NASFAA

NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

NATIONAL STUDENT AID PROFILE: OVERVIEW OF 2026 FEDERAL PROGRAMS

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Overview

The National Association of Student Financial Aid Administrators' (NASFAA) National Student Aid Profile is an annual publication designed to give a high-level overview of the federal student financial aid programs that provide funding to millions of students each year.

In this profile, you will find an overview of:

- The Federal Pell Grant Program
- The Federal Supplemental Educational Opportunity Grant (FSEOG) Program
- The Federal Work-Study (FWS) Program
- The Federal Direct Subsidized and Unsubsidized Loan Programs
- The Federal Direct PLUS Loan Program

For each program, in addition to a basic description, you will find the most up-to-date data and information on the:

- Number of Recipients
- Total Volume of Awards
- Federal Funding Levels
- Distribution by Family Income

In addition, we provide an appropriations update on Title IV program funding for the 2026-27 award year, as well as an overview of the Reconciliation Package (*One Big Beautiful Bill Act*/*Working Families Tax Cuts Act*) and its effects on federal student aid.

Pandemic-era payment relief, administrative forbearances related to litigation over the Saving on a Valuable Education (SAVE) repayment plan, and subsequent legislative changes have all influenced borrower repayment outcomes and trends reflected in this profile. In response to the COVID-19 pandemic, the U.S. Department of Education (ED) provided temporary relief for federal student loan borrowers, including a pause on loan payments, interest accrual, and collections on defaulted loans in March 2020. Interest on federal student loans began to accrue again on September 1, 2023, and student loan borrowers resumed making monthly payments in October 2023, followed by a 12-month transition period intended to support borrowers' return to repayment. During this period, interest continued to accrue but borrowers were not reported as delinquent if they missed a payment, and their loans did not go into default. In addition, litigation and the subsequent elimination of the Saving on a Valuable Education (SAVE) student loan repayment plan have created uncertainty for some borrowers and may continue to affect the return-to-repayment process as these borrowers transition to available repayment plans. As of May 2026, 6.5 million SAVE plan borrowers remain in a forbearance status, which may skew early data on repayment trends and borrower outcomes. As of July 1, 2026, the Department of Education has begun efforts to transition those borrowers voluntarily into an eligible repayment plan by September 30, 2026, or they will be moved into a standard repayment plan.

Because these policy changes occurred over several years, data from recent reporting periods may not be directly comparable with historical trends. NASFAA will continue to update the National Student Aid Profile annually as new federal student aid data become available and as long-term effects of above changes become clearer. If you have any questions or would like more information, you may reach out to NASFAA's Policy & Federal Relations staff at policy@nasfaa.org or 202-785-0453.

Table 1. Summary Descriptions of the Major Federal Student Aid Programs

Program Name	Program Description	Number of Recipients and Average Awards	Volume
Federal Pell Grant	Provides grants to low-income undergraduates who have not yet earned a first bachelor's degree with the greatest demonstrated financial need. The 2025-26 maximum award was $7,395 and the minimum award amount for a full-time student was $740. For 2026-27, the maximum award is $7,395 and the minimum award amount for a full-time student is $740.	Approximately 7.5 million recipients in 2024-25. The average award was $5,216, with a total volume of $38.9 billion. In 2023-24, 70% of recipients had family incomes of $40,000 or less.	The total federal volume for Pell Grants was $38.9 billion in 2024-25.
Federal Supplemental Educational Opportunity Grant (FSEOG)	Provides grants to low-income undergraduates with the greatest demonstrated financial need. Maximum award is $4,000; minimum award is $100. Priority must be given to students who receive federal Pell Grants, and FSEOG must be offered first to students who have the lowest Student Aid Indexes (SAI). At least 25% of FSEOG dollars must come from institutional resources.	Approximately 1.4 million recipients in 2023-24. The average award was $801. Just over 64% of dependent recipients came from families with an income of less than $30,000.	The total federal volume for FSEOG was $1.1 billion in 2023-24.
Federal Work-Study (FWS)	Provides part-time jobs to financially needy undergraduate and graduate/professional students. Jobs must, to the extent possible, be related to students' academic or career goals. Institutions must generally contribute at least 25% of wages paid.	Approximately 419,932 recipients in 2023-24. The average award was $2,267. Of dependent undergraduate recipients, roughly 37% had family incomes below $42,000.	The total federal volume for FWS was $952 million in 2023-24.

Table 1. Summary Descriptions of the Major Federal Student Aid Programs (continued)

Program Name	Program Description	Number of Recipients and Average Awards	Volume
Federal Direct Subsidized Loan	Provides low-interest loans to financially needy undergraduate students. Interest begins accruing when the loan is disbursed, and the government pays the interest that accrues while borrowers are enrolled at least half-time, in the grace period, and during deferment. Borrowing is subject to annual and aggregate loan limits. Borrowers begin repaying loans six months after ceasing at least half-time enrollment in postsecondary education, unless the borrower qualifies for deferment. Cancellation of loans is available for employment in certain designated fields, under certain conditions.	Approximately 4.1 million borrowers in 2024-25, with an average loan of $3,777.	The total subsidized loan volume was $15.4 billion in 2024-25.
Federal Direct Unsubsidized Loan	Provides low-interest loans to undergraduate and graduate/professional students. Loans are provided regardless of a borrower's income or financial need, as long as total aid does not exceed cost of attendance (COA). Interest accrues on the loans while the borrower is enrolled and during other periods when payments are not required, such as deferment. Borrowing is subject to annual and aggregate loan limits; limits are higher for independent students. Borrowers begin repaying loans six months after they cease at least half-time enrollment in postsecondary education. Cancellation of loans is available for borrowers employed in designated fields, under certain conditions.	Approximately 5.7 million borrowers in 2024-25, with an average loan of $4,306 for undergraduate students and $19,358 for graduate students.	The total unsubsidized loan volume was $45.1 billion in 2024-25.
Federal Direct PLUS Loan	Provides loans to the parents of dependent undergraduates, as defined by the Higher Education Act. Borrowers may obtain loans up to the full amount of the cost of education, minus any aid students receive from other sources; these loans are subject to annual and aggregate borrowing limits. Loans are provided regardless of income, but borrowers must pass a credit check, obtain an endorser, or appeal the credit decision with ED.	Approximately 596,698 parent borrowers in 2024-25, with an average loan of $20,830. In the same award year, an estimated 458,281 graduate/professional students borrowed an average of $33,044 in Grad PLUS loans.	PLUS borrowers (parents and graduate/ professional students) received $27.6 billion in 2024-25.

