

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO THE COMMITTEE PRINT  
OFFERED BY MR. WALBERG OF MICHIGAN**

Strike all after the enacting clause and insert the following:

1           **TITLE III—COMMITTEE ON**  
2           **EDUCATION AND WORKFORCE**  
3           **Subtitle A—Student Eligibility**

4   **SEC. 30001. STUDENT ELIGIBILITY.**

5           (a) IN GENERAL.—Section 484(a)(5) of the Higher  
6 Education Act of 1965 (20 U.S.C. 1091(a)(5)) is amended  
7 to read as follows:

8                   “(5) be—

9                           “(A) a citizen or national of the United  
10 States;

11                           “(B) an alien who is lawfully admitted for  
12 permanent residence under the Immigration  
13 and Nationality Act (8 U.S.C. 1101 et seq.);

14                           “(C) an alien who—

15                                   “(i) is a citizen or national of the Re-  
16 public of Cuba;

17                                   “(ii) is the beneficiary of an approved  
18 petition under section 203(a) of the Immi-

1                   gration and Nationality Act (8 U.S.C.  
2                   1153(a));

3                   “(iii) meets all eligibility requirements  
4                   for an immigrant visa but for whom such  
5                   a visa is not immediately available;

6                   “(iv) is not otherwise inadmissible  
7                   under section 212(a) of such Act (8 U.S.C.  
8                   8 U.S.C. 1182(a)); and

9                   “(v) is physically present in the  
10                  United States pursuant to a grant of pa-  
11                  role in furtherance of the commitment of  
12                  the United States to the minimum level of  
13                  annual legal migration of Cuban nationals  
14                  to the United States specified in the U.S.-  
15                  Cuba Joint Communiqué on Migration,  
16                  done at New York September 9, 1994, and  
17                  reaffirmed in the Cuba-United States:  
18                  Joint Statement on Normalization of Mi-  
19                  gration, Building on the Agreement of  
20                  September 9, 1994, done at New York  
21                  May 2, 1995;

22                  “(D) an alien described in section 401(a)  
23                  of the Additional Ukraine Supplemental Appro-  
24                  priations Act, 2022 (Public Law 117-128; 8  
25                  U.S.C. 1101 note);

1           “(E) an alien described in section 2502(a)  
2           of the Afghanistan Supplemental Appropria-  
3           tions Act, 2022 (division C of Public Law 117-  
4           43; 8 U.S.C. 1101 note); or

5           “(F) an individual who lawfully resides in  
6           the United States in accordance with a Com-  
7           pact of Free Association referred to in section  
8           402(b)(2)(G) of the Personal Responsibility and  
9           Work Opportunity Reconciliation Act of 1996  
10          (8 U.S.C. 1612(b)(2)(G)); and”.

11       (b) **EFFECTIVE DATE AND APPLICATION.**—The  
12 amendment made by subsection (a) shall take effect on  
13 July 1, 2025, and shall apply with respect to award year  
14 2025–2026 and each subsequent award year, as deter-  
15 mined under the Higher Education Act of 1965 (20  
16 U.S.C. 1001 et seq.).

17 **SEC. 30002. AMOUNT OF NEED; COST OF ATTENDANCE; ME-**  
18 **DIAN COST OF COLLEGE.**

19       (a) **AMOUNT OF NEED.**—Section 471 of the Higher  
20 Education Act of 1965 (20 U.S.C. 1087kk) is amended  
21 by amending paragraph (1) to read as follows:

22           “(1)(A) for award year 2025–2026, the cost of  
23           attendance of such student; or

1           “(B) for award year 2026–2027, and each sub-  
2           sequent award year, the median cost of college of the  
3           program of study of such student,  
4           minus”.

5           (b) COST OF ATTENDANCE OF A PROGRAM OF  
6 STUDY.—

7           (1) DETERMINATION OF COST OF ATTENDANCE  
8           OF A PROGRAM OF STUDY.—

9           (A) IN GENERAL.—Section 472(a) of the  
10           Higher Education Act of 1965 (20 U.S.C.  
11           10871l(a)) is amended—

12                   (i) in paragraph (1), by striking “car-  
13                   rying the same academic workload” and in-  
14                   serting “enrolled in the same program of  
15                   study”;

16                   (ii) in paragraph (2), by striking  
17                   “same course of study” and inserting  
18                   “same program of study”; and

19                   (iii) in paragraph (14), by striking  
20                   “program” and inserting “program of  
21                   study”.

22           (B) EFFECTIVE DATE.—The amendments  
23           made by subparagraph (A) shall take effect on  
24           July 1, 2026, and shall apply with respect to  
25           award year 2026–2027 and each subsequent

1           award year, as determined under the Higher  
2           Education Act of 1965.

3           (2) DISCLOSURE.—Section 472(c) of the High-  
4           er Education Act of 1965 (20 U.S.C. 1087ll(c)) is  
5           amended—

6                   (A) by inserting “of each program of study  
7                   at the institution” after “cost of attendance”;  
8                   and

9                   (B) by striking “of the institution” and in-  
10                  serting “of such programs of study at the insti-  
11                  tution”.

12          (c) DETERMINATION OF MEDIAN COST OF COL-  
13          LEGE.—Part F of title IV of the Higher Education Act  
14          of 1965 (20 U.S.C. 1087kk) is amended by inserting after  
15          section 472 (as so amended), the following:

16          **“SEC. 472A. DETERMINATION OF MEDIAN COST OF COL-  
17                  LEGE.**

18               “(a) IN GENERAL.—For the purpose of this title, the  
19               term ‘median cost of college’, when used with respect to  
20               a program of study, offered by one or more institutions  
21               of higher education for an award year, means the median  
22               of the cost of attendance of the program of study (as de-  
23               termined under section 472) across all institutions of high-  
24               er education offering such a program of study for the pre-  
25               ceding award year.

1           “(b) PROGRAM OF STUDY DEFINED.—In this section  
2 and section 472, and part D:

3           “(1) IN GENERAL.—The term ‘program of  
4 study’—

5           “(A) means an eligible program at an in-  
6 stitution of higher education that is classified  
7 by a combination of—

8           “(i) one or more CIP codes; and

9           “(ii) one credential level, determined  
10 by the credential awarded upon completion  
11 of the program; and

12           “(B) does not include a program of study  
13 abroad.

14           “(2) CIP CODE.—The term ‘CIP code’ means  
15 the six-digit taxonomic identification code assigned  
16 by an institution of higher education to a specific  
17 program of study at the institution, determined by  
18 the institution of higher education in accordance  
19 with the Classification of Instructional Programs  
20 published by the National Center for Education Sta-  
21 tistics.

22           “(3) CREDENTIAL LEVEL.—

23           “(A) IN GENERAL.—The term ‘credential  
24 level’ means the level of the degree or other cre-  
25 dential awarded by an institution of higher edu-

1 cation to students who complete a program of  
2 study of the institution. Each degree or other  
3 credential awarded by an institution shall be  
4 categorized by the institution as either under-  
5 graduate credential level or graduate credential  
6 level.

7 “(B) UNDERGRADUATE CREDENTIAL.—  
8 When used with respect to a credential or cre-  
9 dential level, the term ‘undergraduate creden-  
10 tial’ includes credentials such as an under-  
11 graduate certificate, an associate degree, a  
12 bachelor’s degree, and a post-baccalaureate cer-  
13 tificate (including the coursework specified in  
14 paragraphs (3)(B) and (4)(B) of section  
15 484(b)).

16 “(C) GRADUATE CREDENTIAL.—When  
17 used with respect to a credential or credential  
18 level, the term ‘graduate credential’ includes  
19 credentials such as a master’s degree, a doc-  
20 toral degree, a professional degree, and a post-  
21 graduate certificate.”

22 (d) EXEMPTION OF CERTAIN ASSETS.—

23 (1) IN GENERAL.—Section 480(f)(2) of the  
24 Higher Education Act of 1965 is amended—

1 (A) by striking “net value of the” and in-  
2 serting the following: “the net value of—

3 “(A) the”;

4 (B) by striking the period at the end and  
5 inserting a semicolon; and

6 (C) by adding at the end the following:

7 “(B) a family farm on which the family re-  
8 sides; or

9 “(C) a small business with not more than  
10 100 full-time or full-time equivalent employees  
11 (or any part of such a small business) that is  
12 owned and controlled by the family.”.

13 (2) EFFECTIVE DATE.—The amendments made  
14 by paragraph (1) shall take effect on July 1, 2026,  
15 and shall apply with respect to award year 2026–  
16 2027 and each subsequent award year, as deter-  
17 mined under the Higher Education Act of 1965.

## 18 **Subtitle B—Loan Limits**

### 19 **SEC. 30011. LOAN LIMITS.**

20 (a) TERMINATIONS OF AND RESTRICTIONS ON LOAN  
21 AUTHORITY.—

22 (1) TERMINATION OF AUTHORITY TO MAKE  
23 SUBSIDIZED LOANS TO UNDERGRADUATE STU-  
24 DENTS.—Section 455(a)(3) of the Higher Education



1 Act of 1965 (20 U.S.C. 1087e(a)(3)) is amended by  
2 adding at the end the following:

3 “(C) TERMINATION OF AUTHORITY TO  
4 MAKE SUBSIDIZED LOANS TO UNDERGRADUATE  
5 STUDENTS.—Notwithstanding any provision of  
6 this part or part B, except as provided in para-  
7 graph (4), for any period of instruction begin-  
8 ning on or after July 1, 2026—

9 “(i) an undergraduate student shall  
10 not be eligible to receive a Federal Direct  
11 Stafford loan under this part; and

12 “(ii) the maximum annual amount of  
13 Federal Direct Unsubsidized Stafford  
14 loans such a student may borrow in any  
15 academic year (as defined in section  
16 481(a)(2)) or its equivalent shall be the  
17 maximum annual amount for such student  
18 determined under paragraph (5)).”.

19 (2) TERMINATION OF AUTHORITY TO MAKE  
20 FEDERAL DIRECT PLUS LOANS TO ANY STUDENT  
21 BORROWER.—Section 455(a)(3) of the Higher Edu-  
22 cation Act of 1965 (20 U.S.C. 1087e(a)(3)) is fur-  
23 ther amended by adding at the end the following:

24 “(D) TERMINATION OF AUTHORITY TO  
25 MAKE FEDERAL DIRECT PLUS LOANS TO ANY

1           STUDENT BORROWER.—Notwithstanding any  
2           provision of this part or part B, except as pro-  
3           vided in paragraph (4), for any period of in-  
4           struction beginning on or after July 1, 2026, a  
5           graduate student or professional student shall  
6           not be eligible to receive a Federal Direct  
7           PLUS Loan under this part.”.

8           (3) RESTRICTION ON AUTHORITY TO MAKE  
9           FEDERAL DIRECT PLUS LOANS TO ANY PARENT BOR-  
10          ROWER.—Section 455(a)(3) of the Higher Education  
11          Act of 1965 (20 U.S.C. 1087e(a)(3)) is further  
12          amended by adding at the end the following:

13                   “(E) RESTRICTION ON AUTHORITY TO  
14                   MAKE FEDERAL DIRECT PLUS LOANS TO ANY  
15                   PARENT BORROWER.—

16                           “(i) IN GENERAL.—Notwithstanding  
17                           any provision of this part or part B, except  
18                           as provided in clause (ii) and paragraph  
19                           (4), for any period of instruction beginning  
20                           on or after July 1, 2026, a parent, on be-  
21                           half of a dependent student, shall not be  
22                           eligible to receive a Federal Direct PLUS  
23                           Loan under this part.

24                           “(ii) EXCEPTION.—A parent may re-  
25                           ceive a Federal Direct PLUS Loan under

1           this part, on behalf of a dependent stu-  
2           dent, in any academic year (as defined in  
3           section 481(a)(2)) or its equivalent if—

4                   “(I) such student borrows the  
5                   maximum annual amount of Federal  
6                   Direct Unsubsidized Stafford loans  
7                   such student may borrow in such aca-  
8                   demic year; and

9                   “(II) such maximum annual  
10                  amount is less than the cost of at-  
11                  tendance of the program of study of  
12                  such student.”.

13           (4) CONFORMING AMENDMENTS.—Section  
14           455(a)(3) of the Higher Education Act of 1965 (20  
15           U.S.C. 1087e(a)(3)) is further amended—

16                   (A) in the paragraph heading, by striking  
17                   “TERMINATION OF AUTHORITY TO MAKE IN-  
18                   TEREST SUBSIDIZED LOANS TO GRADUATE AND  
19                   PROFESSIONAL STUDENTS” and inserting  
20                   “TERMINATIONS OF AND RESTRICTIONS ON  
21                   LOAN AUTHORITY”;

22                   (B) in subparagraph (A)—

23                           (i) in the heading, by striking “IN  
24                           GENERAL” and inserting “TERMINATION  
25                           OF AUTHORITY TO MAKE SUBSIDIZED

1 LOANS TO GRADUATE AND PROFESSIONAL  
2 STUDENTS”;

3 (ii) in the matter preceding clause (i),  
4 by striking “beginning on or after July 1,  
5 2012”;

6 (iii) in clause (i), by striking “a grad-  
7 uate” and inserting “beginning on or after  
8 July 1, 2012, a graduate”; and

9 (iv) in clause (ii), by striking “the  
10 maximum annual amount of Federal” and  
11 inserting “beginning on or after July 1,  
12 2012, and ending June 30, 2026, the max-  
13 imum annual amount of Federal”; and  
14 (C) in subparagraph (B)—

15 (i) in the heading, by striking “EX-  
16 CEPTION” and inserting “EXCEPTION FOR  
17 SUBSIDIZED LOANS TO INDIVIDUALS EN-  
18 ROLLED IN CERTAIN COURSE WORK”.

19 (ii) by striking “Subparagraph (A)”  
20 and inserting “For any period of instruc-  
21 tion beginning on or after July 1, 2012,  
22 and ending June 30, 2026, subparagraph  
23 (A)”.

