



February 27, 2026

The Honorable Nicholas Kent
Under Secretary of Education
US Department of Education
400 Maryland Ave. SW
Washington, DC 20202

Docket ID: ED-2025-OPE-0944

Dear Under Secretary Kent:

Thank you for the opportunity to offer comment on the Department of Education's (Department) notice of proposed rulemaking (NPRM) issued following the conclusion of the Reimagining and Improving Student Education (RISE) negotiated rulemaking sessions. Third Way is grateful for the Department's focus on implementing legislative changes to Title IV of the *Higher Education Act* from H.R. 1 with clarity and precision.¹ These efforts will help address longstanding challenges in federal student loan programs and serve as an important starting point in effective reform to protect student and taxpayer investment in higher education. Below, you'll find Third Way's comments, focused on the delineation of graduate and professional degrees in alignment with statute. We also offer comment on the benefits of maintaining specific SAVE-era loan regulations in the interest of borrower success under these proposed regulations and the overall function of the student loan repayment program.

William D. Ford Federal Direct Loan Program

Graduate and Professional Loan Limits

Lawmakers and policy advocates have long agreed that current levels of student loan debt are unsustainable—for both borrowers and taxpayers, and particularly as pertains to lending for graduate programs. The nearly unlimited borrowing available through the Graduate PLUS (Grad PLUS) loan program has created a moral hazard in which graduate programs have no incentive to restrain tuition growth or to shield their own students from the risks of overborrowing—opening a door for high-debt, low-return-on-investment (ROI) programs to take in massive amounts of taxpayer dollars with minimal scrutiny.² If implemented carefully, the federal student loan borrowing limits in H.R. 1, as specified through these proposed regulations, can prevent overborrowing and make institutions share the risk associated with high-cost graduate training and professional programs.

The Grad PLUS program has long carried two truths in federal student loan policy: it enabled access to high-cost graduate and professional degree programs that some borrowers would otherwise have been unable to pursue, yet it was also a key driver of increasingly high student loan balances for borrowers and costs to the federal government. Recent research indicates that fewer than two in ten graduate students (16%) use Grad PLUS loans to attend graduate school, yet Grad PLUS loans comprise nearly a third (32%) of the overall federal student loan portfolio.³ The compounding result is an unsustainable level of federal subsidies flowing to colleges and universities compared to the total number of Grad PLUS borrowers. The elimination of the Grad PLUS loan program requires the government to reexamine how it balances access to graduate education with the risks of excessive borrowing to ensure better outcomes for students and taxpayers. Loan limits play an important role not only in preventing overborrowing but also in

pushing institutions to better align their costs with outcomes and labor market demand.⁴

Third Way supports both the sunset of the Grad PLUS loan program and the implementation of reasonable caps for graduate borrowers. Beginning July 1, 2026, new graduate borrowers will be eligible for federal loans up to \$20,500 annually and \$100,000 in aggregate for graduate programs, or \$50,000 annually and \$200,000 in aggregate for professional programs. Congressional intent in crafting these loan limits through H.R. 1 was clear: to provide reasonable access to federal loans with adequate guardrails to ensure that graduate students are not overborrowing relative to their expected postgraduate outcomes.⁵ To that effect, Congress relied on the codified definition of professional programs as outlined in the Code of Federal Regulations, 34 CFR 668.2, which provides a clear list of degrees that are classified as “professional,” signifying 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, while typically requiring professional licensure.⁶

Third Way agrees with the Department's stance on the delineation between graduate and professional programs for the purposes of implementing H.R. 1's loan limits. The legislative text of H.R. 1 explicitly references the limited list of professional programs found in 34 CFR 668.2. While this list is not exhaustive, Congress used this definition to curb graduate borrowing and to hew to the letter of the law insofar as programs qualifying for higher loan limits under H.R. 1 are both higher-cost and higher-ROI. Additionally, the Department's rationale makes clear that professional programs do not—and should not—include those at the master's level. Third Way appreciates that the NPRM provides additional clarity as to the criteria that define a professional degree: one that “signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that which is normally required for a bachelor's degree; is generally at the doctoral level; requires at least six academic years of postsecondary education coursework for completion, including at least two years of post-baccalaureate level coursework; generally requires professional licensure to begin practice; and, includes a four-digit program Classification of Instructional Program (CIP) code, as assigned by the institution or determined by the Secretary, in the same intermediate group in certain fields.”

Additionally, we believe the Department has the appropriate purview to delineate this definition for loan limits and the responsibility to follow congressional intent in implementing H.R. 1. The Department utilized its congressionally-delegated authority to add clinical psychology programs to the professional definition through the formalized rulemaking process as required by the *Higher Education Act* at the discretion of the Secretary. This decision led to consensus among negotiators representing institutions of higher education, taxpayers and the public interest, and other stakeholders alike—signifying both agreement upon and understanding of how the definition of professional programs should be applied. The Department should respect the consensus reached and continue forward with the full implementation of a narrow, limited list of professional programs to ensure the integrity of H.R. 1's intent to curb graduate borrowing.

