

FEDERAL LEGISLATIVE & REGULATORY UPDATE

Thursday, May 15, 2025

AGENDA

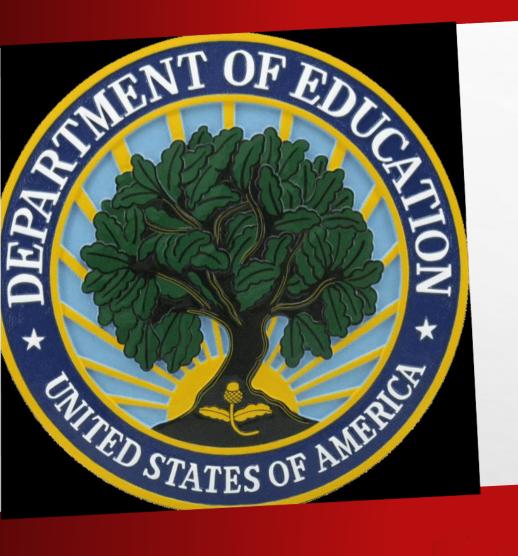


The Future of Student Loans
Key Department of Education Activities
&
Congressional Budget Reconciliation

- Regulatory Update
- President Trump's Executive Orders
- Legislative Update
- Q&A

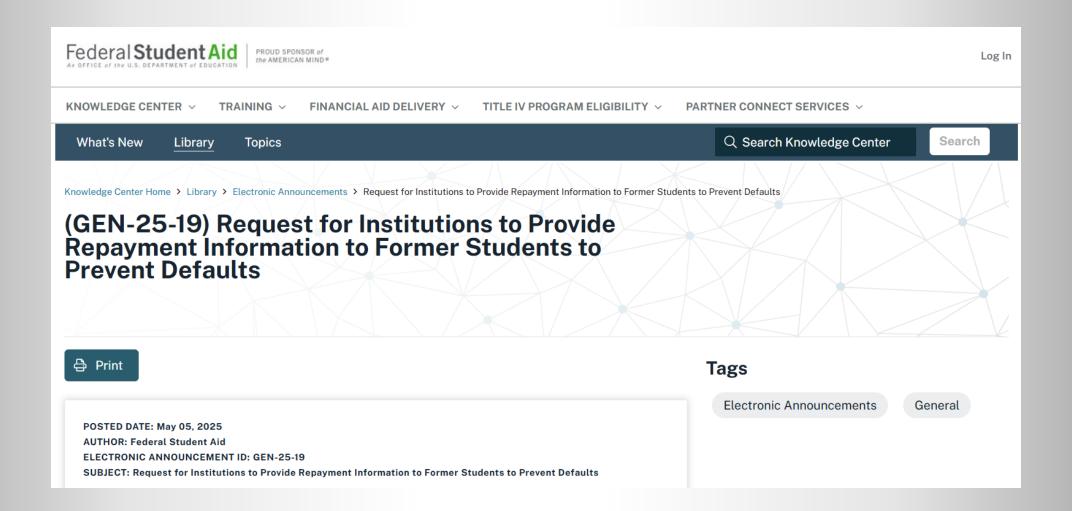
THE FUTURE OF THE **FEDERAL STUDENT FINANCIAL AID PROGRAM**





REGULATORY UPDATE





May 5, 2025

Overview

The United States faces critical challenges related to the federal student loan programs. According to estimates from the U.S. Department of Education (Department), only 38% of Direct Loan and Department-held Federal Family Education Loan Program borrowers are in repayment and current on their student loans. We also estimate that almost 25% of the entire portfolio is either in default or a late stage of delinquency.

Given these challenges, the Department is taking immediate steps to engage student borrowers and support the repayment of their federal student loans. As announced in an April 21, 2025, press release, today, the Department will resume collections on its defaulted federal student loan portfolio with the restart the Treasury Offset Program and, later this summer, Administrative Wage Garnishment. The Department has also initiated an outreach campaign to remind all borrowers of their repayment obligations and provide resources and support to assist them in selecting the best repayment plan for their circumstances. The Department has also launched an enhanced income-driven repayment (IDR) plan process, simplifying how borrowers enroll in IDR plans and eliminating the need for many borrowers to manually recertify their income each year.

