institutions will probably be fine
- Impact will be programs of study that are higher in costs
- Data is key
 - Work across campus to determine institution approach



R.I.S.E. NegReg

Grandfathering (Legacy) Provision (new loan rules do NOT apply for):)

- Students who were enrolled in a program of study as of June 30, 2026
 - and a Direct Loan was made [disbursed] for that program of study prior to July 1, 2026.
- During student's expected time to credential
 - maximum of 3 years
- For Parent PLUS legacy eligibility only:
 - a student who changes majors within the same degree or certificate will be considered to be enrolled in the same program of study.
- Grandfathering (Legacy) eligibility lost if student withdraws or ceases enrollment

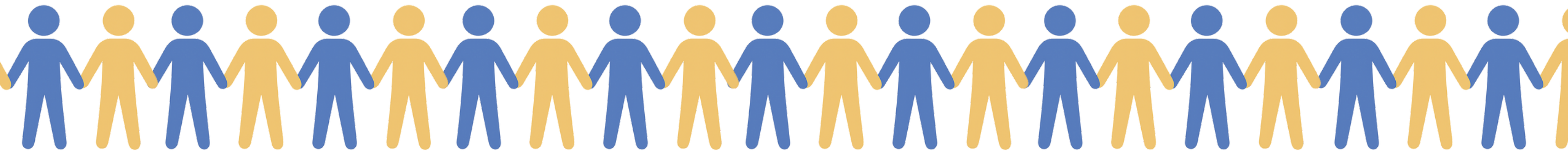


R.I.S.E. NegReg

Graduate / Professional Definition

Professional student: A student enrolled in a program of study that awards a professional degree upon completion of the program;

- Signifies both 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;
- Is generally at the doctoral level, and that requires at least six academic years of postsecondary education coursework for completion, including at least two years of post - baccalaureate level coursework; and
- Generally, requires professional licensure to begin practice
- Includes a four - digit program CIP code in the same intermediate group as recognized professional fields

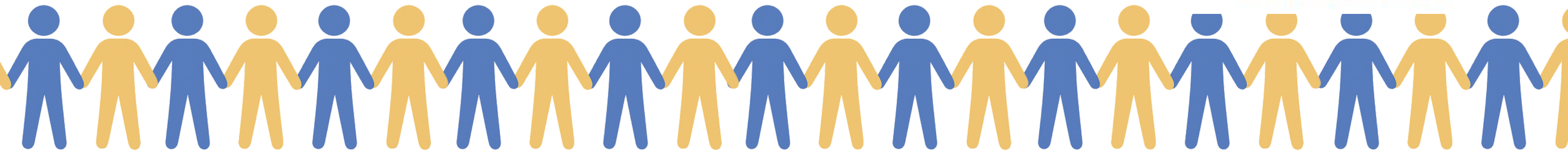


R.I.S.E. NegReg

Unique 6-digit CIP codes (44)

Professional programs eligible for the higher loan limits, need to be in one of the following 4 -digit CIPs:

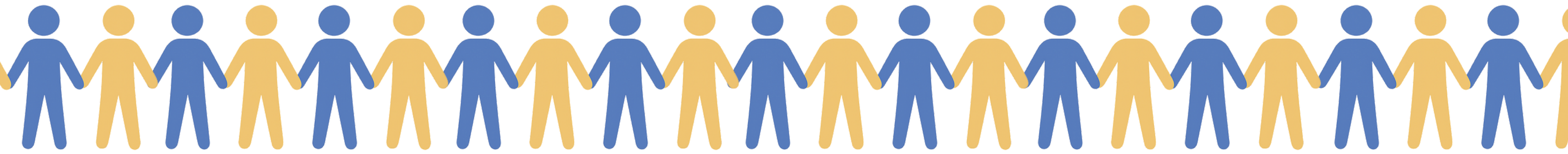
- Veterinary Medicine (01.80)
- Law (22.01)
- Theological and Ministerial Studies (39.06)
- Clinical, Counseling, and Applied Psychology (42.28)
- Chiropractic (51.01)
- Dentistry (51.04)
- Medicine (51.12)
- Optometry (51.17)
- Pharmacy and Pharmaceutical Sciences (51.20)



R.I.S.E NegReg

PLUS Loan Changes

- Periods of enrollment that start on/after July 1, 2026
 - Grad PLUS program has been eliminated
 - Parent PLUS program are under new annual/aggregate loan limits
- Funding gaps may now exists for families who relied on higher Parent PLUS and/or Grad PLUS loans
 - Institutions are now evaluating additional scholarships/discount rates
 - Private loans are options for some



R.I.S.E. NegReg

Schedule of Reductions (NOT to be confused with Pell Proration)