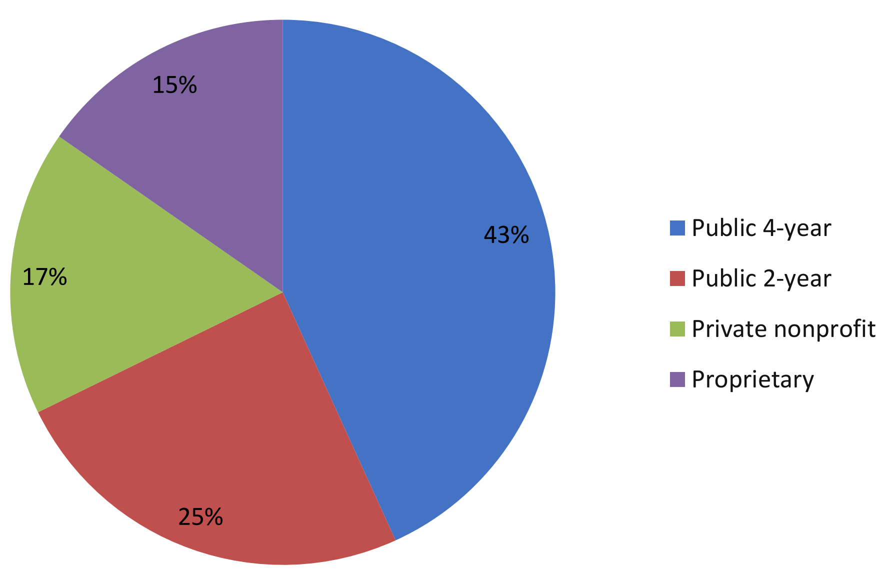
The Federal Pell Grant Program

Program Description. The federal Pell Grant program is the "foundational" federal student aid program. The program provides grants to financially needy undergraduate students who have not yet earned their first bachelor's degree to help pay the costs of attending a postsecondary institution.[1] Schools must determine a student's federal Pell Grant eligibility before calculating eligibility for other federal student aid programs. During the annual congressional appropriations process, the minimum and maximum Pell Grant award levels are established for the upcoming award year. In award year 2025-26, grants ranged from $740 to $7,395. In the upcoming 2026-27 award year, grants will also range from $740 to $7,395. The amounts students receive are based on their educational costs and the family's ability to contribute to college costs. **View the appendix to see data on the federal Pell Grant program disaggregated by institutional location.**

FAFSA Simplification Act and One Big Beautiful Bill Act. Prior to the 2024-25 award year, Pell Grant eligibility was determined exclusively based on the Expected Family Contribution (EFC), the result of a calculation that took into consideration the student's and, if applicable, their family's, income and asset information provided on the FAFSA. As a result of the FAFSA Simplification Act, FAFSA completers are now initially evaluated for automatic maximum Pell Grant eligibility based only on their family size, family makeup, and family income. For applicants who do not qualify for the automatic maximum Pell Grant, a Student Aid Index (SAI), which replaced the EFC, is calculated using the information provided on the FAFSA. Students with SAIs below the annual maximum Pell Grant amount qualify for a Pell Grant for the difference between those two figures. As a last step, students whose SAIs exceed the annual maximum Pell Grant amount are evaluated for an automatic minimum Pell Grant award based on their family size, family makeup, and family income. The One Big Beautiful Bill Act (OBBBA) made additional changes effective for the 2026-27 award year to eliminate automatic minimum Pell Grant eligibility for applicants whose SAI is equal to or greater than twice the maximum grant amount. Based on the maximum Pell Grant amount, the SAI threshold to be eligible for a Pell Grant for the 2026-27 award year will be $14,790.

The OBBBA also created the Workforce Pell Program, an expansion of Pell Grant eligibility for short-term job training programs. **More information on these changes can be found in the Reconciliation Package Overview on page 30.**

Figure 1. Distribution of Pell Grant Recipients by Type of Institution, Award Year 2023-24



Source: U.S. Department of Education, *Federal Pell Grant Program End-of-Year Report, 2023-24.*

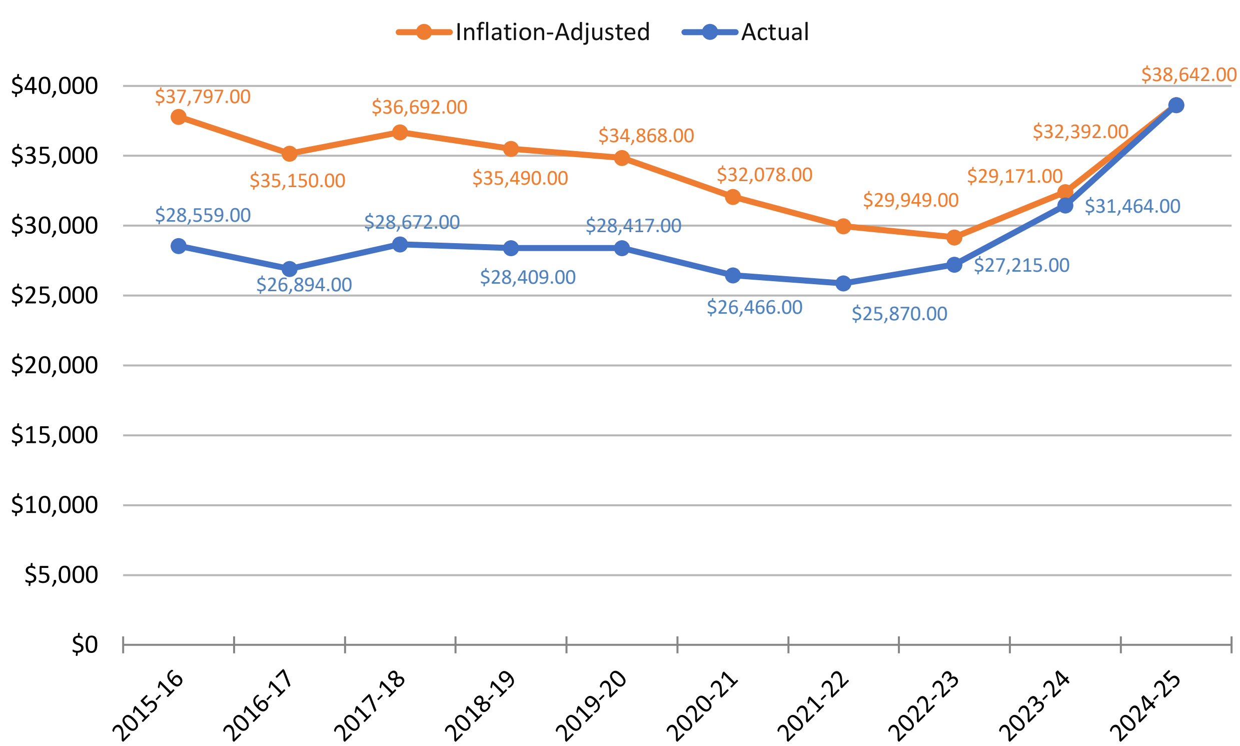
[1] In very limited circumstances, post-baccalaureate students in teacher education programs may also qualify for Pell Grants.