May 5, 2025

Role of Institutions in Loan Repayment

Maintaining the integrity of the Title IV, Higher Education Act of 1965 (HEA) loan programs has always been a shared responsibility among student borrowers, the Department, and participating institutions. Although borrowers have the primary responsibility for repaying their student loans, institutions play a key role in the Department's ongoing efforts to improve loan repayment outcomes, especially as the cost of college set solely by institutions has continued to skyrocket. Institutions are responsible for providing clear and accurate information about repayment to borrowers through entrance and exit counseling, and colleges and universities are responsible for disclosing annual tuition and fees and the net price to students and their families on the costs of a postsecondary education. The financial aid community has demonstrated its commitment to providing direct advice and counsel to students regarding their borrowing, but institutions must refocus and expand these efforts as pandemic flexibilities come to an end.

May 5, 2025

Role of Institutions in Loan Repayment

Under section 435 of the HEA, institutions are required to keep their cohort default rates (CDR) low and will lose eligibility for federal student assistance, including Pell Grants and federal student loans, if their CDR exceeds 40% for a single year or 30% for three consecutive years. The Department reminds institutions that the repayment pause on student loans ended in October 2023, and CDRs published in 2026 will include borrowers who entered repayment in 2023 and defaulted in 2023, 2024, or 2025. The Department further reminds institutions that those borrowers whose delinquency or default status was reset in September 2024 could enter technical default status / be delinquent on their loans for more than 270 days beginning in June and default this summer. As such, we strongly urge all institutions to begin proactive and sustained outreach to former students who are delinquent or in default on their loans to ensure that such institutions will not face high CDRs next year and lose access to federal student aid.

May 5, 2025

Outreach to Former Students to Prevent Defaults

Given the urgent need to ensure that more student borrowers enter repayment and stay current on their loans, the Secretary urges each participating institution to provide the following information to all borrowers who ceased to be enrolled at the institution since January 1, 2020, and for whom they have contact information:

- Remind the borrower that he or she is obligated to repay any federal student loans that have not been repaid and are not in deferment or forbearance;
- Suggest that the borrower review information on StudentAid.gov about repayment options; and
- Request that the borrower log into StudentAid.gov using their StudentAid.gov username and password to update their profile with current contact information and ensure that their loans are in good standing.

May 5, 2025

Outreach to Former Students to Prevent Defaults

The Department urges that this outreach be performed no later than June 30, 2025. We do not stipulate how institutions reach out to borrowers, nor the specific information provided, as long as it covers the three categories described above.

We also encourage institutions to focus their initial outreach on students who are delinquent on one or more of their loans in order to prevent defaults. We will provide additional information in the future to assist schools with identifying and communicating with these borrowers.

May 5, 2025

Publishing Loan Non-Repayment by Institutions

The Department is committed to overseeing the federal student loan programs with fairness and integrity for students, institutions, and taxpayers. To that end, the Department believes that greater transparency is needed regarding institutional success in counseling borrowers and helping them get into good standing on their loans.

The Department maintains data on the repayment status of federal student loan borrowers and in the past has provided information in the College Scorecard about the status of each institution's borrowers at several intervals after they enter repayment. The Department plans to use this data to calculate rates of nonpayment by institution and will publish this information on the Federal Student Aid Data Center later this month. The Department will provide more information about this publication process soon.

Thank you for your continued efforts to maintain the integrity of the Title IV, HEA loan programs. The Department values its institutional partners and looks forward to continued collaboration to place borrowers on the path to sustainable repayment of their loans.







2025-2026 FEDERAL NEGOTIATED RULEMAKING







You may be interested in this older document that published on 04/04/2025 with action 'Intent to negotiate.'

View Document

Negotiated Rulemaking Committee; Negotiator Nominations and Schedule of Committee Meetings

A Proposed Rule by the Education Department on 05/12/2025



PUBLISHED DOCUMENT: 2025-08157 (90 FR 20142)





DOCUMENT HEADINGS

Department of Education 34 CFR Chapter VI [Docket ID ED-2025-OPE-0016]

DEPARTMENT OF EDUCATION

34 CFR Chapter VI

[Docket ID ED-2025-OPE-0016]

Negotiated Rulemaking Committee; Negotiator Nominations and Schedule of Committee Meetings

AGENCY: Office of Postsecondary Education, Department of Education. **ACTION:** Intent to establish rulemaking

committee.