24 (b) INTERIM RULES FOR ENROLLED BORROWERS.—

25 Section 455(a) of the Higher Education Act of 1965 (20

1 U.S.C. 1087e(a)) is amended by adding at the end the  
2 following:

3 “(4) INTERIM EXCEPTION FOR CERTAIN STU-  
4 DENTS.—

5 “(A) APPLICATION OF PRIOR LIMITS.—  
6 Subparagraphs (C), (D), and (E) of paragraph  
7 (3), and paragraphs (5) and (6), shall not  
8 apply, during the expected time to credential  
9 described in subparagraph (B), with respect to  
10 an individual who, as of June 30, 2026—

11 “(i) is enrolled in a program of study  
12 at an institution of higher education; and

13 “(ii) has received a loan (or on whose  
14 behalf a loan was made) under this part  
15 for such program of study.

16 “(B) EXPECTED TIME TO CREDENTIAL.—  
17 For purposes of this paragraph, the expected  
18 time to credential of an individual shall be  
19 equal to the lesser of—

20 “(i) three academic years; or

21 “(ii) the period determined by calcu-  
22 lating the difference between—

23 “(I) the program length (as de-  
24 fined in section 420W) for the pro-

1                   gram of study in which the individual  
2                   is enrolled; and

3                   “(II) the period of such program  
4                   of study that such individual has com-  
5                   pleted as of the date of the determina-  
6                   tion under this subparagraph.”.

7           (c) LOAN LIMITS FOR UNSUBSIDIZED LOANS AND  
8 CERTAIN FEDERAL DIRECT PLUS LOANS.—

9                   (1) ANNUAL AND AGGREGATE UNSUBSIDIZED  
10 LOAN LIMITS.—Section 455(a) of the Higher Edu-  
11 cation Act of 1965 (20 U.S.C. 1087e(a)) is further  
12 amended by adding at the end the following:

13                   “(5) ANNUAL AND AGGREGATE UNSUBSIDIZED  
14 LOAN LIMITS.—

15                   “(A) UNDERGRADUATE STUDENTS.—

16                   “(i) ANNUAL LOAN LIMITS.—Notwith-  
17 standing any provision of this part or part  
18 B, subject to subparagraph (C) and except  
19 as provided in paragraph (4), beginning on  
20 July 1, 2026, the maximum annual  
21 amount of Federal Direct Unsubsidized  
22 Stafford loans that an undergraduate stu-  
23 dent may borrow in any academic year (as  
24 defined in section 481(a)(2)) or its equiva-  
25 lent shall be the difference between—

1                   “(I) the amount of the median  
2                   cost of college of the program of study  
3                   in which the student is enrolled; and

4                   “(II) the amount of the Federal  
5                   Pell Grant under section 401 awarded  
6                   to the student for such academic year.

7                   “(ii) AGGREGATE LIMITS.—Notwith-  
8                   standing any provision of this part or part  
9                   B, except as provided in paragraph (4), be-  
10                  ginning on July 1, 2026, the maximum ag-  
11                  gregate amount of Federal Direct Unsub-  
12                  sidized Stafford loans that a student may  
13                  borrow for programs of study that award  
14                  an undergraduate credential upon comple-  
15                  tion of such a program shall be \$50,000.

16                  “(B) GRADUATE AND PROFESSIONAL STU-  
17                  DENTS.—

18                  “(i) ANNUAL LIMITS.—Notwith-  
19                  standing any provision of this part or part  
20                  B, subject to subparagraph (C) and except  
21                  as provided in paragraph (4), beginning on  
22                  July 1, 2026, the maximum annual  
23                  amount of Federal Direct Unsubsidized  
24                  Stafford loans that a graduate student or  
25                  professional student may borrow in any

1 academic year (as defined in section  
2 481(a)(2)) or its equivalent shall be the  
3 amount of the median cost of college of the  
4 program of study in which the student is  
5 enrolled.

6 “(ii) AGGREGATE LIMITS.—Notwith-  
7 standing any provision of this part or part  
8 B, except as provided in paragraph (4), be-  
9 ginning on July 1, 2026, the maximum ag-  
10 gregate amount of Federal Direct Unsub-  
11 sidized Stafford loans that, in addition to  
12 the maximum aggregate amount described  
13 in subparagraph (A)(ii)—

14 “(I) a graduate student—

15 “(aa) who is not (and has  
16 not been) a professional student,  
17 may borrow for programs of  
18 study described in subparagraph  
19 (D)(i) shall be \$100,000; or

20 “(bb) who is (or has been) a  
21 professional student, may borrow  
22 for programs of study described  
23 in subparagraph (D)(i) shall be  
24 an amount equal to—

25 “(AA) \$150,000, minus



1 “(BB) the amount such  
2 student borrowed for pro-  
3 grams of study described in  
4 subclauses (I) and (II) of  
5 subparagraph (D)(ii); and

6 “(II) a professional student—

7 “(aa) who is not (and has  
8 not been) a graduate student,  
9 may borrow for programs of  
10 study described in subclauses (I)  
11 and (II) of subparagraph (D)(ii)  
12 shall be \$150,000; or

13 “(bb) who is (or has been) a  
14 graduate student, may borrow for  
15 programs of study described in  
16 subclauses (I) and (II) of sub-  
17 paragraph (D)(ii) shall be an  
18 amount equal to—

19 “(AA) \$150,000, minus

20 “(BB) the amount such  
21 student borrowed for pro-  
22 grams of study described in  
23 subparagraph (D)(i).

24 “(C) LESS THAN FULL-TIME ENROLL-  
25 MENT.—In any case where a student is enrolled

1 in an program of study of an institution of  
2 higher education on less than a full-time basis  
3 during any academic year, the amount of a loan  
4 that student may borrow for an academic year  
5 (as defined in section 481(a)(2)) or its equiva-  
6 lent shall be reduced in direct proportion to the  
7 degree to which that student is not so enrolled  
8 on a full-time basis, rounded to the nearest  
9 whole percentage point, as provided in a sched-  
10 ule of reductions published by the Secretary  
11 computed for purposes of this paragraph.

12 “(D) DEFINITION.—For purposes of this  
13 subsection:

14 “(i) GRADUATE STUDENT.—The term  
15 ‘graduate student’ means a student en-  
16 rolled in a program of study that awards  
17 a graduate credential (other than a profes-  
18 sional degree) upon completion of the pro-  
19 gram.

20 “(ii) PROFESSIONAL STUDENT.—The  
21 term ‘professional student’ means a stu-  
22 dent enrolled in a program of study that—

23 “(I) awards a professional degree  
24 upon completion of the program; or

1                   “(II) provides the training de-  
2                   scribed in part 141 of title 14, Code  
3                   of Federal Regulations (or any suc-  
4                   cessor regulations).

5                   “(iii) UNDERGRADUATE STUDENT.—  
6                   The term ‘undergraduate student’ means a  
7                   student enrolled in a program of study  
8                   that awards an undergraduate credential  
9                   upon completion of the program.”.

10                   (2) ANNUAL AND AGGREGATE FEDERAL DIRECT  
11                   PLUS LOANS LIMITS FOR PARENT BORROWERS.—  
12                   Section 455(a) of the Higher Education Act of 1965  
13                   (20 U.S.C. 1087e(a)) is further amended by adding  
14                   at the end the following:

15                   “(6) ANNUAL AND AGGREGATE FEDERAL DI-  
16                   RECT PLUS LOANS LIMITS FOR PARENT BOR-  
17                   ROWERS.—

18                   “(A) ANNUAL LIMITS.—Notwithstanding  
19                   any provision of this part or part B, subject to  
20                   paragraph (3)(E) and except as provided in  
21                   paragraph (4), beginning on July 1, 2026, the  
22                   maximum annual amount of Federal Direct  
23                   PLUS loans that a parent may borrow, on be-  
24                   half of a dependent student, in any academic

1 year (as defined in section 481(a)(2)) or its  
2 equivalent shall be the amount equal to—

3 “(i) the cost of attendance of the pro-  
4 gram of study of such student; minus

5 “(ii) the maximum annual amount of  
6 Federal Direct Unsubsidized Stafford  
7 loans such student may borrow in such  
8 academic year.

9 “(B) AGGREGATE LIMITS.—Notwith-  
10 standing any provision of this part or part B,  
11 subject to paragraph (3)(E) and except as pro-  
12 vided in paragraph (4), beginning on July 1,  
13 2026, the maximum aggregate amount of Fed-  
14 eral Direct PLUS loans that a parent may bor-  
15 row shall be \$50,000, without regard to the  
16 number of dependent students on behalf of  
17 whom such parent borrows such a loan.”.

18 (3) LIFETIME MAXIMUM AGGREGATE AMOUNT  
19 FOR ALL STUDENTS.—Section 455(a) of the Higher  
20 Education Act of 1965 (20 U.S.C. 1087e(a)) is fur-  
21 ther amended by adding at the end the following:

22 “(7) LIFETIME MAXIMUM AGGREGATE AMOUNT  
23 FOR ALL STUDENTS.—Notwithstanding any provi-  
24 sion of this part or part B, except as provided in  
25 paragraph (4), beginning on July 1, 2026, the max-

1       imum aggregate amount of loans made, insured, or  
2       guaranteed under this title that a student may bor-  
3       row, and that a parent may borrow on behalf of  
4       such student, shall be \$200,000, without regard to  
5       any amounts repaid, forgiven, canceled, or otherwise  
6       discharged on any such loan.”.

7               (4) INSTITUTIONALLY DETERMINED LIMITS.—  
8       Section 455(a) of the Higher Education Act of 1965  
9       (20 U.S.C. 1087e(a)) is further amended by adding  
10      at the end the following:

11              “(8) INSTITUTIONALLY DETERMINED LIMITS.—  
12      Notwithstanding the annual loan limits described in  
13      subparagraphs (A)(i) and (B)(i) of paragraph (5)  
14      and subparagraph (A) of paragraph (6), beginning  
15      on July 1, 2026, an institution of higher education  
16      (at the discretion of a financial aid administrator at  
17      the institution) may limit the total amount of loans  
18      made under this part for a program of study for an  
19      academic year (as defined in section 481(a)(2)) that  
20      a student may borrow, and that a parent may bor-  
21      row on behalf of such student, as long as any such  
22      limit is applied consistently to all students enrolled  
23      in such program of study.”.

## 1           **Subtitle C—Loan Repayment**

### 2   **SEC. 30021. LOAN REPAYMENT.**

3           (a) TRANSITION TO INCOME-BASED REPAYMENT  
4 PLANS.—

5           (1) AUTHORITY TO TRANSITION TO INCOME-  
6 BASED REPAYMENT PLANS.—

7           (A) AUTHORITY TO CARRY OUT TRANSI-  
8 TION.—Beginning on the date of enactment of  
9 this title, the Secretary of Education shall take  
10 such steps as may be necessary to apply the re-  
11 payment plan under section 493C of the Higher  
12 Education Act of 1965 (as amended by this  
13 title) to the loans of each borrower who, on the  
14 day before such date of enactment, is in a re-  
15 payment status in accordance with, or an ad-  
16 ministrative forbearance associated with, an in-  
17 come-contingent repayment plan authorized  
18 under section 455(e) of the Higher Education  
19 Act of 1965 (as in effect on the day before the  
20 date of enactment of this title).

21           (B) DEADLINE FOR TRANSITION.—The  
22 Secretary shall complete the application of the  
23 repayment plan under section 493C to the loans  
24 described in paragraph (1) as soon as prac-

1            ticable, but not later than 9 months after the  
2            date of enactment of this title.

3            (2) LIMITATION OF REGULATORY AUTHOR-  
4            ITY.—The Secretary may not establish, promulgate,  
5            issue, or modify any regulations or guidance with re-  
6            spect to any income-based repayment plan under the  
7            Higher Education Act of 1965, except that the Sec-  
8            retary may—

9            (A) during the 270-day period after the  
10           date of enactment of this title, issue an interim  
11           final rule as necessary for the application of the  
12           repayment plan under section 493C of such Act  
13           of 1965 in accordance with paragraph (1);

14           (B) during the 270-day period after the  
15           date of enactment of this title, issue an interim  
16           final rule as necessary to implement the amend-  
17           ments to such section 493C made by subsection  
18           (f) of this title; and

19           (C) during the 18-month period after the  
20           date of enactment of this title, issue an interim  
21           final rule as necessary to implement the in-  
22           come-based Repayment Assistance Program  
23           under section 455(q) of such Act of 1965 (as  
24           added by this title).

1 (3) WAIVER OF NEGOTIATED RULEMAKING.—

2 Any guidance or regulations issued or modified in  
3 accordance with subparagraph (A) or (B) of para-  
4 graph (2) shall not be subject to negotiated rule-  
5 making requirements under section 492 of the High-  
6 er Education Act of 1965 (20 U.S.C. 1098a).

7 (b) REPAYMENT PLANS.—Section 455(d) of the  
8 Higher Education Act of 1965 (20 U.S.C. 1087e(d)) is  
9 amended—

10 (1) in paragraph (1)—

11 (A) in the matter preceding subparagraph  
12 (A), by inserting “before July 1, 2026, who has  
13 not received a loan made under this part on or  
14 after July 1, 2026,” after “made under this  
15 part”;

16 (B) by amending subparagraph (D) to  
17 read as follows:

18 “(D) beginning on July 1, 2026, the in-  
19 come-based Repayment Assistance Plan under  
20 subsection (q), provided that—

21 “(i) the borrower is required to pay  
22 each outstanding loan of the borrower  
23 made under this part under such Repay-  
24 ment Assistance Plan;



1 “(ii) such Plan shall not be available  
2 to borrowers with an excepted loan (as de-  
3 fined in paragraph (7)); and

4 “(iii) the borrower may not change  
5 the borrower’s selection of the Repayment  
6 Assistance Plan except in accordance with  
7 paragraph (7)(C).”; and

8 (C) in subparagraph (E)—

9 (i) by striking “that enables borrowers  
10 who have a partial financial hardship to  
11 make a lower monthly payment”; and

12 (ii) by striking “a Federal Direct Con-  
13 solidation Loan, if the proceeds of such  
14 loan were used to discharge the liability on  
15 such Federal Direct PLUS Loan or a loan  
16 under section 428B made on behalf of a  
17 dependent student” and inserting “an ex-  
18 cepted Consolidation Loan (as defined in  
19 section 493C(a)(2))”;

20 (2) in paragraph (5), by amending subpara-  
21 graph (B) to read as follows:

22 “(B) repay the loan pursuant to an in-  
23 come-based repayment plan under subsection  
24 (q) or section 493C, as applicable.”; and

25 (3) by adding at the end the following:

1           “(6) TERMINATION AND LIMITATION OF REPAY-  
2           MENT AUTHORITY.—

3           “(A) SUNSET OF REPAYMENT PLANS  
4           AVAILABLE BEFORE JULY 1, 2026.—Paragraphs  
5           (1) through (4) of this subsection shall only  
6           apply to loans made under this part before July  
7           1, 2026.

