

1 (b) *EFFECTIVE DATE AND APPLICATION.*—*The amend-*
 2 *ments made by subsection (a) shall take effect on July 1,*
 3 *2026, and shall apply with respect to award year 2026–*
 4 *2027 and each subsequent award year, as determined under*
 5 *the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).*

6 ***Subtitle B—Loan Limits***

7 ***SEC. 81001. ESTABLISHMENT OF LOAN LIMITS FOR GRAD-***
 8 ***UATE AND PROFESSIONAL STUDENTS AND***
 9 ***PARENT BORROWERS; TERMINATION OF***
 10 ***GRADUATE AND PROFESSIONAL PLUS LOANS.***

11 *Section 455(a) of the Higher Education Act of 1965*
 12 *(20 U.S.C. 1087e(a)) is amended—*

13 (1) *in paragraph (3)—*

14 (A) *in the paragraph heading, by inserting*
 15 *“AND FEDERAL DIRECT PLUS LOANS” after*
 16 *“LOANS”;*

17 (B) *by striking subparagraph (A) and in-*
 18 *serting the following:*

19 “(A) *TERMINATION OF AUTHORITY TO MAKE*
 20 *INTEREST SUBSIDIZED LOANS TO GRADUATE AND*
 21 *PROFESSIONAL STUDENTS.—Subject to subpara-*
 22 *graph (B), and notwithstanding any provision of*
 23 *this part or part B—*

24 “(i) *for any period of instruction be-*
 25 *ginning on or after July 1, 2012, a grad-*

1 uate or professional student shall not be eli-
 2 gible to receive a Federal Direct Stafford
 3 loan under this part; and

4 “(ii) for any period of instruction be-

5 ginning on July 1, 2012, and ending on

6 June 30, 2026, the maximum annual

7 amount of Federal Direct Unsubsidized

8 Stafford loans such a student may borrow

9 in any academic year (as defined in section

10 481(a)(2)) or its equivalent shall be the

11 maximum annual amount for such student

12 determined under section 428H, plus an

13 amount equal to the amount of Federal Di-

14 rect Stafford loans the student would have

15 received in the absence of this subpara-

16 graph.”; and

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

18 “(C) *TERMINATION OF AUTHORITY TO MAKE*

19 *FEDERAL DIRECT PLUS LOANS TO GRADUATE*

20 *AND PROFESSIONAL STUDENTS.—Subject to*

21 *paragraph (8) and notwithstanding any provi-*

22 *sion of this part or part B, for any period of in-*

23 *struction beginning on or after July 1, 2026, a*

24 *graduate or professional student shall not be eli-*

gible to receive a Federal Direct PLUS Loan under this part.”; and

(2) by adding at the end the following:

“(4) GRADUATE AND PROFESSIONAL ANNUAL AND AGGREGATE LIMITS FOR FEDERAL DIRECT UNSUBSIDIZED STAFFORD LOANS BEGINNING JULY 1, 2026.—

“(A) ANNUAL LIMITS BEGINNING JULY 1, 2026.—Subject to paragraphs (7)(A) and (8), beginning on July 1, 2026, the maximum annual amount of Federal Direct Unsubsidized Stafford loans—

“(i) a graduate student, who is not a professional student, may borrow in any academic year or its equivalent shall be \$20,500; and

“(ii) a professional student may borrow in any academic year or its equivalent shall be \$50,000.

“(B) AGGREGATE LIMITS.—Subject to paragraphs (6), (7)(A), and (8), beginning on July 1, 2026, the maximum aggregate amount of Federal Direct Unsubsidized Stafford loans, in addition to the amount borrowed for undergraduate education, that—

1 “(i) a graduate student—

2 “(I) who is not (and has not been)
3 a professional student, may borrow for
4 programs of study described in sub-
5 paragraph (C)(i) shall be \$100,000; or

6 “(II) who is (or has been) a pro-
7 fessional student, may borrow for pro-
8 grams of study described in subpara-
9 graph (C)(i) shall be an amount equal
10 to—

11 “(aa) \$200,000; minus

12 “(bb) the amount such stu-
13 dent borrowed for programs of
14 study described in subparagraph
15 (C)(ii); and

16 “(ii) a professional student—

17 “(I) who is not (and has not been)
18 a graduate student, may borrow for
19 programs of study described in sub-
20 paragraph (C)(ii) shall be \$200,000; or

21 “(II) who is (or has been) a grad-
22 uate student, may borrow for programs
23 of study described in subparagraph
24 (C)(ii) shall be an amount equal to—

25 “(aa) \$200,000; minus

1 “(bb) *the amount such stu-*
 2 *dent borrowed for programs of*
 3 *study described in subparagraph*
 4 *(C)(i).*

5 “(C) *DEFINITIONS.—*

6 “(i) *GRADUATE STUDENT.—The term*
 7 *‘graduate student’ means a student enrolled*
 8 *in a program of study that awards a grad-*
 9 *uate credential (other than a professional*
 10 *degree) upon completion of the program.*

11 “(ii) *PROFESSIONAL STUDENT.—In*
 12 *this paragraph, the term ‘professional stu-*
 13 *dent’ means a student enrolled in a pro-*
 14 *gram of study that awards a professional*
 15 *degree, as defined under section 668.2 of*
 16 *title 34, Code of Federal Regulations (as in*
 17 *effect on the date of enactment of this para-*
 18 *graph), upon completion of the program.*

19 “(5) *PARENT BORROWER ANNUAL AND AGGRE-*
 20 *GATE LIMITS FOR FEDERAL DIRECT PLUS LOANS BE-*
 21 *GINNING JULY 1, 2026.—*

22 “(A) *ANNUAL LIMITS.—Subject to para-*
 23 *graph (8) and notwithstanding any provision of*
 24 *this part or part B, beginning on July 1, 2026,*
 25 *for each dependent student, the total maximum*

1 *annual amount of Federal Direct PLUS loans*
2 *that may be borrowed on behalf of that depend-*
3 *ent student by all parents of that dependent stu-*
4 *dent shall be \$20,000.*

5 “(B) *AGGREGATE LIMITS.*—*Subject to para-*
6 *graph (8) and notwithstanding any provision of*
7 *this part or part B, beginning on July 1, 2026,*
8 *for each dependent student, the total maximum*
9 *aggregate amount of Federal Direct PLUS loans*
10 *that may be borrowed on behalf of that depend-*
11 *ent student by all parents of that dependent stu-*
12 *dent shall be \$65,000, without regard to any*
13 *amounts repaid, forgiven, canceled, or otherwise*
14 *discharged on any such loan.*

15 “(6) *LIFETIME MAXIMUM AGGREGATE AMOUNT*
16 *FOR ALL STUDENTS.*—*Subject to paragraph (8) and*
17 *notwithstanding any provision of this part or part B,*
18 *beginning on July 1, 2026, the maximum aggregate*
19 *amount of loans made, insured, or guaranteed under*
20 *this title that a student may borrow (other than a*
21 *Federal Direct PLUS loan, or loan under section*
22 *428B, made to the student as a parent borrower on*
23 *behalf of a dependent student) shall be \$257,500,*
24 *without regard to any amounts repaid, forgiven, can-*
25 *canceled, or otherwise discharged on any such loan.*

1 “(7) *ADDITIONAL RULES REGARDING ANNUAL*
2 *LOAN LIMITS.—*

3 “(A) *LESS THAN FULL-TIME ENROLL-*
4 *MENT.—Notwithstanding any provision of this*
5 *part or part B, in any case in which a student*
6 *is enrolled in a program of study of an institu-*
7 *tion of higher education on less than a full-time*
8 *basis during any academic year, the amount of*
9 *a loan that student may borrow for an academic*
10 *year or its equivalent shall be reduced in direct*
11 *proportion to the degree to which that student is*
12 *not so enrolled on a full-time basis, rounded to*
13 *the nearest whole percentage point, as provided*
14 *in a schedule of reductions published by the Sec-*
15 *retary computed for purposes of this subpara-*
16 *graph.*

