

Providing for reconciliation pursuant to H.Con.Res. 14, the Concurrent Resolution on the Budget for Fiscal Year 2025

Section by Section

Subtitle A – Student Eligibility

Sec. 30001 Eligibility

- **Student Eligibility.** Streamlines the categories of non-citizens that would be eligible to receive a grant, loan, or work assistance under the *Higher Education Act* (HEA) to include lawful permanent residents (LPR), certain nationals of Cuba, and individuals that are part of a Compact of Free Association.

Sec. 30002 Amount of Need; Cost of Attendance; Median Cost of College

- **Amount of Need; Cost of Attendance; Median Cost of College.** Caps the total amount of federal student aid a student can receive annually at the “median cost of college,” defined as the median cost of attendance for students enrolled in the same program of study nationally and calculated by the Secretary using data from the previous award year.
- **Exemption of Certain Assets.** Restores exemptions of certain assets under the Free Application for Federal Student Aid.

Subtitle B – Loan Limits

Sec. 30011 Loan Limits

- **Termination of Authority to Make Certain Loans.** Terminates authority to make Grad PLUS loans and subsidized loans for undergraduate students on or after July 1, 2026; includes a three-year exception for students who were enrolled in a program of study as of June 30, 2026, and had received such loans for such program.
- **Unsubsidized Loans:** Amends the maximum annual loan limit for unsubsidized loans disbursed on or after July 1, 2026, to the median cost of students’ program of study; amends aggregate limits for such loans disbursed to students for an undergraduate program (\$50,000), graduate program (\$100,000), and professional program (\$150,000); establishes a lifetime maximum limit of \$200,000 for all student borrowers.
- **Parent PLUS Loans:** Requires undergraduate students to exhaust their unsubsidized loans before parents can utilize Parent PLUS to cover their remaining cost of attendance; establishes a lifetime aggregate limit for Parent PLUS loans of \$50,000 for parents on behalf of their dependent child; includes a three-year exception for students who were enrolled in a program of study as of June 30, 2026, and had received such loans for such program.

- **Additional Reforms.** Allows financial aid administrators to reduce annual borrowing limits below the statutory maximum as long as such limits are applied equally to all students; requires federal student loans to be pro-rated for students who are enrolled less than full-time.

Subtitle C – Loan Repayment

Sec. 30021 Loan Repayment

- **Income-Contingent Repayment; Transition Authority; Limitation of Regulatory Authority.** Terminates all repayment plans authorized under income-contingent repayment (ICR); requires the Secretary to transfer borrowers enrolled in an ICR plan or an administrative forbearance associated with such plans into the statutorily authorized income-based repayment (IBR) plan; prohibits the Secretary from issuing or modifying regulations with respect to IBR and the Repayment Assistance Plan with the exception of interim final rules with respect to transitioning borrowers to IBR, modifying IBR terms consistent with the Amendments made under this section, and implementing the Repayment Assistance Plan established under this section; waives negotiated rulemaking with respect to transitioning borrowers to IBR and modifying the terms of such plan.
- **Repayment Plans for Loans Before July 1, 2026.** Maintains all current repayment options for borrowers with existing loans disbursed prior to July 1, 2026, with the exception of plans created by the Secretary under ICR; amends the terms of IBR to require borrowers to pay 15 percent of discretionary income, eliminates the standard repayment cap and partial financial hardship requirement, and requires borrowers to pay a maximum of 240 or 300 qualifying payments for undergraduate and graduate borrowers, respectively; allows borrowers with excepted PLUS loans who were enrolled in ICR to access IBR.
- **Repayment Plans for Loans After July 1, 2026.** Repeals all plans authorized under ICR for current and new borrowers. Terminates existing repayment plans for loans disbursed on or after July 1, 2026, and establishes the following new standard repayment plan and Repayment Assistance Plan for borrowers with such loans:
 - *Standard Repayment Plan.* Establishes a standard repayment plan with fixed monthly payments and repayment terms that range from 10 to 25 years based on the amount borrowed.
 - *Repayment Assistance Plan.* Establishes a new Repayment Assistance Plan with payments calculated based on borrowers' total adjusted gross income (AGI), ranging from 1 to 10 percent depending on a borrower's income; includes a minimum monthly payment of \$10; offers balance assistance to borrowers making their required on-time payments by waiving unpaid interest and providing a matching payment-to-principal of up to \$50; allows borrowers currently in repayment to enroll in such plan; includes a maximum repayment term equal to 360 qualifying payments, which may include previous payments made under ICR, IBR, and other qualifying existing plans.

Sec. 30022 Deferment; Forbearance

- **Economic Hardship and Unemployment Deferments.** Terminates economic hardship and unemployment deferments for loans disbursed on or after July 1, 2025.
- **Discretionary Forbearances.** Amends the terms of discretionary forbearances for loans disbursed on or after July 1, 2025, to prohibit use of such forbearances for more than nine months during a 24-month period.
- **Medical and Dental Residency Deferment.** Amends the terms of medical and dental residency deferments for loans disbursed on or after July 1, 2025, to allow for zero interest accrual for up to four years.