- Less-than full -time enrollment – Annual loan limit formula

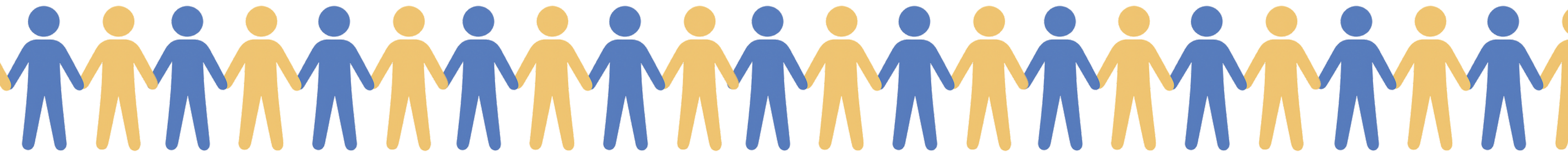
$$\left(\frac{\text{number of credit hours enrolled for academic year}}{\text{number of credit hours considered full time for that academic year for the program of study}} \right) \times 100$$

= reduced annual loan limit percentage

- Less-than full -time enrollment – Period of enrollment

$$\left(\frac{\text{number of credit hours enrolled for the term}}{\text{number of credit hours considered full time for that term for the program of study}} \right) \times 100$$

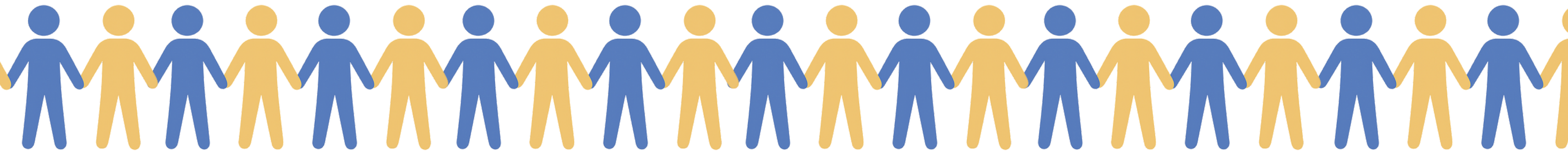
= reduced annual loan limit percentage



R.I.S.E. NegReg

EXAMPLE for Schedule of Reductions (NOT to be confused with Pell Proration)

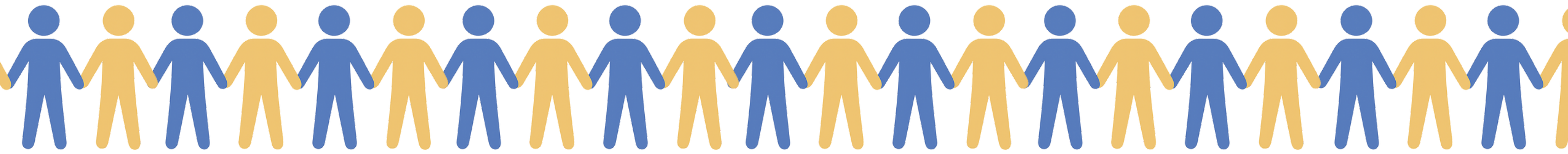
- Dependent Freshman
- Expected enrollment of 12 credits fall & 12 credits spring
 - Student drops to 9 credits AFTER the fall disbursement had been made
 - Student still receives half of the full annual loan limit – \$2,750
- Student continues to spring with their planned full -time 12 credits
 - We need to use the term formula
 - $21/24$ credits is 87.5% then we multiple against annual of \$5,500 = \$4,812.50
- Since the student already received \$2,750 in fall, the spring disbursement is \$2,062.50 [$\$4,812.50 - \$2,750.00$]



R.I.S.E. NegReg

Authority to Limit Loans

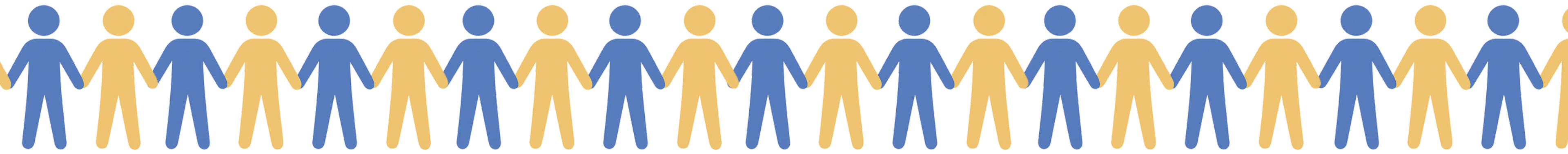
- Institutions can now lower limits by program of study
- This lower limit must be applied consistently to ALL students in the program
- There is NO PJ authority to approve higher loan limits for individual students