17 “(B) *INSTITUTIONALLY DETERMINED LIM-*
18 *ITS.—Notwithstanding the annual loan limits*
19 *established under this section and, for under-*
20 *graduate students, under this part and part B,*
21 *beginning on July 1, 2026, an institution of*
22 *higher education (at the discretion of a financial*
23 *aid administrator at the institution) may limit*
24 *the total amount of loans made under this part*
25 *for a program of study for an academic year*

1 *that a student may borrow, and that a parent*
 2 *may borrow on behalf of such student, as long as*
 3 *any such limit is applied consistently to all stu-*
 4 *dents enrolled in such program of study.*

5 “(8) *INTERIM EXCEPTION FOR CERTAIN STU-*
 6 *DENTS.—*

7 “(A) *APPLICATION OF PRIOR LIMITS.—*
 8 *Paragraphs (3)(C), (4), (5), and (6) shall not*
 9 *apply, and paragraph (3)(A)(ii) shall apply as*
 10 *such paragraph was in effect for periods of in-*
 11 *struction ending before June 30, 2026, during*
 12 *the expected time to credential described in sub-*
 13 *paragraph (B), with respect to an individual*
 14 *who, as of June 30, 2026—*

15 “(i) *is enrolled in a program of study*
 16 *at an institution of higher education; and*

17 “(ii) *has received a loan (or on whose*
 18 *behalf a loan was made) under this part for*
 19 *such program of study.*

20 “(B) *EXPECTED TIME TO CREDENTIAL.—*
 21 *For purposes of this paragraph, the expected*
 22 *time to credential of an individual shall be equal*
 23 *to the lesser of—*

24 “(i) *three academic years; or*

1 “(ii) the period determined by calcu-
 2 lating the difference between—

3 “(I) the program length for the
 4 program of study in which the indi-
 5 vidual is enrolled; and

6 “(II) the period of such program
 7 of study that such individual has com-
 8 pleted as of the date of the determina-
 9 tion under this subparagraph.

10 “(C) *DEFINITION OF PROGRAM LENGTH.*—
 11 *In this paragraph, the term ‘program length’*
 12 *means the minimum amount of time in weeks,*
 13 *months, or years that is specified in the catalog,*
 14 *marketing materials, or other official publica-*
 15 *tions of an institution of higher education for a*
 16 *full-time student to complete the requirements for*
 17 *a specific program of study.”.*

18 ***Subtitle C—Loan Repayment***

19 ***SEC. 82001. LOAN REPAYMENT.***

20 (a) *TRANSITION TO INCOME-BASED REPAYMENT*
 21 *PLANS.*—

22 (1) *SELECTION.*—*The Secretary of Education*
 23 *shall take such steps as may be necessary to ensure*
 24 *that before July 1, 2028, each borrower who has one*
 25 *or more loans that are in a repayment status in ac-*

1 *cordance with, or an administrative forbearance asso-*
 2 *ciated with, an income contingent repayment plan*
 3 *authorized under section 455(e) of the Higher Edu-*
 4 *cation Act of 1965 (referred to in this subsection as*
 5 *“covered income contingent loans”)* selects one of the
 6 *following income-based repayment plans that is other-*
 7 *wise applicable, and for which that borrower is other-*
 8 *wise eligible, for the repayment of the covered income*
 9 *contingent loans of the borrower:*

10 (A) *The Repayment Assistance Plan under*
 11 *section 455(q) of the Higher Education Act of*
 12 *1965.*

13 (B) *The income-based repayment plan*
 14 *under section 493C of the Higher Education Act*
 15 *of 1965.*

16 (C) *Any other repayment plan as author-*
 17 *ized under section 455(d)(1) of the Higher Edu-*
 18 *cation Act of 1965.*

19 (2) *COMMENCEMENT OF NEW REPAYMENT*
 20 *PLAN.—Beginning on July 1, 2028, a borrower de-*
 21 *scribed in paragraph (1) shall begin repaying the cov-*
 22 *ered income contingent loans of the borrower in ac-*
 23 *cordance with the repayment plan selected under*
 24 *paragraph (1), unless the borrower chooses to begin*

1 *repaying in accordance with the repayment plan se-*
 2 *lected under paragraph (1) before such date.*

3 (3) *FAILURE TO SELECT.*—*In the case of a bor-*
 4 *rower described in paragraph (1) who fails to select*
 5 *a repayment plan in accordance with such para-*
 6 *graph, the Secretary of Education shall—*

7 (A) *enroll the covered income contingent*
 8 *loans of such borrower in—*

9 (i) *the Repayment Assistance Plan*
 10 *under section 455(q) of the Higher Edu-*
 11 *cation Act of 1965 with respect to loans*
 12 *that are eligible for the Repayment Assist-*
 13 *ance Plan under such subsection; or*

14 (ii) *the income-based repayment plan*
 15 *under section 493C of such Act, with respect*
 16 *to loans that are not eligible for the Repay-*
 17 *ment Assistance Plan; and*

18 (B) *require the borrower to begin repaying*
 19 *covered income contingent loans according to the*
 20 *plans under subparagraph (A) on July 1, 2028.*

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

23 (1) *in paragraph (1)—*

24 (A) *in the matter preceding subparagraph*

25 (A), *by inserting “before July 1, 2026, who has*

1 *not received a loan made under this part on or*
 2 *after July 1, 2026,” after “made under this*
 3 *part”;*

4 *(B) in subparagraph (D)—*

5 *(i) by inserting “before June 30,*
 6 *2028,” before “an income contingent repay-*
 7 *ment plan”;* and

8 *(ii) by striking “and” after the semi-*
 9 *colon;*

10 *(C) in subparagraph (E)—*

11 *(i) by striking “that enables borrowers*
 12 *who have a partial financial hardship to*
 13 *make a lower monthly payment”;*

14 *(ii) by striking “a Federal Direct Con-*
 15 *solidation Loan, if the proceeds of such loan*
 16 *were used to discharge the liability on such*
 17 *Federal Direct PLUS Loan or a loan under*
 18 *section 428B made on behalf of a dependent*
 19 *student” and inserting “an excepted Con-*
 20 *solidation Loan (as defined in section*
 21 *493C(a)(2))”;* and

22 *(iii) by striking the period at the end*
 23 *and inserting “; and”;* and

24 *(D) by adding at the end the following:*

1 “(F) beginning on July 1, 2026, the in-
 2 come-based Repayment Assistance Plan under
 3 subsection (q), provided that—

4 “(i) such Plan shall not be available
 5 for the repayment of excepted loans (as de-
 6 fined in paragraph (7)(E)); and

7 “(ii) the borrower is required to pay
 8 each outstanding loan of the borrower made
 9 under this part under such Repayment As-
 10 sistance Plan, except that a borrower of an
 11 excepted loan (as defined in paragraph
 12 (7)(E)) may repay the excepted loan sepa-
 13 rately from other loans under this part ob-
 14 tained by the borrower.”;

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

17 “(B) repay the loan pursuant to an income-
 18 based repayment plan under subsection (q) or
 19 section 493C, as applicable.”; and

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

21 “(6) TERMINATION AND LIMITATION OF REPAY-
 22 MENT AUTHORITY.—

23 “(A) SUNSET OF REPAYMENT PLANS AVAIL-
 24 ABLE BEFORE JULY 1, 2026.—Paragraphs (1)

1 *through (4) of this subsection shall only apply to*
 2 *loans made under this part before July 1, 2026.*

3 “(B) *PROHIBITIONS.—The Secretary may*
 4 *not, for any loan made under this part on or*
 5 *after July 1, 2026—*

6 “(i) *authorize a borrower of such a*
 7 *loan to repay such loan pursuant to a re-*
 8 *payment plan that is not described in para-*
 9 *graph (7)(A); or*

10 “(ii) *carry out or modify a repayment*
 11 *plan that is not described in such para-*
 12 *graph.*