FEDERAL NEGOTIATED RULEMAKING

May 12, 2025

Committee Topics

After considering the information received at the public hearing and the written comments, we have decided to establish the Student Loans and Affordability Committee (Committee) to address the following topics:

- 1. Refining definitions of a qualifying employer for the purposes of determining eligibility for the Public Service Loan Forgiveness program.
- 2. Revisiting family size, restructuring repayment plan provisions, including the alternative repayment plan, and certain other provisions of the July 10, 2023 rule.

FEDERAL NEGOTIATED RULEMAKING

May 12, 2025

Schedule of Negotiations

The Committee will meet in-person at the Department in Washington, DC for one session on the following dates:

Session 1: June 30-July 2, 2025Session times will be from 9:00 a.m. to 12:00 p.m. and 1:00 p.m. to 4:00 p.m., with a public comment period from approximately 3:30 p.m. to 4:00 p.m., Eastern time.

The session will be conducted in person and is available for the public to view via livestream. The Department is willing to add another session if needed. Registration is requested to observe the in-person or livestream. Space may be limited. We will post a registration link on our website at https://www.ed.gov/laws-and-policy/higher-education-laws-and-policy/higher-education-policy/negotiated-rulemaking-for-higher-education-2025-2026 closer to the start of negotiations.



PUBLIC COMMENT & FEDERAL NEGOTIATED RULEMAKING

April 4, 2025

Regulatory Issues

We intend to convene one or more negotiated rulemaking committees to develop proposed regulations pertaining to title IV regulations that have impacted institutions, States, and other partners and if their implementation may be inhibiting innovation and contributing to rising college costs. Some proposed topics for negotiation would include:

- 1. Refining definitions of a qualifying employer for the purposes of determining eligibility for the Public Service Loan Forgiveness program.
- 2. Pay As You Earn (PAYE) and Income Contingent Repayment (ICR) repayment plans.
- 3. Potential topics that would streamline current federal student financial assistance program regulations while maintaining or improving program integrity and institutional quality.

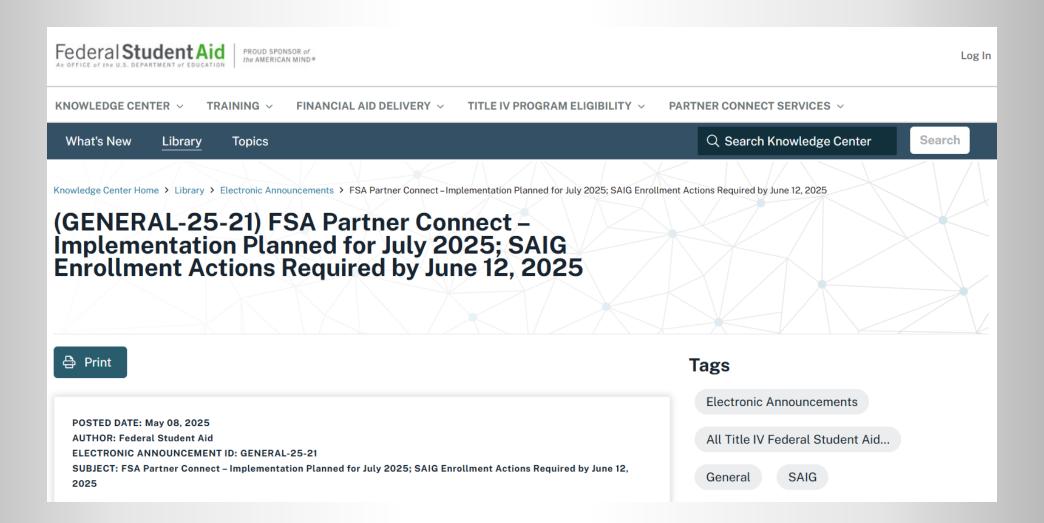


PUBLIC COMMENT TOPICS

Public Hearing Testimony & Written Comments Topics

- Accreditation
- Administrative Capability & Financial Responsibility
- Borrowerr Defense to Repayment
- Change in Fiscal Year End
- Change of Ownership & Control
- Distance Education
- EApp
- Financial Value Transparency & Gainful Employment
- Return of Title IV Funds





SAIG TRANSITION TO FSA PARTNER CONNECT

May 8, 2025

FSA Partner Connect serves as the digital front door, one-stop-shop for all Federal Student Aid (FSA) and partner engagement. The main features of Partner Connect include account capabilities such as a dashboard tailored to partner users, easier access to school profile information, integrated views of student and borrower account information, and the student's view of StudentAid.gov for school staff providing customer support to students. Partner Connect also provides access to the Knowledge Center, the Federal Student Aid Handbook, and FSA Training Conference information. In December 2023, the redesign and migration of the new Application for Approval to Participate in the Federal Student Financial Assistance Programs (E-App) was completed.