8           “(B) PROHIBITIONS.—The Secretary may  
9           not, for any loan made under this part on or  
10          after July 1, 2026—

11          “(i) authorize a borrower of such a  
12          loan to repay such loan pursuant to a re-  
13          payment plan that is not described in  
14          paragraph (7)(A); or

15          “(ii) carry out or modify a repayment  
16          plan that is not described in such para-  
17          graphs.

18          “(7) REPAYMENT PLANS FOR LOANS MADE ON  
19          OR AFTER JULY 1, 2026.—

20          “(A) DESIGN AND SELECTION.—Beginning  
21          on July 1, 2026, the Secretary shall offer a bor-  
22          rower of a loan made under this part on or  
23          after such date (including such a borrower who  
24          also has a loan made under this part before  
25          such date) two plans for repayment of the bor-

1           rower’s loans under this part, including prin-  
2           cipal and interest on such loans. The borrower  
3           shall be entitled to accelerate, without penalty,  
4           repayment on such loans. The borrower may  
5           choose—

6                   “(i) a standard repayment plan—

7                           “(I) with a fixed monthly repay-  
8                           ment amount paid over a fixed period  
9                           of time equal to the applicable period  
10                          determined under subclause (II); and

11                          “(II) with the applicable period  
12                          of time for repayment determined  
13                          based on the total outstanding prin-  
14                          cipal of all loans of the borrower made  
15                          under this part before, on, or after  
16                          July 1, 2026, at the time the bor-  
17                          rower is entering repayment under  
18                          such plan, as follows—

19                           “(aa) for a borrower with  
20                           total outstanding principal of less  
21                           than \$25,000, a period of 10  
22                           years;

23                           “(bb) for a borrower with  
24                           total outstanding principal of not

1 less than \$25,000 and less than  
2 \$50,000, a period of 15 years;

3 “(cc) for a borrower with  
4 total outstanding principal of not  
5 less than \$50,000 and less than  
6 \$100,000, a period of 20 years;  
7 and

8 “(dd) for a borrower with  
9 total outstanding principal of  
10 \$100,000 or more, a period of 25  
11 years; or

12 “(ii) the income-based Repayment As-  
13 sistance Plan under subsection (q).

14 “(B) SELECTION BY SECRETARY.—If a  
15 borrower of a loan made under this part on or  
16 after July 1, 2026, does not select a repayment  
17 plan described in subparagraph (A), the Sec-  
18 retary shall provide the borrower with the  
19 standard repayment plan described in subpara-  
20 graph (A)(i).

21 “(C) SELECTION AVAILABLE FOR EACH  
22 NEW LOAN; SELECTION APPLIES TO ALL OUT-  
23 STANDING LOANS.—Each time a borrower re-  
24 ceives a loan made under this part on or after  
25 July 1, 2026, the borrower may select either

1 the standard repayment plan under subpara-  
2 graph (A)(i) or the Repayment Assistance Plan  
3 under subparagraph (A)(ii), provided that the  
4 borrower is required to pay each outstanding  
5 loan of the borrower made under this part  
6 under such selected repayment plan.

7 “(D) PERMISSIBLE CHANGES OF REPAY-  
8 MENT PLAN.—

9 “(i) CHANGING FROM STANDARD RE-  
10 PAYMENT PLAN.—A borrower may change  
11 the borrower’s selection of the standard re-  
12 payment plan under subparagraph (A)(i),  
13 or the Secretary’s selection of such plan  
14 for the borrower under subparagraph (C),  
15 as the case may be, to the Repayment As-  
16 sistance Plan under subparagraph (A)(ii)  
17 at any time.

18 “(ii) LIMITED CHANGE FROM REPAY-  
19 MENT ASSISTANCE PLAN.—A borrower  
20 may not change the borrower’s selection of  
21 the Repayment Assistance Plan under sub-  
22 paragraph (A)(ii), except in accordance  
23 with subparagraph (C).

1           “(E) SPECIAL RULE FOR EXCEPTED LOAN  
2           BORROWERS WITH LOANS MADE ON OR AFTER  
3           JULY 1, 2026.—

4           “(i) STANDARD REPAYMENT PLAN RE-  
5           QUIRED.—Notwithstanding subparagraphs  
6           (A) through (D), beginning on July 1,  
7           2026, the Secretary shall require a bor-  
8           rower who has an excepted loan and who  
9           has received a loan made under this part  
10          on or after such date to repay each out-  
11          standing loan of the borrower made under  
12          this part, including principal and interest  
13          on such loans, under the standard repay-  
14          ment plan under subparagraph (A)(i). The  
15          borrower shall be entitled to accelerate,  
16          without penalty, repayment on such loans.

17          “(ii) EXCEPTED LOAN DEFINED.—  
18          For the purposes of this paragraph, the  
19          term ‘excepted loan’ means a loan with an  
20          outstanding balance that is—

21                 “(I) a Federal Direct PLUS  
22                 Loan that is made on behalf of a de-  
23                 pendent student; or

24                 “(II) a Federal Direct Consolida-  
25                 tion Loan, if the proceeds of such loan

1                   were used to the discharge the liability  
2                   on—

3                   “(aa) an excepted PLUS  
4                   loan, as defined in section  
5                   493C(a)(1); or

6                   “(bb) an excepted consolida-  
7                   tion loan (as such term is defined  
8                   in section 493C(a)(2)(A), not-  
9                   withstanding subparagraph (B)  
10                  of such section).

11                  “(F) TREATMENT OF BORROWERS WITH-  
12                  OUT LOANS MADE ON OR AFTER JULY 1, 2026.—  
13                  A borrower who has an outstanding loan (in-  
14                  cluding an excepted loan) made under this part  
15                  before July 1, 2026, and who has not received  
16                  a loan made under this part on or after July  
17                  1, 2026, shall not be eligible to change the bor-  
18                  rower’s selection of a repayment plan to the  
19                  standard repayment plan under subparagraph  
20                  (A)(i).”.

21                  (c) ELIMINATION OF AUTHORITY TO PROVIDE IN-  
22                  COME CONTINGENT REPAYMENT PLANS.—

23                  (1) REPEAL.—Subsection (e) of section 455 the  
24                  Higher Education Act of 1965 (20 U.S.C. 1087e(e))  
25                  is repealed.

1           (2) FURTHER AMENDMENTS TO ELIMINATE IN-  
2 COME CONTINGENT REPAYMENT.—

3           (A) Section 428 of the Higher Education  
4 Act of 1965 (20 U.S.C. 1078) is amended—

5                   (i) in subsection (b)(1)(D), by striking  
6 “be subject to income contingent repay-  
7 ment in accordance with subsection (m)”  
8 and inserting “be subject to income-based  
9 repayment in accordance with subsection  
10 (m)”; and

11                   (ii) in subsection (m)—

12                           (I) in the subsection heading, by  
13 striking “INCOME CONTINGENT AND”;

14                           (II) by amending paragraph (1)  
15 to read as follows:

16                   “(1) AUTHORITY OF SECRETARY TO RE-  
17 QUIRE.—The Secretary may require borrowers who  
18 have defaulted on loans made under this part that  
19 are assigned to the Secretary under subsection  
20 (c)(8) to repay those loans pursuant to an income-  
21 based repayment plan under section 455(q) or sec-  
22 tion 493C, as applicable.”; and

23                           (III) in the heading of paragraph  
24 (2), by striking “INCOME CONTINGENT  
25 OR”.



1 (B) Section 428C of the Higher Education  
2 Act of 1965 (20 U.S.C. 1078–3) is amended—

3 (i) in subsection (a)(3)(B)(i)(V)(aa),  
4 by striking “for the purposes of obtaining  
5 income contingent repayment or income-  
6 based repayment” and inserting “for the  
7 purposes of qualifying for an income-based  
8 repayment plan under section 455(q) or  
9 section 493C, as applicable”;

10 (ii) in subsection (b)(5), by striking  
11 “be repaid either pursuant to income con-  
12 tingent repayment under part D of this  
13 title, pursuant to income-based repayment  
14 under section 493C, or pursuant to any  
15 other repayment provision under this sec-  
16 tion” and inserting “be repaid pursuant to  
17 an income-based repayment plan under  
18 section 493C or any other repayment pro-  
19 vision under this section”; and

20 (iii) in subsection (c)—

21 (I) in paragraph (2)(A), by strik-  
22 ing “or by the terms of repayment  
23 pursuant to income contingent repay-  
24 ment offered by the Secretary under  
25 subsection (b)(5)” and inserting “or

1 by the terms of repayment pursuant  
2 to an income-based repayment plan  
3 under section 493C”; and

4 (II) in paragraph (3)(B), by  
5 striking “except as required by the  
6 terms of repayment pursuant to in-  
7 come contingent repayment offered by  
8 the Secretary under subsection  
9 (b)(5)” and inserting “except as re-  
10 quired by the terms of repayment pur-  
11 suant to an income-based repayment  
12 plan under section 493C”.

13 (C) Section 485(d)(1) of the Higher Edu-  
14 cation Act of 1965 (20 U.S.C. 1092(d)(1)) is  
15 amended by striking “income-contingent and”.

16 (D) Section 494(a)(2) of the Higher Edu-  
17 cation Act of 1965 (20 U.S.C. 1098h(a)(2)) is  
18 amended—

19 (i) in the paragraph heading, by strik-  
20 ing “INCOME-CONTINGENT AND INCOME-  
21 BASED” and inserting “INCOME-BASED”;

22 (ii) in subparagraph (A)—

23 (I) in the matter preceding clause  
24 (i), by striking “income-contingent  
25 or”; and

1 (II) in clause (ii)(I), by inserting  
2 “(as in effect on the day before the  
3 date of repeal of subsection (e) of sec-  
4 tion 455)” after “section 455(e)(8)”.

5 (d) REPAYMENT ASSISTANCE PLAN.—Section 455 of  
6 the Higher Education Act of 1965 (20 U.S.C. 1087e) is  
7 amended by adding at the end the following new sub-  
8 section:

9 “(q) REPAYMENT ASSISTANCE PLAN.—

10 “(1) IN GENERAL.—Notwithstanding any other  
11 provision of this Act, beginning on July 1, 2026, the  
12 Secretary shall carry out an income-based repayment  
13 plan (to be known as the ‘Repayment Assistance  
14 Plan’), that shall have the following terms and con-  
15 ditions:

16 “(A) The total monthly repayment amount  
17 owed by a borrower for all of the loans of the  
18 borrower that are repaid pursuant to the Re-  
19 payment Assistance Plan shall be equal to the  
20 applicable monthly payment of a borrower cal-  
21 culated under paragraph (3)(B), except that the  
22 borrower may not be precluded from repaying  
23 an amount that exceeds such amount for any  
24 month.

1           “(B) The Secretary shall apply the bor-  
2           rower’s applicable monthly payment under this  
3           paragraph first toward interest due on each  
4           such loan, next toward any fees due on each  
5           loan, and then toward the principal of each  
6           loan.

7           “(C) Any principal due and not paid under  
8           subparagraph (B) or paragraph (2)(B) shall be  
9           deferred.

10           “(D) A borrower who is not in a period of  
11           deferment or forbearance shall make an appli-  
12           cable monthly payment for each month until the  
13           earlier of—

14                   “(i) the date on which the outstanding  
15                   balance of principal and interest due on all  
16                   of the loans of the borrower that are re-  
17                   paid pursuant to the Repayment Assist-  
18                   ance Plan is \$0; or

19                   “(ii) the date on which the borrower  
20                   has made 360 qualifying monthly pay-  
21                   ments.

22           “(E) The Secretary shall repay or cancel  
23           any outstanding balance of principal and inter-  
24           est due on a loan made under this part to a  
25           borrower—

1                   “(i) who, for any period of time, par-  
2                   ticipated in the Repayment Assistance  
3                   Plan under this subsection;

4                   “(ii) whose most recent payment for  
5                   such loan prior to the loan cancellation  
6                   under this subparagraph was made under  
7                   such Repayment Assistance Plan; and

8                   “(iii) who has made 360 qualifying  
9                   monthly payments on such loan.

10                  “(F) For the purposes of this subsection,  
11                  the term ‘qualifying monthly payment’ means  
12                  any of the following:

13                         “(i) An on-time applicable monthly  
14                         payment under this subsection.

15                         “(ii) An on-time monthly payment  
16                         under the standard repayment plan under  
17                         subsection (d)(7)(A)(i) of not less than the  
18                         monthly payment required under such  
19                         plan.

20                         “(iii) A monthly payment under any  
21                         repayment plan of not less than the  
22                         monthly payment that would be required  
23                         under a standard repayment plan under  
24                         section 455(d)(1)(A) with a repayment pe-  
25                         riod of 10 years.

1           “(iv) A monthly payment under sec-  
2           tion 493C of not less than the monthly  
3           payment required under such section, in-  
4           cluding a monthly payment equal to the  
5           minimum payment amount permitted  
6           under such section.

7           “(v) A monthly payment made before  
8           the date of enactment of this subsection  
9           under an income-contingent repayment  
10          plan carried out under section  
11          455(d)(1)(D) (or under an alternative re-  
12          payment plan in lieu of repayment under  
13          such an income-contingent repayment plan,  
14          if placed in such an alternative repayment  
15          plan by the Secretary) of not less than the  
16          monthly payment required under such a  
17          plan, including a monthly payment equal  
18          to the minimum payment amount per-  
19          mitted under such a plan.

20          “(vi) A month when the borrower did  
21          not make a payment because the borrower  
22          was in deferment due to an economic hard-  
23          ship described in section 435(o).