Table 2. Number and Distribution of Pell Grant Recipients by Family Income Level, Award Year 2023-24

Family Income Level	Number	Percentage
$6,000 or less	1,211,825	19%
$6,001 to $15,000	846,378	13%
$15,001 to $20,000	583,344	9%
$20,001 to $30,000	1,113,233	17%
$30,001 to $40,000	792,188	12%
$40,001 to $50,000	613,665	10%
$50,001 to $60,000	454,556	7%
$60,001 and over	767,680	12%
Total	6,382,869	100%

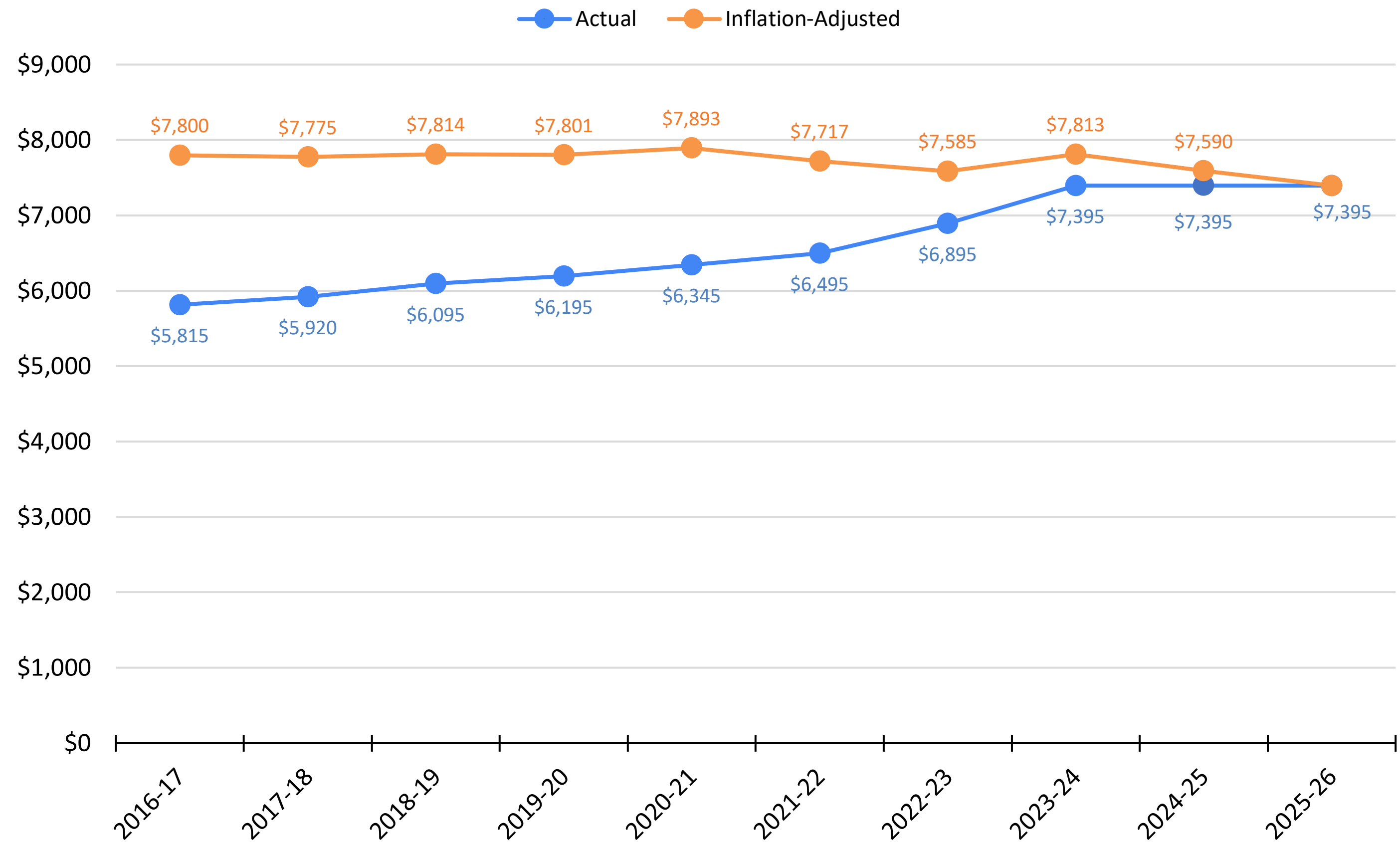
Source: U.S. Department of Education, *Federal Pell Grant Program End-of-Year Report, 2023-24.*

Figure 2: Federal Pell Grant Expenditures in Actual and Inflation-Adjusted Dollars (in millions), 2015-16 to 2024-25



Source: The College Board, *Trends in Student Aid 2025.*

Figure 3: Maximum Pell Grant Award in Actual and Inflation-Adjusted Dollars, 2016-17 to 2025-26



Note. Inflation-adjusted to 2025 dollars calculated by NASFAA, using CPI-U for the July beginning of the academic year.
Source: *U.S. Department of Education, Federal Pell Grant Program End-of-Year Report, 2022-2023; FSA* data from website, 2026.

Campus-Based Aid Programs

The U.S. Department of Education (ED) requires schools to contribute a portion of the funding for campus-based aid programs, but financial aid administrators at each participating postsecondary institution must use federal program guidelines to determine which students will receive awards and how much they will receive. These programs include the Federal Supplemental Educational Opportunity Grant (FSEOG) Program and the Federal Work-Study (FWS) Program.

The Federal Supplemental Educational Opportunity Grant Program

Program Description. The Federal Supplemental Educational Opportunity Grant (FSEOG) program provides grants to financially needy undergraduate students at postsecondary institutions. Financial assistance from the FSEOG program generally supplements the aid students receive from other sources. To qualify to receive FSEOG, students must demonstrate "exceptional" financial need. Schools must give priority to students who receive federal Pell Grants, and awards must first be made to those with the greatest need.

Federal funding for the FSEOG program has remained flat at $910 million since FY 2023 (2023-24 award year). During that time, multiple proposals have called for eliminating the program; however, Congress has ultimately continued to fund FSEOG at its current level.

The minimum FSEOG award is $100, and the maximum is $4,000 per academic year. Institutions that participate in the program receive federal allocations to make awards to eligible students. Generally, institutions must contribute matching funds from their own resources so that the federal share does not exceed 75% of total FSEOG expenditures. For example, if a school makes $100,000 in FSEOG awards, up to $75,000 may come from the institution's federal allocation, while the institution must provide at least $25,000 in matching funds. However, certain institutions may receive approval for a 100% federal share if designated under programs such as The Developing Hispanic-Serving Institutions Program, The Strengthening Institutions Program, American Indian Tribally Controlled Colleges and Universities Program, or Alaska Native and Native Hawaiian-Serving Institutions Program, or The Strengthening Historically Black Colleges and Universities Program, and they request and receive approval for the waiver. **View the appendix to see data on the FSEOG program disaggregated by institutional location.**

**Effective with the 2024-25 award year, the Student Aid Index (SAI) replaced Estimated Family Contribution (EFC). All 2026 profile data reflecting award years prior to the 2024-25 award year use the EFC.*

Table 3a. Number of Dependent Undergraduates Who Received Federal Supplemental Educational Opportunity Grants by Family Income Level, Award Year 2023-24

Family Income Level	Recipients	Recipients Percentage	Total FSEOG Dollars *	Dollars Percentage	Average FSEOG Award
Less than $6,000	126,489	14.6%	$112,917,706	13.8%	$893
$6,000 to $11,999	60,665	7.0%	$55,100,088	6.8%	$908
$12,000 to $23,999	202,467	23.4%	$184,005,381	22.5%	$909
$24,000 to $29,999	119,509	13.8%	$111,674,235	13.7%	$934
$30,000 to $41,999	166,825	19.3%	$160,505,657	19.7%	$962
$42,000 to $59,999	121,585	14.1%	$120,346,584	14.7%	$990
$60,000 and over	67,631	7.8%	$71,515,481	8.8%	$1064
Total*	865,171	100.0%	$816,065,132	100.0%	$951

