Submitted at www.regulations.gov

August 22, 2025

The Honorable Linda McMahon
Secretary
U.S. Department of Education
Office of Postsecondary Education
400 Maryland Avenue SW, 5th Floor
Washington, DC 20202

RE: public comments on the intent to establish two negotiated rulemaking committees to prepare regulations for the Federal student financial assistance programs authorized under Title IV of the Higher Education Act (HEA) of 1965, as amended (Title IV, HEA programs); **Docket ID** ED-2025-OPE-0151.

Dear Secretary McMahon:

The Association of American Medical Colleges (AAMC)[i] appreciates the opportunity to provide comments in response to the Department of Education's intent to establish two negotiated rulemaking committees to prepare regulations for the Federal student financial assistance programs authorized under Title IV of the Higher Education Act (HEA) of 1965, as amended (Title IV, HEA programs). The following comments reflect the perspectives of the academic medicine community on key issues affecting medical school borrowers and are intended to inform and support the Committee's deliberations.

We respectfully submit the following comments and requests for clarification to support the successful implementation of upcoming regulatory changes on behalf of our learners:

Maintain Existing Health Professions Exemption

We urge the Department to preserve the long-standing federal loan exemption that allows medical students to borrow above the statutory Unsubsidized Direct Loan limits. This exemption is critical to addressing persistent health workforce challenges in rural and other underserved communities nationwide by ensuring continued access to medical education for qualified students across the country. Since 1996, the U.S. Department of Education has recognized the unique financial demands of health professions training by allowing additional Unsubsidized borrowing for certain graduate and professional degree programs (per the Federal Student Aid Handbook, Volume 8, Chapter 4, Table 3A[ii]). This policy acknowledges the experiential and intensive nature of health professions education, which may require additional costs to better train the future health workforce, including physicians. As a result, eligible health professions students can borrow more annually in Unsubsidized Direct Loans, depending on the length of the academic year.

The One Big Beautiful Bill Act (OBBBA, P.L. 119-21) preserves the Secretary's authority to grant this exemption, and we strongly urge you to continue exercising it. The loss of this exemption would risk making medical education less accessible, particularly for students from low-income, rural and non-traditional backgrounds. At a time when the United States faces physician shortages across numerous specialties and geographic areas, especially in rural and medically underserved communities, we cannot afford to reduce the supply of future doctors and high-quality health professionals.

Clarification on Grandfathering and Loan Origination Dates

We request clear guidance on the interpretation of "loans made prior to July 1, 2026." Specifically, we ask the Department to clarify whether this refers to the date of loan origination or the date of disbursement. This distinction is essential for institutions, financial aid administrators, and borrowers in determining eligibility under the grandfathering language. We also ask for confirmation that a student who has borrowed any federal loan before July 1, 2026, including Direct Subsidized, Unsubsidized, or PLUS loans, will remain eligible for borrowing in subsequent years under the grandfathering provisions.

Leave of Absence Clarification

Additional guidance is needed on how a formal Leave of Absence (LOA) will be treated under the new regulatory framework for the legacy provision. Specifically, how will an LOA impact the calculation of the "three academic years or remainder of the student's expected time to credential" limit for borrowing under current loan limits. Institutions need clarity on whether an LOA pauses, counts toward, or otherwise alters the time allowed under the three-year rule, as well as the implications for the student's loan eligibility, enrollment status, and satisfactory academic progress.

Loan Proration Based on Enrollment and Academic Calendar

We request clarification on how loan proration will be calculated across various academic calendar structures. It is important to define how proration will apply in terms of credit hours (including blocks, semesters and quarters) and enrollment status. Additionally, when the $50,000 annual Unsubsidized Direct Loan cap is introduced on July 1, 2026, we ask whether and how this limit will be prorated for students attending shorter programs, such as nine-month academic years, compared to twelve-month programs. Because of clinical rotations, MD students often operate on different academic calendars throughout their education.

Clear Enactment and Implementation Timeline

We request that the Department clearly specify the effective date for any new regulations to ensure consistent and timely implementation. Institutions require sufficient lead time to adjust systems, train staff, and update borrower-facing materials. In addition, it is imperative that financial aid professionals—who serve on the front lines of supporting borrowers through these changes—receive clear and timely information to provide accurate guidance to students. Access to this information is also essential for ensuring the timely disbursement of aid, facilitating accurate packaging and budgeting, and maintaining compliance with Title IV regulations. If the rulemaking process is not completed within the standard federal timeline, we urge the Department to delay implementation accordingly to ensure a smooth and successful rollout.

Repayment Plan Streamlining and Future Availability

We ask the Department to clearly outline how long students eligible under the grandfathering language will have access to existing income-driven repayment (IDR) plans, forgiveness options, and how borrowers will transition to new plans established under the OBBBA. It is important that the Department communicate the specific steps borrowers must take to understand and participate in the revised options.

The AAMC recognizes that access to Title IV student aid funding is essential to supporting the nation's physician workforce. The availability of key federal borrower benefits and protections, including repayment assistance through income-driven repayment plans and access to public service loan forgiveness (PSLF), helps physician borrowers responsibly manage and repay their student loans. The AAMC supports the preservation of the existing definition of a qualifying employer for eligibility purposes under PSLF as well as maintaining current policy allowing for time during the critical residency training period to count toward forgiveness. Moreover, we appreciate that the new Repayment Assistance Plan (RAP) will be PSLF eligible. Because the RAP offers a longer repayment period than previous IDR plans and given the typically larger loan amounts associated with financing medical school, these borrowers will often repay more than they originally borrowed, with accrued interest generating significant returns for the government.