13 “(7) *REPAYMENT PLANS FOR LOANS MADE ON OR*
 14 *AFTER JULY 1, 2026.—*

15 “(A) *DESIGN AND SELECTION.—Beginning*
 16 *on July 1, 2026, the Secretary shall offer a bor-*
 17 *rower of a loan made under this part on or after*
 18 *such date (including such a borrower who also*
 19 *has a loan made under this part before such*
 20 *date) two plans for repayment of the borrower’s*
 21 *loans under this part, including principal and*
 22 *interest on such loans. The borrower shall be en-*
 23 *titled to accelerate, without penalty, repayment*
 24 *on such loans. The borrower may choose—*

25 “(i) *a standard repayment plan—*

1 “(I) with a fixed monthly repay-
2 ment amount paid over a fixed period
3 of time equal to the applicable period
4 determined under subclause (II); and

5 “(II) with the applicable period of
6 time for repayment determined based
7 on the total outstanding principal of
8 all loans of the borrower made under
9 this part before, on, or after July 1,
10 2026, at the time the borrower is enter-
11 ing repayment under such plan, as fol-
12 lows—

13 “(aa) for a borrower with
14 total outstanding principal of less
15 than \$25,000, a period of 10
16 years;

17 “(bb) for a borrower with
18 total outstanding principal of not
19 less than \$25,000 and less than
20 \$50,000, a period of 15 years;

21 “(cc) for a borrower with
22 total outstanding principal of not
23 less than \$50,000 and less than
24 \$100,000, a period of 20 years;
25 and

1 “(dd) for a borrower with
 2 total outstanding principal of
 3 \$100,000 or more, a period of 25
 4 years; or

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

7 “(B) *SELECTION BY SECRETARY.*—If a bor-
 8 rower of a loan made under this part on or after
 9 July 1, 2026, does not select a repayment plan
 10 described in subparagraph (A), the Secretary
 11 shall provide the borrower with the standard re-
 12 payment plan described in subparagraph (A)(i).

13 “(C) *SELECTION APPLIES TO ALL OUT-*
 14 *STANDING LOANS.*—A borrower is required to
 15 pay each outstanding loan of the borrower made
 16 under this part under the same selected repay-
 17 ment plan, except that a borrower who selects the
 18 Repayment Assistance Plan and also has an ex-
 19 cepted loan that is not eligible for repayment
 20 under such Repayment Assistance Plan shall
 21 repay the excepted loan separately from other
 22 loans under this part obtained by the borrower.

23 “(D) *CHANGES OF REPAYMENT PLAN.*—A
 24 borrower may change the borrower’s selection
 25 of—

1 “(i) the standard repayment plan
 2 under subparagraph (A)(i), or the Sec-
 3 retary’s selection of such plan for the bor-
 4 rower under subparagraph (B), as the case
 5 may be, to the Repayment Assistance Plan
 6 under subparagraph (A)(ii) at any time;
 7 and

8 “(ii) the Repayment Assistance Plan
 9 under subparagraph (A)(ii) to the standard
 10 repayment plan under subparagraph (A)(i)
 11 at any time.

12 “(E) REPAYMENT FOR BORROWERS WITH
 13 EXCEPTED LOANS MADE ON OR AFTER JULY 1,
 14 2026.—

15 “(i) STANDARD REPAYMENT PLAN RE-
 16 QUIRED.—Notwithstanding subparagraphs
 17 (A) through (D), beginning on July 1, 2026,
 18 the Secretary shall require a borrower who
 19 has received an excepted loan made on or
 20 after such date (including such a borrower
 21 who also has an excepted loan made before
 22 such date) to repay each excepted loan, in-
 23 cluding principal and interest on those ex-
 24 cepted loans, under the standard repayment
 25 plan under subparagraph (A)(i). The bor-

1 *rower shall be entitled to accelerate, without*
 2 *penalty, repayment on such loans.*

3 “(ii) *EXCEPTED LOAN DEFINED.—For*
 4 *the purposes of this paragraph, the term ‘ex-*
 5 *cepted loan’ means a loan with an out-*
 6 *standing balance that is—*

7 “(I) *a Federal Direct PLUS Loan*
 8 *that is made on behalf of a dependent*
 9 *student; or*

10 “(II) *a Federal Direct Consolida-*
 11 *tion Loan, if the proceeds of such loan*
 12 *were used to discharge the liability*
 13 *on—*

14 “(aa) *an excepted PLUS*
 15 *loan, as defined in section*
 16 *493C(a)(1); or*

17 “(bb) *an excepted consolida-*
 18 *tion loan (as such term is defined*
 19 *in section 493C(a)(2)(A), notwith-*
 20 *standing subparagraph (B) of*
 21 *such section).”.*

22 (c) *ELIMINATION OF AUTHORITY TO PROVIDE INCOME*
 23 *CONTINGENT REPAYMENT PLANS.—*

1 (1) *REPEAL.*—Subsection (e) of section 455 of
 2 *the Higher Education Act of 1965 (20 U.S.C.*
 3 *1087e(e)) is repealed.*

4 (2) *FURTHER AMENDMENTS TO ELIMINATE IN-*
 5 *COME CONTINGENT REPAYMENT.*—

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

8 (i) *in subsection (b)(1)(D), by striking*
 9 *“be subject to income contingent repayment*
 10 *in accordance with subsection (m)” and in-*
 11 *serting “be subject to income-based repay-*
 12 *ment in accordance with subsection (m)”;*
 13 *and*

14 (ii) *in subsection (m)—*

15 (I) *in the subsection heading, by*
 16 *striking “INCOME CONTINGENT AND”;*

17 (II) *by amending paragraph (1)*
 18 *to read as follows:*

19 “(1) *AUTHORITY OF SECRETARY TO REQUIRE.*—
 20 *The Secretary may require borrowers who have de-*
 21 *faulted on loans made under this part that are as-*
 22 *signed to the Secretary under subsection (c)(8) to*
 23 *repay those loans pursuant to an income-based repay-*
 24 *ment plan under section 493C.”; and*

1 (III) in the heading of paragraph
 2 (2), by striking “INCOME CONTINGENT
 3 OR”.

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

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

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

23 (iii) in subsection (c)—

24 (I) in paragraph (2)(A), by strik-
 25 ing “or by the terms of repayment pur-

1 *suant to income contingent repayment*
 2 *offered by the Secretary under sub-*
 3 *section (b)(5)” and inserting “or by*
 4 *the terms of repayment pursuant to an*
 5 *income-based repayment plan under*
 6 *section 493C”;* and

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

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

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

22 (i) *in the paragraph heading, by strik-*
 23 *ing “INCOME-CONTINGENT AND INCOME-*
 24 *BASED” and inserting “INCOME-BASED”;*
 25 *and*

1 (ii) in subparagraph (A)—

2 (I) in the matter preceding clause

3 (i), by striking “income-contingent or”;

4 and

5 (II) in clause (ii)(I), by striking

6 “section 455(e)(8) or the equivalent

7 procedures established under section

8 493C(c)(2)(B), as applicable” and in-

9 serting “section 493C(c)(2)”.

10 (3) *EFFECTIVE DATE.*—The amendments made

11 by this subsection shall take effect on July 1, 2028.

12 (d) *REPAYMENT ASSISTANCE PLAN.*—Section 455 of

13 the Higher Education Act of 1965 (20 U.S.C. 1087e) is

14 amended by adding at the end the following new subsection:

15 “(q) *REPAYMENT ASSISTANCE PLAN.*—

16 “(1) *IN GENERAL.*—Notwithstanding any other

17 provision of this Act, beginning on July 1, 2026, the

18 Secretary shall carry out an income-based repayment

19 plan (to be known as the ‘Repayment Assistance

20 Plan’), that shall have the following terms and condi-

21 tions:

22 “(A) The total monthly repayment amount

23 owed by a borrower for all of the loans of the

24 borrower that are repaid pursuant to the Repay-

25 ment Assistance Plan shall be equal to the appli-

1 *cable monthly payment of a borrower calculated*
2 *under paragraph (4)(B), except that the bor-*
3 *rower may not be precluded from repaying an*
4 *amount that exceeds such amount for any month.*

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

10 *“(C) Any principal due and not paid under*
11 *subparagraph (B) or paragraph (2)(B) shall be*
12 *deferred.*

13 *“(D) A borrower who is not in a period of*
14 *deferral or forbearance shall make an applica-*
15 *ble monthly payment for each month until the*
16 *earlier of—*

17 *“(i) the date on which the outstanding*
18 *balance of principal and interest due on all*
19 *of the loans of the borrower that are repaid*
20 *pursuant to the Repayment Assistance Plan*
21 *is \$0; or*

22 *“(ii) the date on which the borrower*
23 *has made 360 qualifying monthly pay-*
24 *ments.*

1 “(E) The Secretary shall cancel any out-
2 standing balance of principal and interest due
3 on a loan made under this part to a borrower—

4 “(i) who, for any period of time, par-
5 ticipated in the Repayment Assistance Plan
6 under this subsection;

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

11 “(iii) who has made 360 qualifying
12 monthly payments on such loan.

