

Hilary Malawer, 400 Maryland Avenue
SW., Room 6E231, Washington, DC
20202
Re: Docket ID: ED-2017-OS-0074

Dear Ms. Malawer,

On behalf of the Higher Education Loan Coalition, a grassroots organization of practicing financial aid administrators dedicated to the continuous improvement and strengthening of student loan programs, I would like to provide comments on the NPRM regarding EO 13777, Enforcing the Regulatory Reform Agenda, Docket ID: ED-2017-OS-0074. We appreciate the opportunity to comment on the Department's interest in evaluating existing regulation with the goal of alleviating unnecessary regulatory burden. We applaud this effort.

Specifically, we wish to comment on:

- [Code of Federal Regulations](#) [§685.200(f)] - Limitations on eligibility for Direct Subsidized Loans and borrower responsibility for accruing interest for first-time borrowers on or after July 1, 2013. We find these regulatory **provisions to be unduly costly and unnecessarily burdensome.**

These regulations were issued in response to:

- Public Law 112-141 (May 10, 2013) providing guidance on [Reporting of Academic Year and Loan Period to COD for Direct Loans](#) for the implementation of the 150 percent Direct Subsidized Loan time-limited eligibility provisions.

Other guidance on these regulations were provided in the following:

- [Interim regulations](#) published in the Federal Register on May 16, 2013
- [Final regulations](#) published in the Federal Register on January 14, 2014
- [Code of Federal Regulations](#) [§685.200(f)] - Limitations on eligibility for Direct Subsidized Loans and borrower responsibility for accruing interest for first-time borrowers on or after July 1, 2013

Regulatory implementation goes beyond what is required by the law

The regulations require schools to report CIP codes for the major program of study for which the student is enrolled and the program length. This is burdensome for schools since academic majors have not been defined by higher education institutions using CIP codes for typical Associate Degree or Bachelor Degree programs. Students often change their major without changing their degree program that requires either two years or four-year minimum completion for full-time students. Reporting of CIP changes slows down loan origination disrupting the expedient delivery of needed assistance to all students receiving a Direct Loan.

Congress has banned the student unit record system, but through these regulations, the Department is de facto collecting such information that is not required, nor relevant, to track students' life time limits of subsidized Direct Loans.

Regulations are duplicative

Other Title IV regulations already address limits on use of Direct Loans; see [HEA Sec. 484\(f\)](#), [34 CFR 668.32\(g\)\(2\)](#), [668.35\(d\)](#)

- Annual borrowing limits are tracked to determine loan amounts based on student progression in their academic program.
- COD flags student FAFSA records of students approaching their loan limits. Schools are required to perform aggregate review using the NSLDS to confirm student eligibility to continue receiving Direct Loans.
- Aggregate maximum for receipt of subsidized and unsubsidized loans already exist.
- Satisfactory Academic Progress regulations limit receipt of all Title IV aid to a maximum time frame of 150 percent of a student's program see: [HEA Sec. 484\(c\)](#), [34 CFR 668.16\(e\)](#) [34 CFR 668.32\(f\)](#) [34 CFR 668.34](#)

These existing regulatory requirements are already designed to encourage student progression and completion of their academic program. Requests to the Department to provide public data on the effect of this regulation would demonstrate whether students' earlier degree completion has resulted, have not been answered.

Regulations are far too complex and not easily understood by student aid administrators and are difficult to explain to students

- Reporting complexity creates errors in reporting of academic program length for some schools. Because that reporting follows students who transfer to another school, such errors must be unraveled and corrected in order for the student to continue. This is very time consuming and especially burdensome on smaller schools with small financial aid offices and limited staff.
- Similar requirements in the Pell Grant program to measure lifetime eligibility usage (LEU) are much more straight-forward to track a student's use of Pell Grant to ensure the 150 percent maximum allowance ([34 CFR 690.79](#))
- Schools report triple the time required to originate a student loan through COD due to this reporting.
- Staff at COD and NSLDS is not well versed in this regulation and thus are not helpful to schools that call with questions.

Unintended consequences

- This regulation is especially punitive toward community college students who transfer to four year colleges to further their degree.
- The regulation is punitive for students enrolled in clock hour programs offered by many trade and technical schools and proprietary institutions.
- The regulation poses a barrier to students who stop out and then return to school to complete their degrees.
- Bachelor degree students who change majors prior to incorporating a concurrent certificate program can easily be reported as if the certificate is their terminal program. They are assessed interest retroactively on loans for the period of enrollment in their initial degree program before

they can be reported as degree students in a new major, for which they always intended. They lose interest subsidy on those prior loans and it is impossible to explain to them the logic of what has occurred.

Recommendations

The Higher Education Loan Coalition makes the following recommendations to modify this regulation. These recommendations reflect comments received by 583 institutions that responded to our survey that requested input regarding this regulation.

- Remove from this regulation the requirement that schools report a student's change of major and applicable CIP code as well as the academic program length.
- Use the Pell Grant Lifetime Eligibility Usage (LEU) method to track student use of subsidized loans.
- For students who have already lost interest subsidy under this regulation, restore the subsidized loan eligibility status that would otherwise have applied.

The Higher Education Loan Coalition appreciates the intent of these regulations to promote student timely completion of their academic program, but we believe that other Title IV regulations already serve to accomplish this. The complexity of the regulations in [§685.200(f), the unintended consequences in implementation and the adverse impact on needy students do not justify these burdensome reporting requirements.

Thank you for the opportunity to comment and please do not hesitate to contact me with any questions.

Sincerely,

Jean McDonald Rash | *Chair* | Higher Education Loan Coalition | 848-932-2605

Rutgers University



<http://www.higheredloancoalition.org/>