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OFFICE OF THE PRESIDENT
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March 2, 2026

The Honorable Nicholas Kent
Under Secretary of Education
Office of Postsecondary Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

RE: Comments on Docket ID ED-2025-OPE-0944

Dear Under Secretary Kent,

The University of California (UC) welcomes the opportunity to comment on the Department of Education's proposed rule regarding amendments to the federal student loan programs authorized under Title IV of the Higher Education Act (HEA) of 1965 as part of Docket ID ED-2025-OPE-0944.

The University supports the Department's goal of ensuring the integrity of the Federal Direct Loan program. However, as a public higher education institution with more than 300,000 students and 2.5 million alumni, we have concerns about the proposed rule's potential impacts on both our graduate and professional students who are currently in programs that lead to professional degrees and licensure, as well as our alumni who are actively in repayment.

The University of California would like to offer the following recommendations:

- **Professional Student Definition:** Expand the "professional student" definition to include licensure-based and specialized degrees (e.g., Master of Architecture, Doctor of Nursing Practice, Master of Physician Assistant Studies, Master of Education), rather than adopting a narrow list.
- **Loan Limit Proration:** Revise the framework for loan reductions for less-than-full-time students to prevent basic needs crises — and instead propose a "warning term" and exemptions for documented hardships.
- **Recommended Policy Operational Framework:** Implement all regulatory changes on a "borrower-level," rather than "loan-level" basis, to reduce administrative complexity, servicer errors and borrower delinquency.
- **Repayment Assistance Program (RAP):** Replace the bracketed base payment with a marginal-rate calculation, similar to the U.S. federal income tax system.

- **Deferment Sunset Provisions:** Reinstate a $0 payment tier for borrowers who meet the status criteria for unemployed to avoid inconsistent terms across a single borrower's portfolio.

Professional Degree Definition 34 CFR 685.102

UC serves 27,000 graduate students in professional degree programs, as presently defined. Top external employers of our alumni who graduate from professional degree programs include Kaiser Permanente, Amazon, Google and Deloitte, among others. With average earnings of $124,000 two years after graduation, the investment in these students nets positive returns for our local, state and national economies. These programs are critical to our state's workforce.

The University has serious concerns about the Department's proposal to transition the definition of "professional student" under § 668.2 from its current, more open-ended structure to a narrower list under § 685.102. The Department risks being able to operate with agility by requiring full negotiated rulemaking to add any future professions. The current regulatory framework allows for the clarification or expansion of this definition through sub-regulatory guidance, a mechanism that is far more responsive to the rapid evolution of the labor market and health care licensure requirements. Requiring a multi-year rulemaking cycle to recognize established, licensure-driven programs such as the Doctor of Nursing Practice (DNP) or Master of Physician Assistant Studies (MPAS) creates an unnecessary procedural hurdle that harms students seeking jobs in essential fields. We urge the Department to retain the "including but not limited to" language, thereby clearly preserving the Secretary's authority to issue timely guidance that aligns federal loan limits with the contemporary reality of professional education and workforce needs — without the administrative burden of perpetual rulemaking.

Nearly 20% of UC graduate and professional students are in programs not included in the professional degree definition as defined by the Department, including but not limited to accounting, architecture, biomedical engineering, business, advanced nursing practice, teaching and physical therapy. Nearly 6,000 UC graduate and professional students access the Graduate PLUS loan program each year, totaling nearly $200 million. With the sunsetting of Graduate PLUS loans, we are deeply concerned about the Department's proposal to define a narrow list of programs that meet the professional degree definition. These students will have reduced access to higher annual and aggregate loan limits to offset the loss of the Graduate PLUS program. Some students will be able to fill the gap by securing private loans though UC has concerns about some borrowers' ability to meet the repayment terms of these loans. Other borrowers without established credit will be left without options.

As an example, the Department indicated that the Master of Education is not included under the proposed professional degree definition because this degree does not require entering into a specific profession. However, these programs are required for entry into an administrative position, such as principal, in California's K-12 education system. These degrees are typically coupled with a teaching credential, a form of licensure, which is required in California to secure a teaching position. The credential is often coupled with the master's degree, as the program provides for deeper understanding of pedagogical tenets[1]. According to the Learning Policy Institute, data suggest that teachers who have a deeper theoretical grounding, provided by the master's degree, are less likely to burn out in the first five years of employment — a major critical component of California's teacher retention and educational policy. Thus, the Master of Education satisfies the three-part test applied by the Department 1) completion of all academic requirements to begin practicing a profession, 2) the profession requires a level of professional skill beyond what is normally required for a bachelor's degree, and 3) the profession requires professional licensure. While the Master of Education serves as one example of a degree that should qualify as a "professional degree" under the best reading of the law, there are many programs in the medical field to which this logic applies including nursing and physician assistants, among others.