13 “(F) For the purposes of this subsection, the
14 term ‘qualifying monthly payment’ means any
15 of the following:

16 “(i) An on-time applicable monthly
17 payment under this subsection.

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

22 “(iii) A monthly payment under any
23 repayment plan (excluding the Repayment
24 Assistance Plan under this subsection) of
25 not less than the monthly payment that

1 *would be required under a standard repay-*
2 *ment plan under section 455(d)(1)(A) with*
3 *a repayment period of 10 years.*

4 “(iv) *A monthly payment under sec-*
5 *tion 493C of not less than the monthly pay-*
6 *ment required under such section, including*
7 *a monthly payment equal to the minimum*
8 *payment amount permitted under such sec-*
9 *tion.*

10 “(v) *A monthly payment made before*
11 *July 1, 2028, under an income contingent*
12 *repayment plan carried out under section*
13 *455(d)(1)(D) (or under an alternative re-*
14 *payment plan in lieu of repayment under*
15 *such an income contingent repayment plan,*
16 *if placed in such an alternative repayment*
17 *plan by the Secretary) of not less than the*
18 *monthly payment required under such a*
19 *plan, including a monthly payment equal*
20 *to the minimum payment amount per-*
21 *mitted under such a plan.*

22 “(vi) *A month when the borrower did*
23 *not make a payment because the borrower*
24 *was in deferment under subsection (f)(2)(B)*

1 or due to an economic hardship described in
2 subsection (f)(2)(D).

3 “(vii) A month that ended before the
4 date of enactment of this subsection when
5 the borrower did not make a payment be-
6 cause the borrower was in a period of
7 deferment or forbearance described in sec-
8 tion 685.209(k)(4)(iv) of title 34, Code of
9 Federal Regulations (as in effect on the date
10 of enactment of this subsection).

11 “(G) The procedures established by the Sec-
12 retary under section 493C(c) shall apply for an-
13 nually determining the borrower’s eligibility for
14 the Repayment Assistance Plan, including
15 verification of a borrower’s annual income and
16 the annual amount due on the total amount of
17 loans eligible to be repaid under this subsection,
18 and such other procedures as are necessary to ef-
19 fectively implement income-based repayment
20 under this subsection. With respect to carrying
21 out section 494(a)(2) for the Repayment Assist-
22 ance Plan, an individual may elect to opt out of
23 the disclosures required under section
24 494(a)(2)(A)(ii) in accordance with the proce-
25 dures established under section 493C(c)(2).

1 “(2) *BALANCE ASSISTANCE FOR DISTRESSED*
2 *BORROWERS.*—

3 “(A) *INTEREST SUBSIDY.*—*With respect to*
4 *a borrower of a loan made under this part, for*
5 *each month for which such a borrower makes an*
6 *on-time applicable monthly payment required*
7 *under paragraph (1)(A) and such monthly pay-*
8 *ment is insufficient to pay the total amount of*
9 *interest that accrues for the month on all loans*
10 *of the borrower repaid pursuant to the Repay-*
11 *ment Assistance Plan under this subsection, the*
12 *amount of interest accrued and not paid for the*
13 *month shall not be charged to the borrower.*

14 “(B) *MATCHING PRINCIPAL PAYMENT.*—
15 *With respect to a borrower of a loan made under*
16 *this part and not in a period of deferment or*
17 *forbearance, for each month for which a borrower*
18 *makes an on-time applicable monthly payment*
19 *required under paragraph (1)(A) and such*
20 *monthly payment reduces the total outstanding*
21 *principal balance of all loans of the borrower re-*
22 *paid pursuant to the Repayment Assistance Plan*
23 *under this subsection by less than \$50, the Sec-*
24 *retary shall reduce such total outstanding prin-*

1 *cipal balance of the borrower by an amount that*
 2 *is equal to—*

3 *“(i) the amount that is the lesser of—*

4 *“(I) \$50; or*

5 *“(II) the total amount paid by the*

6 *borrower for such month pursuant to*

7 *paragraph (1)(A); minus*

8 *“(ii) the total amount paid by the bor-*

9 *rower for such month pursuant to para-*

10 *graph (1)(A) that is applied to such total*

11 *outstanding principal balance.*

12 *“(3) ADDITIONAL DOCUMENTS.—A borrower who*

13 *chooses, or is required, to repay a loan under this*

14 *subsection, and for whom adjusted gross income is un-*

15 *available or does not reasonably reflect the borrower’s*

16 *current income, shall provide to the Secretary other*

17 *documentation of income satisfactory to the Secretary,*

18 *which documentation the Secretary may use to deter-*

19 *mine repayment under this subsection.*

20 *“(4) DEFINITIONS.—In this subsection:*

21 *“(A) ADJUSTED GROSS INCOME.—The term*

22 *‘adjusted gross income’, when used with respect*

23 *to a borrower, means the adjusted gross income*

24 *(as such term is defined in section 62 of the In-*

25 *ternal Revenue Code of 1986) of the borrower*

(and the borrower's spouse, as applicable) for the most recent taxable year, except that, in the case of a married borrower who files a separate Federal income tax return, the term does not include the adjusted gross income of the borrower's spouse.

“(B) *APPLICABLE MONTHLY PAYMENT.*—

“(i) *IN GENERAL.*—Except as provided in clause (ii), (iii), or (vi), the term ‘applicable monthly payment’ means, when used with respect to a borrower, the amount equal to—

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

“(II) \$50 for each dependent of the borrower (which, in the case of a married borrower filing a separate Federal income tax return, shall include only each dependent that the borrower claims on that return).

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

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

12 “(iv) *BASE PAYMENT.*—*The amount of*
13 *the applicable base payment for a borrower*
14 *with an adjusted gross income of—*

15 “(I) *not more than \$10,000, is*
16 *\$120;*

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

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

23 “(IV) *more than \$30,000 and not*
24 *more than \$40,000, is 3 percent of such*
25 *adjusted gross income;*

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

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

7 “(VII) more than \$60,000 and not
8 more than \$70,000, is 6 percent of such
9 adjusted gross income;

10 “(VIII) more than \$70,000 and
11 not more than \$80,000, is 7 percent of
12 such adjusted gross income;

13 “(IX) more than \$80,000 and not
14 more than \$90,000, is 8 percent of such
15 adjusted gross income;

16 “(X) more than \$90,000 and not
17 more than \$100,000, is 9 percent of
18 such adjusted gross income; and

19 “(XI) more than \$100,000, is 10
20 percent of such adjusted gross income.

21 “(v) *DEPENDENT*.—For the purposes of
22 this paragraph, the term ‘dependent’ means
23 an individual who is a dependent under
24 section 152 of the Internal Revenue Code of
25 1986.