R.I.S.E. NegReg

Grandfathering (Legacy) Provisions for Repayment Plans

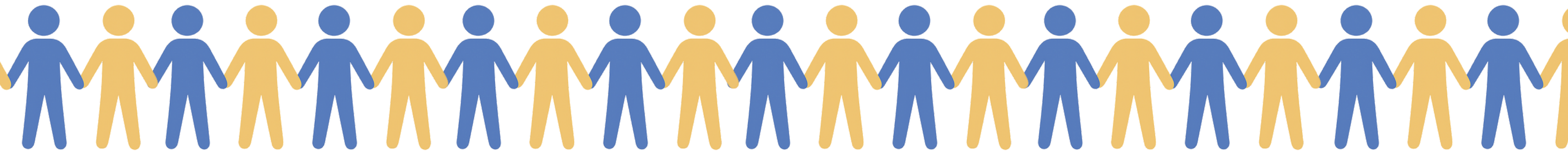
- Borrowers with NO NEW loans made after July 1, 2026
 - Can continue to enroll in current
 - Standard, Graduated, Extended, ICR, PAYE, and IBR plans
 - Can opt in to the new Repayment Assistance Plan (RAP) or new tiered standard when available
- July 1, 2028 – Save (earlier), ICR, and PAYE are eliminated
 - Can switch between, enter, or stay on existing IDR plans until July 1, 2028
 - Only IBR remains for Legacy borrowers after July 1, 2028



R.I.S.E. NegReg

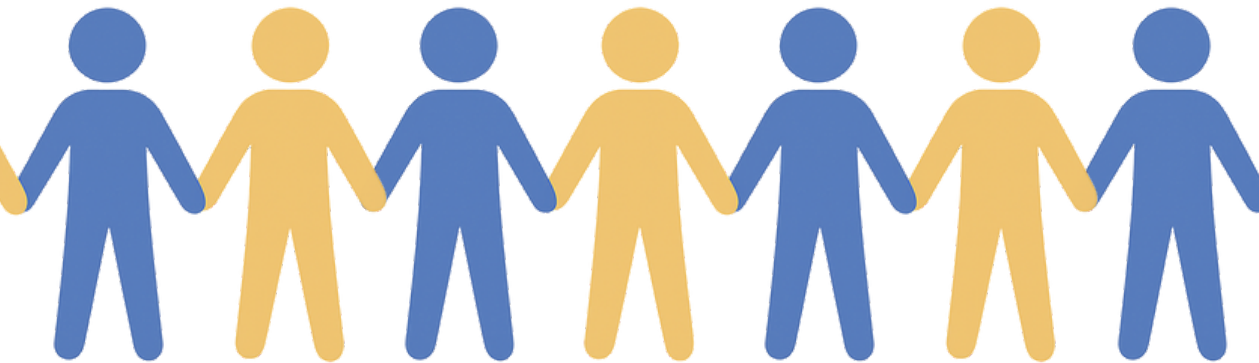
New Borrower Provisions for Repayment Plans

- Borrowers with loans disbursed on or after July 1, 2026
 - Only two repayment options
 - Tiered Standard with 10 –25 years fixed payments
 - Repayment Assistance Plan (RAP?)
 - All loans must be repaid under the same repayment plan
 - Parent PLUS loans can only be repaid under the Tiered Standard plan