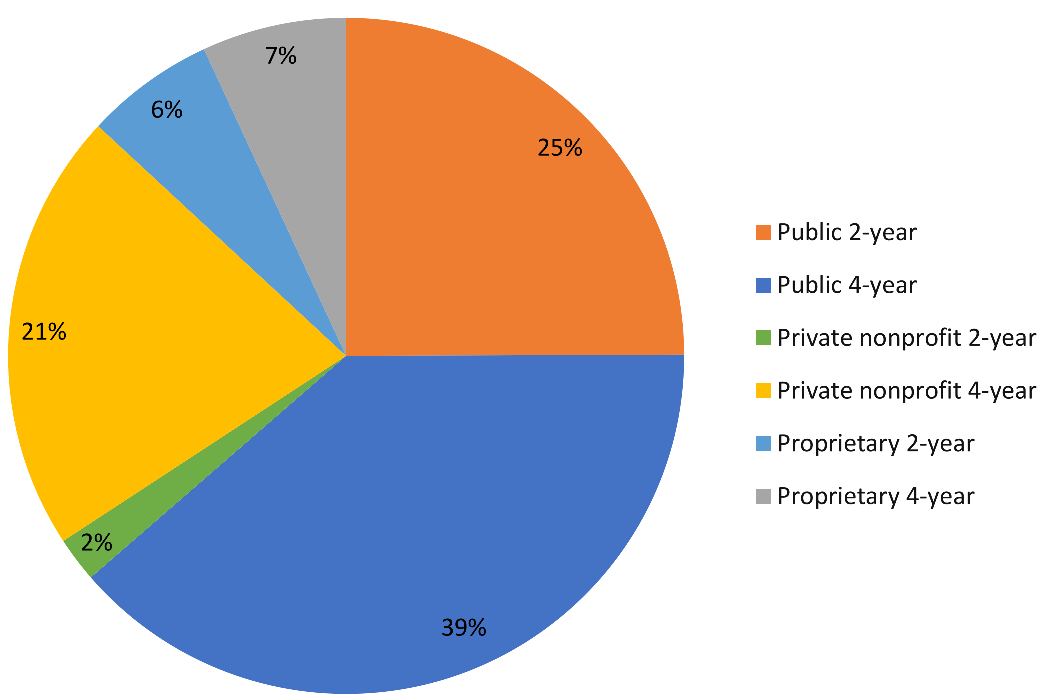
Table 3b. Number of Independent Undergraduates Who Received Federal Supplemental Educational Opportunity Grants by Family Income Level, Award Year 2023-24

Family Income Level	Recipients	Recipients Percentage	Total FSEOG Dollars *	Dollars Percentage	Average FSEOG Award
Less than $2,000	178,630	25.0%	$118,926,113	26.8%	$666
$2,000 to $3,999	31,799	4.4%	$21,878,693	4.9%	$688
$4,000 to $7,999	63,958	8.9%	$42,793,774	9.7%	$669
$8,000 to $11,999	75,634	10.6%	$48,412,820	10.9%	$640
$12,000 to $15,999	58,120	8.1%	$35,122,957	7.9%	$604
$16,000 to $19,999	46,319	6.5%	$26,720,787	6.0%	$577
$20,000 and over	260,480	36.4%	$149,148,591	33.7%	$572
Total*	714,940	100.0%	$443,003,735	100.0%	$620

Note. *Total dollar amounts include federal funds and institutional matching funds.

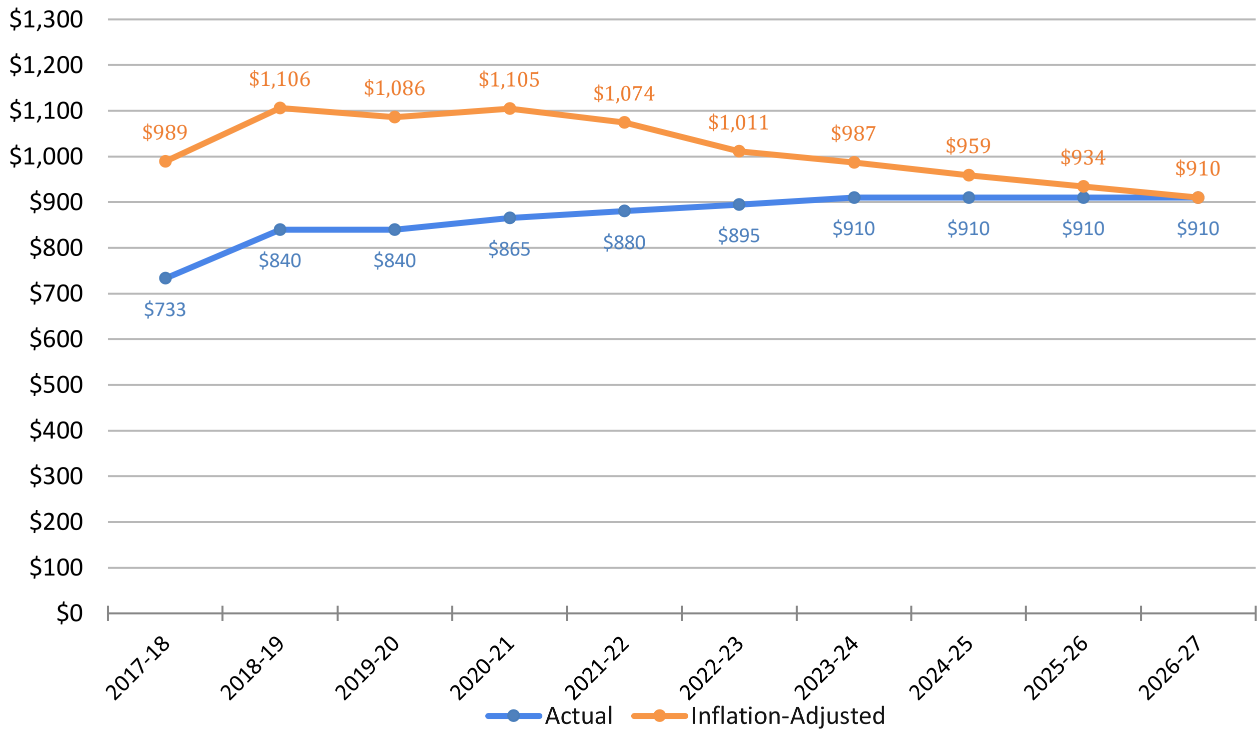
Source for Tables 3a and 3b*:* U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

Figure 4. Distribution of Federal Supplemental Educational Opportunity Grant Recipients by Type of Institution, Award Year 2023-24