1 “(vi) *SPECIAL RULE.*—*In the case of a*
 2 *borrower who is required by the Secretary*
 3 *to provide information to the Secretary to*
 4 *determine the applicable monthly payment*
 5 *of the borrower under this subparagraph,*
 6 *and who does not comply with such require-*
 7 *ment, the applicable monthly payment of*
 8 *the borrower shall be—*

9 “(I) *the sum of the monthly pay-*
 10 *ment amounts the borrower would have*
 11 *paid for each of the borrower’s loans*
 12 *made under this part under a stand-*
 13 *ard repayment plan with a fixed*
 14 *monthly repayment amount, paid over*
 15 *a period of 10 years, based on the out-*
 16 *standing principal due on such loan*
 17 *when such loan entered repayment;*
 18 *and*

19 “(II) *determined pursuant to this*
 20 *clause until the date on which the bor-*
 21 *rower provides such information to the*
 22 *Secretary.”.*

23 (e) *FEDERAL CONSOLIDATION LOANS.*—*Section 455(g)*
 24 *of the Higher Education Act of 1965 (20 U.S.C. 1087e(g))*

1 *is amended by adding at the end the following new para-*
 2 *graph:*

3 “(3) *CONSOLIDATION LOANS MADE ON OR AFTER*
 4 *JULY 1, 2026.—A Federal Direct Consolidation Loan*
 5 *offered to a borrower under this part on or after July*
 6 *1, 2026, may only be repaid pursuant to a repayment*
 7 *plan described in clause (i) or (ii) of subsection*
 8 *(d)(7)(A) of this section, as applicable, and the repay-*
 9 *ment schedule of such a Consolidation Loan shall be*
 10 *determined in accordance with such repayment*
 11 *plan.”.*

12 (f) *INCOME-BASED REPAYMENT.—*

13 (1) *AMENDMENTS.—*

14 (A) *EXCEPTED CONSOLIDATION LOAN DE-*
 15 *FINED.—Section 493C(a)(2) of the Higher Edu-*
 16 *cation Act of 1965 (20 U.S.C. 1098e(a)(2)) is*
 17 *amended to read as follows:*

18 “(2) *EXCEPTED CONSOLIDATION LOAN.—*

19 “(A) *IN GENERAL.—The term ‘excepted con-*
 20 *solidation loan’ means—*

21 “(i) *a consolidation loan under section*
 22 *428C, or a Federal Direct Consolidation*
 23 *Loan, if the proceeds of such loan were used*
 24 *to discharge the liability on an excepted*
 25 *PLUS loan; or*

1 “(ii) a consolidation loan under sec-
 2 tion 428C, or a Federal Direct Consolida-
 3 tion Loan, if the proceeds of such loan were
 4 used to discharge the liability on a consoli-
 5 dation loan under section 428C, or a Fed-
 6 eral Direct Consolidation Loan described in
 7 clause (i).

8 “(B) *EXCLUSION.*—The term ‘excepted con-
 9 solidation loan’ does not include a Federal Di-
 10 rect Consolidation Loan described in subpara-
 11 graph (A) that, on any date during the period
 12 beginning on the date of enactment of this sub-
 13 paragraph and ending on June 30, 2028, was
 14 being repaid—

15 “(i) pursuant to the Income Contin-
 16 gent Repayment (ICR) plan in accordance
 17 with section 685.209(b) of title 34, Code of
 18 Federal Regulations (as in effect on June
 19 30, 2023); or

20 “(ii) pursuant to another income driv-
 21 en repayment plan.”.

22 (B) *TERMINATION OF PARTIAL FINANCIAL*
 23 *HARDSHIP ELIGIBILITY.*—Section 493C(a)(3) of
 24 the Higher Education Act of 1965 (20 U.S.C.
 25 1098e(a)(3)) is amended to read as follows:

1 “(3) *APPLICABLE AMOUNT.*—The term ‘applica-
 2 *ble amount*’ means 15 percent of the result obtained
 3 by calculating, on at least an annual basis, the
 4 amount by which—

5 “(A) the borrower’s, and the borrower’s
 6 spouse’s (if applicable), adjusted gross income;
 7 exceeds

8 “(B) 150 percent of the poverty line appli-
 9 cable to the borrower’s family size as determined
 10 under section 673(2) of the Community Services
 11 Block Grant Act (42 U.S.C. 9902(2)).”.

12 (C) *TERMS OF INCOME-BASED REPAY-*
 13 *MENT.*—Section 493C(b) of the Higher Edu-
 14 cation Act of 1965 (20 U.S.C. 1098e(b)) is
 15 amended—

16 (i) by amending paragraph (1) to read
 17 as follows:

18 “(1) a borrower of any loan made, insured, or
 19 guaranteed under part B or D (other than an ex-
 20 cepted *PLUS* loan or excepted consolidation loan),
 21 may elect to have the borrower’s aggregate monthly
 22 payment for all such loans not exceed the applicable
 23 amount divided by 12;”;

24 (ii) by striking paragraph (6) and in-
 25 serting the following:

1 “(6) if the monthly payment amount calculated
 2 under this section for all loans made to the borrower
 3 under part B or D (other than an excepted PLUS
 4 loan or excepted consolidation loan) exceeds the
 5 monthly amount calculated under section
 6 428(b)(9)(A)(i) or 455(d)(1)(A), based on a 10-year
 7 repayment period, when the borrower first made the
 8 election described in this subsection (referred to in
 9 this paragraph as the ‘standard monthly repayment
 10 amount’), or if the borrower no longer wishes to con-
 11 tinue the election under this subsection, then—

12 “(A) the maximum monthly payment re-
 13 quired to be paid for all loans made to the bor-
 14 rower under part B or D (other than an excepted
 15 PLUS loan or excepted consolidation loan) shall
 16 be the standard monthly repayment amount; and

17 “(B) the amount of time the borrower is
 18 permitted to repay such loans may exceed 10
 19 years;”;

20 (iii) in paragraph (7)(B)(iv), by in-
 21 serting “(as such section was in effect on the
 22 day before the date of the repeal of section
 23 455(e)” after “section 455(d)(1)(D)”; and

24 (iv) in paragraph (8), by inserting “or
 25 the Repayment Assistance Program under

1 *section 455(q)” after “standard repayment*
 2 *plan”.*

3 *(D) ELIGIBILITY DETERMINATIONS.—Sec-*
 4 *tion 493C(c) of the Higher Education Act of*
 5 *1965 (20 U.S.C. 1098e(c)) is amended to read as*
 6 *follows:*

7 *“(c) ELIGIBILITY DETERMINATIONS; AUTOMATIC RE-*
 8 *CERTIFICATION.—*

9 *“(1) IN GENERAL.—The Secretary shall establish*
 10 *procedures for annually determining, in accordance*
 11 *with paragraph (2), the borrower’s eligibility for in-*
 12 *come-based repayment, including the verification of a*
 13 *borrower’s annual income and the annual amount*
 14 *due on the total amount of loans made, insured, or*
 15 *guaranteed under part B or D (other than an ex-*
 16 *cepted PLUS loan or excepted consolidation loan),*
 17 *and such other procedures as are necessary to effec-*
 18 *tively implement income-based repayment under this*
 19 *section. The Secretary shall consider, but is not lim-*
 20 *ited to, the procedures established in accordance with*
 21 *section 455(e)(1) (as in effect on the day before the*
 22 *date of repeal of subsection (e) of section 455) or in*
 23 *connection with income sensitive repayment schedules*
 24 *under section 428(b)(9)(A)(iii) or 428C(b)(1)(E).*

25 *“(2) AUTOMATIC RECERTIFICATION.—*

1 “(A) *IN GENERAL.*—*The Secretary shall es-*
2 *tablish and implement, with respect to any bor-*
3 *rower enrolled in an income-based repayment*
4 *program under this section or under section*
5 *455(q), procedures to—*

6 “(i) *use return information disclosed*
7 *under section 6103(l)(13) of the Internal*
8 *Revenue Code of 1986, pursuant to ap-*
9 *proval provided under section 494, to deter-*
10 *mine the repayment obligation of the bor-*
11 *rower without further action by the bor-*
12 *rower;*

13 “(ii) *allow the borrower (or the spouse*
14 *of the borrower), at any time, to opt out of*
15 *disclosure under such section 6103(l)(13)*
16 *and instead provide such information as the*
17 *Secretary may require to determine the re-*
18 *payment obligation of the borrower (or*
19 *withdraw from the repayment plan under*
20 *this section or under section 455(q), as the*
21 *case may be); and*