24          “(vii) A month that ended before the  
25          date of enactment of this subsection when

1           the borrower did not make a payment be-  
2           cause the borrower was in a period  
3           deferment or forbearance described in sec-  
4           tion 685.209(k)(4)(iv) of title 34, Code of  
5           Federal Regulations (as in effect on the  
6           date of enactment of this subsection).

7           “(G) With respect to carrying out section  
8           494(a)(2) for the Repayment Assistance Plan,  
9           an individual may elect to opt out of the disclo-  
10          sures required under section 494(a)(2)(A)(ii) in  
11          accordance with the procedures established  
12          under section 493C(c)(2)(B).

13          “(2) BALANCE ASSISTANCE FOR DISTRESSED  
14          BORROWERS.—

15          “(A) INTEREST SUBSIDY.—With respect to  
16          a borrower of a loan made under this part, for  
17          each month for which such a borrower makes  
18          an on-time applicable monthly payment re-  
19          quired under paragraph (1)(A) and such  
20          monthly payment is insufficient to pay the total  
21          amount of interest that accrues for the month  
22          on all loans of the borrower repaid pursuant to  
23          the Repayment Assistance Plan under this sub-  
24          section, the amount of interest accrued and not

1           paid for the month shall not be charged to the  
2           borrower.

3                   “(B) MATCHING PRINCIPAL PAYMENT.—

4           With respect to a borrower of a loan made  
5           under this part and not in a period of  
6           deferment or forbearance, for each month for  
7           which a borrower makes an on-time applicable  
8           monthly payment required under paragraph  
9           (1)(A) and such monthly payment reduces the  
10          total outstanding principal balance of all loans  
11          of the borrower repaid pursuant to the Repay-  
12          ment Assistance Plan under this subsection by  
13          less than \$50, the Secretary shall reduce such  
14          total outstanding principal balance of the bor-  
15          rower by an amount that is equal to—

16                   “(i) the amount that is the lesser of—

17                           “(I) \$50; or

18                           “(II) the total amount paid by  
19                           the borrower for such month pursuant  
20                           to paragraph (1)(A), minus

21                   “(ii) the total amount paid by the bor-  
22                   rower for such month pursuant to para-  
23                   graph (1)(A) that is applied to such total  
24                   outstanding principal balance.

25                   “(3) DEFINITIONS.—In this paragraph:



1           “(A) ADJUSTED GROSS INCOME.—The  
2           term ‘adjusted gross income’, when used with  
3           respect to a borrower, means the adjusted gross  
4           income (as such term is defined in section 62  
5           of the Internal Revenue Code of 1986) of the  
6           borrower (and the borrower’s spouse, as appli-  
7           cable) for the most recent taxable year, except  
8           that, in the case of a married borrower who  
9           files a separate Federal income tax return, the  
10          term does not include the adjusted gross income  
11          of the borrower’s spouse.

12          “(B) APPLICABLE MONTHLY PAYMENT.—  
13                 “(i) IN GENERAL.—Except as pro-  
14                 vided in clause (ii) or (iii), the term ‘appli-  
15                 cable monthly payment’ means, when used  
16                 with respect to a borrower, the amount  
17                 equal to—

18                         “(I) the applicable base payment  
19                         of the borrower, divided by 12; minus

20                                 “(II) \$50 for each dependent  
21                                 child of the borrower.

22                 “(ii) MINIMUM AMOUNT.—In the case  
23                 of a borrower with an applicable monthly  
24                 payment amount calculated under clause  
25                 (i) that is less than \$10, the applicable

1                   monthly payment of the borrower shall be  
2                   \$10.

3                   “(iii) FINAL PAYMENT.—In the case  
4                   of a borrower whose total outstanding bal-  
5                   ance of principal and interest on all of the  
6                   loans of the borrower that are repaid pur-  
7                   suant to the Repayment Assistance Plan is  
8                   less than the applicable monthly payment  
9                   calculated pursuant to clause (i) or (ii), as  
10                  applicable, then the applicable monthly  
11                  payment of the borrower shall be the total  
12                  outstanding balance of principal and inter-  
13                  est on all such loans.

14                  “(iv) BASE PAYMENT.—The amount  
15                  of the applicable base payment for a bor-  
16                  rower with an adjusted gross income of—

17                          “(I) not more than \$10,000, is  
18                          \$120;

19                          “(II) more than \$10,000 and not  
20                          more than \$20,000, is 1 percent of  
21                          such adjusted gross income;

22                          “(III) more than \$20,000 and  
23                          not more than \$30,000, is 2 percent  
24                          of such adjusted gross income;

1                   “(IV) more than \$30,000 and  
2 not more than \$40,000, is 3 percent  
3 of such adjusted gross income;

4                   “(V) more than \$40,000 and not  
5 more than \$50,000, is 4 percent of  
6 such adjusted gross income;

7                   “(VI) more than \$50,000 and  
8 not more than \$60,000, is 5 percent  
9 of such adjusted gross income;

10                  “(VII) more than \$60,000 and  
11 not more than \$70,000, is 6 percent  
12 of such adjusted gross income;

13                  “(VIII) more than \$70,000 and  
14 not more than \$80,000, is 7 percent  
15 of such adjusted gross income;

16                  “(IX) more than \$80,000 and  
17 not more than \$90,000, is 8 percent  
18 of such adjusted gross income;

19                  “(X) more than \$90,000 and not  
20 more than \$100,000, is 9 percent of  
21 such adjusted gross income; and

22                  “(XI) more than \$100,000, is 10  
23 percent of such adjusted gross in-  
24 come.

1                   “(v) DEPENDENT CHILD OF THE BOR-  
2                   ROWER.—For the purposes of this para-  
3                   graph, the term ‘dependent child of the  
4                   borrower’ means an individual who—

5                               “(I) is under 17 years of age;  
6                               and

7                               “(II) is the borrower’s dependent  
8                   child or another person who lives with  
9                   and receives more than one-half of  
10                  their support from the borrower.”.

11       (e) FEDERAL CONSOLIDATION LOANS.—Section  
12 455(g) of the Higher Education Act of 1965 (20 U.S.C.  
13 1087e(g)) is amended by adding at the end the following  
14 new paragraph:

15                   “(3) CONSOLIDATION LOANS MADE ON OR  
16                  AFTER JULY 1, 2026.—Notwithstanding subsections  
17                  (b)(5), (c)(2), and subsection (c)(3)(A) and (B) of  
18                  section 428C, a Federal Direct Consolidation Loan  
19                  offered to a borrower under this part on or after  
20                  July 1, 2026, may only be repaid pursuant to a re-  
21                  payment plan described in subsection (d)(7)(A)(i) or  
22                  (ii) of this section, as applicable, and the repayment  
23                  schedule of such a Consolidation Loan shall be de-  
24                  termined in accordance with such repayment plan.”.

25       (f) INCOME-BASED REPAYMENT.—

1 (1) AMENDMENTS.—

2 (A) EXCEPTED CONSOLIDATION LOAN DE-  
3 FINED.—Section 493C(a)(2) of the Higher  
4 Education Act of 1965 (20 U.S.C. 1098e(a)(2))  
5 is amended to read as follows:

6 “(2) EXCEPTED CONSOLIDATION LOAN.—

7 “(A) IN GENERAL.—The term ‘excepted  
8 consolidation loan’ means—

9 “(i) a consolidation loan under section  
10 428C, or a Federal Direct Consolidation  
11 Loan, if the proceeds of such loan were  
12 used to the discharge the liability on an ex-  
13 cepted PLUS loan; or

14 “(ii) a consolidation loan under sec-  
15 tion 428C, or a Federal Direct Consolida-  
16 tion Loan, if the proceeds of such loan  
17 were used to discharge the liability on a  
18 consolidation loan under section 428C or a  
19 Federal Direct Consolidation Loan de-  
20 scribed in clause (i).

21 “(B) EXCLUSION.—The term ‘excepted  
22 consolidation loan’ does not include a Federal  
23 Direct Consolidation Loan described in sub-  
24 paragraph (A) that (on the day before the date  
25 of enactment of this subparagraph) was being

1           repaid pursuant to the Income-Contingent Re-  
2           payment (ICR) plan in accordance with section  
3           685.209(a) of title 34, Code of Federal Regula-  
4           tions (as in effect on June 30, 2023).”.

5           (B) TERMS OF INCOME-BASED REPAY-  
6           MENT.—Section 493C(b) of the Higher Edu-  
7           cation Act of 1965 (20 U.S.C. 1098e(b)) is  
8           amended—

9                   (i) by amending paragraph (1) to read  
10           as follows:

11                   “(1) a borrower of any loan made, insured, or  
12           guaranteed under part B or D (other than an ex-  
13           cepted PLUS loan or excepted consolidation loan),  
14           may elect to have the borrower’s aggregate monthly  
15           payment for all such loans not exceed the result de-  
16           scribed in subsection (a)(3)(B) divided by 12;”;

17                   (ii) in paragraph (3)—

18                           (I) in subparagraph (B)—

19                                   (aa) in clause (i)—

20   (AA) by striking sub-  
21   clause (II); and

22   (BB) by striking “the  
23   borrower” and all the fol-  
24   lows through “ends” and in-

1                   serting “the borrower ends”;  
2                   and  
3                   (bb) in clause (ii)—  
4                   (AA) by striking sub-  
5                   clause (II);  
6                   (BB) by striking “the  
7                   borrower” and all the fol-  
8                   lows through “ends” and in-  
9                   serting “the borrower ends”;  
10                  and  
11                  (CC) by striking “or”  
12                  at the end;  
13                  (iii) by repealing paragraph (6);  
14                  (iv) in paragraph (7)—  
15                  (I) in subparagraph (B)—  
16                  (aa) in the matter preceding  
17                  clause (i), by striking “for a pe-  
18                  riod of time prescribed by the  
19                  Secretary, not to exceed 25  
20                  years” and inserting the fol-  
21                  lowing: “for 25 years (in the case  
22                  of a borrower who is repaying at  
23                  least one loan for a program of  
24                  study for which a graduate cre-  
25                  dential (as defined in section

1 472A)) is awarded, or, for 20  
2 years (in the case of a borrower  
3 who is not repaying at least one  
4 such loan)”;

5 (bb) in clause (i), by insert-  
6 ing “(as such paragraph was in  
7 effect on the day before the date  
8 of the repeal of paragraph (6))”  
9 before “paragraph (6)”;

10 (cc) in clause (iv), by insert-  
11 ing “(as such section was in ef-  
12 fect on the day before the date of  
13 the repeal of paragraph (6))” be-  
14 fore “section 455(d)(1)(D)”; and

15 (dd) by adding at the end  
16 the following:

17 (v) in paragraph (8), by striking  
18 “standard repayment plan” and inserting  
19 “standard repayment plan under section  
20 428(b)(9)(A)(i) or 455(d)(1)(A), or the  
21 Repayment Assistance Program under sec-  
22 tion 455(q)”.

23 (C) ELIGIBILITY DETERMINATIONS.—Sec-  
24 tion 493C(c)(2) of the Higher Education Act of



1           1965 (20 U.S.C. 1098e(c)(2)) is further amend-  
2           ed—

3                   (i) in subparagraph (A), by inserting  
4                   “(as in effect on the day before the date of  
5                   repeal of subsection (e) of section 455)”  
6                   after “section 455(e)(1)”; and

7                   (ii) in subparagraph (B), by inserting  
8                   “(as in effect on the day before the date of  
9                   repeal of subsection (e) of section 455)”  
10                  after “section 455(e)(8)”.

11                  (D) TERMINATION OF SPECIAL TERMS FOR  
12                  NEW BORROWERS ON AND AFTER JULY 1,  
13                  2014.—Section 493C of the Higher Education  
14                  Act of 1965 (20 U.S.C. 1098e(e)) is further  
15                  amended by striking subsection (e).

16                  (2) EFFECTIVE DATE AND APPLICATION.—The  
17                  amendments made by this subsection shall take ef-  
18                  fect on the date of enactment of this title, and shall  
19                  apply with respect to any borrower who is in repay-  
20                  ment before, on, or after the date of enactment of  
21                  this title.

22   **SEC. 30022. DEFERMENT; FORBEARANCE.**

23                  (a) HEADING AMENDMENT.—Section 455(f) of the  
24                  Higher Education Act of 1965 (20 U.S.C. 1087e(f)) is

1 amended by striking the subsection heading and inserting  
2 the following: “DEFERMENT; FORBEARANCE”.

3 (b) SUNSET OF ECONOMIC HARDSHIP AND UNEM-  
4 PLOYMENT DEFERMENTS.—Section 455(f) of the Higher  
5 Education Act of 1965 (20 U.S.C.1087e(f)) is amended—

6 (1) in paragraph (2)—

7 (A) in subparagraph (B), by striking “not  
8 in” and inserting “subject to paragraph (7), not  
9 in”; and

10 (B) in subparagraph (D), by striking “not  
11 in” and inserting “subject to paragraph (7), not  
12 in”; and

13 (2) by adding at the end the following:

14 “(7) SUNSET OF UNEMPLOYMENT AND ECO-  
15 NOMIC HARDSHIP DEFERMENTS.—A borrower who  
16 receives a loan made under this part on or after  
17 July 1, 2025, shall not be eligible to defer such loan  
18 under subparagraph (B) or (D) of paragraph (2).”.

19 (c) FORBEARANCE ON LOANS MADE UNDER THIS  
20 PART ON OR AFTER JULY 1, 2025.—Section 455(f) of the  
21 Higher Education Act of 1965 (20 U.S.C. 1087e(f)) is  
22 amended by adding at the end the following:

23 “(8) FORBEARANCE ON LOANS MADE UNDER  
24 THIS PART ON OR AFTER JULY 1, 2025.—A borrower

1 who receives a loan made under this part on or after  
2 July 1, 2025—

3 “(A) may only be eligible for a forbearance  
4 on such loan pursuant to section 428(c)(3)(B)  
5 that does not exceed 9 months during any 24-  
6 month period; and

7 “(B) in the case of a borrower who is serv-  
8 ing in a medical or dental internship or resi-  
9 dency program (as such program is described in  
10 section 428(c)(3)(A)(i)(I)), may be eligible for a  
11 forbearance on such loan pursuant to  
12 428(c)(3)(A)(i)(I), during which—

13 “(i) for the first 4 12-month intervals,  
14 interest shall not accrue; and

15 “(ii) for any subsequent 12-month in-  
16 terval, interest shall accrue.”.