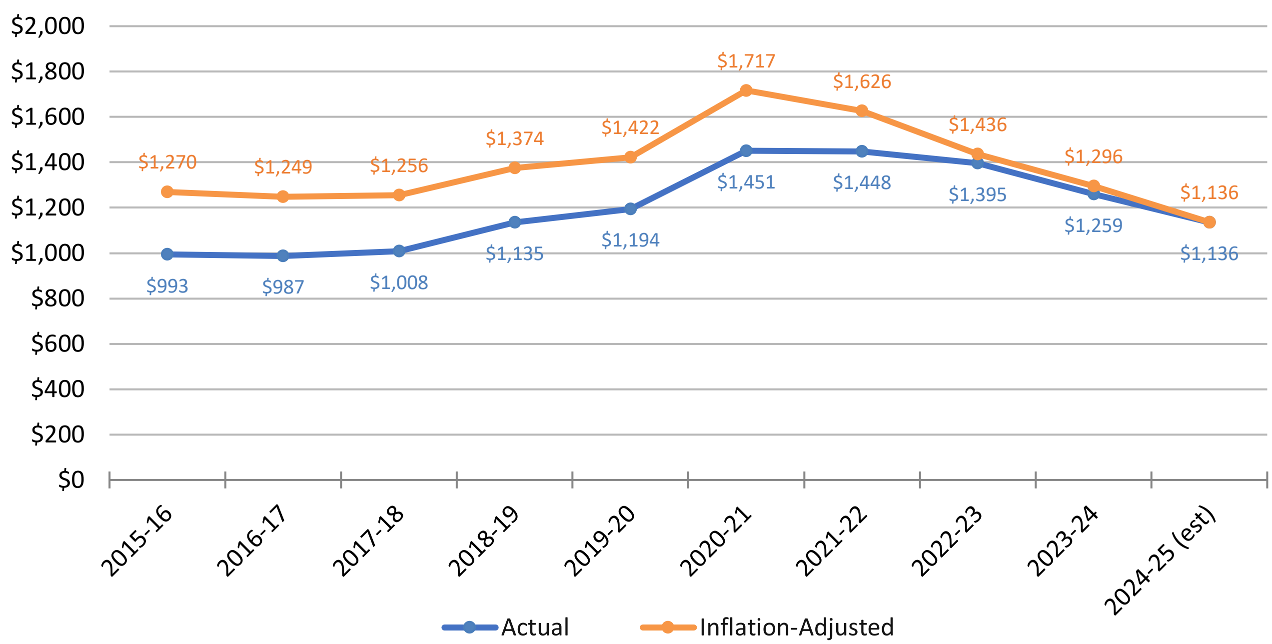
Source: U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

Figure 5a. Federal Appropriations for the Federal Supplemental Educational Opportunity Grant Program in Actual and Inflation-Adjusted Dollars (in millions), 2017-18 to 2026-27



Note. Does not include institutional matching funds. Inflation-adjusted data from CPI Inflation Calculator for the July beginning of the academic year. Source: NASFAA, "National Student Aid Profile 2025"; Education Department Budget History Table: FY 1980-FY 2021, Federal Student Aid, "2026–27 Final Funding Authorizations for the Campus-Based Aid Programs" (March 30, 2026).

Figure 5b. Federal Supplemental Educational Opportunity Grant Program Volume in Actual and Inflation-Adjusted Dollars (in millions), 2015-16 to 2024-25



Note. The HEA permits institutions to transfer up to 25% of their Federal Work-Study (FWS) funds to the FSEOG program. The CARES Act, The CRRSA Act and the ARP Act, major legislation enacted during the COVID-19 national emergency that created the HEERF funding streams, permitted institutions to transfer 100% of unexpended FWS to FSEOG during the pandemic. This impacted award years 2019-20, 2020-21, 2021-22, and 2022-23, and likely caused the increase in FSEOG volume in those years. Total dollar amounts include federal funds and institutional matching funds. Inflation-adjusted data from CPI Inflation Calculator for the July beginning of the academic year.

The Federal Work-Study Program

Program Description. The Federal Work-Study (FWS) program provides part-time jobs to undergraduate, graduate, and professional students at postsecondary institutions. Generally, aid from the FWS program supplements the assistance students receive from federal Pell Grants and other sources. The FWS program is a need-based program; that is, recipients must have demonstrated financial need to be awarded FWS funds.

Federal Work-Study (FWS) funding has remained at $1.23 billion since FY 2024 (2023-24 award year), reflecting three consecutive years of level funding. Although proposals in recent years have called for significant reductions to the program, Congress has ultimately maintained FWS funding at its current level.

Similar to the FSEOG funding structure, federal funds are used to pay 75% of the students' wages. The remaining 25% is provided by the institution or the students' employer. Private for-profit businesses that employ FWS recipients must pay at least 50% of students' wages from their own resources. A lower non-federal share is permitted under specific limited conditions. Additionally, institutions are generally required to use at least 7% of their total FWS allocation to employ students in community service positions, and each participating institution must employ at least one FWS student as a reading tutor for children or in family literacy activities. **View the appendix to see data on the FWS program disaggregated by institutional location.**

Table 4a. Number of Dependent Undergraduates Who Received Federal Work-Study Awards by Family Income Level, Award Year 2023-24

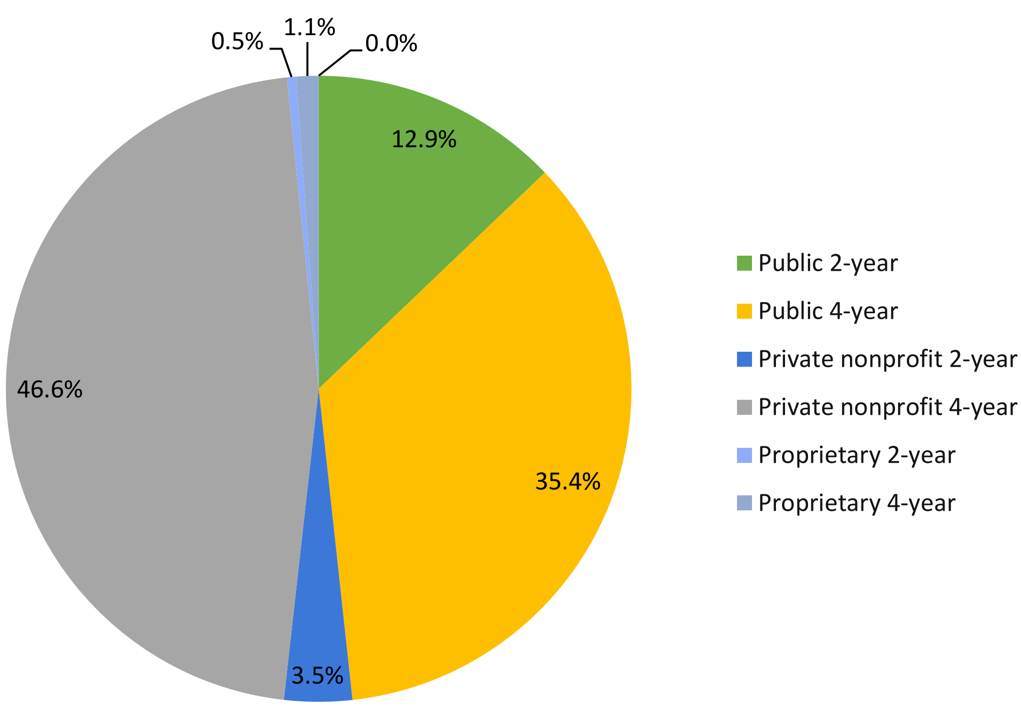
Family Income Level	Recipients	Recipients Percentage	Total FWS Dollars*	Dollars Percentage	Average FWS Award
Less than $6,000	24,136	6.4%	$57,435,724	7.1%	$2,830
$6,000 to $11,999	11,286	3.0%	$26,672,708	3.3%	$2,363
$12,000 to $23,999	35,596	9.4%	$85,587,593	10.5%	$2,404
$24,000 to $29,999	22,587	6.0%	$53,149,440	6.5%	$2,353
$30,000 to $41,999	45,483	12.1%	$98,924,425	12.2%	$2,175
$42,000 to $59,999	58,976	15.6%	$131,250,484	16.1%	$2,225
$60,000 and over	178,962	47.5%	$361,155,114	44.4%	$2,018
Total*	377,026	100.0%	$814,175,488	100.0%	$2,159