In July 2025, FSA Partner Connect will become the primary enrollment and user management service for FSA, allowing partners to enroll for access to FSA services and systems and to exchange information via the SAIG. We will add Student Aid Internet Gateway (SAIG) enrollment functionality to FSA Partner Connect and the <u>SAIG Enrollment</u> website will be retired.

To prepare for this important transition, the SAIG Enrollment website will no longer be available to users after June 12, 2025.



NOMINEE TO ASSUME THE ROLE OF ASSISTANT SECRETARY OF POSTSECONDARY EDUCATION

DAVID BARKER



WHAT COULD BE NEXT?





TRUMP ADMINISTRATIVE ACTIONS



EXECUTIVE ORDERS



May 9, 2025

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Section 1. Purpose.

The United States is drastically overregulated. The Code of Federal Regulations contains over 48,000 sections, stretching over 175,000 pages — far more than any citizen can possibly read, let alone fully understand. Worse, many carry potential criminal penalties for violations. The situation has become so dire that no one — likely including those charged with enforcing our criminal laws at the Department of Justice — knows how many separate criminal offenses are contained in the Code of Federal Regulations, with at least one source estimating hundreds of thousands of such crimes. Many of these regulatory crimes are "strict liability" offenses, meaning that citizens need not have a guilty mental state to be convicted of a crime.

This status quo is absurd and unjust. It allows the executive branch to write the law, in addition to executing it. That situation can lend itself to abuse and weaponization by providing Government officials tools to target unwitting individuals. It privileges large corporations, which can afford to hire expensive legal teams to navigate complex regulatory schemes and fence out new market entrants, over average Americans.

The purpose of this order is to ease the regulatory burden on everyday Americans and ensure no American is transformed into a criminal for violating a regulation they have no reason to know exists.

May 9, 2025

Section 2. Policy. It is the policy of the United States that:

- (a) Criminal enforcement of criminal regulatory offenses is disfavored.
- (b) Prosecution of criminal regulatory offenses is most appropriate for persons who know or can be presumed to know what is prohibited or required by the regulation and willingly choose not to comply, thereby causing or risking substantial public harm. Prosecutions of criminal regulatory offenses should focus on matters where a putative defendant is alleged to have known his conduct was unlawful.
- (c) Strict liability offenses are "generally disfavored." United States v. United States Gypsum, Co., 438 U.S. 422, 438 (1978). Where enforcement is appropriate, agencies should consider civil rather than criminal enforcement of strict liability regulatory offenses or, if appropriate and consistent with due process and the right to jury trial, see Jarkesy v. Securities and Exchange Commission, 603 U.S. 109 (2024), administrative enforcement.
- (d) Agencies promulgating regulations potentially subject to criminal enforcement should explicitly describe the conduct subject to criminal enforcement, the authorizing statutes, and the mens rea standard applicable to those offenses.

May 9, 2025

Sec. 4. Report on Criminal Regulatory Offenses. (a) Within 365 days of the date of this order, the head of each agency, in consultation with the Attorney General, shall provide to the Director of the Office of Management and Budget (OMB) a report containing:

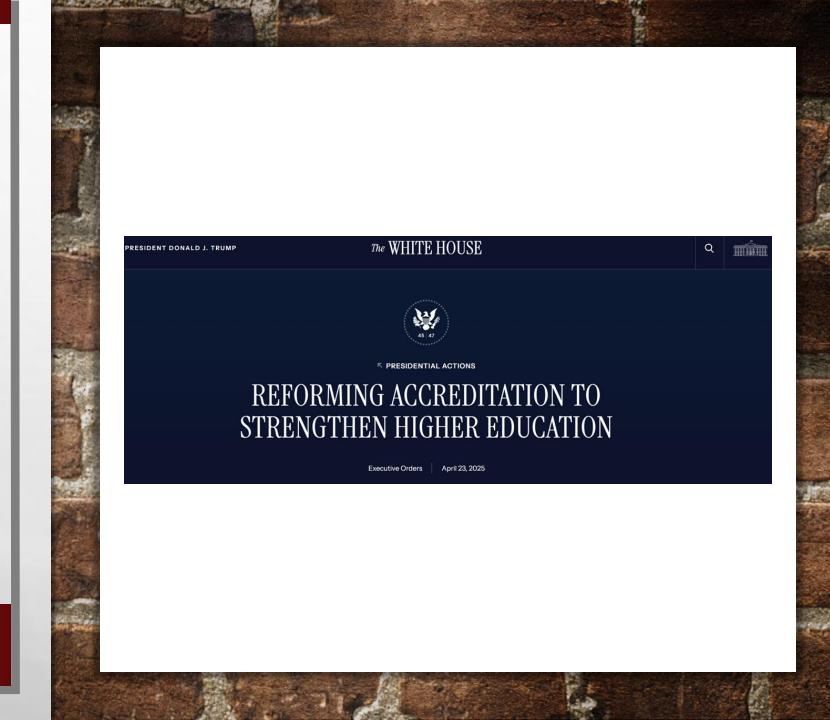
- i. a list of all criminal regulatory offenses enforceable by the agency or the Department of Justice; and
- ii. for each criminal regulatory offense identified in subsection (a)(i) of this section, the range of potential criminal penalties for a violation and the applicable mens rea standard for the criminal regulatory offense.
- (b) At the same time the head of each agency provides to the Director of OMB the report required by subsection (a) of this section, the agency head shall publicly post the report on its agency webpage.
- (c) The head of each agency shall periodically, but not less than once a year, update the report described in subsection (a) of this section.
- (d) Criminal enforcement of any criminal regulatory offense not identified in the report described in subsection (a) of this section is strongly discouraged. The head of each agency shall consider whether a criminal regulatory offense is included in an agency's public report when considering whether to make a criminal referral to the Department of Justice or, where applicable, to the agency's Inspector General. Further, the Attorney General shall consider whether a criminal regulatory offense is included in an agency's public report before initiating an investigation or initiating criminal proceedings for violating regulatory standards.

May 9, 2025

Sec. 5. Promoting Regulatory Transparency.

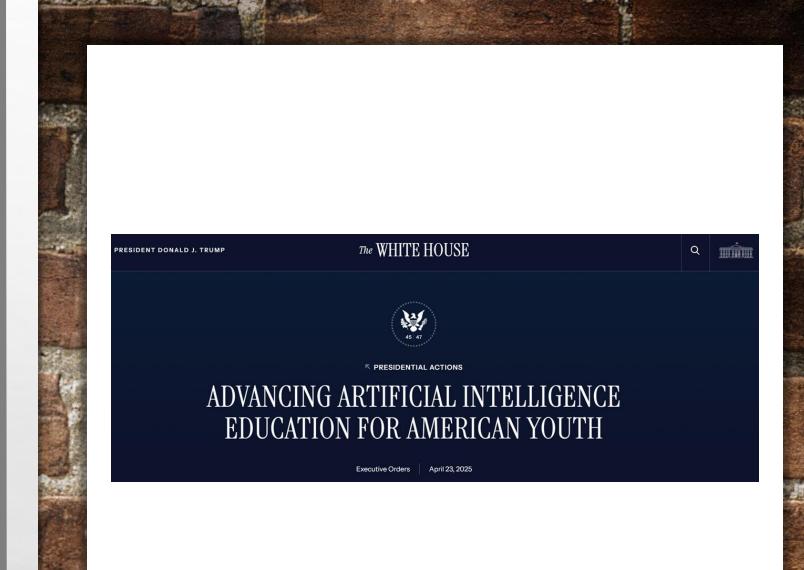
- (a) Following issuance of this order, all future notices of proposed rulemaking (NPRMs) and final rules published in the Federal Register, the violation of which may constitute criminal regulatory offenses, should include a statement identifying that the rule or proposed rule is a criminal regulatory offense and the authorizing statute. Agencies should draft this statement in consultation with the Department of Justice.
- (b) The regulatory text of all NPRMs and final rules with criminal consequences published in the Federal Register after the date of this order should explicitly state a mens rea requirement for each element of a criminal regulatory offense, accompanied by citations to the relevant provisions of the authorizing statute.
- (c) Strict liability criminal regulatory offenses are disfavored. Any proposed or final criminal regulatory offense that includes a strict liability mens rea for the offense shall be treated as a "significant regulatory action" and submitted to the Administrator of the Office of Information and Regulatory Affairs for the review applicable to significant regulatory actions under Executive Order 12866 of September 30, 1993 (Regulatory Planning and Review), or any successor process