17 **SEC. 30023. LOAN REHABILITATION.**

18 (a) UPDATING LOAN REHABILITATION LIMITS.—

19 (1) FFEL AND DIRECT LOANS.—Section  
20 428F(a)(5) of the Higher Education Act of 1965  
21 (20 U.S.C. 1078–6(a)(5)) is amended by striking  
22 “one time” and inserting “two times”.

23 (2) PERKINS LOANS.—Section 464(h)(1)(D) of  
24 the Higher Education Act of 1965 (20 U.S.C.

1 1087dd(h)(1)(D)) is amended by striking “once”  
2 and inserting “twice”.

3 (3) EFFECTIVE DATE.—The amendments made  
4 by this subsection shall take effect on the date of en-  
5 actment of this Act, and shall apply with respect to  
6 any loan made, insured, or guaranteed under title IV  
7 of the Higher Education Act of 1965 (20 U.S.C.  
8 1070 et seq.).

9 (b) MINIMUM MONTHLY PAYMENT AMOUNT.—Sec-  
10 tion 428F(a)(1)(B) of the Higher Education Act of 1965  
11 (20 U.S.C. 1078–6(a)(1)(B)) is amended by adding at the  
12 end the following: “With respect a loan made under part  
13 D on or after July 1, 2025, a monthly payment amount  
14 described in subparagraph (A) may not be less than \$10.”

15 **SEC. 30024. PUBLIC SERVICE LOAN FORGIVENESS.**

16 (a) REPAYMENT ASSISTANCE PLAN.—Section  
17 455(m)(1)(A) of the Higher Education Act of 1965 (20  
18 U.S.C. 1087e(m)(1)(A)) is amended—

19 (1) in clause (iii), by striking “; or” and insert-  
20 ing a semicolon;

21 (2) in clause (iv), by striking “; and” and in-  
22 serting “(as in effect on the day before the date of  
23 the repeal of subsection (e) of this section); or”; and

24 (3) by adding at the end the following new  
25 clause:

1                   “(v) on-time payments under the Re-  
2                   payment Assistance Plan under section  
3                   455(q); and”.

4           (b) PUBLIC SERVICE JOB.—Section 455(m)(3)(B) of  
5 the Higher Education Act of 1965 (20 U.S.C.  
6 1087e(m)(3)(B)) is amended—

7           (1) by redesignating clauses (i) and (ii) as sub-  
8           clauses (I) and (II), respectively, and adjusting the  
9           margins accordingly; and

10           (2) by striking “The term” and inserting the  
11           following:

12                   “(i) IN GENERAL.—The term”; and

13                   “(ii) EXCLUSION.—The term ‘public  
14                   service job’ does not include time served in  
15                   a medical or dental internship or residency  
16                   program (as such program is described in  
17                   section 428(c)(3)(A)(i)(I)) by an individual  
18                   who, as of June 30, 2025, has not bor-  
19                   rowed a Federal Direct PLUS Loan or a  
20                   Federal Direct Unsubsidized Stafford  
21                   Loan for a program of study that awards  
22                   a graduate credential upon completion of  
23                   such program.”.

1 **SEC. 30025. STUDENT LOAN SERVICING.**

2 Paragraph (1) of section 458(a) of the Higher Edu-  
3 cation Act of 1965 (20 U.S.C. 1087h(a)(1)) is amended  
4 to read as follows:

5 “(1) ADDITIONAL MANDATORY FUNDS FOR FIS-  
6 CAL YEARS 2025 AND 2026.—For each of the fiscal  
7 years 2025 and 2026 there shall be available to the  
8 Secretary (in addition to any other amounts appro-  
9 priated under any appropriations Act for administra-  
10 tive costs under this part and part B and out of any  
11 money in the Treasury not otherwise appropriated)  
12 funds to be obligated for administrative costs under  
13 this part and part B, including the costs of the di-  
14 rect student loan programs under this part, not to  
15 exceed \$500,000,000 in each such fiscal year.”.

16 **Subtitle D—Pell Grants**

17 **SEC. 30031. ELIGIBILITY.**

18 (a) FOREIGN INCOME AND FEDERAL PELL GRANT  
19 ELIGIBILITY.—

20 (1) ADJUSTED GROSS INCOME DEFINED.—Sec-  
21 tion 401(a)(2)(A) of the Higher Education Act of  
22 1965 (20 U.S.C. 1070a(a)(2)(A)) is amended to  
23 read as follows:

24 “(A) the term ‘adjusted gross income’  
25 means—

1                   “(i) in the case of a dependent stu-  
2                   dent, for the second tax year preceding the  
3                   academic year—

4                   “(I) the adjusted gross income  
5                   (as defined in section 62 of the Inter-  
6                   nal Revenue Code of 1986) of the stu-  
7                   dent’s parents; plus

8                   “(II) the foreign income (as de-  
9                   scribed in section 480(b)(5)) of the  
10                  student’s parents; and

11                  “(ii) in the case of an independent  
12                  student, for the second tax year preceding  
13                  the academic year—

14                  “(I) the adjusted gross income  
15                  (as defined in section 62 of the Inter-  
16                  nal Revenue Code of 1986) of the stu-  
17                  dent (and the student’s spouse, if ap-  
18                  plicable); plus

19                  “(II) the foreign income (as de-  
20                  scribed in section 480(b)(5)) of the  
21                  student (and the student’s spouse, if  
22                  applicable);”.

23                  (2) SUNSET.—Section 401(b)(1)(D) of the  
24                  Higher Education Act of 1965 (20 U.S.C.  
25                  1070a(b)(1)(D)) is amended by striking “A student”

1 and inserting “For each academic year beginning be-  
2 fore July 1, 2025, a student”.

3 (3) CONFORMING AMENDMENT.—Section  
4 479A(b)(1)(B) of the Higher Education Act of 1965  
5 (20 U.S.C. 1087tt(b)(1)(B)) is amended—

6 (A) by striking clause (v); and

7 (B) by redesignating clauses (vi) and (vii)  
8 as clauses (v) and (vi), respectively.

9 (b) DEFINITION OF FULL TIME ENROLLMENT FOR  
10 FEDERAL PELL GRANT ELIGIBILITY.—Section 401(a)(2)  
11 of the Higher Education Act of 1965 (20 U.S.C.  
12 1070a(a)(2)) is further amended—

13 (1) in subparagraph (E), by striking “and”  
14 after the semicolon;

15 (2) in subparagraph (F), by striking the period  
16 and inserting “; and”; and

17 (3) by adding at the end the following new sub-  
18 paragraph:

19 “(G) notwithstanding section  
20 481(a)(2)(A)(iii), the terms ‘full time’ and ‘full-  
21 time’ (except with respect to subsection (d)(4)  
22 when used as part of the term ‘normal full-time  
23 workload’) mean, with respect to a student en-  
24 rolled in an undergraduate course of study, the  
25 student is expected to complete at least 30 se-



1 mester or trimester hours or 45 quarter credit  
2 hours (or the clock hour equivalent) in each  
3 academic year a student is enrolled in the  
4 course of study.”.

5 (c) FEDERAL PELL GRANT INELIGIBILITY DUE TO  
6 A HIGH STUDENT AID INDEX.—Section 401(b)(1) of the  
7 Higher Education Act of 1965 (20 U.S.C. 1070a–1(b)(1))  
8 is amended by adding at the end the following:

9 “(F) INELIGIBILITY OF STUDENTS WITH A  
10 HIGH STUDENT AID INDEX.—Notwithstanding  
11 subparagraphs (A) through (E), a student shall  
12 not be eligible for a Federal Pell Grant under  
13 this subsection for an academic year in which  
14 the student has a student aid index that equals  
15 or exceeds twice the amount of the total maximum  
16 Federal Pell Grant for such academic  
17 year.”.

18 (d) NO FEDERAL PELL GRANT ELIGIBILITY FOR  
19 STUDENTS ENROLLED LESS THAN HALF TIME.—Section  
20 401 of the Higher Education Act of 1965 (20 U.S.C.  
21 1070a) is further amended—

22 (1) in subsection (b)—

23 (A) by striking “(2) LESS” and inserting  
24 “(2)(A) LESS”; and

1 (B) by inserting after subparagraph (A)  
2 (as so designated by subparagraph (A) of this  
3 subsection) the following new subparagraph:

4 “(B) LESS THAN HALF-TIME ENROLLMENT.—  
5 Notwithstanding subparagraph (A), a student who  
6 first receives a Federal Pell Grant on or after July  
7 1, 2025, shall not be eligible for an award under this  
8 subsection for any academic year beginning after  
9 such date in which the student is enrolled in an eli-  
10 gible program of an institution of higher education  
11 on less than a half-time basis. The Secretary shall  
12 update the schedule of reductions described in sub-  
13 paragraph (A) in accordance with this subpara-  
14 graph, including for students receiving the minimum  
15 Federal Pell Grant.”;

16 (2) in subsection (c)(6)(A), by inserting “, and  
17 the eligibility requirement of enrollment on at least  
18 a half-time basis under subsection (b)(2),” after  
19 “(b)(1)”;

20 (3) in subsection (d)(5)(A), by inserting “(and  
21 at least half time, in the case of a student who first  
22 receives a Federal Pell Grant under subsection (b)  
23 on or after July 1, 2025)” after “full time”.

24 (e) EFFECTIVE DATE AND APPLICATION.—The  
25 amendments made by this section shall take effect on July

1 1, 2025, and shall apply with respect to award year 2025–  
2 2026 and each subsequent award year.

3 **SEC. 30032. WORKFORCE PELL GRANTS.**

4 (a) IN GENERAL.—Section 401 of the Higher Edu-  
5 cation Act of 1965 (20 U.S.C. 1070a) is amended by add-  
6 ing at the end the following:—

7 “(k) WORKFORCE PELL GRANT PROGRAM.—

8 “(1) IN GENERAL.—For the award year begin-  
9 ning on July 1, 2026, and each subsequent award  
10 year, the Secretary shall award grants (to be known  
11 as ‘Workforce Pell Grants’) to eligible students  
12 under paragraph (2) in accordance with this sub-  
13 section.

14 “(2) ELIGIBLE STUDENTS.—To be eligible to  
15 receive a Workforce Pell Grant under this subsection  
16 for any period of enrollment, a student shall meet  
17 the eligibility requirements for a Federal Pell Grant  
18 under this section, except that the student—

19 “(A) shall be enrolled, or accepted for en-  
20 rollment, in an eligible program under section  
21 481(b)(3) (hereinafter referred to as an ‘eligible  
22 workforce program’); and

23 “(B) may not—

1                   “(i) be enrolled, or accepted for enroll-  
2                   ment, in a program of study that leads to  
3                   a graduate credential; or

4                   “(ii) have attained such a credential.

5                   “(3) TERMS AND CONDITIONS OF AWARDS.—

6                   The Secretary shall award Workforce Pell Grants  
7                   under this subsection in the same manner and with  
8                   the same terms and conditions as the Secretary  
9                   awards Federal Pell Grants under this section, ex-  
10                  cept that—

11                  “(A) each use of the term ‘eligible pro-  
12                  gram’ (except in subsections (b)(9)(A) and  
13                  (d)(2)) shall be substituted by ‘eligible work-  
14                  force program under section 481(b)(3)’; and

15                  “(B) a student who is eligible for a grant  
16                  equal to less than the amount of the minimum  
17                  Federal Pell Grant because the eligible work-  
18                  force program in which the student is enrolled  
19                  or accepted for enrollment is less than an aca-  
20                  demic year (in hours of instruction or weeks of  
21                  duration) may still be eligible for a Workforce  
22                  Pell Grant in an amount that is prorated based  
23                  on the length of the program.

24                  “(4) PREVENTION OF DOUBLE BENEFITS.—No  
25                  eligible student described in paragraph (2) may con-

1 currently receive a grant under both this subsection  
2 and—

3 “(A) subsection (b); or

4 “(B) subsection (c).

5 “(5) DURATION LIMIT.—Any period of study  
6 covered by a Workforce Pell Grant awarded under  
7 this subsection shall be included in determining a  
8 student’s duration limit under subsection (d)(5).”.

9 (b) PROGRAM ELIGIBILITY FOR WORKFORCE PELL  
10 GRANTS.—Section 481(b) Higher Education Act of 1965  
11 (20 U.S.C. 1088(b)) is amended—

12 (1) by redesignating paragraphs (3) and (4) as  
13 paragraphs (4) and (5), respectively; and

14 (2) by inserting after paragraph (2) the fol-  
15 lowing:

16 “(3)(A) A program is an eligible program for  
17 purposes of the Workforce Pell Grant program  
18 under section 401(k) only if—

19 “(i) it is a program of at least 150  
20 clock hours of instruction, but less than  
21 600 clock hours of instruction, or an equiv-  
22 alent number of credit hours, offered by an  
23 eligible institution during a minimum of 8  
24 weeks, but less than 15 weeks;

1           “(ii) it is not offered as a correspond-  
2           ence course, as defined in 600.2 of title 34,  
3           Code of Federal Regulations (as in effect  
4           on September 20, 2020);

5           “(iii) the Governor of a State, after  
6           consultation with the State board, makes a  
7           determination that the program—

8                   “(I) provides an education  
9                   aligned with the requirements of high-  
10                  skill, high-wage (as identified by the  
11                  State pursuant to section 122 of the  
12                  Carl D. Perkins Career and Technical  
13                  Education Act (20 U.S.C. 2342)), or  
14                  in-demand industry sectors or occupa-  
15                  tions;

16                  “(II) meets the hiring require-  
17                  ments of potential employers in the  
18                  sectors or occupations described in  
19                  subclause (I);

20                  “(III) either—

21                          “(aa) leads to a recognized  
22                          postsecondary credential that is  
23                          stackable and portable across  
24                          more than one employer; or

1 “(bb) with respect to stu-  
2 dents enrolled in the program—

3 “(AA) prepares such  
4 students for employment in  
5 an occupation for which  
6 there is only one recognized  
7 postsecondary credential;  
8 and

9 “(BB) provides such  
10 students with such a creden-  
11 tial upon completion of such  
12 program; and

13 “(IV) prepares students to pur-  
14 sue 1 or more certificate or degree  
15 programs at 1 or more institutions of  
16 higher education (which may include  
17 the eligible institution providing the  
18 program), including by ensuring—

19 “(aa) that a student, upon  
20 completion of the program and  
21 enrollment in such a related cer-  
22 tificate or degree program, will  
23 receive academic credit for the  
24 program that will be accepted to-  
25 ward meeting such certificate or

1 degree program requirements;

2 and

3 “(bb) the acceptability of

4 such credit toward meeting such

5 certificate or degree program re-

6 quirements; and

7 “(iv) after the Governor of such State

8 makes the determination that the program

9 meets the requirements under clause (iii),

10 the Secretary determines that—

11 “(I) the program has been of-

12 fered by the eligible institution for not

13 less than 1 year prior to the date on

14 which the Secretary makes a deter-

15 mination under this clause;

16 “(II) for each award year, the

17 program has a verified completion

18 rate of at least 70 percent, within 150

19 percent of the normal time for com-

20 pletion;

21 “(III) for each award year, the

22 program has a verified job placement

23 rate of at least 70 percent, measured

24 180 days after completion; and



1                   “(IV) for each award year, the  
2                   median value-added earnings (as de-  
3                   fined in section 420W) of students  
4                   who completed such program for the  
5                   most recent year for which data is  
6                   available exceeds the median total  
7                   price (as defined in section  
8                   454(d)(3)(D)) charged to students in  
9                   such award year.