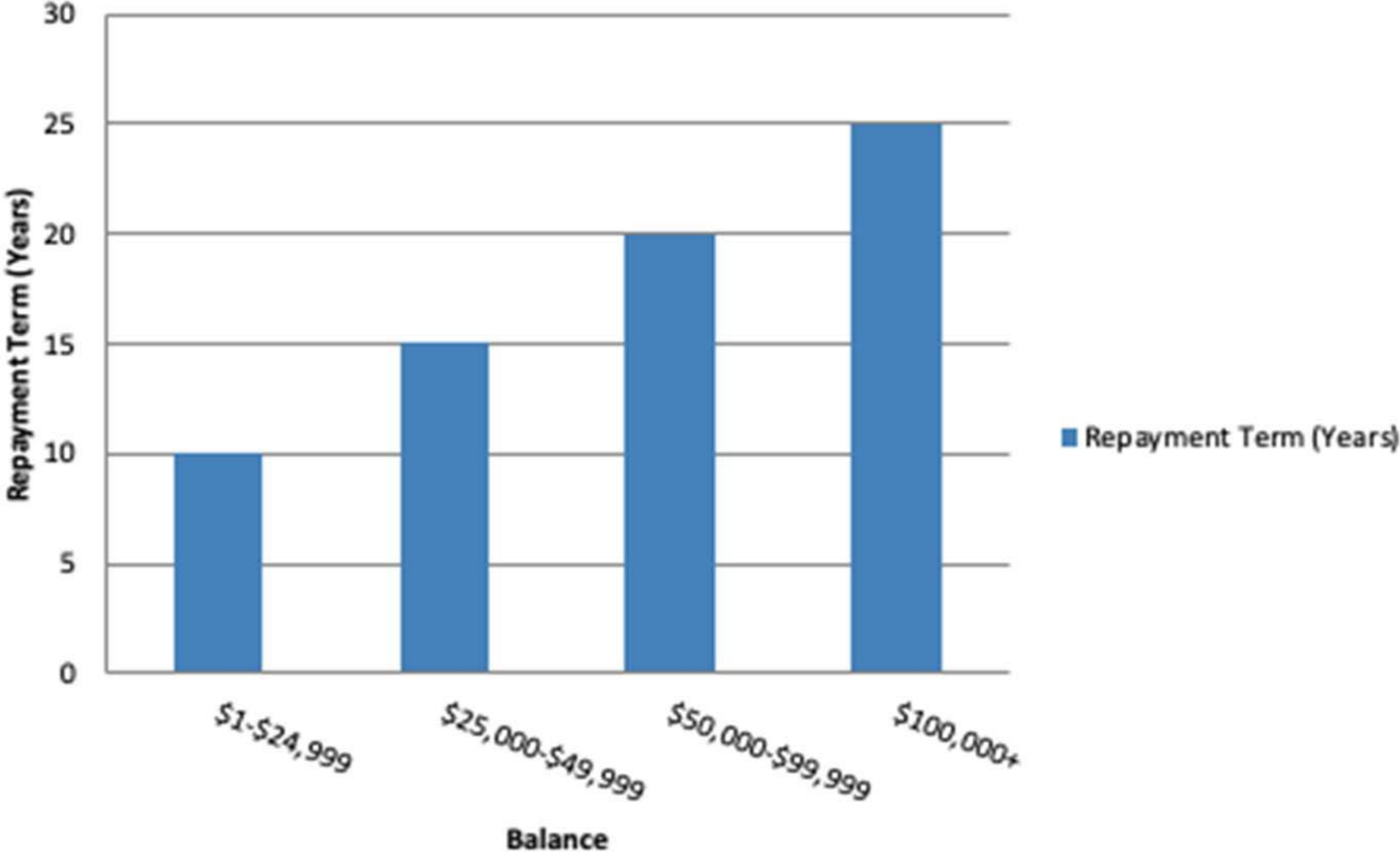


R.I.S.E. NegReg

Tiered Standard
Repayment Plan



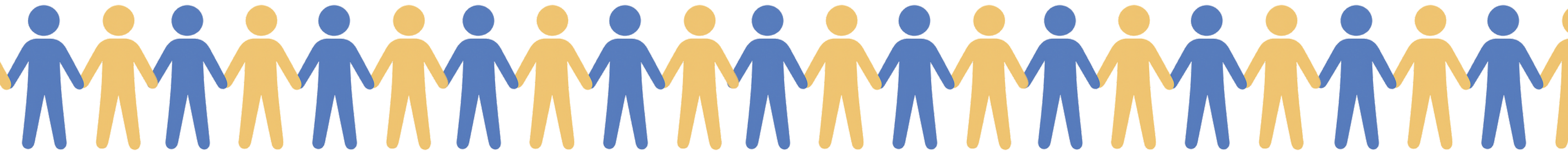
Repayment Terms by Balance



R.I.S.E. NegReg

Repayment Assistance Plan (RAP?)

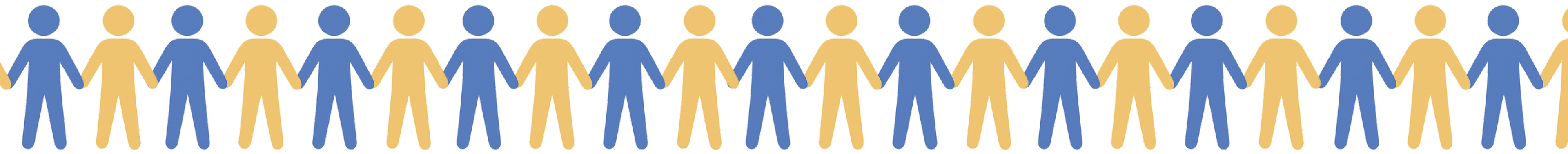
- Monthly payment is 1% to 10% of income based on AGI
- \$50 off monthly payment (base payment) for each dependent
- \$10 minimum payment
- 30 - year term (repayment period)
- No cap on monthly payment
- No negative amortization
- Principal match



R.I.S.E. NegReg

July 1, 2027

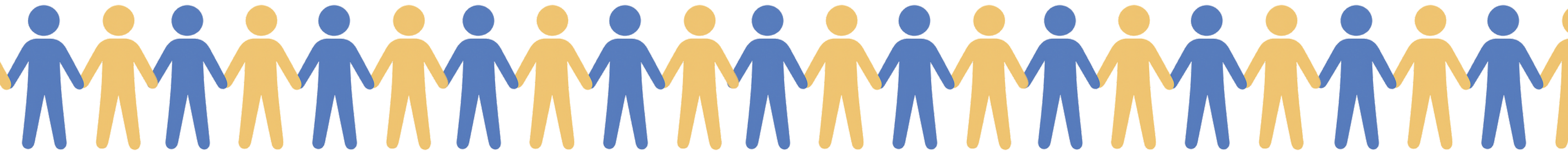
- Loan Rehabilitation
 - Twice
- Loan Deferment Options change
 - Sunsets Economic Hardship and Unemployment Deferments
- Loan Forbearance
 - Restrictions on length
 - Max of 9 months in ANY 2 year period



R.I.S.E. NegReg

July 1, 2028

- Elimination of SAVE (moot)
- Elimination of ICR
- Elimination of PAYE
- Essentially the Grandfathering (Legacy) provisions end (end of program or three years, whichever comes first)

