Due March 2, 2026

Re: Reimagining and Improving Student Education
Docket ID: ED-2025-OPE-0944
Submitted by: Critical Policy Collective (CPC), University of Southern California, Rossier School of Education

I. Introduction

The Critical Policy Collective (CPC) at the University of Southern California Rossier School of Education submits this comment in response to the Notice of Proposed Rulemaking (NPRM), Reimagining and Improving Student Education (34 C.F.R. Parts 674, 682, and 685; RIN 1840-AD98), implementing amendments to Title IV of the Higher Education Act.

CPC's research focuses on higher education finance, institutional accountability, student access, and the structural relationship between federal financing policy and institutional behavior. We recognize the Department's stated goals of simplification and borrower protection. However, we raise structural concerns regarding the interaction between student-side financing constraints, the regulatory definition of "professional degree," institutional pricing alignment, and potential completion risk.

The proposed rule constrains federal borrowing capacity for graduate and professional students through the elimination of Graduate PLUS and the imposition of loan caps. Absent complementary attention to institutional pricing dynamics, this approach may increase unmet need, shift borrowers toward higher-risk financing sources, and create unintended barriers to credential completion. These structural dynamics warrant careful consideration in the final rule.

II. Scale and Economic Context

The federal student loan portfolio exceeds $1.6 trillion and is owed by approximately 45 million borrowers (Congressional Research Service [CRS], 2024). Given the size of this portfolio, changes to graduate borrowing limits and repayment structures carry system-level implications.

Graduate and professional borrowing represents a substantial share of outstanding federal student loan balances, particularly among higher-balance borrowers. As a result, policy changes affecting graduate and professional financing may have concentrated effects on borrowers carrying higher levels of student debt. As a result, policy changes affecting graduate and professional financing may disproportionately affect borrowers pursuing advanced credentials.

Longitudinal federal data demonstrate that borrowers who leave postsecondary programs without completing a credential experience substantially higher cumulative default rates than degree completers (National Center for Education Statistics [NCES], Beginning Postsecondary Students Longitudinal Study). Individuals who borrow but do not complete face repayment obligations without the earnings gains typically associated with credential attainment, increasing vulnerability to delinquency and default.

Research further documents the disproportionate concentration of graduate and professional borrowing among Black borrowers and the heightened balance accumulation faced by Black women (Davis III, Mustaffa, King, & Jama, 2020). These structural disparities underscore the importance of carefully evaluating how financing constraints may interact with existing inequities in debt burden and labor market outcomes.

To the extent financing constraints influence persistence, time-to-degree, or completion in higher-cost programs, changes to borrowing caps may carry downstream implications for default risk and repayment stability. These structural dynamics warrant careful evaluation as part of the Department's regulatory analysis.

III. Definition of Professional Degree

The proposed rule incorporates the statutory term "professional degree" as a threshold determinant of eligibility for differentiated borrowing limits under Title IV. Because this classification directly affects access to federal financing, its interpretation warrants careful and transparent application.

The NPRM describes the operative statutory criteria in functional terms: completion of the academic requirements for beginning practice in a profession, professional skill beyond the bachelor's degree level, and general licensure requirements. The proposed regulatory text operationalizes this definition through additional structural constraints, including duration thresholds and classification-based requirements. The Department should clarify how it applies the operative statutory criteria to fields not expressly listed and how it ensures consistent treatment across similarly situated licensure-based professions.

The six-academic-year and structural duration elements embedded in the regulatory definition have roots in the pre-2010 IPEDS "first-professional degree" reporting taxonomy, which was designed for data classification rather than for allocating statutory borrowing authority. With the One Big Beautiful Bill Act (Pub. L. No. 119-21, 2025) elevating "professional degree" into a statutory financing trigger under Title IV, the Department should clarify whether retained duration- and classification-based constraints are expressly required by statute or reflect regulatory implementation choices. Greater interpretive transparency would strengthen the administrative coherence of the final rule.

Because the definition of "professional degree" now determines differentiated borrowing limits under Title IV, any reinterpretation or reclassification may materially affect students already enrolled in affected programs. The Department should provide clear transition protections for currently enrolled students who made enrollment and financing decisions in reliance on prior programmatic eligibility for federal loan access. Students should not lose eligibility for loan types or borrowing levels mid-program due solely to definitional or regulatory reinterpretation.

IV. Structural Concern: Financing Constraint Without Cost Constraint
The proposed rule constrains student-side federal financing by eliminating Graduate PLUS loans and imposing borrowing caps for graduate and professional students, while not directly addressing institution-side pricing. This structural asymmetry warrants careful evaluation.

Graduate and professional borrowing represents a substantial share of outstanding federal student loan balances, particularly among higher-balance borrowers (Congressional Research Service [CRS], 2024). Reduced federal borrowing capacity may increase unmet financial need, extend time-to-degree for some students, or increase reliance on non-federal financing sources.

Longitudinal federal data show that borrowers who leave postsecondary programs without completing a credential experience substantially higher cumulative default rates than degree completers (National Center for Education Statistics [NCES], Beginning Postsecondary Students Longitudinal Study). If borrowing limits affect students' ability to persist and complete higher-cost programs, increased non-completion may, in turn, undermine long-term repayment outcomes. The Department should therefore assess whether financing constraints could unintentionally affect completion patterns and downstream default risk.

Absent complementary institutional accountability mechanisms, financing constraints may shift financial exposure to students without addressing underlying cost drivers. Ongoing monitoring of enrollment, completion, and repayment outcomes will therefore be critical to evaluating the rule's real-world effects.