10                   “(B) In this paragraph:

11                   “(i) The term ‘eligible institution’  
12                   means an institution of higher education  
13                   (as defined in section 102), or any other  
14                   entity that has entered into a program  
15                   participation agreement with the Secretary  
16                   under section 487(a) (without regard to  
17                   whether that entity is accredited by a na-  
18                   tional recognized accrediting agency or as-  
19                   sociation), which has not been subject, dur-  
20                   ing any of the preceding 3 years, to—

21                   “(I) any suspension, emergency  
22                   action, or termination under this title;

23                   “(II) in the case of an institution  
24                   of higher education, any adverse ac-  
25                   tion by the institution’s accrediting

1 agency or association that revokes or  
2 denies accreditation for the institution  
3 of higher education; or

4 “(III) any final action by the  
5 State in which the institution or other  
6 entity holds its legal domicile, author-  
7 ization, or accreditation that revokes  
8 the institution’s or entity’s license or  
9 other authority to operate in such  
10 State.

11 “(ii) The term ‘Governor’ means the  
12 chief executive of a State.

13 “(iii) The terms ‘industry or sector  
14 partnership’, ‘in-demand industry sector or  
15 occupation’, ‘recognized postsecondary cre-  
16 dential’, and ‘State board’ have the mean-  
17 ings given such terms in section 3 of the  
18 Workforce Innovation and Opportunity  
19 Act.”.

20 (3) STUDENT ELIGIBILITY.—Section 484(a)(1)  
21 of the Higher Education Act of 1965 (20 U.S.C.  
22 1091(a)(1)) is amended by inserting “or, for pur-  
23 poses of section 401(k), at an entity (other than an  
24 institution of higher education) that meets the re-

1 requirements of section 481(b)(3)(B)(i),” after “sec-  
2 tion 487”.

3 (4) EFFECTIVE DATE; APPLICABILITY.—The  
4 amendments made by this section shall take effect  
5 on July 1, 2026, and shall apply with respect to  
6 award year 2026–2027 and each succeeding award  
7 year.

8 **SEC. 30033. PELL SHORTFALL.**

9 Section 401(b)(7)(A) of the Higher Education Act of  
10 1965 (20 U.S.C. 1070a(b)(7)(A)) is amended—

11 (1) in clause (iii)—

12 (A) by striking “\$2,170,000,000” and in-  
13 serting “\$5,351,000,000”; and

14 (B) by striking “and” at the end;

15 (2) in clause (iv)—

16 (A) by striking “\$1,236,000,000” and in-  
17 serting “\$6,058,000,000”; and

18 (B) by striking “ and each succeeding fis-  
19 cal year.” and inserting a semicolon; and

20 (3) by adding at the end the following:

21 “(v) \$3,743,000,000 for fiscal year  
22 2028; and

23 “(vi) \$1,236,000,000 for each suc-  
24 ceeding fiscal year.”.

## 1                   **Subtitle E—Accountability**

### 2   **SEC. 30041. AGREEMENTS WITH INSTITUTIONS.**

3           Section 454 of the Higher Education Act of 1965 (20  
4 U.S.C. 1087d) is amended—

5                   (1) in subsection (a)—

6                           (A) in paragraph (5), by striking “and”  
7                           after the semicolon;

8                           (B) by redesignating paragraph (6) as  
9                           paragraph (7); and

10                          (C) by inserting after paragraph (5) the  
11                          following new paragraph:

12                          “(6) provide annual reimbursements to the Sec-  
13                          retary in accordance with the requirements under  
14                          subsection (d); and”; and

15                          (2) by adding at the end the following new sub-  
16                          section:

17                          “(d) REIMBURSEMENT REQUIREMENTS.—

18                           “(1) ANNUAL REIMBURSEMENTS REQUIRED.—

19                           Beginning in award year 2028–2029, each institu-  
20                           tion of higher education participating in the direct  
21                           student loan program under this part shall, for  
22                           qualifying student loans, remit to the Secretary, at  
23                           such time as the Secretary may specify, an annual  
24                           reimbursement for each student cohort of the insti-  
25                           tution, based on the non-repayment balance of such

1 cohort and calculated in accordance with paragraph  
2 (3).

3 “(2) STUDENT COHORTS.—

4 “(A) COHORTS ESTABLISHED.—For each  
5 institution of higher education participating in  
6 the direct student loan program under this  
7 part, the Secretary shall establish student co-  
8 horts, beginning with award year 2027–2028,  
9 as follows:

10 “(i) COMPLETING STUDENT CO-  
11 HORT.—For each program of study at  
12 such institution, a student cohort com-  
13 prised of all students who received Federal  
14 financial assistance under this title and  
15 who completed such program during such  
16 award year.

17 “(ii) UNDERGRADUATE NON-COM-  
18 PLETING STUDENT COHORT.—For such in-  
19 stitution, a student cohort comprised of all  
20 students who received Federal financial as-  
21 sistance under this title, who were enrolled  
22 in the institution during the previous  
23 award year in a program of study leading  
24 to an undergraduate credential, and who at  
25 the time the cohort is established—

1                   “(I) have not completed such  
2                   program of study; and

3                   “(II) are not enrolled at the in-  
4                   stitution in any program of study  
5                   leading to an undergraduate creden-  
6                   tial.

7                   “(iii) GRADUATE NON-COMPLETING  
8                   STUDENT COHORT.—For each program of  
9                   study leading to a graduate credential at  
10                  such institution, a student cohort com-  
11                  prised of all students who received Federal  
12                  financial assistance under this title, who  
13                  were enrolled in such program during the  
14                  previous award year, and who at the time  
15                  the cohort is established—

16                  “(I) have not completed such  
17                  program of study; and

18                  “(II) are not enrolled in such  
19                  program.

20                  “(B) QUALIFYING STUDENT LOAN.—For  
21                  the purposes of this subsection, the term ‘quali-  
22                  fying student loan’ means a loan made under  
23                  this part on or after July 1, 2027, that—

1 “(i) was made to a student included  
2 in a student cohort of an institution or to  
3 a parent on behalf of such a student;

4 “(ii) except in the case of a loan de-  
5 scribed in clause (i) or (ii) of subparagraph  
6 (C), is not included in any other student  
7 cohort of any institution of higher edu-  
8 cation;

9 “(iii) is not in—

10 “(I) a medical or dental intern-  
11 ship or residency forbearance de-  
12 scribed in section 428(c)(3)(A)(i)(I),  
13 section 428B(a)(2), section 428H(a),  
14 or section 685.205(a)(3) of title 34,  
15 Code of Federal Regulations;

16 “(II) a graduate fellowship  
17 deferment described in section  
18 455(f)(2)(A)(ii);

19 “(III) rehabilitation training pro-  
20 gram deferment described under sec-  
21 tion 455(f)(2)(A)(ii);

22 “(IV) an in-school deferment de-  
23 scribed under section 455(f)(2)(A)(i);

24 “(V) a cancer deferment de-  
25 scribed under section 455(f)(3);

1                   “(VI) a military service  
2                   deferment described under section  
3                   455(f)(2)(C); or

4                   “(VII) a post-active duty student  
5                   deferment described under section  
6                   493D; and

7                   “(iv) is not in default.

8                   “(C) SPECIAL CIRCUMSTANCES.—

9                   “(i) MULTIPLE CREDENTIALS.—In  
10                  the case of a student who completes two or  
11                  more programs of study during the same  
12                  award year, each qualifying student loan of  
13                  the student shall be included in the student  
14                  cohort for each of such program of study  
15                  for such award year.

16                  “(ii) TREATMENT OF CERTAIN CON-  
17                  SOLIDATION LOANS.—A Federal Direct  
18                  Consolidation loan made under this title  
19                  shall not be considered a qualifying stu-  
20                  dent loan for a student cohort for an  
21                  award year if all of the loans included in  
22                  such consolidation loan are attributable to  
23                  another student cohort.

24                  “(iii) CONSOLIDATION AFTER INCLU-  
25                  SION IN A STUDENT COHORT.—If a quali-



1           fying student loan is consolidated into a  
2           consolidation loan under this title after  
3           such qualifying student loan has been in-  
4           cluded in a student cohort, the percentage  
5           of the consolidation loan that was attrib-  
6           utable to such student cohort at the time  
7           of consolidation shall remain attributable  
8           to the student cohort for the life of the  
9           consolidation loan.

10           “(3) CALCULATION OF REIMBURSEMENT.—

11           “(A) REIMBURSEMENT PAYMENT FOR-  
12           MULA.—For each student cohort of an institu-  
13           tion of higher education established under this  
14           subsection, the annual reimbursement for such  
15           cohort shall be equal to—

16                   “(i) the reimbursement percentage for  
17                   the cohort, determined in accordance with  
18                   subparagraph (B); multiplied by

19                   “(ii) the non-repayment balance for  
20                   the cohort for the award year, determined  
21                   in accordance with subparagraph (C).

22           “(B) REIMBURSEMENT PERCENTAGE.—

23           The reimbursement percentage of a student co-  
24           hort of an institution shall be determined by the  
25           Secretary when the cohort is established, shall

1           remain constant for the life of the student co-  
2           hort, and shall be determined as follows:

3                   “(i) COMPLETING STUDENT CO-  
4                   HORTS.—The reimbursement percentage of  
5                   a completing student cohort shall be equal  
6                   to the percentage determined by—

7                           “(I) subtracting from one the  
8                           quotient of—

9                                   “(aa) the median value-  
10                                   added earnings of students who  
11                                   completed such program of study  
12                                   in the most recent award year for  
13                                   which such earnings data is  
14                                   available; divided by

15                                   “(bb) the median total price  
16                                   charged to students included in  
17                                   such cohort; and

18                                   “(II) multiplying the difference  
19                                   determined under subclause (I) by  
20                                   100.

21                   “(ii) SPECIAL CIRCUMSTANCES FOR  
22                   COMPLETING STUDENT COHORTS.—

23                           “(I) HIGH-RISK COHORTS.—Not-  
24                           withstanding clause (i), if the median  
25                           value-added earnings of a completing

1 student cohort under clause (i)(I)(aa)  
2 is negative, the reimbursement per-  
3 centage of the student cohort shall be  
4 100 percent.

5 “(II) LOW-RISK COHORTS.—Not-  
6 withstanding clause (i), if the median  
7 value-added earnings of a completing  
8 student cohort under clause (i)(I)(aa)  
9 exceeds the median total price of such  
10 cohort under clause (i)(I)(bb), the re-  
11 imbursement percentage of the stu-  
12 dent cohort shall be 0 percent.

13 “(iii) NON-COMPLETING STUDENT CO-  
14 HORTS.—The reimbursement percentage of  
15 a non-completing student cohort shall be  
16 determined based on the most recent data  
17 available in the award year in which the  
18 cohort is established, and—

19 “(I) for an undergraduate non-  
20 completing student cohort, shall be  
21 equal to the percentage of under-  
22 graduate students who received Fed-  
23 eral financial assistance under this  
24 title at such institution who—

1                   “(aa) did not complete an  
2                   undergraduate program of study  
3                   at the institution within 150 per-  
4                   cent of the program length of  
5                   such program; or

6                   “(bb) only in the case of a  
7                   two-year institution, did not,  
8                   within 6 years after first enroll-  
9                   ing at the two-year institution,  
10                  complete a program of study at a  
11                  four-year institution for which a  
12                  bachelor’s degree (or substan-  
13                  tially similar credential) is  
14                  awarded; and

15                  “(II) for a graduate non-com-  
16                  pleting student cohort, shall be equal  
17                  to the percentage of students who re-  
18                  ceived Federal financial assistance  
19                  under this title at the institution for  
20                  the applicable graduate program of  
21                  study and who did not complete such  
22                  program of study within 150 percent  
23                  of the program length.

24                  “(C) NON-REPAYMENT LOAN BALANCE.—

1                   “(i) IN GENERAL.—For each award  
2                   year, the Secretary shall determine the  
3                   non-repayment loan balance for such  
4                   award year for each student cohort of an  
5                   institution of higher education by calcu-  
6                   lating the sum of—

7                   “(I) for loans in such cohort, the  
8                   difference between the total amount of  
9                   payments due from all borrowers on  
10                  such loans during such year and the  
11                  total amount of payments made by all  
12                  such borrowers on such loans during  
13                  such year; plus

14                  “(II) the total amount of interest  
15                  waived, paid, or otherwise not charged  
16                  by the Secretary during such year  
17                  under the income-based repayment  
18                  plan described in section 455(q); plus

19                  “(III) the total amount of prin-  
20                  cipal and interest forgiven, cancelled,  
21                  waived, discharged, repaid, or other-  
22                  wise reduced by the Secretary under  
23                  any act during such year that is not  
24                  included in subclause (II) and was not

1 discharged or forgiven under section  
2 437(a), 428J, or section 455(m).