Table 4b. Number of Independent Undergraduates Who Received Federal Work-Study Awards by Family Income Level, Award Year 2023-24

Family Income Level	Recipients	Recipients Percentage	Total FWS Dollars*	Dollars Percentage	Average FWS Award
Less than $2,000	17,995	30.7%	$42,879,917	27.3%	$2,383
$2,000 to $3,999	3,585	6.1%	$9,244,533	5.9%	$2,579
$4,000 to $7,999	6,155	10.5%	$19,427,993	12.4%	$3,156
$8,000 to $11,999	5,967	10.2%	$16,006,498	10.2%	$2,683
$12,000 to $15,999	5,287	9.0%	$14,942,253	9.5%	$2,826
$16,000 to $19,999	4,985	8.5%	$11,651,239	7.4%	$2,337
$20,000 and over	14,718	25.1%	$43,103,905	27.4%	$2,929
Total*	58,692	100.0%	$157,256,338	100.0%	$2,679

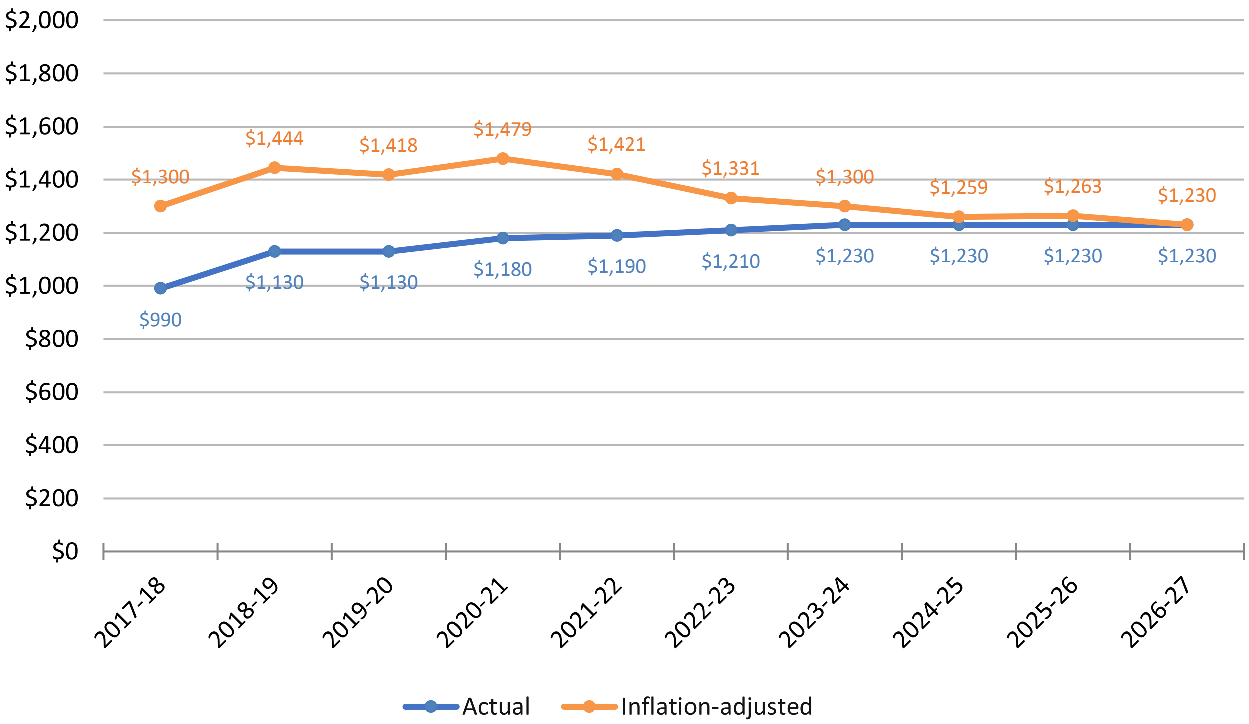
Note. *Total dollar amounts include federal funds and institutional matching funds.
Source for Tables 4a and 4b: U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

Figure 6. Distribution of Federal Work-Study Recipients by Type of Institution, Award Year 2023-24



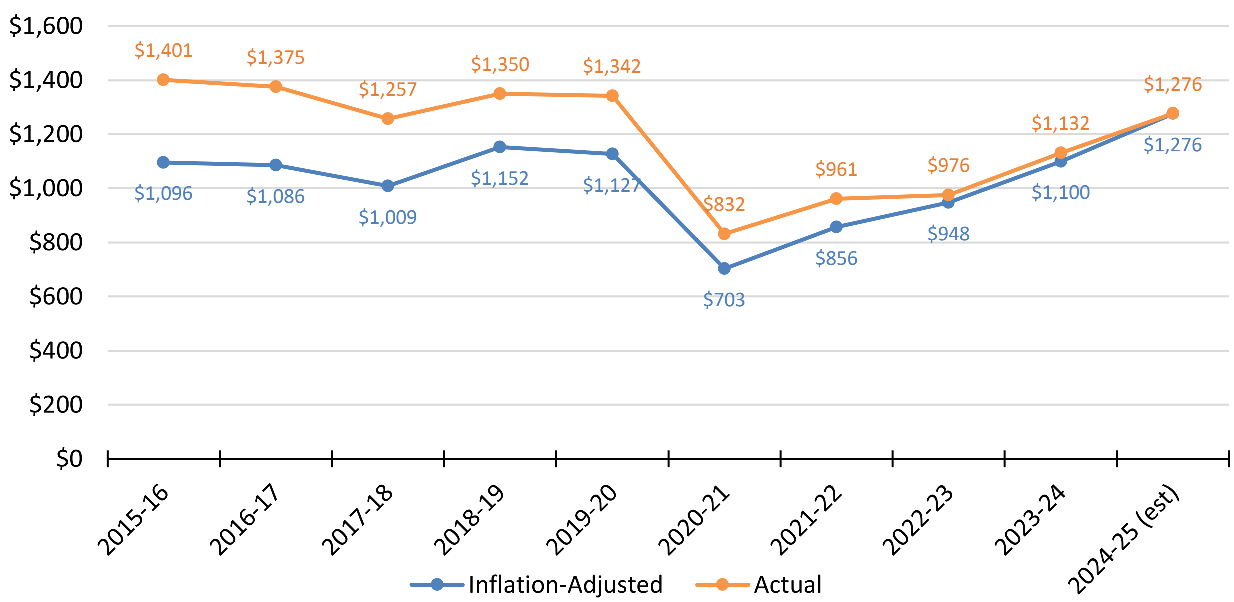
Source: U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

Figure 7a. Federal Appropriations for the Federal Work-Study Program in Actual and Inflation-Adjusted Dollars (in millions), 2017-18 to 2026-27



Note. Does not include non-federal matching funds.
Source: Education Department Budget History Table: FY 1980-FY 2021, *Federal Student Aid,* "(CB-26-05) 2026-27 Final Funding Authorizations for the Campus-Based Aid Programs" (Updated March 30, 2026), Inflation-adjusted data from CPI-U Inflation Calculator using May 2026.