EXECUTIVE ORDERS



EXECUTIVE ORDERS









PRESIDENTIAL ACTIONS

IMPLEMENTING THE PRESIDENT'S "DEPARTMENT OF GOVERNMENT EFFICIENCY" COST



PRESIDENTIAL ACTIONS

COMMENCING THE REDUCTION OF THE FEDERAL BUREAUCRACY

EXECUTIVE ORDER

February 19, 2025

PRESIDENT'S "DEPARTMENT OF GOVERNMENT EFFICIENCY" DEREGULATORY INITIATIVE



PRESIDENTIAL ACTIONS

ENSURING ACCOUNTABILITY FOR ALL AGENCIES

EXECUTIVE ORDER

February 18, 2025



PRESIDENTIAL ACTIONS

KEEPING EDUCATION ACCESSIBLE AND ENDING COVID-19 VACCINE MANDATES IN SCHOOLS

EXECUTIVE ORDER

February 15, 2025



PRESIDENTIAL ACTIONS

CAREER AND TECHNICAL EDUCATION MONTH, 2025

February 3, 2025



PRESIDENTIAL ACTIONS

UNLEASHING PROSPERITY THROUGH DEREGULATION

EXECUTIVE ORDER

January 31, 2025



PRESIDENTIAL ACTIONS

ADDITIONAL MEASURES TO COMBAT ANTI-SEMITISM

EXECUTIVE ORDER

January 29, 2025



PRESIDENTIAL ACTIONS

EXPANDING EDUCATIONAL FREEDOM AND OPPORTUNITY FOR FAMILIES

EXECUTIVE ORDER

January 29, 2025



PRESIDENTIAL ACTIONS

ENDING ILLEGAL DISCRIMINATION AND RESTORING MERITBASED OPPORTUNITY

January 21 2025



PRESIDENTIAL ACTIONS

REFORMING THE
FEDERAL HIRING
PROCESS AND
RESTORING MERIT TO
GOVERNMENT SERVICE



PRESIDENTIAL ACTIONS

ENDING RADICAL AND WASTEFUL GOVERNMENT DEI PROGRAMS AND PREFERENCING

EXECUTIVE OPDE

January 20, 2025



PRESIDENTIAL ACTIONS

DEFENDING WOMEN
FROM GENDER IDEOLOGY
EXTREMISM AND
RESTORING BIOLOGICAL
TRUTH TO THE



PRESIDENTIAL ACTIONS

ESTABLISHING AND IMPLEMENTING THE PRESIDENT'S "DEPARTMENT OF GOVERNMENT EFFICIENCY"

EXECUTIVE ORDE

January 20, 2025



PRESIDENTIAL ACTIONS

RESTORING ACCOUNTABILITY FOR CAREER SENIOR EXECUTIVES

January 20, 202



PRESIDENTIAL ACTIONS

RESTORING
ACCOUNTABILITY TO
POLICY-INFLUENCING
POSITIONS WITHIN THE
FEDERAL WORKFORCE





PRESIDENTIAL ACTIONS

REGULATORY FREEZE PENDING REVIEW

January 20, 2025

WHAT COULD BE NEXT?



Workforce Innovation and Opportunity Act





















PROFESSION SKILLS PERFORMANCE





LEGISLATIVE UPDATE



U.S. SENATE COMMITTEE ON

Health, Education Labor & Pensions

CHAIR

RANKING MEMBER

HEARINGS

FULL COMMITTEE HEARING

The State of Higher Education

SENATE HELP COMMITTEE HEARING

WEDNESDAY, MAY 21ST – 10 AM ET



HOW DOES BUDGET RECONCILIATION WORK?











5

BUDGET RECONCILIATION



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, certain nationals of Ukraine or Afghanistan, 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. Offered

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 asof 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).

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 an 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 Limits

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 for bearance 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 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.

Subtitle C - Loan Limits

Sec. 30021 Loan Repayment

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.

Subtitle C - Loan Limits

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.

Subtitle C - Loan Limits

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 academic 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 academic year to be eligible to receive a Pell Grant.

Subtitle D – Pell Grants

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 by institutions for the purpose of awarding PROMISE Grants.

Subtitle E – Accountability

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 G – 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.



WHAT COULD BE NEXT?