3 “(ii) SPECIAL CIRCUMSTANCES.—For  
4 the purpose of calculating the non-repay-  
5 ment loan balance of student cohorts under  
6 this paragraph, the Secretary shall—

7 “(I) for each qualifying student  
8 loan in a student cohort that is in-  
9 cluded in another student cohort be-  
10 cause the student who borrowed such  
11 loan completed two or more programs  
12 of study during the same award year,  
13 the sum of the amounts described in  
14 subclauses (I) through (III) of clause  
15 (i) for such qualifying student loan  
16 shall be divided equally among each of  
17 the student cohorts in which such loan  
18 is included; and

19 “(II) for each consolidation loan  
20 in a student cohort—

21 “(aa) determine the percent-  
22 age of the outstanding principal  
23 balance of the consolidation loan  
24 attributable to such student co-  
25 hort—

1                   “(AA) at the time of  
2                   that loan was included in  
3                   such cohort, in the case of a  
4                   loan consolidated before in-  
5                   clusion in such cohort; or

6                   “(BB) at the time of  
7                   consolidation, in the case of  
8                   a loan consolidated after in-  
9                   clusion in such cohort; and

10                  “(bb) include in the calcula-  
11                  tions under clause (i) for such  
12                  student cohort only the percent-  
13                  age of the sum of the amounts  
14                  described in subclauses (I)  
15                  through (III) of clause (i) for the  
16                  consolidation loan for such year  
17                  that is equal to the percentage of  
18                  the consolidation loan determined  
19                  under item (aa).

20                  “(D) TOTAL PRICE.—With respect to a  
21                  student who received Federal financial assist-  
22                  ance under this title and who completes a pro-  
23                  gram of study, the term ‘total price’ means the  
24                  total amount, before Federal financial assist-  
25                  ance under this title was applied, a student was

1 required to pay to complete the program of  
2 study. A student's total price shall be calculated  
3 by the Secretary as the difference between—

4 “(i) the total amount of tuition and  
5 fees that were charged to such student be-  
6 fore the application of any Federal finan-  
7 cial assistance provided under this title;  
8 minus

9 “(ii) the total amount of grants and  
10 scholarships described in section 480(i)  
11 awarded to such student from non-Federal  
12 sources for such program of study.

13 “(4) NOTIFICATION AND REMITTANCE.—Begin-  
14 ning with the first award year for which reimburse-  
15 ments are required under this subsection, and for  
16 each succeeding award year, the Secretary shall—

17 “(A) notify each institution of higher edu-  
18 cation of the amounts and due dates of each  
19 annual reimbursement calculated under para-  
20 graph (3) for each student cohort of the institu-  
21 tion within 30 days of calculating such  
22 amounts; and

23 “(B) require the institution to remit such  
24 payments within 90 days of such notification.

25 “(5) PENALTY FOR LATE PAYMENTS.—



1           “(A) THREE-MONTH DELINQUENCY.—If  
2           an institution fails to remit to the Secretary a  
3           reimbursement for a student cohort as required  
4           under this subsection within 90 days of receiving  
5           notification from the Secretary in accordance  
6           with paragraph (4), the institution shall  
7           pay to the Secretary, in addition to such reimbursement,  
8           interest on such reimbursement  
9           payment, at a rate that is the average rate applicable  
10          to the loans in such student cohort.

11          “(B) TWELVE-MONTH DELINQUENCY.—If  
12          an institution fails to remit to the Secretary a  
13          reimbursement for a student cohort as required  
14          under this subsection, plus interest owed in  
15          under subparagraph (A), within 12 months of  
16          receiving notification from the Secretary in accordance  
17          with paragraph (4), the institution  
18          shall be ineligible to make direct loans to any  
19          student enrolled in the program of study for  
20          which the institution has failed to make the reimbursement  
21          payments until such payment is  
22          made.

23          “(C) EIGHTEEN-MONTH DELINQUENCY.—  
24          If an institution fails to remit to the Secretary  
25          a reimbursement for a student cohort as re-

1           required under this subsection, plus interest owed  
2           under subparagraph (A), within 18 months of  
3           receiving notification from the Secretary in ac-  
4           cordance with paragraph (4), the institution  
5           shall be ineligible to make direct loans or award  
6           Federal Pell Grants under section 401 to any  
7           student enrolled in the institution until such  
8           payment is made.

9           “(D) TWO-YEAR DELINQUENCY.—If an in-  
10          stitution fails to remit to the Secretary a reim-  
11          bursement for a student cohort as required  
12          under this subsection, plus interest owed under  
13          subparagraph (A), within 2 years of receiving  
14          notification from the Secretary in accordance  
15          with paragraph (4), the institution shall be in-  
16          eligible to participate in any program under this  
17          title for a period of not less than 10 years.

18          “(6) RELIEF FOR VOLUNTARY CESSATION OF  
19          FEDERAL DIRECT LOANS FOR A PROGRAM OF  
20          STUDY.—The Secretary shall, upon the request of an  
21          institution that voluntarily ceases to make Federal  
22          Direct loans to students enrolled in a specific pro-  
23          gram of study, reduce the amount of the annual re-  
24          imbursement owed by the institution for each stu-  
25          dent cohort associated with such program by 50 per-

1 cent if the institution assures the Secretary that the  
2 institution will not make Federal Direct loans to any  
3 student enrolled in such program of study (or any  
4 substantially similar program of study, as deter-  
5 mined by the Secretary) for a period of not less than  
6 10 award years, beginning with the first award year  
7 that begins after the date on which the Secretary re-  
8 duces such reimbursement.

9 “(7) RESERVATION OF FUNDS FOR PROMISE  
10 GRANTS.—Notwithstanding any other provision of  
11 law, the Secretary shall reserve the funds remitted  
12 to the Secretary as reimbursements in accordance  
13 with this subsection, and such funds shall be made  
14 available to the Secretary only for the purpose of  
15 awarding PROMISE grants in accordance with sub-  
16 part 11 of part A of this title.”.

17 **SEC. 30042. CAMPUS-BASED AID PROGRAMS.**

18 (a) PROMISE GRANTS.—Part A of title IV of the  
19 Higher Education Act of 1965 (20 U.S.C. 1070c et seq.)  
20 is amended by adding at the end the following:

21 **“Subpart 11—Promoting Real Opportunities to**  
22 **Maximize Investments and Savings in Education**

23 **“SEC. 420S. PROMISE GRANTS.**

24 “For award year 2028–2029 and each succeeding  
25 award year, from reserved funds remitted to the Secretary

1 in accordance with section 454(d) and additional funds  
2 made available under section 420V, as necessary, the Sec-  
3 retary shall award PROMISE grants to eligible institu-  
4 tions to carry out the activities described in section  
5 420U(c). PROMISE grants awarded under this subpart  
6 shall be awarded on a noncompetitive basis to each eligible  
7 institution that submits a satisfactory application under  
8 section 420T for a 6-year period in an amount that is de-  
9 termined in accordance with section 420U.

10 **“SEC. 420T. ELIGIBLE INSTITUTIONS; APPLICATION.**

11 “(a) ELIGIBLE INSTITUTION.—To be eligible for a  
12 PROMISE grant under this subpart, an institution  
13 shall—

14 “(1) be an institution of higher education under  
15 section 102, except that an institution described in  
16 section 102(a)(1)(C) shall not be an eligible institu-  
17 tion under this subpart; and

18 “(2) meet the maximum total price guarantee  
19 requirements under subsection (c).

20 “(b) APPLICATION.—An eligible institution seeking a  
21 PROMISE grant under this subpart (including a renewal  
22 of such a grant) shall submit to the Secretary an applica-  
23 tion, at such time as the Secretary may require, containing  
24 the information required under this subsection. Such ap-  
25 plication shall—

1 “(1) demonstrate that the institution—

2 “(A) meets the maximum total price guar-  
3 antee requirements under subsection (c); and

4 “(B) will continue to meet the maximum  
5 total price guarantee requirements for each  
6 award year during the grant period with respect  
7 to students first enrolling at the institution for  
8 each such award year;

9 “(2) describe how grant funds awarded under  
10 this subpart will be used by the institution to carry  
11 out activities related to—

12 “(A) increasing postsecondary afford-  
13 ability, including—

14 “(i) the expansion and continuation of  
15 the maximum total price guarantee re-  
16 quirements under subsection (c); and

17 “(ii) any other activities to be carried  
18 out by the institution to increase postsec-  
19 ondary affordability and minimize the max-  
20 imum total price for completion paid by  
21 students receiving need-based student aid;

22 “(B) increasing postsecondary access,  
23 which may include—

24 “(i) the activities described in section  
25 485E of this Act; and

1 “(ii) any other activities to be carried  
2 out by the institution to increase postsec-  
3 ondary access and expand opportunities for  
4 low- and middle-income students; and

5 “(C) increasing postsecondary student suc-  
6 cess, which may include—

7 “(i) activities to improve completion  
8 rates and reduce time to credential;

9 “(ii) activities to align programs of  
10 study with the needs of employers, includ-  
11 ing with respect to in-demand industry sec-  
12 tors or occupations (as defined in section 3  
13 of the Workforce Innovation and Oppor-  
14 tunity Act (29 U.S.C. 3102)); and

15 “(iii) any other activities to be carried  
16 out by the institution to increase value-  
17 added earnings and postsecondary student  
18 success;

19 “(3) describe—

20 “(A) how the institution will evaluate the  
21 effectiveness of the institution’s use of grant  
22 funds awarded under this subpart; and

23 “(B) how the institution will collect and  
24 disseminate information on promising practices  
25 developed with the use of such grant funds; and

1           “(4) in the case of an institution that has pre-  
2           viously received a grant under this subpart, contain  
3           the evaluation required under paragraph (3) for  
4           each previous grant.

5           “(c) MAXIMUM TOTAL PRICE GUARANTEE REQUIRE-  
6           MENTS.—As a condition of eligibility for a PROMISE  
7           grant under this subpart, an institution shall—

8           “(1) for each award year beginning after the  
9           date of enactment of this subpart, not later than 1  
10          year before the start of each such award year (ex-  
11          cept that, for the first award year beginning after  
12          such date of enactment, the institution shall meet  
13          these requirements as soon as practicable after such  
14          date of enactment), determine the maximum total  
15          price for completion, in accordance with subsection  
16          (e), for each program of study at the institution ap-  
17          plicable to students in each income category and stu-  
18          dent aid index category (as determined by the Sec-  
19          retary) and publish such information on the institu-  
20          tion’s website and in the institution’s catalog, mar-  
21          keting materials, or other official publications;

22          “(2) for the award year for which the institu-  
23          tion is applying for a PROMISE grant, and at least  
24          1 award year preceding such award year, provide to  
25          each student who first enrolls, or plans to enroll, in

1 the institution during the award year and who re-  
2 ceives Federal financial aid under this title a max-  
3 imum total price guarantee, in accordance with this  
4 section, for the minimum guarantee period applica-  
5 ble to the student; and

6 “(3) provide to the Secretary an assurance that  
7 the institution will continue to meet each of the  
8 maximum total price guarantee requirements under  
9 this subsection for students who first enroll, or plan  
10 to enroll, in the institution during each award year  
11 included in the grant period.

12 “(d) DURATION OF MINIMUM GUARANTEE PE-  
13 RIOD.—

14 “(1) IN GENERAL.—The minimum period dur-  
15 ing which a student shall be provided a guarantee  
16 under subsection (c) with respect to the maximum  
17 total price for completion of a program of study at  
18 an institution shall be the average, for the 3 most  
19 recent award years for which data are available, of  
20 the median time to credential of students who com-  
21 pleted any undergraduate program of study at the  
22 institution during each such award year, except that  
23 such minimum guarantee period shall not be less  
24 than the program length of the program of study in  
25 which the student is enrolled.



1           “(2) LIMITATION.—An institution shall not be  
2           required to provide a maximum total price guarantee  
3           under subsection (c) to a student after the conclu-  
4           sion of the 6-year period beginning on the first day  
5           on which the student enrolled at such institution.

6           “(e) DETERMINATION OF MAXIMUM TOTAL PRICE  
7           FOR COMPLETION.—

8           “(1) IN GENERAL.—For the purposes of sub-  
9           section (c), an institution shall determine, prior to  
10          the first award year in which a student enrolls at  
11          the institution, the maximum total price that may be  
12          charged to the student for completion of a program  
13          of study at the institution for the minimum guar-  
14          antee period applicable to a student, before applica-  
15          tion of any Federal Pell Grants or other Federal fi-  
16          nancial aid under this title. Such a maximum total  
17          price for completion shall be determined for students  
18          in each income category and student aid index cat-  
19          egory (as determined by the Secretary). In deter-  
20          mining the maximum total price for completion to be  
21          charged to each such category of students, the insti-  
22          tution may consider the ability of a category of stu-  
23          dents to pay tuition and fees, but may not include  
24          in such consideration any Federal Pell Grants or  
25          other Federal financial aid awards that may be

1 available to such category of students under this  
2 title.

3 “(2) MULTIPLE MAXIMUM TOTAL PRICE GUAR-  
4 ANTEES.—In the event that a student receives more  
5 than 1 maximum total price guarantee because the  
6 student is included in more than 1 category of stu-  
7 dents for which the institution determines a max-  
8 imum total price guarantee amount for the purposes  
9 of subsection (c), the maximum total price guarantee  
10 applicable to such student for the purposes of this  
11 section shall be equal to the lowest such guarantee  
12 amount.