22 “(iii) *provide the borrower with an op-*
23 *portunity to update the return information*
24 *so disclosed before the determination of the*
25 *repayment obligation of the borrower.*

1 “(B) *APPLICABILITY.*—Subparagraph (A)
 2 *shall apply to each borrower of a loan eligible to*
 3 *be repaid under this section or under section*
 4 *455(q), who, on or after the date on which the*
 5 *Secretary establishes procedures under such sub-*
 6 *paragraph (A)—*

7 “(i) *selects, or is required to repay*
 8 *such loan pursuant to, an income-based re-*
 9 *payment plan under this section or under*
 10 *section 455(q); or*

11 “(ii) *recertifies income or family size*
 12 *under such plan.”.*

13 (E) *SPECIAL TERMS FOR NEW BORROWERS*
 14 *ON AND AFTER JULY 1, 2014.*—Section 493C(e) of
 15 *the Higher Education Act of 1965 (20 U.S.C.*
 16 *1098e(e)) is amended—*

17 (i) *in the subsection heading, by insert-*
 18 *ing “AND BEFORE JULY 1, 2026” after*
 19 *“AFTER JULY 1, 2014”; and*

20 (ii) *by inserting “and before July 1,*
 21 *2026” after “after July 1, 2014”.*

22 (2) *EFFECTIVE DATE AND APPLICATION.*—*The*
 23 *amendments made by this subsection shall take effect*
 24 *on the date of enactment of this title, and shall apply*

1 *with respect to any borrower who is in repayment be-*
 2 *fore, on, or after the date of enactment of this title.*

3 (g) *FFEL ADJUSTMENT.*—Section 428(b)(9)(A)(v) of
 4 the Higher Education Act of 1965 (20 U.S.C.
 5 1078(b)(9)(A)(v)) is amended by striking “who has a par-
 6 tial financial hardship”.

7 **SEC. 82002. DEFERMENT; FORBEARANCE.**

8 (a) *SUNSET OF ECONOMIC HARDSHIP AND UNEMPLOY-*
 9 *MENT DEFERMENTS.*—Section 455(f) of the Higher Edu-
 10 cation Act of 1965 (20 U.S.C. 1087e(f)) is amended—

11 (1) *by striking the subsection heading and in-*
 12 *serting the following: “DEFERMENT; FORBEARANCE”;*

13 (2) *in paragraph (2)—*

14 (A) *in subparagraph (B), by striking “not*
 15 *in” and inserting “subject to paragraph (7), not*
 16 *in”; and*

17 (B) *in subparagraph (D), by striking “not*
 18 *in” and inserting “subject to paragraph (7), not*
 19 *in”; and*

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

21 “(7) *SUNSET OF UNEMPLOYMENT AND ECONOMIC*
 22 *HARDSHIP DEFERMENTS.*—A borrower who receives a
 23 loan made under this part on or after July 1, 2027,
 24 shall not be eligible to defer such loan under subpara-
 25 graph (B) or (D) of paragraph (2).”.

1 (b) *FORBEARANCE ON LOANS MADE UNDER THIS*
 2 *PART ON OR AFTER JULY 1, 2027.*—Section 455(f) of the
 3 *Higher Education Act of 1965 (20 U.S.C. 1087e(f)) is*
 4 *amended by adding at the end the following:*

5 “(8) *FORBEARANCE ON LOANS MADE UNDER*
 6 *THIS PART ON OR AFTER JULY 1, 2027.*—A borrower
 7 *who receives a loan made under this part on or after*
 8 *July 1, 2027, may only be eligible for a forbearance*
 9 *on such loan pursuant to section 428(c)(3)(B) that*
 10 *does not exceed 9 months during any 24-month pe-*
 11 *riod.”.*

12 **SEC. 82003. LOAN REHABILITATION.**

13 (a) *UPDATING LOAN REHABILITATION LIMITS.*—

14 (1) *FFEL AND DIRECT LOANS.*—Section
 15 *428F(a)(5) of the Higher Education Act of 1965 (20*
 16 *U.S.C. 1078–6(a)(5)) is amended by striking “one*
 17 *time” and inserting “two times”.*

18 (2) *PERKINS LOANS.*—Section 464(h)(1)(D) of
 19 *the Higher Education Act of 1965 (20 U.S.C.*
 20 *1087dd(h)(1)(D)) is amended by striking “once” and*
 21 *inserting “twice”.*

22 (3) *EFFECTIVE DATE.*—The amendments made
 23 *by this subsection shall take effect beginning on July*
 24 *1, 2027, and shall apply with respect to any loan*
 25 *made, insured, or guaranteed under title IV of the*

1 *Higher Education Act of 1965 (20 U.S.C. 1070 et*
 2 *seq.).*

3 (b) *MINIMUM MONTHLY PAYMENT AMOUNT.*—Section
 4 428F(a)(1)(B) of the *Higher Education Act of 1965 (20*
 5 *U.S.C. 1078–6(a)(1)(B))* is amended by adding at the end
 6 the following: “With respect to a borrower who has 1 or
 7 more loans made under part D on or after July 1, 2027
 8 that are described in subparagraph (A), the total monthly
 9 payment of the borrower for all such loans shall not be less
 10 than \$10.”.

11 **SEC. 82004. PUBLIC SERVICE LOAN FORGIVENESS.**

12 Section 455(m)(1)(A) of the *Higher Education Act of*
 13 *1965 (20 U.S.C. 1087e(m)(1)(A))* is amended—

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

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

19 (3) by adding at the end the following new
 20 clause:

21 “(v) on-time payments under the Re-
 22 payment Assistance Plan under subsection
 23 (q); and”.

1 **SEC. 82005. 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 to*
 4 *read as follows:*

5 “(1) *ADDITIONAL MANDATORY FUNDS FOR SERV-*
 6 *ICING.—There shall be available to the Secretary (in*
 7 *addition to any other amounts appropriated under*
 8 *any appropriations Act for administrative costs*
 9 *under this part and part B and out of any money*
 10 *in the Treasury not otherwise appropriated)*
 11 *\$1,000,000,000 to be obligated for administrative costs*
 12 *under this part and part B, including the costs of*
 13 *servicing the direct student loan programs under this*
 14 *part, which shall remain available until expended.”.*

15 ***Subtitle D—Pell Grants***

16 **SEC. 83001. ELIGIBILITY.**

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

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

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

1 “(i) in the case of a dependent student,
2 for the second tax year preceding the aca-
3 demic year—

4 “(I) the adjusted gross income (as
5 defined in section 62 of the Internal
6 Revenue Code of 1986) of the student’s
7 parents; plus

8 “(II) for Federal Pell Grant deter-
9 minations made for academic years be-
10 ginning on or after July 1, 2026, the
11 foreign income (as described in section
12 480(b)(5)) of the student’s parents; and

13 “(ii) in the case of an independent stu-
14 dent, for the second tax year preceding the
15 academic year—

16 “(I) the adjusted gross income (as
17 defined in section 62 of the Internal
18 Revenue Code of 1986) of the student
19 (and the student’s spouse, if applica-
20 ble); plus

21 “(II) for Federal Pell Grant deter-
22 minations made for academic years be-
23 ginning on or after July 1, 2026, the
24 foreign income (as described in section

1 480(b)(5)) of the student (and the stu-
2 dent’s spouse, if applicable);”.

3 (2) *SUNSET*.—Section 401(b)(1)(D) of the High-
4 er Education Act of 1965 (20 U.S.C. 1070a(b)(1)(D))
5 is amended—

6 (A) by striking “A student” and inserting
7 “For each academic year beginning before July
8 1, 2026, a student”; and

9 (B) by inserting “, as in effect for such aca-
10 demic year,” after “section 479A(b)(1)(B)(v)”.