Figure 7b. Federal Work-Study Program Volume in Actual and Inflation-Adjusted Dollars (in millions), 2015-16 to 2024-25



Note. The HEA permits institutions to transfer up to 25% of their Federal Work-Study (FWS) funds to the FSEOG program. The CARES Act, the CRRSA Act, and the ARP Act, major legislation enacted during the COVID-19 national emergency that created HEERF funding streams, all permitted institutions to transfer 100% of unexpended FWS to FSEOG during the pandemic. This impacted award years 2019-20, 2020-21, 2021-22, and 2022-23, and is likely responsible for the lower FWS volume in those years. Total dollar amounts include federal funds and institutional matching funds.
Source: U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

The following table lists 2025-26 federal allocations for FSEOG and FWS by state. Approved allocations for FSEOG totaled $905,476,513 for 3,356 schools, while FWS obligated funds totaled $1,213,308,988 for 2,891 schools. These programs operate in all 50 states, the District of Columbia, and six U.S. territories and freely associated states. The five states with the largest total FSEOG and FWS allocations include California, Texas, New York, Florida, and Pennsylvania.

Table 5. Federal Supplemental Educational Opportunity Grant and Federal Work-Study Obligated Funds by Institutional Location, Award Year 2025-26

	FSEOG		FWS	
Institutional Location	**Participating Institutions**	**Allocation**	**Participating Institutions**	**Allocation**
Alabama	53	$12,595,088	51	$15,746,970
Alaska	8	$1,101,472	7	$754,117
American Samoa	1	$86,028	1	$82,758
Arizona	45	$33,770,905	33	$23,034,020
Arkansas	45	$5,768,690	43	$7,679,667
California	376	$114,886,676	309	$155,425,768
Colorado	51	$14,555,739	46	$19,458,703
Connecticut	28	$12,220,475	24	$16,956,457
Delaware	7	$1,867,628	6	$2,207,031
District Of Columbia	12	$8,500,266	10	$12,756,838
Federated States of Micronesia	1	$193,683	1	$174,331
Florida	142	$48,826,353	98	$62,614,705
Georgia	87	$23,933,620	84	$32,468,429
Guam	3	$134,588	3	$525,765
Hawaii	15	$1,850,332	13	$2,564,921
Idaho	11	$2,468,777	10	$3,362,515
Illinois	127	$35,360,912	120	$47,020,639
Indiana	60	$18,636,813	52	$22,168,709

Institutional Location	FSEOG		FWS	
	Participating Institutions	Allocation	Participating Institutions	Allocation
Iowa	60	$8,206,764	50	$11,353,683
Kansas	52	$6,367,150	52	$9,713,550
Kentucky	53	$11,423,431	50	$16,919,720
Louisiana	49	$11,191,698	39	$15,896,878
Maine	26	$7,436,091	24	$8,494,191
Marshall Islands	1	$134,261	1	$106,248
Maryland	54	$14,711,898	46	$17,893,211
Massachusetts	97	$28,688,057	87	$49,285,198
Michigan	79	$23,893,639	73	$33,664,228
Minnesota	70	$19,405,572	68	$21,072,285
Mississippi	31	$9,062,485	30	$12,924,175
Missouri	73	$13,127,487	67	$21,483,269
Montana	21	$1,493,684	21	$2,893,503
Nebraska	29	$5,172,577	27	$6,738,339
Nevada	10	$3,775,724	8	$6,025,269
New Hampshire	18	$14,095,725	17	$7,664,029
New Jersey	86	$19,136,834	50	$26,329,017
New Mexico	24	$4,621,153	22	$6,953,998
New York	250	$60,820,305	191	$109,850,291
North Carolina	120	$23,330,411	115	$33,502,012
North Dakota	18	$2,670,610	18	$3,136,935
Northern Mariana Islands	1	$98,638	1	$89,295

Institutional Location	FSEOG		FWS	
	Participating Institutions	Allocation	Participating Institutions	Allocation
Ohio	123	$26,190,327	98	$37,024,816
Oklahoma	52	$8,945,322	42	$12,742,677
Oregon	46	$10,265,491	39	$14,392,770
Palau	1	$32,923	1	$127,850
Pennsylvania	150	$35,807,971	124	$55,515,384
Puerto Rico	77	$14,051,807	64	$18,181,317
Rhode Island	12	$5,294,440	12	$8,365,418
South Carolina	57	$12,378,231	55	$13,678,811
South Dakota	20	$2,715,632	17	$3,888,005
Tennessee	80	$15,787,487	72	$21,808,765
Texas	179	$66,144,249	160	$83,149,328
Utah	17	$18,061,035	15	$7,385,975
Vermont	11	$4,510,301	11	$5,165,957
Virgin Islands	1	$73,858	1	$85,594
Virginia	78	$21,843,702	68	$40,208,086
Washington	62	$14,839,474	57	$16,111,354
West Virginia	32	$4,280,480	28	$5,749,032
Wisconsin	55	$17,735,476	50	$21,768,328
Wyoming	9	$896,068	9	$967,854
Totals	**3,356**	**$905,476,513**	**2,891**	**$1,213,308,988**

Source: U.S. Department of Education, *Notification of Campus-Based Funding for the 2025-26 Award Year.*

The William D. Ford Direct Student Loan Program and the Federal Family Education Loan Program

Program Description. Title IV of the Higher Education Act (HEA) authorizes the William D. Ford Direct Student Loan Program, which is federally funded and administered by the Department of Education. Before July 1, 2010, this act also authorized a second program, the Federal Family Education Loan (FFEL) program, which was effectively ended for new loans by the Health Care and Education Reconciliation Act of 2010 (other than the collection and servicing of outstanding loans). Both programs provide loans; however, while the FFEL Program no longer originates new loans, existing FFEL loans continue to be serviced until they are repaid in full. The Direct Loan Program is the only federal student loan program currently originating new loans. While the terms of the loans ran parallel between the two programs, the difference was the funding source. The FFEL program, formerly known as the Guaranteed Student Loan program, utilized private and nonprofit sector funding under a system of federal guarantees and support.

The Direct Loan program continues to provide unsecured loans to undergraduate and graduate/professional students and parents of dependent undergraduate students to help pay the costs of attending postsecondary institutions. Loans are "entitlements," which means that all eligible and qualified borrowers may receive the program funds and benefits, but borrowers are subject to annual and aggregate limits.

The Direct Loan program is an umbrella for four loans made for undergraduate and graduate study:

- Federal Direct Subsidized Loans (also referred to as Subsidized Stafford Loans)
- Federal Direct Unsubsidized Loans (also referred to as Unsubsidized Stafford Loans)
- Federal Direct PLUS Loans, which are made to parents of dependent students (Parent PLUS) and to graduate and professional students (Grad PLUS)
- Federal Direct Consolidation Loans, which allow borrowers to combine existing federal student loans into a single Direct Loan for repayment purposes.