As with any policy shift, it will take time to understand the impact fully. Concerns have been raised that the borrowing caps associated with these designations will limit low-income students' access to professions such as public health or social work. Yet preliminary research shows that only one in five master's degree-seeking students (20%) currently borrow above the new loan limits.⁷ These students are primarily enrolled in the highest-cost master's programs in public health, fine arts, and social work, in which 29%, 26%, and 24% of students, respectively, currently borrow more than the new annual limit.⁸ Graduate programs, in particular, have an opportunity to better align their costs with expected labor-market outcomes—as many already

do. Specific to advanced nursing degrees, including credentials like the Doctor of Nursing Practice, recent research indicates that of the 140 advanced nursing programs with available data through College Scorecard, 115 have average student debt loads at completion below the proposed \$100,000 limit, and another 8 are within a few thousand dollars of the cutoff.⁹ Only a small number of high-priced programs would be affected by new loan caps.

Professional degree programs tend to be more expensive and may be more severely impacted by the proposed borrowing limits, but they offer a higher ROI for students who enroll and are therefore likely to have additional options for maintaining access into critical professions. Programs like law, medicine, and dentistry currently see 20% to over 50% of students borrowing in excess of the proposed annual loan caps for professional degrees.¹⁰ The private market may be well-suited to serve professional student borrowers in these cases, and an increase in private student loan availability could increase competition and promote better rates for students who need financing beyond what the federal loan program will offer. Curbing unlimited federal borrowing is an important first step toward bringing down the cost of tuition and protecting students from taking on endless debt. Still, policymakers need to be mindful that increased availability of private student loan products could undermine the price-lowering intent of proposed federal loan limits.¹¹ Programs and institutions may choose to offer increased financial aid, lower prices, or both—with some already having done so in advance of the July 1, 2026, implementation date—though others may need additional incentives or support.¹²

Reasonable loan limits for graduate students accomplish multiple goals: they prevent overborrowing while protecting access to graduate degree programs; target federal investment to students rather than colleges and universities; and call on higher education institutions to revisit their pricing models to ensure risk is shared among borrowers, taxpayers, and institutions. Voters largely agree with this, with just under two-thirds (62%)—including majorities of Democrats and Republicans—supporting H.R. 1’s new limits on federal loans for graduate and professional students and putting an end to virtually unlimited borrowing.¹³ Such changes to graduate student lending are in the best interests of both students and taxpayers and have no bearing on the inherent importance of any one profession. Instead, the limits work to ensure that loan repayment outcomes align with appropriate taxpayer investment, calibrating risks and outcomes to ensure consistency with congressional intent. Additionally, this opportunity allows institutions and states to reimagine different ways to finance graduate education in line with specific geographic workforce needs and labor market demand.¹⁴

Student Loan Repayment Programs

Following the conclusion of the RISE negotiated rulemaking sessions, the Department announced a settlement in litigation against the previous SAVE repayment plan.¹⁵ As a result, the Department will undertake a subsequent rulemaking to rescind the SAVE plan. As of September 2025, 5.2 million Americans are in default on their student loans, and another nearly seven million are facing repayment difficulties, defined as being 31 to 270 days late on student loan payments.¹⁶ Defaulted student loans are a lose-lose scenario for both borrowers and the federal government. The harm to defaulted borrowers and their credit is high, as are the financial (and other) costs to the government of collecting on defaulted loan debt.

As the Department awaits the final approval of the SAVE settlement and begins preparations for its rulemaking, Third Way encourages the Department to preserve the following SAVE provisions, which complement the proposed new regulations for the standard plan and Repayment Assistance Plan (RAP):

- Data-sharing between the Internal Revenue Service and the Department to facilitate auto-enrollment of borrowers into income-driven repayment (IDR) plans, including RAP;
- Allowing delinquent borrowers to be automatically enrolled in an IDR plan; and
- Permitting account adjustments for current borrowers to earn credit toward IDR plans while in default on their loans.

Having an automated repayment system that removes barriers to annual IDR income verification and provides seamless enrollment into repayment plans like RAP will not only reduce stress for borrowers but also help the federal government ensure that the student loan program, as updated by H.R. 1 and the proposed RISE regulations, will function smoothly and efficiently. Third Way strongly supports these provisions and encourages the Department to include them as a part of the new repayment plan system moving forward.

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We thank the Department for the opportunity to comment on this notice of proposed rulemaking and subsequent regulatory changes to Title IV of the *Higher Education Act*. Third Way appreciates the Department's attention to the smooth implementation of upcoming changes to the federal student loan program, and we encourage continued communication and clear guidance for students, borrowers, and institutions to ensure the changes are implemented with minimal disruption. As such, Third Way urges the Department to continue allocating the time, resources, and expertise needed to implement these new provisions effectively and on a tight timeline, as their success is critical to achieving the statutory aims of H.R. 1. Please do not hesitate to contact us should you have any questions about these comments.