11 (3) *CONFORMING AMENDMENTS*.—

12 (A) *IN GENERAL*.—Section 479A(b)(1)(B) of
13 the Higher Education Act of 1965 (20 U.S.C.
14 1087t(b)(1)(B)) is amended—

15 (i) by striking clause (v); and

16 (ii) by redesignating clauses (vi) and
17 (vii) as clauses (v) and (vi), respectively.

18 (B) *EFFECTIVE DATE*.—The amendment
19 made by subparagraph (A) shall take effect on
20 July 1, 2026.

21 (b) *FEDERAL PELL GRANT INELIGIBILITY DUE TO A*
22 *HIGH STUDENT AID INDEX*.—

23 (1) *IN GENERAL*.—Section 401(b)(1) of the High-
24 er Education Act of 1965 (20 U.S.C. 1070a(b)(1)) is
25 amended by adding at the end the following:

1 “(F) *INELIGIBILITY OF STUDENTS WITH A*
 2 *HIGH STUDENT AID INDEX.*—*Notwithstanding*
 3 *subparagraphs (A) through (E), a student shall*
 4 *not be eligible for a Federal Pell Grant under*
 5 *this subsection for an academic year in which*
 6 *the student has a student aid index that equals*
 7 *or exceeds twice the amount of the total max-*
 8 *imum Federal Pell Grant for such academic*
 9 *year.”.*

10 (2) *EFFECTIVE DATE.*—*The amendment made by*
 11 *paragraph (1) shall take effect on July 1, 2026.*

12 **SEC. 83002. WORKFORCE PELL GRANTS.**

13 (a) *IN GENERAL.*—*Section 401 of the Higher Edu-*
 14 *cation Act of 1965 (20 U.S.C. 1070a) is amended by adding*
 15 *at the end the following:*

16 “(k) *WORKFORCE PELL GRANT PROGRAM.*—

17 “(1) *IN GENERAL.*—*For the award year begin-*
 18 *ning on July 1, 2026, and each subsequent award*
 19 *year, the Secretary shall award grants (to be known*
 20 *as ‘Workforce Pell Grants’) to eligible students under*
 21 *paragraph (2) in accordance with this subsection.*

22 “(2) *ELIGIBLE STUDENTS.*—*To be eligible to re-*
 23 *ceive a Workforce Pell Grant under this subsection for*
 24 *any period of enrollment, a student shall meet the eli-*

1 *gibility requirements for a Federal Pell Grant under*
 2 *this section, except that the student—*

3 “(A) *shall be enrolled, or accepted for enroll-*
 4 *ment, in an eligible program under section*
 5 *481(b)(3) (hereinafter referred to as an ‘eligible*
 6 *workforce program’); and*

7 “(B) *may not—*

8 “(i) *be enrolled, or accepted for enroll-*
 9 *ment, in a program of study that leads to*
 10 *a graduate credential; or*

11 “(ii) *have attained such a credential.*

12 “(3) *TERMS AND CONDITIONS OF AWARDS.—The*
 13 *Secretary shall award Workforce Pell Grants under*
 14 *this subsection in the same manner and with the*
 15 *same terms and conditions as the Secretary awards*
 16 *Federal Pell Grants under this section, except that—*

17 “(A) *each use of the term ‘eligible program’*
 18 *(except in subsection (b)(9)(A)) shall be sub-*
 19 *stituted by ‘eligible workforce program under sec-*
 20 *tion 481(b)(3)’;*

21 “(B) *the provisions of subsection (d)(2)*
 22 *shall not be applicable to eligible workforce pro-*
 23 *grams; and*

24 “(C) *a student who is eligible for a grant*
 25 *equal to less than the amount of the minimum*

1 *Federal Pell Grant because the eligible workforce*
 2 *program in which the student is enrolled or ac-*
 3 *cepted for enrollment is less than an academic*
 4 *year (in hours of instruction or weeks of dura-*
 5 *tion) may still be eligible for a Workforce Pell*
 6 *Grant in an amount that is prorated based on*
 7 *the length of the program.*

8 “(4) *PREVENTION OF DOUBLE BENEFITS.*—No el-
 9 *igible student described in paragraph (2) may con-*
 10 *currently receive a grant under both this subsection*
 11 *and—*

12 “(A) *subsection (b); or*

13 “(B) *subsection (c).*

14 “(5) *DURATION LIMIT.*—Any period of study cov-
 15 *ered by a Workforce Pell Grant awarded under this*
 16 *subsection shall be included in determining a stu-*
 17 *dent’s duration limit under subsection (d)(5).”.*

18 (b) *PROGRAM ELIGIBILITY FOR WORKFORCE PELL*
 19 *GRANTS.*—Section 481(b) of the Higher Education Act of
 20 1965 (20 U.S.C. 1088(b)) is amended—

21 (1) *by redesignating paragraphs (3) and (4) as*
 22 *paragraphs (4) and (5), respectively; and*

23 (2) *by inserting after paragraph (2) the fol-*
 24 *lowing:*

1 “(3)(A) *A program is an eligible program for*
2 *purposes of the Workforce Pell Grant program under*
3 *section 401(k) only if—*

4 “(i) *it is a program of at least 150 clock*
5 *hours of instruction, but less than 600 clock*
6 *hours of instruction, or an equivalent number of*
7 *credit hours, offered by an eligible institution*
8 *during a minimum of 8 weeks, but less than 15*
9 *weeks;*

10 “(ii) *it is not offered as a correspondence*
11 *course, as defined in 600.2 of title 34, Code of*
12 *Federal Regulations (as in effect on July 1,*
13 *2021);*

14 “(iii) *the Governor of a State, after con-*
15 *sultation with the State board, determines that*
16 *the program—*

17 “(I) *provides an education aligned*
18 *with the requirements of high-skill, high-*
19 *wage (as identified by the State pursuant to*
20 *section 122 of the Carl D. Perkins Career*
21 *and Technical Education Act (20 U.S.C.*
22 *2342)), or in-demand industry sectors or oc-*
23 *cupations;*

1 “(II) meets the hiring requirements of
2 potential employers in the sectors or occu-
3 pations described in subclause (I);

4 “(III) either—

5 “(aa) leads to a recognized post-
6 secondary credential that is stackable
7 and portable across more than one em-
8 ployer; or

9 “(bb) with respect to students en-
10 rolled in the program—

11 “(AA) prepares such students
12 for employment in an occupation
13 for which there is only one recog-
14 nized postsecondary credential;
15 and

16 “(BB) provides such students
17 with such a credential upon com-
18 pletion of such program; and

19 “(IV) prepares students to pursue 1 or
20 more certificate or degree programs at 1 or
21 more institutions of higher education (which
22 may include the eligible institution pro-
23 viding the program), including by ensur-
24 ing—

1 “(aa) that a student, upon com-
2 pletion of the program and enrollment
3 in such a related certificate or degree
4 program, will receive academic credit
5 for the Workforce Pell program that
6 will be accepted toward meeting such
7 certificate or degree program require-
8 ments; and

9 “(bb) the acceptability of such
10 credit toward meeting such certificate
11 or degree program requirements; and

12 “(iv) after the Governor of such State makes
13 the determination that the program meets the re-
14 quirements under clause (iii), the Secretary de-
15 termines that—

16 “(I) the program has been offered by
17 the eligible institution for not less than 1
18 year prior to the date on which the Sec-
19 retary makes a determination under this
20 clause;

21 “(II) for each award year, the program
22 has a verified completion rate of at least 70
23 percent, within 150 percent of the normal
24 time for completion;

1 “(III) for each award year, the pro-
2 gram has a verified job placement rate of at
3 least 70 percent, measured 180 days after
4 completion; and

5 “(IV) for each award year, the total
6 amount of the published tuition and fees of
7 the program for such year is an amount
8 that does not exceed the value-added earn-
9 ings of students who received Federal finan-
10 cial aid under this title and who completed
11 the program 3 years prior to the award
12 year, as such earnings are determined by
13 calculating the difference between—

14 “(aa) the median earnings of such
15 students, as adjusted by the State and
16 metropolitan area regional price pari-
17 ties of the Bureau of Economic Anal-
18 ysis based on the location of such pro-
19 gram; and

20 “(bb) 150 percent of the poverty
21 line applicable to a single individual
22 as determined under section 673(2) of
23 the Community Services Block Grant
24 Act (42 U.S.C. 9902(2)) for such year.

