

**DEPARTMENT OF EDUCATION - JUSTIFICATION LETTER FOR EMERGENCY APPROVAL**

DATE June 11, 2026

TO: Office of Information and Regulatory Affairs  
Office of Management and Budget

THROUGH: Office of Chief Data Officer  
Office of Planning, Evaluation and Policy Development  
U.S. Department of Education

FROM: Policy Implementation Division  
Federal Student Aid (FSA)  
U.S. Department of Education

**SUBJECT:** Request for emergency clearance no later than June 26, 2026, for revisions to the loan rehabilitation information collection incorporating updates which align with the One Big Beautiful Bill Act that begin July 1, 2026.

Pursuant to the Office of Management and Budget (OMB) procedures established at 5 C.F.R. part 1320, the U.S. Department of Education (Department) requests that the information collection 1845-0119, Federal Direct Loan Program Regulations for Forbearance and Loan Rehabilitation, be processed in accordance with 5 C.F.R. § 1320.13 Emergency Processing. We are requesting approval for a revision of the form no later than June 26, 2026 for 180 days. The Department will initiate the 60-day public comment period for the full clearance process in conjunction with the emergency processing.

The Department is requesting emergency processing so that the form reflects changes made by the Working Families Tax Cuts Act in time for implementation of the new rules. The resulting updated form incorporates regulatory changes made in the published Final Rule on May 1, 2026 (91 FR 23768) that affect borrowers who wish to rehabilitate their student loans. It also greatly improves the current, burdensome, process that borrowers must use today.

The Department has created a new online rehabilitation self-service portal for borrowers to establish a reasonable and affordable payment amount for a rehabilitation agreement. Borrowers will continue to have the option to apply for rehabilitation through the historical process, as well as this new online version.

Introduction of the self-service portal for rehabilitations will decrease the burden of the current collection. Currently, borrowers are burdened with several intimidating requirements in order to even begin applying to rehabilitate their loans. Because of this, we anticipate that simply moving to an online application will increase the number of borrowers applying for rehabilitation in general as the process will be far more accessible to borrowers in default than it has in the past.

Importantly, the Department has also expanded the list of acceptable documentation of income. Widening the options of documentation of income will lead to less burden on borrowers when applying for loan rehabilitation. Increasing the options provides more opportunity for both the borrower's understanding and completion of the rehabilitation process.

The emergency approval of this collection will greatly benefit the borrowers who wish to rehabilitate their loans and provide assurance to taxpayers that student loan borrowers are able to begin repaying their debt with an affordable payment without any overly burdensome or intimidating requirements.

### **The collection is mission critical to FSA**

An easier online rehabilitation application is mission critical because the current process is not fit for the scale, urgency, or borrower needs in the current default environment.

As of April 2026, there are a total of 9,447,262 borrowers in default. Of those borrowers 8,477,888 are eligible for loan rehabilitation. The Department estimates that 7.5% of borrowers who are eligible will seek rehabilitation annually. This amounts to an estimated 635,841 respondents each year.

Rehabilitation is one of the few pathways that can move borrowers out of default, stop collections, restore Federal Student Aid benefits, and remove the default record from credit history after successful completion. Yet today, borrowers must navigate a fragmented, paper-heavy process which requires phone calls, mailed or faxed documentation that are hand-signed, and up to weeks of manual follow-up.

**Public harm is reasonably likely without emergency approval**

As millions of borrowers have recently entered default, this process creates unnecessary barriers for the very borrowers most in need of help. It increases abandonment, drives call volume, and keeps people in default longer--which amounts to harm to the public. A secure online rehabilitation application will make the default resolution pathway easier to understand, easier to complete, and easier to manage at scale. It will allow borrowers to authenticate through a trusted Federal channel, view eligible loans, submit required information and documentation, receive a calculated payment amount, electronically sign the rehabilitation agreement, and track progress toward the nine-payment requirement.

**An unexpected event has occurred**

Regulatory changes made to loan rehabilitation begin July 1, 2026. With the timing of the Working Families Tax Cut Act it would not have been realistic to have all, or any, of the completed updates prior to the use of the new form if FSA were to follow the standard clearance process, as the Final Rule was only recently published in the Federal Register on May 1, 2026 ([91 FR 23768](#)). Defaulted student loan borrowers would not be able to apply for this newly afforded rehabilitation opportunity through an online process despite the regulations calling for it.

**Conclusion**

Emergency processing and approval is requested for OMB Control No. 1845-0119, Federal Direct Loan Program Regulations for Forbearance and Loan Rehabilitation no later than June 26, 2026 for 180 days.