Sincerely,

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¹ United States, Congress, House of Representatives. One Big Beautiful Bill Act. *Congress.gov*, <https://www.congress.gov/bill/119th-congress/house-bill/1/text>. 119th Congress, 1st Session, House Resolution 1, passed 4 July 2025.

² Cecil, Ben. "How We Got Here: The Rise and Fall of the Grad PLUS Loan Program." *Third Way*, 4 December 2025, <https://www.thirdway.org/memo/how-we-got-here-the-rise-and-fall-of-the-grad-plus-loan-program>. Accessed 18 February 2026.

³ Unglesbee, Ben. "What does the end of Grad PLUS loans mean for higher ed?" *Higher Ed Dive*, 22 September 2025, <https://www.highereddive.com/news/end-of-grad-plus-loans-impact-higher->

[ed/760448/](#). Accessed 18 February 2026.

⁴ Dimino, Michelle, Chazz Robinson, and Lanae Erickson. “Lower Risks, Higher Rewards: A Proposal to Improve Outcomes for Graduate Students and Taxpayers.” *Third Way*, 20 November 2024, <https://www.thirdway.org/memo/lower-risks-higher-rewards-a-proposal-to-improve-outcomes-for-graduate-students-and-taxpayers>. Accessed 20 February 2026.

⁵ Cecil, Ben. “Professional Program Exceptions Would Swallow the Rule on Loan Limits.” *Third Way*, 24 September 2025, <https://www.thirdway.org/blog/professional-program-exceptions-would-swallow-the-rule-on-loan-limits>. Accessed 28 February 2026.

⁶ Code of Federal Regulations, Title 34, § 668.2 General definitions, <https://www.ecfr.gov/current/title-34/subtitle-B/chapter-VI/part-668/subpart-A/section-668.2>. Accessed 18 February 2026.

⁷ Cooper, Preston. “An Analysis of the One Big Beautiful Bill Act’s Effect on Student Loans.” *American Enterprise Institute*, 16 July 2025, <https://www.aei.org/research-products/report/an-analysis-of-the-one-big-beautiful-bill-acts-effect-on-student-loans/>. Accessed 18 February 2026.

⁸ Cohn, Jason. “How New Federal Student Loan Limits Could Affect Borrowers.” *Urban Institute*, 24 July 2025, <https://www.urban.org/urban-wire/how-new-federal-student-loan-limits-could-affect-borrowers#>. Accessed 18 February 2026.

⁹ Cooper, Preston. “What the Outrage over Nursing Loan Limits Gets Wrong.” *American Enterprise Institute*, 24 November 2025, <https://www.aei.org/education/what-the-outrage-over-nursing-loan-limits-gets-wrong/>. Accessed 18 February 2026.

¹⁰ Cohn, Jason. “How New Federal Student Loan Limits Could Affect Borrowers.” *Urban Institute*, 24 July 2025, <https://www.urban.org/urban-wire/how-new-federal-student-loan-limits-could-affect-borrowers#>. Accessed 18 February 2026.

¹¹ Third Way poll of 1,001 voters nationwide from November 4-9, 2025. Conducted by Global Strategy Group and GS Strategy Group.

¹² “Santa Clara Law Launches Groundbreaking “PLEDGE Scholarship” for Fall 2026 Incoming Students.” Press Release, Santa Clara University School of Law, 17 September 2025, <https://law.scu.edu/news-events/news/2025/santa-clara-law-launches-groundbreaking-pledge-scholarship-for-fall-2026-incoming-students.html>. Accessed 18 February 2026.

¹³ Third Way poll of 1,001 voters nationwide from November 4-9, 2025. Conducted by Global Strategy Group and GS Strategy Group.

¹⁴ Dimino, Michelle, Stephanie Hall, and Emily Rounds. “Financing Graduate Training for the Next Generation.” *Third Way*, 16 December 2025, <https://www.thirdway.org/report/financing-graduate-training-for-the-next-generation>. Accessed 18 February 2026.

¹⁵ “U.S. Department of Education Announces Agreement with Missouri to End Biden Administration’s Illegal SAVE Plan.” Press Release, US Department of Education, 9 December 2025, <https://www.ed.gov/about/news/press-release/us-department-of-education-announces-agreement-missouri-end-biden-administrations-illegal-save-plan>. Accessed 19 February 2026.

¹⁶ Turner, Cory. “Millions of student loan borrowers aren’t repaying their loans — and defaults are up.” *National Public Radio*, 10 February 2026, <https://www.npr.org/2026/02/10/nx-s1-5690186/student-loan-default-repayment>. Accessed 19 February 2026.