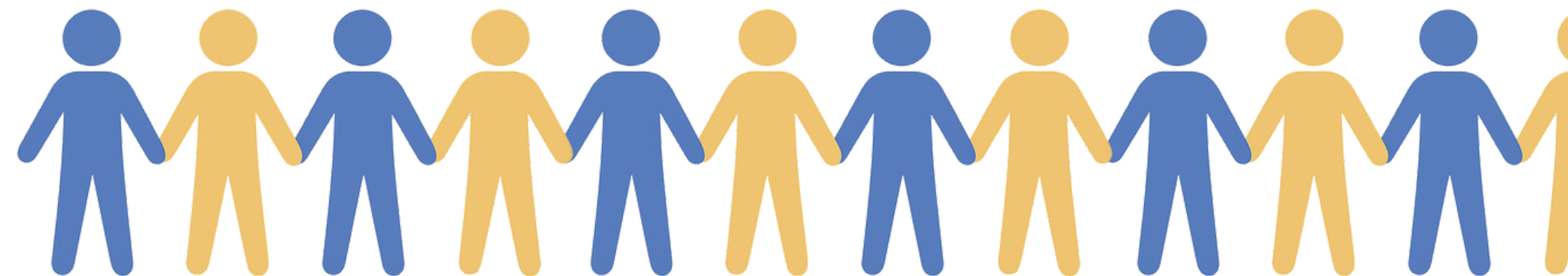


A.H.E.A.D. NegReg

18 Regulatory updates were reviewed, discussed, and edited

- 690.5 Ineligibility due to assistance from non-Federal sources
- 690.80 Recalculation of a Pell Grant award
- 600.10 Date, extent, duration, and consequence of eligibility
- 668.5 Written Arrangements to Provide Educational Programs
- 668.8 Eligible Program
- 668.20 Limitations on remedial coursework that is elig for TIV, HEA program assistance
- 668.32 Student Eligibility
- 690.2 Definitions

- 690.6 Duration of student eligibility
- 690.11 Concurrent Federal Pell Grant payments
- 690.90 Scope and Purpose
- 690.91 Definitions
- 690.92 Eligible Workforce Program
- 690.93 Components Determined by Governors
- 690.94 Components Determined by Secretary
- 690.95 Value-Added Earnings
- 690.96 Loss of Eligibility
- 690.97 Regaining Eligibility

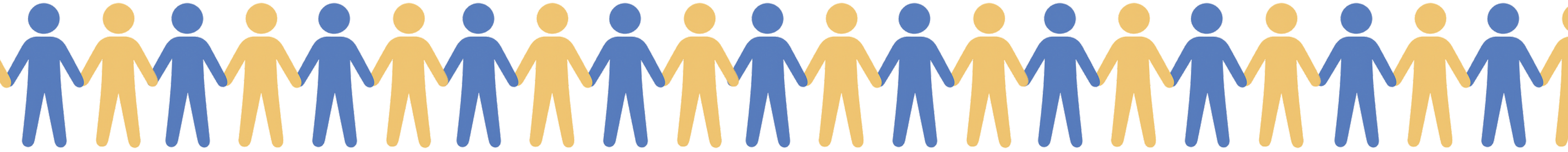


A.H.E.A.D. NegReg

July 1, 2026

Pell Shortfall

Approximately \$10 billion in mandatory funding to address the impending Pell Grant shortfall

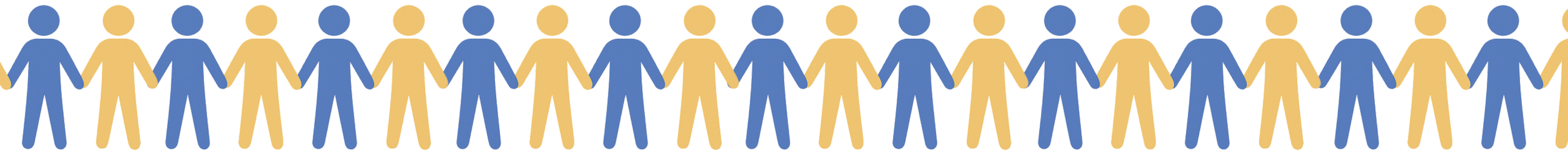


A.H.E.A.D. NegReg

Full COA Scholarships/Grants

A student shall not be eligible for a Federal Pell Grant for an award year during which the student receives grant or scholarship assistance from non -Federal sources, including States, eligible institutions, or private sources, in an amount that equals or exceeds the student's cost of attendance for the award year.

- Grant or scholarship assistance from non -Federal sources does not include sources that are excluded under Section 480(i) of the Higher Education Act of 1965, as amended.