25 “(B) In this paragraph:

1 “(i) The term ‘eligible institution’ means an
2 eligible institution for purposes of section 401.

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

5 “(iii) The terms ‘in-demand industry sector
6 or occupation’, ‘recognized postsecondary creden-
7 tial’, and ‘State board’ have the meanings given
8 such terms in section 3 of the Workforce Innova-
9 tion and Opportunity Act.”.

10 (c) *EFFECTIVE DATE; APPLICABILITY.*—The amend-
11 ments made by this section shall take effect on July 1, 2026,
12 and shall apply with respect to award year 2026–2027 and
13 each succeeding award year.

14 **SEC. 83003. PELL SHORTFALL.**

15 Section 401(b)(7)(A)(iii) of the Higher Education Act
16 of 1965 (20 U.S.C. 1070a(b)(7)(A)(iii)) is amended by
17 striking “\$2,170,000,000” and inserting
18 “\$12,670,000,000”.

19 **SEC. 83004. FEDERAL PELL GRANT EXCLUSION RELATING**
20 **TO OTHER GRANT AID.**

21 Section 401(d) of the Higher Education Act of 1965
22 (20 U.S.C. 1070a(d)) is amended by adding at the end the
23 following:

24 “(6) *EXCLUSION.*—Beginning on July 1, 2026,
25 and notwithstanding this subsection or subsection (b),

1 *a student shall not be eligible for a Federal Pell*
 2 *Grant under subsection (b) during any period for*
 3 *which the student receives grant aid from non-Federal*
 4 *sources, including States, institutions of higher edu-*
 5 *cation, or private sources, in an amount that equals*
 6 *or exceeds the student’s cost of attendance for such pe-*
 7 *riod.”.*

8 ***Subtitle E—Accountability***

9 ***SEC. 84001. INELIGIBILITY BASED ON LOW EARNING OUT-*** 10 ***COMES.***

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

13 *(1) in subsection (a)—*

14 *(A) in paragraph (5), by striking “and”*
 15 *after the semicolon;*

16 *(B) by redesignating paragraph (6) as*
 17 *paragraph (7); and*

18 *(C) by inserting after paragraph (5) the fol-*
 19 *lowing:*

20 *“(6) provide assurances that, beginning July 1,*
 21 *2026, the institution will comply with all require-*
 22 *ments of subsection (c); and”;*

23 *(2) in subsection (b)(2), by striking “and (6)”*
 24 *and inserting “(6), and (7)”;*

1 (3) *by redesignating subsection (c) as subsection*
 2 *(d); and*

3 (4) *by inserting after subsection (b) the fol-*
 4 *lowing:*

5 “(c) *INELIGIBILITY FOR CERTAIN PROGRAMS BASED*
 6 *ON LOW EARNING OUTCOMES.—*

7 “(1) *IN GENERAL.—Notwithstanding section*
 8 *481(b), an institution of higher education subject to*
 9 *this subsection shall not use funds under this part for*
 10 *student enrollment in an educational program offered*
 11 *by the institution that is described in paragraph (2).*

12 “(2) *LOW-EARNING OUTCOME PROGRAMS DE-*
 13 *SCRIBED.—An educational program at an institution*
 14 *is described in this paragraph if the program awards*
 15 *an undergraduate degree, graduate or professional de-*
 16 *gree, or graduate certificate, for which the median*
 17 *earnings (as determined by the Secretary) of the pro-*
 18 *grammatic cohort of students who received funds*
 19 *under this title for enrollment in such program, who*
 20 *completed such program during the academic year*
 21 *that is 4 years before the year of the determination,*
 22 *who are not enrolled in any institution of higher edu-*
 23 *cation, and who are working, are, for not less than*
 24 *2 of the 3 years immediately preceding the date of the*
 25 *determination, less than the median earnings of a*

1 *working adult described in paragraph (3) for the cor-*
 2 *responding year.*

3 “(3) *CALCULATION OF MEDIAN EARNINGS.—*

4 “(A) *WORKING ADULT.—For purposes of*
 5 *applying paragraph (2) to an educational pro-*
 6 *gram at an institution, a working adult de-*
 7 *scribed in this paragraph is a working adult*
 8 *who, for the corresponding year—*

9 “(i) *is aged 25 to 34;*

10 “(ii) *is not enrolled in an institution*
 11 *of higher education; and*

12 “(iii)(I) *in the case of a determination*
 13 *made for an educational program that*
 14 *awards a baccalaureate or lesser degree, has*
 15 *only a high school diploma or its recognized*
 16 *equivalent; or*

17 “(II) *in the case of a determination*
 18 *made for a graduate or professional pro-*
 19 *gram, has only a baccalaureate degree.*

20 “(B) *SOURCE OF DATA.—For purposes of*
 21 *applying paragraph (2) to an educational pro-*
 22 *gram at an institution, the median earnings of*
 23 *a working adult, as described in subparagraph*
 24 *(A), shall be based on data from the Bureau of*
 25 *the Census—*

1 “(i) with respect to an educational
2 program that awards a baccalaureate or
3 lesser degree—

4 “(I) for the State in which the in-
5 stitution is located; or

6 “(II) if fewer than 50 percent of
7 the students enrolled in the institution
8 reside in the State where the institu-
9 tion is located, for the entire United
10 States; and

11 “(ii) with respect to an educational
12 program that is a graduate or professional
13 program—

14 “(I) for the lowest median earn-
15 ings of—

16 “(aa) a working adult in the
17 State in which the institution is
18 located;

19 “(bb) a working adult in the
20 same field of study (as determined
21 by the Secretary, such as by using
22 the 2-digit CIP code) in the State
23 in which the institution is located;
24 and

1 “(cc) a working adult in the
 2 same field of study (as so deter-
 3 mined) in the entire United
 4 States; or

5 “(II) if fewer than 50 percent of
 6 the students enrolled in the institution
 7 reside in the State where the institu-
 8 tion is located, for the lower median
 9 earnings of—

10 “(aa) a working adult in the
 11 entire United States; or

12 “(bb) a working adult in the
 13 same field of study (as so deter-
 14 mined) in the entire United
 15 States.

16 “(4) *SMALL PROGRAMMATIC COHORTS.*—For any
 17 year for which the programmatic cohort described in
 18 paragraph (2) for an educational program of an in-
 19 stitution is fewer than 30 individuals, the Secretary
 20 shall—

21 “(A) first, aggregate additional years of
 22 programmatic data in order to achieve a cohort
 23 of at least 30 individuals; and

24 “(B) second, in cases in which the cohort
 25 (including the individuals added under subpara-

1 *graph (A)) is still fewer than 30 individuals, ag-*
2 *gregate additional cohort years of programmatic*
3 *data for educational programs of equivalent*
4 *length in order to achieve a cohort of at least 30*
5 *individuals.*

6 “(5) *APPEALS PROCESS.*—*An educational pro-*
7 *gram shall not lose eligibility under this subsection*
8 *unless the institution has had the opportunity to ap-*
9 *peal the programmatic median earnings of students*
10 *working and not enrolled determination under para-*
11 *graph (2), through a process established by the Sec-*
12 *retary. During such appeal, the Secretary may per-*
13 *mit the educational program to continue to partici-*
14 *pate in the program under this part.*

15 “(6) *NOTICE TO STUDENTS.*—

16 “(A) *IN GENERAL.*—*If an educational pro-*
17 *gram of an institution of higher education sub-*
18 *ject to this subsection does not meet the cohort*
19 *median earning requirements, as described in*
20 *paragraph (2), for one year during the applica-*
21 *ble covered period but has not yet failed to meet*
22 *such requirements for 2 years during such cov-*
23 *ered period, the institution shall promptly in-*
24 *form each student enrolled in the educational*
25 *program of the eligible program’s low cohort me-*