We also applaud efforts that provide loan forgiveness for the timely repayment of federal loans. Graduate and professional students already face greater financial burdens compared to undergraduate borrowers. Their loans carry higher interest rates, higher origination fees, accrue interest while students are still in school, and typically require longer repayment terms. Despite these challenges, medical school borrowers have near-zero default rates and represent a strong investment for taxpayers, yielding higher returns over the lifetime of loan repayment.

Clear Guidance on Preferred Lenders List

Our financial aid community would welcome the timely review and, as appropriate, revised guidance from the Department on existing Preferred Lender List regulations following enactment of the OBBBA. Due to the shifting student aid landscape, and because many current financial aid administrators have not previously operated in an environment without access to Grad PLUS, additional support and updated guidance will be critical to help them navigate the significant policy and operational changes set forth in the new statute. These shifts are expected to usher in a greater reliance on private loans to cover unmet need beyond new Direct Unsubsidized Loan limits that will result in an increased need for training and counseling resources to ensure financial aid professionals can effectively advise students on available private loan options.

Ensure that Institutional Accountability Measures Recognize Residency

We urge the Department to consider the unique circumstances of MD graduates when developing institutional accountability measures based on post-graduation earnings. Specifically, the current proposal to evaluate graduate earnings four years after program completion does not accurately capture the economic trajectory of MD graduates.

Most individuals who complete an MD program enter residency training, which typically lasts three to seven years depending on their specialty. During this period, physicians earn a standardized stipend that is significantly below the earning potential they achieve after completing their training. As a result, evaluating MD graduates' earnings only four years post-completion fails to reflect their true long-term earning capacity and may unfairly penalize medical education programs. Not only do MD graduates have a high earning potential but have the added benefit of supporting public health and patient care in the communities they serve.

We request that the Department clarify how it will account for the residency period in its evaluation framework and urge consideration of an adjusted timeline that more accurately reflects the earnings potential of MD graduates once they have completed their required training

Develop consistent standards for post-baccalaureate health professions programs
We urge the Department of Education to explicitly include all post-baccalaureate health professions programs that are generally required for licensure or certification within the definition of "professional degree programs" under the One Big Beautiful Bill Act. These programs are rigorous, practice-based, and include substantial clinical training to build up the future physician workforce.
To address the persistent physician workforce shortage, the Department should apply a consistent standard that avoids creating disparities in loan limits across health professions. Uneven treatment would undermine program competitiveness and limit patient access to healthcare providers. Additionally, we urge the Department to provide a comprehensive list of "professional degree programs" so that institutions and their financial aid staff can accurately counsel student borrowers in alignment with the new Unsubsidized Direct Loan borrowing limits.

Reduce Administrative Burden of Compliance with Gainful Employment/ Financial Value Transparency Requirements
Medical school financial aid officers face significant challenges in managing the administrative demands of financial value transparency and gainful employment regulations, including navigating federal reporting requirements. The added workload often requires increased staffing and resources, placing strain on already stretched offices. Compounding the burden is a lack of clear guidance and defined parameters, making compliance complex and time-consuming. We urge the Department to allow for reporting flexibility for the financial aid community and offer opportunities for feedback on compliance structures and requirements.

Communication and Staffing for Implementation
Finally, we reiterate our request that the Department commit to timely and consistent communication with institutions and the financial aid community regarding all changes related to the OBBBA. Amidst structural changes to the Department, we are sympathetic to the staffing transitions that may be occurring and recognize the challenges they present. However, our financial aid community would appreciate proactive and transparent communication regarding any anticipated delays or staffing changes that could impact the disbursement of Title IV aid or the timely processing of forgiveness under IDR plans or through PSLF. Additionally, we request that the Department ensure adequate staffing and support to provide technical assistance throughout the transition and implementation period.

The AAMC appreciates your consideration of our comments. Should you have any questions, please contact my colleagues Kristen Earle (kearle@aamc.org) or Devan O'Toole (dotoole@aamc.org).

Sincerely,

Danielle P. Turnipseed

Danielle Turnipseed, JD, MHSA, MPP
Chief Public Policy Officer

Association of American Medical Colleges

Cc: David J. Skorton, MD,
President and CEO

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[i] The AAMC is a nonprofit association dedicated to improving the health of people everywhere through medical education, clinical care, biomedical research, and community collaborations. Its members are all 160 U.S. medical schools accredited by the Liaison Committee on Medical Education; 13 Canadian medical schools accredited by the Committee on Accreditation of Canadian Medical Schools; nearly 500 academic health systems and teaching hospitals, including Department of Veterans Affairs medical centers; and more than 70 academic societies. Through these institutions and organizations, the AAMC leads and serves America's medical schools, academic health systems and teaching hospitals, and the millions of individuals across academic medicine, including more than 210,000 full-time faculty members, 99,000 medical students, 162,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences. Through the Alliance of Academic Health Centers International, AAMC membership reaches more than 60 international academic health centers throughout five regional offices across the globe. Learn more at aamc.org.

[ii] Annual and Aggregate Loan Limits | 2024-2025 Federal Student Aid Handbook