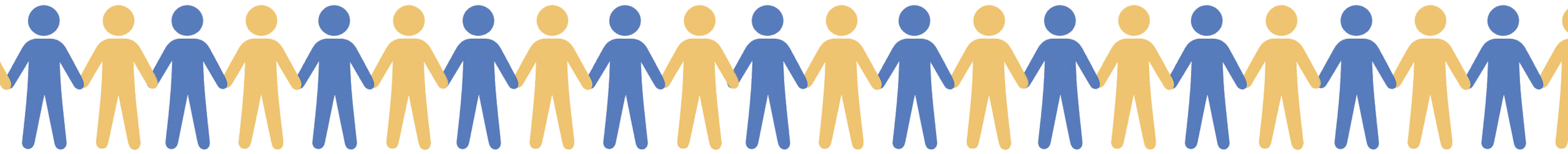


A.H.E.A.D. NegReg

Full COA Scholarships/Grants

If, prior to the final disbursement of a student's Pell Grant for an award year, the institution becomes aware that the student has received or will receive grant or scholarship assistance from non-Federal sources that equals or exceeds the student's cost of attendance the institution must either:

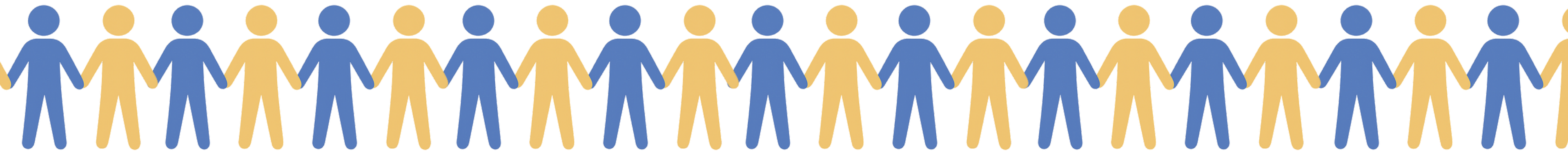
- Reduce the non -Federal grant or scholarship assistance until it does not equal or exceed the student's cost of attendance; or
- Return all Federal Pell Grant funds that the student received for that award year and cancel any future disbursements of such funds for that award year



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Eligible Workforce Program “Workforce Pell”

- 150-600 clock hours
- Program minimum of 8 weeks but no more than 15 weeks
- Must:
 - Lead to a “portable, stackable credential
 - Be approved by state governor
 - Meet performance standards and benchmarks
 - Be transferable into future degree programs
- Program cost cannot exceed the value -added earnings of students who completed the program 3 years prior
- Is the “Juice Worth the Squeeze”?



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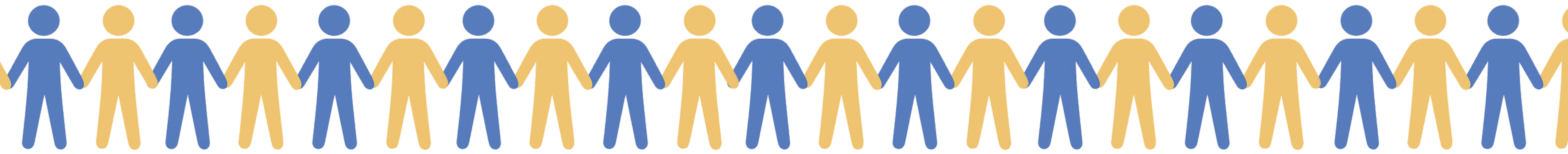
Old vs. New Institutional Accountability Framework

	GE/FVT	OB3 Earnings Accountability
Applies To	GE: All programs at proprietary schools & certificate programs at all schools FVT: All programs	All programs
Metrics/Tests	Debt-to-Earnings & Earnings Premium	Earnings Premium only
Earnings Measured	Median earnings of all completers, 3 years post-completion	Median earnings of completers, 4 years post-completion
Earnings Benchmark	Median earnings of working high school graduates in same state	6 earnings benchmarks
Required Warnings/Acknowledgements	GE programs: Warning after 1 year failure FVT programs: Acknowledgement after 1 year failure (except undergrad degree programs)	
Sanctions	Program loss of Title IV eligibility	Program loss of DL eligibility Potential program loss of all Title IV eligibility
Annual Reporting Deadline	October 1	October 1

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Do No Harm “DNH” Accountability Framework - PROGRAMS

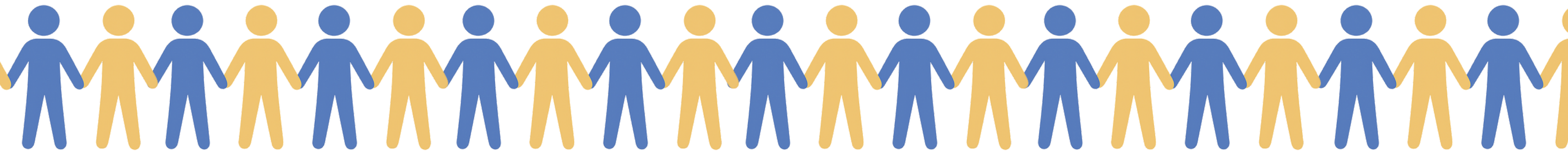
- GE/FVT applied different standards to different programs
 - GE for all programs at for-profit institutions and certificates at all institution types
 - FVT for all programs
- OB3 applies a single standard
- New regulations apply to all programs, including undergraduate certificates