13 **“SEC. 420U. GRANT AMOUNTS; FLEXIBLE USE OF FUNDS.**

14 “(a) GRANT AMOUNT FORMULA.—

15 “(1) FORMULA.—Subject to subsection (b) and  
16 section 420V(b), the amount of a PROMISE grant  
17 for an eligible institution for each year of the grant  
18 period shall be calculated by the Secretary annually  
19 and shall be equal to the amount determined by  
20 multiplying—

21 “(A) the lesser of—

22 “(i) the difference determined by sub-  
23 tracting one from the quotient of—

24 “(I) the average, for the 3 most  
25 recent award years for which data are

1 available, of the median value-added  
2 earnings for each such award year of  
3 students who completed any program  
4 of study of the institution; divided by  
5 “(II) the average, for the 3 most  
6 recent award years for which data are  
7 available, of the maximum total price  
8 for completion determined under sec-  
9 tion 420T(e) applicable for each such  
10 award year to students enrolled in the  
11 institution in any program of study  
12 who received financial aid under this  
13 title; or  
14 “(ii) the number two;  
15 “(B) the average, for the 3 most recent  
16 award years for which data are available, of the  
17 total dollar amount of Federal Pell Grants  
18 awarded to students enrolled in the institution  
19 in each such award year; and  
20 “(C) the average, for the 3 most recent  
21 award years for which data are available, of the  
22 percentage of low-income students who received  
23 Federal financial assistance under this title who  
24 were enrolled in the institution in each such  
25 award year who—

1 “(i) completed a program of study at  
2 the institution within 100 percent of the  
3 program length of such program; or

4 “(ii) only in the case of a two-year in-  
5 stitution or a less than two-year institu-  
6 tion—

7 “(I) transfer to a four-year insti-  
8 tution; and

9 “(II) within 4 years after first  
10 enrolling at the two-year or less than  
11 two-year institution, complete a pro-  
12 gram of study at the four-year institu-  
13 tion for which a bachelor’s degree (or  
14 substantially similar credential) is  
15 awarded.

16 “(2) DEFINITION OF LOW-INCOME.—In this  
17 section, the term ‘low-income’, when used with re-  
18 spect to a student, means that the student’s family  
19 income does not exceed the maximum income in the  
20 lowest income category (as determined by the Sec-  
21 retary).

22 “(b) MAXIMUM GRANT AMOUNT.—Notwithstanding  
23 subsection (a), the maximum amount an eligible institu-  
24 tion may receive annually for a grant under this subpart  
25 shall be the amount equal to—

1           “(1) the average, for the 3 most recent award  
2           years, of the number of students enrolled in the in-  
3           stitution in an award year who receive Federal fi-  
4           nancial aid under this title; multiplied by

5           “(2) \$5,000.

6           “(c) FLEXIBLE USE OF FUNDS.—A PROMISE  
7           grant awarded under this subpart shall be used by an eli-  
8           gible institution to—

9           “(1) carry out activities included in the institu-  
10          tion’s application for such grant related to postsec-  
11          ondary affordability, access, and student success;

12          “(2) evaluate the effectiveness of the activities  
13          carried out with such grant in accordance with sec-  
14          tion 420T(b)(3)(A); and

15          “(3) collect and disseminate promising practices  
16          related to the activities carried out with such grant,  
17          in accordance with section 420T(b)(3)(B).

18       **“SEC. 420V. AVAILABILITY OF FUNDS.**

19       “(a) USED OF RESERVED FUNDS.—

20       “(1) PRIMARY FUNDS.—To carry out this sub-  
21       part, there shall be available to the Secretary any  
22       funds remitted to the Secretary as reimbursements  
23       in accordance with section 454(d) for any award  
24       year.

1           “(2) SECONDARY FUNDS.—Beginning award  
2 year 2028–2029, if the amounts made available to  
3 the Secretary under paragraph (1) to carry out this  
4 subpart in any award year are insufficient to fully  
5 fund the PROMISE grants awarded under this sub-  
6 part in such award year, there shall be available to  
7 the Secretary, in addition to such amounts, any  
8 funds returned to the Secretary under section 484B  
9 in the previous award year.

10          “(b) REDUCTION OF GRANT AMOUNT IN CASE OF IN-  
11 SUFFICIENT FUNDS.—

12           “(1) IN GENERAL.—If the amounts made avail-  
13 able to the Secretary under subsection (a) to carry  
14 out this subpart for an award year are not sufficient  
15 to provide grants to each eligible institution in the  
16 amount determined under section 420U for such  
17 award year, the Secretary shall reduce each such  
18 grant amount by the applicable percentage described  
19 in paragraph (2).

20           “(2) APPLICABLE PERCENTAGE.—The applica-  
21 ble percentage described in this paragraph is the  
22 percentage determined by dividing—

23           “(A) the amounts made available under  
24 subsection (a) for the award year described in  
25 paragraph (1); by

1                   “(B) the total amount that would be nec-  
2                   essary to provide grants to all eligible institu-  
3                   tions in the amounts determined under section  
4                   420U for such award year.

5 **“SEC. 420W. DEFINITIONS.**

6           “In this title:

7                   “(1) VALUE-ADDED EARNINGS.—

8                   “(A) IN GENERAL.—With respect to a stu-  
9                   dent who received Federal financial aid under  
10                   this title and who completed a program of study  
11                   offered by an institution of higher education,  
12                   the term ‘value-added earnings’ means—

13                           “(i) the annual earnings of such stu-  
14                           dent measured during the applicable earn-  
15                           ings measurement period for such program  
16                           (as determined under subparagraph (C));  
17                           minus

18                           “(ii) in the case of a student who  
19                           completed a program of study that  
20                           awards—

21                                   “(I) an undergraduate credential,  
22                                   150 percent of the poverty line appli-  
23                                   cable to a single individual as deter-  
24                                   mined under section 673(2) of the

1 Community Services Block Grant Act  
2 (42 U.S.C. 9902(2)) for such year; or

3 “(II) a graduate credential, 300  
4 percent of the poverty line applicable  
5 to a single individual as determined  
6 under section 673(2) of the Commu-  
7 nity Services Block Grant Act (42  
8 U.S.C. 9902(2)) for such year.

9 “(B) GEOGRAPHIC ADJUSTMENT.—

10 “(i) IN GENERAL.—Except as pro-  
11 vided in clause (ii), the Secretary shall use  
12 the geographic location of the institution at  
13 which a student completed a program of  
14 study to adjust the value-added earnings of  
15 the student calculated under subparagraph  
16 (A) by dividing—

17 “(I) the difference between  
18 clauses (i) and (ii) of such subpara-  
19 graph; by

20 “(II) the most recent regional  
21 price parity index of the Bureau of  
22 Economics Analysis for the State or,  
23 as applicable, metropolitan area in  
24 which such institution is located.



1                   “(ii) EXCEPTION.—The value-added  
2 earnings of a student calculated under sub-  
3 paragraph (A) shall not be adjusted based  
4 on geographic location in accordance with  
5 clause (i) if such student attended prin-  
6 cipally through distance education.

7                   “(C) EARNINGS MEASUREMENT PERIOD.—

8                   “(i) IN GENERAL.—For the purpose  
9 of calculating the value-added earnings of  
10 a student, except as provided in clause (ii),  
11 the annual earnings of a student shall be  
12 measured—

13                   “(I) in the case of a program of  
14 study that awards an undergraduate  
15 certificate, post baccalaureate certifi-  
16 cate, or graduate certificate, 1 year  
17 after the student completes such pro-  
18 gram;

19                   “(II) in the case of a program of  
20 study that awards an associate’s de-  
21 gree or master’s degree, 2 years after  
22 the student completes such program;  
23 and

24                   “(III) in the case of a program of  
25 study that awards a bachelor’s degree,

1           doctoral degree, or professional de-  
2           gree, 4 years after the student com-  
3           pletes such program.

4           “(ii) EXCEPTION.—The Secretary  
5           may, as the Secretary determines appro-  
6           priate based on the characteristics of a  
7           program of study, extend an earnings  
8           measurement period described in clause (i)  
9           for a program of study that—

10                   “(I) requires completion of an  
11                   additional educational program after  
12                   completion of the program of study in  
13                   order to obtain a licensure associated  
14                   with the credential awarded for such  
15                   program of study; and

16                   “(II) when combined with the  
17                   program length of such additional  
18                   educational program for licensure, has  
19                   a total program length that exceeds  
20                   the relevant earnings measurement  
21                   period prescribed for such program of  
22                   study under clause (i),

23           except that in no case shall the annual  
24           earnings of a student be measured more

1                   than 1 year after the student completes  
2                   such additional educational program.

3                   “(2) PROGRAM LENGTH.—The term ‘program  
4                   length’ means the minimum amount of time in  
5                   weeks, months, or years that is specified in the cata-  
6                   log, marketing materials, or other official publica-  
7                   tions of an institution of higher education for a full-  
8                   time student to complete the requirements for a spe-  
9                   cific program of study.”.

10                  (b) INSTITUTIONAL REFUNDS.—Section 484B of the  
11 Higher Education Act of 1965 (20 U.S.C. 1091b) is  
12 amended by adding at the end the following:

13                  “(f) RESERVATION OF FUNDS FOR PROMISE  
14 GRANTS.—Notwithstanding any other provision of law,  
15 the Secretary shall reserve the funds returned to the Sec-  
16 retary under this section for 1 year after the return of  
17 such funds for the purpose of awarding PROMISE grants  
18 in accordance with subpart 4 of part A of this title.”.

## 19                  **Subtitle F—Regulatory Relief**

### 20                  **SEC. 30051. REGULATORY RELIEF.**

21                  (a) 90/10 RULE.—Section 487 of the Higher Edu-  
22 cation Act of 1965 (20 U.S.C. 1094) is amended—

23                         (1) in subsection (a), by striking paragraph

24                         (24);

25                         (2) by striking subsection (d); and

1           (3) by redesignating subsections (e) through (j)  
2           as subsections (d) through (i), respectively.

3           (b) **GAINFUL EMPLOYMENT.**—The Higher Education  
4 Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

5           (1) in section 101(b)(1), by striking “gainful  
6           employment in”;

7           (2) in section 102—

8           (A) in subsection (b)(1)(A)(i), by striking  
9           “gainful employment in”; and

10           (B) in subsection (c)(1)(A), by striking  
11           “gainful employment in”; and

12           (3) in section 481(b)(1)(A)(i), by striking  
13           “gainful employment in”.

14           (c) **OTHER REPEALS.**—The following regulations (in-  
15 cluding any supplement or revision to such regulations)  
16 are repealed and shall have no legal effect:

17           (1) **CLOSED SCHOOL DISCHARGES.**—Sections  
18           674.33(g), 682.402(d), and 685.214 of title 34,  
19           Code of Federal Regulations (relating to closed  
20           school discharges), as added or amended by the final  
21           regulations published by the Department of Edu-  
22           cation in the Federal Register on November 1, 2022  
23           (87 Fed. Reg. 65904 et seq.).

24           (2) **BORROWER DEFENSE TO REPAYMENT.**—  
25           Subpart D of part 685 of title 34, Code of Federal

1 Regulations (relating to borrower defense to repay-  
2 ment), as added or amended by the final regulations  
3 published by the Department of Education in the  
4 Federal Register on November 1, 2022 (87 Fed.  
5 Reg. 65904 et seq.).

6 (d) EFFECT OF REPEAL.—Any regulations repealed  
7 by subsection (c) that were in effect on June 30, 2023,  
8 are restored and revived as if the repeal of such regula-  
9 tions under such subsection had not taken effect.

10 (e) PROHIBITION.—The Secretary of Education may  
11 not implement any rule, regulation, policy, or executive ac-  
12 tion specified in this section (or a substantially similar  
13 rule, regulation, policy, or executive action) unless author-  
14 ity for such implementation is explicitly provided in an Act  
15 of Congress.

## 16 **Subtitle G—Limitation on** 17 **Authority**

18 **SEC. 30061. LIMITATION ON AUTHORITY OF THE SEC-**  
19 **RETARY TO PROPOSE OR ISSUE REGULA-**  
20 **TIONS AND EXECUTIVE ACTIONS.**

21 Part G of title IV of the Higher Education Act of  
22 1965 (20 U.S.C. 1088 et seq.) is amended by inserting  
23 after section 492 the following:

1 **“SEC. 492A. LIMITATION ON AUTHORITY OF THE SEC-**  
2 **RETARY TO PROPOSE OR ISSUE REGULA-**  
3 **TIONS AND EXECUTIVE ACTIONS.**

4 “(a) DRAFT REGULATIONS.—Beginning on the date  
5 of enactment of this section, a draft regulation imple-  
6 menting this title (as described in section 492(b)(1)) that  
7 is determined by the Secretary to be economically signifi-  
8 cant shall be subject to the following requirements (re-  
9 gardless of whether negotiated rulemaking occurs):

10 “(1) The Secretary shall determine whether the  
11 draft regulation, if implemented, would result in an  
12 increase in a subsidy cost.

13 “(2) If the Secretary determines under para-  
14 graph (1) that the draft regulation would result in  
15 an increase in a subsidy cost, then the Secretary  
16 may not take any further action with respect to such  
17 regulation.

18 “(b) PROPOSED OR FINAL REGULATIONS AND EXEC-  
19 UTIVE ACTIONS.—Beginning on the date of enactment of  
20 this section, the Secretary may not issue a proposed rule,  
21 final regulation, or executive action implementing this title  
22 if the Secretary determines that the rule, regulation, or  
23 executive action—

24 “(1) is economically significant; and

25 “(2) would result in an increase in a subsidy  
26 cost.

1 “(c) RELATIONSHIP TO OTHER REQUIREMENTS.—

2 The analyses required under subsections (a) and (b) shall  
3 be in addition to any other cost analysis required under  
4 law for a regulation implementing this title, including any  
5 cost analysis that may be required pursuant to Executive  
6 Order 12866 (58 Fed. Reg. 51735; relating to regulatory  
7 planning and review), Executive Order 13563 (76 Fed.  
8 Reg. 3821; relating to improving regulation and regu-  
9 latory review), or any related or successor orders.

10 “(d) DEFINITION.—In this section, the term ‘eco-  
11 nomically significant’, when used with respect to a draft,  
12 proposed, or final regulation or executive action, means  
13 that the regulation or executive action is likely, as deter-  
14 mined by the Secretary—

15 “(1) to have an annual effect on the economy  
16 of \$100,000,000 or more; or

17 “(2) to adversely affect in a material way the  
18 economy, a sector of the economy, productivity, com-  
19 petition, jobs, the environment, public health or safe-  
20 ty, or State, local, or tribal governments or commu-  
21 nities.”.