Beyond these licensed fields that should qualify under the Department's rule, there are many students in graduate degree programs that train them to enter the workforce in professions that are currently facing workforce shortages across the nation. These fields will be impacted by roadblocks that prevent access to the degrees and professions students are pursuing. For example, engineering professionals are vital for the nation's competitiveness and security, and public health practitioners play an important role in preventive care that keeps patients healthy and out of costly hospital visits. Access to these programs is likely to be significantly curtailed for these degrees, particularly among low-income students who are likely to have the most difficulty receiving private loans and could benefit significantly from the economic mobility of professional careers in these fields.

Loan Proration 34 CFR 685.203

As the Department seeks to satisfy its administrative duty in implementing the One Big Beautiful Bill Act's (OBBBA) provisions on proration of loans for students enrolled on a less than full-time basis, UC supports the proposal to set a student's eligibility at one snapshot in time without need for adjustment in the same term. However, the proration model risks precipitating a basic needs crisis for the most at-risk and needy students. Most students rely on loan disbursements issued at the start of the term to cover immediate living expenses. Unlike tuition and fees, living costs such as rent and food are fixed and do not scale linearly with credit hour enrollment. The proration model is a significant departure from current policy. We strongly encourage the Department to adopt a warning clause and recommend an exceptional circumstances provision in the rule.

Based on the Department's proposal to use enrollment by term to evaluate across the year, students may be forced to go without some of their basic needs for which the reduced loan portion would have applied. This will create an unnecessary financial stressor that will lead to increased housing insecurity and higher dropout rates. A student may enroll full-time in fall and three-quarters time in spring. Under the proposed rule, the financial aid office would be obligated to adjust the spring term loan. However, this student could make up the credits in a subsequent

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[1] Carver-Thomas, D., Leung-Gagné, M., & Jeannite, D. (2024). Tackling teacher shortages: What we know about California's teacher workforce investments. Learning Policy Institute. https://doi.org/10.54300/137.196

summer term that is part of the same academic year. In this situation, they may budget for spring term based on the same loan amount disbursed in fall.

Given the concerns around basic needs, we propose the implementation of a "warning term" provision. Under this framework, a student's first instance of less-than full-time enrollment would trigger a formal notification and counseling session regarding future loan reductions, rather than an immediate loss of funding. This allows the student a grace period to adjust their financial planning or return to full-time status in the proceeding term, without immediately catapulting them into housing or food insecurity.

Though the University of California seeks to enroll students full-time, we also have a part-time study policy so that students with exceptional circumstances that would make full-time enrollment detrimental to their academic success can petition to enroll less than full-time for a term. Exceptional circumstances include documented health conditions, family caregiving responsibilities, employment greater than 20 hours per week and a student's final term of study when they have only a partial credit load to complete graduation requirements. We urge the Department to consider how students in these circumstances would be unduly harmed by the proposed regulations and pending schedule of reductions.

Repayment 34 CFR 685.209, 685.210

The Department's goal of streamlining repayment is sound, however, the proposed text for the Repayment Assistance Plan (RAP) and the associated trigger dates in § 685.210 introduce significant structural risks that the University expects this will lead to increased delinquency and servicer error. The proposed base payment structure in § 685.209(b)(2) creates a severe "benefit cliff" that is counterproductive to the goals of an income-driven plan. Under the current draft, a $1 raise bringing a borrower from $60,000 to $60,001 could result in a monthly payment increase of $50 or more. We urge the Department to replace the bracketed base payment with a marginal-rate calculation similar to the U.S. federal income tax system.

While we appreciate the Department's expanded allowance for defaulted borrowers to rehabilitate twice, this measure does not address unemployment, a common root for default. By establishing a mandatory, non-zero payment for RAP, and with the elimination of unemployment and economic hardship deferments, the Department is effectively guaranteeing delinquency for the most vulnerable borrowers. This will increase the Department's costs for processing second rehabilitations. We urge the Department to reinstate a $0 payment tier for borrowers who meet the criteria for unemployed status. This will support RAP as a tool for assistance, instead of a pathway to default.

Finally, we ask the Department to provide greater clarity around borrower and loan level terms. The proposed trigger dates in § 685.210 remain ambiguous as to whether they apply at the loan level or the borrower level. The proposed rule would require servicers to track different repayment rules for different loans within a single borrower's account. To ensure program integrity and borrower success, we urge the Department to adopt a policy that operates at the borrower level rather than the loan level. UC proposes: "For any borrower who has an outstanding balance on a Direct Loan as of June 30, 2026, all subsequent loans disbursed to that borrower shall be governed by the repayment terms applicable to the borrower's original loans."

Thank you for your consideration of these comments. We are grateful for the opportunity to engage with the Department. If the proposed regulations are not rescinded, we hope that the changes we have suggested will strengthen and increase access to higher education while ensuring appropriate guardrails are in place to protect borrowers.

Sincerely,

Katherine S Newman

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