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Do No Harm “DNH” Accountability Framework - METRICS

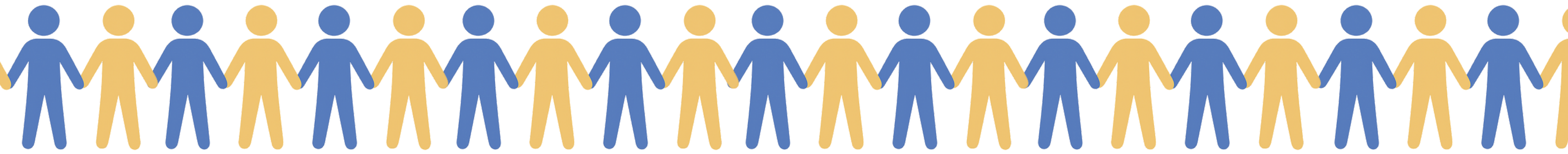
- Removes Debt -to -Earnings metric
- Retains Earnings Premium metric, with changes
 - 4 vs 3 years post -completion
- Earnings threshold for undergraduate students
 - Working adults aged 25 -34 with a high school diploma
 - GE/FVT included unemployed; new framework excludes unemployed
 - Based on state the institution is located or national median earnings > 50% from out of state
- New threshold for graduate/professional students
 - Working adults aged 25 -34 with a bachelor’s degree



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Do No Harm “DNH” Accountability Framework – EARNINGS COHORTS

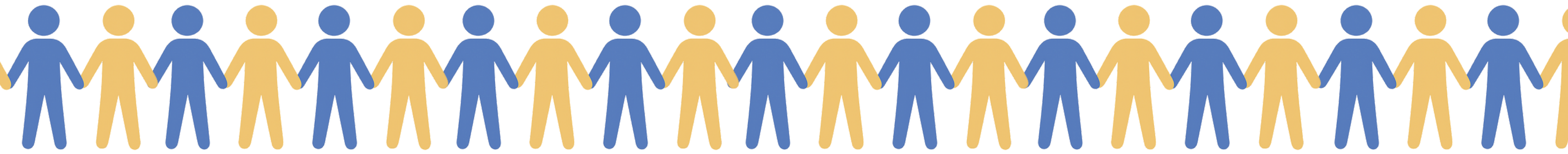
- Standard cohort is Title IV recipient completers, 4 years post -completion
 - ED will sequentially expand the cohort by adding one prior year’s completers, until a cohort of 30 completers is reached
 - May expand to 4 -digit, and then to 2 -digit CIP code to get to 30 completers
- If ED never gets to 30 completers, earnings premium is not calculated for that program



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Do No Harm “DNH” Accountability Framework – SANCTIONS

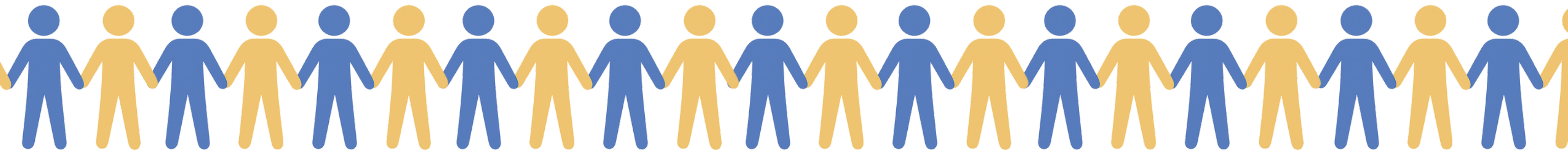
- Low Earning Outcome Program
 - Loss of DL eligibility for 2 years
- To be considered administratively capable
 - At least 50% of Title IV recipients and 50% of Title IV dollars must come from passing programs
- Program Participation Agreement
 - Failing administrative capability standard for earnings outcomes in 2 of 3 consecutive years results in provisional certification status for institution and loss of all Title IV eligibility for failing programs



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Do No Harm “DNH” Accountability Framework – ORDERLY PROGRAM CLOSURE