Sec. 30023 Loan Rehabilitation

- **Loan Rehabilitation.** Allows borrowers with existing and new defaulted loans to rehabilitate their loans twice instead of once allowing these borrowers a smoother transition out of default and into repayment; requires payments for rehabilitation to be no less than \$10 for loans disbursed on or after July 1, 2025.

Sec. 30024 Public Service Loan Forgiveness

- **Repayment Assistance Plan.** Allows payments made under the Repayment Assistance Plan to count as a qualifying payment for purposes of Public Service Loan Forgiveness (PSLF).
- **Qualifying Jobs.** Clarifies that payments made by new borrowers on or after July 1, 2025, who are serving in a medical or dental residency do not count as a qualifying payment for purposes of PSLF.

Sec. 30025 Student Loan Servicing

- **Additional Mandatory Funds.** Provides \$500 million in each of the fiscal years 2025 and 2026 to the Secretary for costs associated with returning borrowers back into repayment on their loans and to help with the costs of building the new repayment plan.

Subtitle D – Pell Grants

Sec. 30031 Eligibility

- **Foreign Income.** Requires foreign income exempt from taxation or foreign income for which an individual receives a foreign tax credit to be included in the AGI calculation for purposes of calculating Pell Grant eligibility.

- **Ineligibility Due to High Student Aid Index.** Students with a student aid index that equals or exceeds twice the amount of the maximum Pell Grant amount are rendered ineligible for Pell, regardless of their AGI.
- **Definition of Full Time Enrollment.** Defines full time for purposes of the Pell Grant as expected to complete at least 30 semester or trimester hours, or 45 quarter credit hours (or the clock hour equivalent) in each award year.
- **Ineligibility for Less Than Half Time Enrollment.** Requires students to be enrolled on at least a half-time basis (expected to complete at least 15 semester or trimester hours) in each award year to be eligible to receive a Pell Grant.

Sec. 30032 Workforce Pell Grants

- **Workforce Pell Grant Program.** Expands eligibility for Pell Grants on or after July 1, 2026, to students enrolled in short-term, high-quality, workforce aligned programs that meet the requirements of this section; includes guardrails for student outcomes including value-added earnings, completion rates, and job placement rates; allows students enrolled in programs operating outside of the accreditation system to be eligible for such grants.

Sec. 30033 Pell Shortfall

- **Additional Funds.** Provides \$10.5 billion for fiscal years 2026, 2027, and 2028 to reduce the funding shortfall for the Pell Grant program.

Subtitle E – Accountability

Sec. 30041 Agreements with Institutions

- **Agreements with Institutions.** Creates skin-in-the-game accountability for colleges and universities by amending the terms of the Direct Loan program participation agreement to require institutions to reimburse the Secretary for a percentage of the non-repayment balance associated with loans disbursed on or after July 1, 2027; calculates the reimbursement percentage based on the total price the institution charges students for a program of study and the value-added earnings of students after they graduate or, in the case of students who do not graduate, the completion rate of the institution or program.
 - *Penalties for Late or Missed Payments:* Establishes escalating penalties for late payments, starting with requiring institutions to pay interest on late payments and scaling up to loss of Title IV eligibility.
 - *Relief for Voluntary Program Closure:* Waives 50 percent of payments due for a given program if an IHE voluntarily agrees to cease disbursement of federal student loans for the program (or a substantially similar program) for 10 years.

- *Reservation of Funds.* Requires the Secretary to reserve all reimbursements received from institutions for the purpose of awarding PROMISE Grants.

Sec. 30042 Campus-Based Aid Programs

- **PROMISE Grants.** Establishes a “PROMISE” program to provide performance-based grants to institutions.
 - *Funding Formula.* Provides funds to institutions based on a formula that rewards colleges for strong earnings outcomes, low tuition, and enrolling and graduating low-income students; sets the maximum amount an institution can receive annually at \$5,000 per federal student aid recipient.
 - *Use of Funds.* Provides flexibility to use funds to meet the maximum price guarantee required under the program, as well as other initiatives to improve college affordability, college access, and student successes in ways that best suit the needs of the institution and its students; requires institutions to report and evaluate how funds are used and disseminate best practices based on those evaluations.
 - *Maximum Price Guarantee.* Requires that, as a condition of receiving PROMISE grants, institutions must provide prospective students a guaranteed maximum total price for a given program of study based on income and financial need categories established by the Secretary; requires such guarantee to be for a minimum period of enrollment (up to six years or the institution’s median time to completion, whichever is less).

Subtitle F – Regulatory Relief

Sec. 30051 Regulatory Relief

- **90/10 Rule.** Permanently repeals the 90/10 rule which targeted one sector of higher education in favor of creating a sector-neutral accountability plan.
- **Gainful Employment.** Permanently repeals the Gainful Employment rule which unfairly targeted one sector of higher education.
- **Other Repeals.** Repeals the Biden-Harris administration’s regulations pertaining to borrower defense to repayment and closed school discharges.

Subtitle G – Limitation on Authority

Sec. 30061 Limitation on Authority of the Secretary

- **Limits on Authority.** Requires the Secretary to confirm that any new regulations or executive actions issued related to the student loan program will not increase costs to the

federal government. Prohibits any regulations from being issued that cannot meet that threshold.