V. Borrower Protection and Distributional Impacts
As part of its regulatory impact analysis, the Department should assess the potential distributional effects of the proposed rule and describe mitigation strategies where appropriate. Changes to graduate borrowing limits may have uneven effects across income groups, program types, and stages of enrollment.

The final rule and accompanying implementation guidance should clearly specify how loan caps and program eligibility changes apply to students at different stages of enrollment, including those mid-programs. If borrowing limits reduce available federal financing below the cost of attendance, students may face funding gaps that interrupt enrollment, delay progression, or require withdrawal prior to completion. Clear guidance is necessary to prevent such unintended disruption of degree pathways.

Particular attention should be given to borrowers with limited financial buffers, including students from low-income backgrounds and first-generation students who rely heavily on federal financing for graduate and professional education. The Department should evaluate whether borrowing caps could increase unmet need, reliance on higher-risk financing, or interruption of enrollment for these populations.

VI. Institutional Accountability and Cost Alignment
Where federal policy constrains student access to financing, complementary institutional accountability mechanisms may be necessary to reduce the risk of cost-shifting onto students.

The Department should consider whether existing Title IV oversight tools can be used to monitor the interaction between borrowing limits and institutional pricing behavior. Potential approaches include:

- Requiring enhanced reporting or monitoring of program-level net price changes following implementation of borrowing caps;
- Evaluating whether institutions demonstrate strategies to mitigate increased unmet need when federal borrowing limits apply;
- Assessing whether institutional grant aid or other aid commitments adjust in response to reduced federal loan availability; and
- Incorporating cost-alignment indicators into risk-based program reviews or accountability frameworks where authorized.

These approaches would not impose tuition controls. Rather, they would promote transparency and align institutional incentives with federal financing policy, helping to reduce the likelihood that financing constraints are externalized onto students through higher net price or increased reliance on non-federal borrowing.

VII. Monitoring and Evaluation
The Department should commit to ongoing monitoring of enrollment patterns, borrowing levels, completion outcomes, and repayment performance following implementation of the final rule. Particular attention should be given to graduate and professional programs directly affected by revised borrowing limits.

To promote transparency and evidence-based policymaking, the Department should publicly report aggregate trends in net price, borrowing composition (including shifts toward private lending), completion rates, and default or delinquency patterns. Where feasible, such monitoring could be integrated into existing federal reporting and data systems, including IPEDS collections, Title IV administrative data, or periodic public data releases tied to regulatory review. Leveraging established reporting structures would promote transparency without imposing duplicative institutional reporting burdens.

If monitoring indicates unintended consequences for access, persistence, or repayment stability, the Department should evaluate whether regulatory adjustments or supplemental guidance are warranted. Regular review will help ensure that the rule advances its stated objectives without generating avoidable adverse effects.

VIII. Conclusion
The Department's goals of simplification and borrower protection are important and timely. At the same time, durable reform of Title IV financing requires careful alignment between student-

side borrowing constraints, statutory interpretation of “professional degree,” institutional pricing dynamics, and long-term repayment outcomes.

As the Department finalizes this rule, it should ensure interpretive clarity in the application of the professional degree definition, provide appropriate transition protections for currently enrolled students, and incorporate complementary institutional accountability and monitoring mechanisms. Aligning financing policy with cost transparency and outcome evaluation will help ensure that reforms promote access, completion, and repayment stability without generating unintended inequities.

The Critical Policy Collective appreciates the opportunity to provide comment and encourages continued engagement to strengthen the coherence, transparency, and equity of federal higher education finance policy.

IX. Synopsis of Recommendations
CPC respectfully recommends that the Department:

1. **Clarify the application of the statutory definition of “professional degree”** to ensure consistent treatment across similarly situated licensure-based professions and provide transparent explanation of any duration- or classification-based constraints applied in implementation.
2. **Provide explicit transition protections** so that currently enrolled borrowers do not lose eligibility, borrowing capacity, or accrued benefits due solely to definitional reinterpretation or implementation timing.
3. **Conduct and publicly report distributional analyses** examining how revised borrowing limits affect access, persistence, completion, and repayment outcomes, including potential disparate impacts across borrower populations.
4. **Commit to ongoing monitoring and public reporting** of enrollment patterns, net price trends, borrowing composition (including shifts toward private or non-federal lending), completion rates, and default or delinquency patterns following implementation.
5. **Consider whether existing Title IV oversight and accountability tools** can be used to promote cost transparency and institutional alignment where financing constraints materially alter student borrowing capacity.

The CPC at USC appreciates the opportunity to provide comment on this proposed rule. We respectfully encourage the Department to ensure that revisions to federal borrowing policy are implemented with statutory clarity, careful attention to completion risk, and transparent monitoring of distributional effects. Thoughtful alignment between financing constraints and institutional accountability will help safeguard access, persistence, and long-term repayment stability.

Please feel free to contact us with any questions or concerns regarding these comments at kdavis01@usc.edu.

References

Congressional Research Service. (2024). *The Biden Administration's student loan debt relief rulemaking* (CRS Report No. R48156). U.S. Congress.

Davis III, C. H. F., Mustaffa, J. B., King, K., & Jama, A. (2020). *Legislation, policy, and the Black student debt crisis*. National Association for the Advancement of Colored People.

National Center for Education Statistics. (n.d.). Beginning Postsecondary Students Longitudinal Study (BPS). U.S. Department of Education. https://nces.ed.gov/surveys/bps/

One Big Beautiful Bill Act, Pub. L. No. 119-21 (2025).