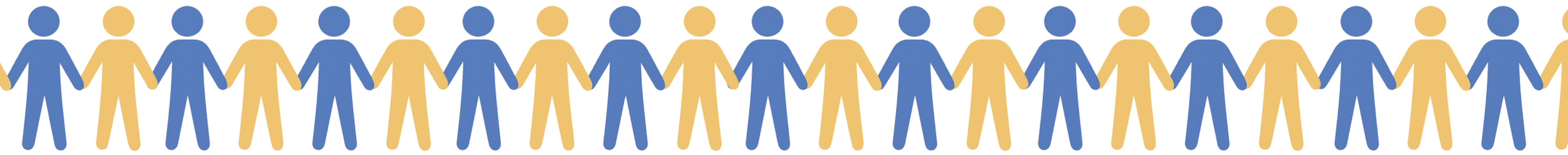
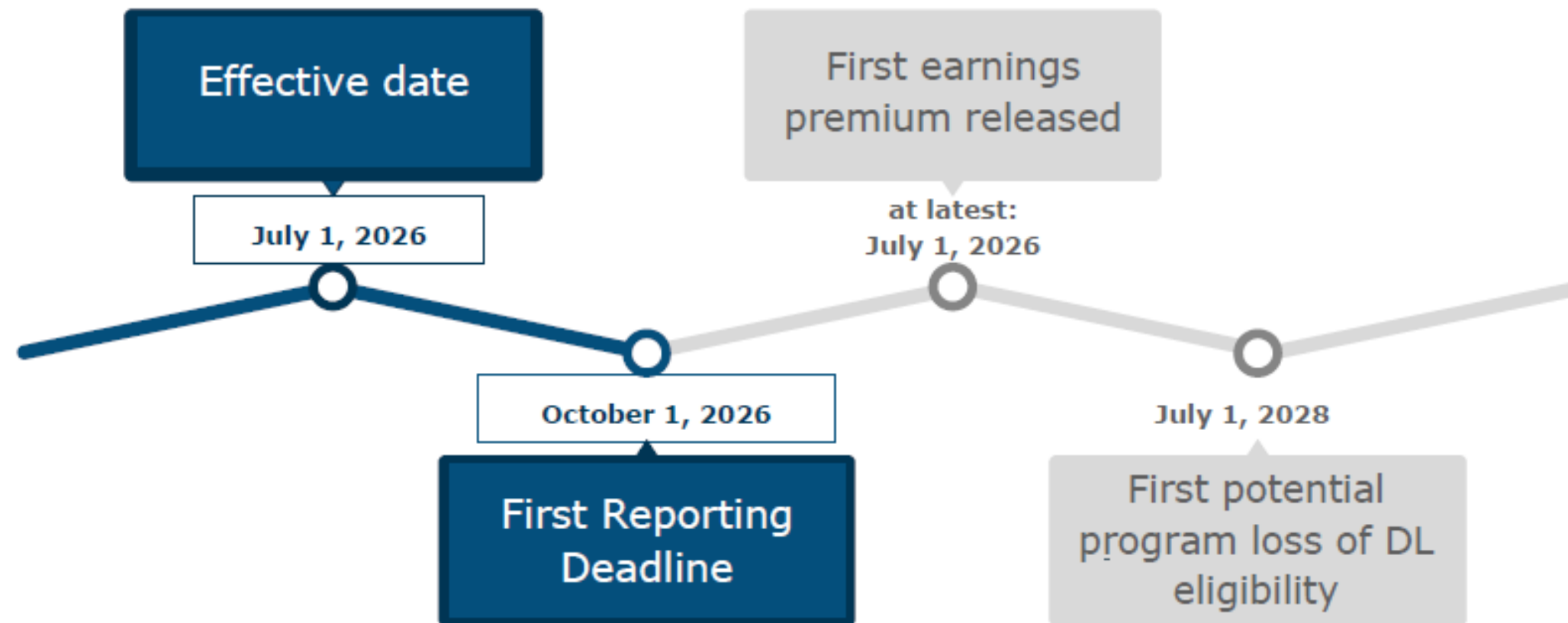
- Programs that fail the earnings premium metric in a single year may elect an orderly closure
 - Institution appends its Program Participation Agreement (PPA)
 - No new enrollments; existing students are “taught out”
 - DL eligibility retained for lesser of 3 years or full -time program duration
 - No program restart/no substantially similar programs for 2 years
- ED continues to calculate and publish the second -year accountability rate
 - Program is not terminated from Direct Loan eligibility based on the second failure
- ED must determine the approach is in the best interest of students



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Do No Harm “DNH” Accountability Framework – TIMEFRAME

Institutional Accountability: Timeframes



What's Next

FSATC – FSA Training Conference

Summer as Header/Trailer

Grandfathering/Legacy and program length

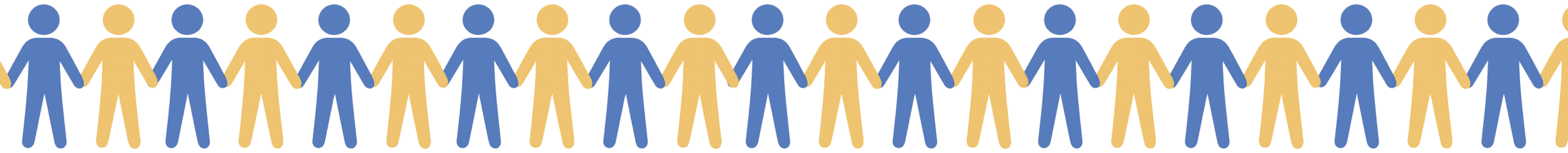
COD reporting on Grandfathering/Legacy indicator

December 2026 Pt 2

Constantly Updating and Changing

Updated guidance and processes as FSA and partners make updates
(COD/NSLDS/StudentAid.gov, etc.)

GRANT EACH OTHER GRACE



Thank you!



**Annual Conference
March 11 - 13, 2026**

**Stronger Together:
Resilience Through Community**