Borrowers of Federal Direct Loans pay an origination fee on every new loan disbursed. Established in statute, the origination fee for Federal Direct Subsidized and Unsubsidized Loans is 1%, and for Federal Direct PLUS Loans is 4%. Under sequestration imposed in the Budget Control Act of 2011, origination fees are increased annually based on the mandatory adjustment percentage provided by the Office of Management and Budget (OMB). The sequester-required changes for FY 2027 are equal to those of FY 2026, resulting in the same origination fees for loans disbursed during FY 2026 (Oct. 1, 2025 - Sept. 30, 2026) and FY 2027 (Oct. 1, 2026 - Sept. 30, 2027). These origination fee percentages have remained unchanged since FY 2020.

The following table summarizes origination fee rates for Federal Direct Subsidized, Unsubsidized, and PLUS Loans:

Loans First Disbursed	Federal Direct Subsidized and Unsubsidized Loans	Federal Direct PLUS Loans
Oct. 1, 2020 to Sept. 30, 2027	1.057%	4.228%

Interest rate structures have varied greatly over the years — sometimes variable with a maximum cap, sometimes fixed. As written in the Bipartisan Student Loan Certainty Act of 2013, all Direct Loans (with the exception of Direct Consolidation Loans) with a first disbursement date on or after July 1, 2013 have fixed interest rates that are set each year using a market-based formula. Interest rates for new Direct Loans are set each July 1 and apply only to loans disbursed between July 1 and June 30 of the following year; once set at disbursement, the rate remains fixed for the life of the loan. This law also provides protection to consumers from market spikes by placing rate caps of:

- 8.25% on Federal Direct Subsidized Loans and Federal Direct Unsubsidized Loans for undergraduate students
- 9.5% for Federal Direct Unsubsidized Loans for graduate/professional students
- 10.5% for Parent/Graduate Federal Direct PLUS Loans

ED calculates the interest rates for these loans using a base 10-year Treasury Note Index, plus an add-on amount for each loan program. The following table summarizes interest rates for the last three award years:

	Treasury Note Index	Add-On Amount	Interest Rate
Federal Direct Subsidized and Unsubsidized Loans: *Undergraduate Students*			
2024-25	4.483%	2.05%	6.53%
2025-26	4.342%	2.05%	6.39%
2026-27	4.468%	2.05%	6.52%
Federal Direct Unsubsidized Loans: *Graduate/Professional Students*			
2024-25	4.483%	3.6%	8.08%
2025-26	4.342%	3.6%	7.94%
2026-27	4.468%	3.6%	8.07%
Federal Direct PLUS Loans: *Parents and Graduate/Professional Students**			
2024-25	4.483%	4.6%	9.08%
2025-26	4.342%	4.6%	8.94%
2026-27	4.468%	4.6%	9.07%

Note. *Includes Federal Direct PLUS Loans for graduate and professional students through the 2025-26 award year; beginning July 1, 2026, Graduate PLUS Loans are no longer available to new graduate and professional borrowers under the One Big Beautiful Bill Act (OBBBA), with a limited exception allowing eligible existing borrowers to continue borrowing under prior terms for a maximum of three years.

Federal Direct Subsidized Loans: Federal Direct Subsidized Loans are available to undergraduate students who demonstrate financial need. The amount a student may borrow in a Federal Direct Subsidized Loan is based on demonstrated financial need, calculated as the Cost of Attendance (COA) minus the Student Aid Index (SAI) and other financial aid. Annual and aggregate borrowing limits apply. Interest begins accruing when the loan is disbursed; however, the federal government pays the interest that accrues while the borrower is enrolled at least half-time, during the six-month grace period after leaving school, and during certain authorized deferment periods. As a result, borrowers are not responsible for interest that accrues during these periods, and that interest is not capitalized onto their loan balance. Repayment begins following a six-month grace period after the student is no longer enrolled at least half-time. **View the appendix to see data on Federal Direct Subsidized Loans disaggregated by institutional location.**

Federal Direct Unsubsidized Loans: The second type of Direct Loan, the Federal Direct Unsubsidized Loan, works similarly to the Federal Direct Subsidized Loan, but borrowers are responsible for all interest that accrues. Additionally, eligibility for Direct Unsubsidized Loans is not based on financial need. Students may receive this loan type regardless of their income, assets, or SAI, and may use it to cover any remaining educational costs up to their COA after other financial aid has been applied. Students who receive Direct Unsubsidized Loans do not receive an in-school interest subsidy. Interest accrues on these loans while the borrower is enrolled and during other periods when payments are not required, such as deferment. Borrowers may choose to pay accrued interest as it accumulates. If unpaid, accrued interest generally remains separate from the principal balance and is repaid over time. Interest capitalization (the addition of unpaid interest to the principal balance) is now limited to circumstances specifically authorized by statute. Regulatory changes effective July 1, 2023 eliminated most instances of interest capitalization, including capitalization upon entering repayment. Like Federal Direct Subsidized Loans, required repayment begins following a six-month grace period after the student is no longer enrolled at least half-time. **View the appendix to see data on Federal Direct Unsubsidized Loans disaggregated by institutional location and borrower type.**

**Effective with the 2024-25 award year, the Student Aid Index (SAI) replaced Expected Family Contribution (EFC). All 2025 profile data reflecting award years prior to the 2024-25 award year use the EFC.*

Direct Loan Limits. A student may receive the lesser of their calculated Direct Subsidized or Direct Unsubsidized eligibility or the applicable annual loan limit, which is based on grade level and dependency status for undergraduate students, and on credential level for graduate and professional students. In addition to annual borrowing limits, federal law imposes aggregate loan limits. Undergraduate students are capped at $31,000 (dependent students) or $57,500 (independent students), of which no more than $23,000 may consist of Direct Subsidized loans. Starting July 1, 2026, new borrowers enrolled in graduate degree programs are capped at $100,000 for graduate study and borrowers enrolled in professional degree programs are capped at $200,000. Continuing students who borrowed loans for their program of study prior to July 1, 2026 remain subject, for up to a maximum of three years, to pre-July lifetime aggregate limits of $138,500 for most graduate and professional students, and $224,000 for certain health professions students.

Beginning July 1, 2026, the OBBBA also establishes a new lifetime federal student loan limit of $257,500, which includes all federal Direct Loans borrowed by an individual except for Parent PLUS loans borrowed for a dependent undergraduate student. Under a limited exception, borrowers who received federal student loans before July 1, 2026, and remain continuously enrolled in a credential program may continue borrowing under the pre-July 1, 2026 loan structure and limits for up to three academic years or the remainder of their expected time to credential, whichever is shorter.

As of July 1, 2026, the annual loan limits are as follows:

	Dependent Students	**Independent Students** (and students whose parents cannot obtain a PLUS Loan)
First-Year Undergraduate Students	$5,500 *No more than $3,500 can be subsidized.*	$9,500 *No more than $3,500 can be subsidized.*
Second-Year Undergraduate Students	$6,500 *No more than $4,500 can be subsidized.*	$10,500 *No more than $4,500 can be subsidized.*
Third-Year and Beyond Undergraduate Students	$7,500 *No more than $5,500 can be subsidized.*	$12,500 *No more than $5,500 can be subsidized.*
Graduate Students	N/A	$20,500 *Unsubsidized funds only.*
Professional Students	N/A	$50,000 *Unsubsidized funds only.*

As of July 1, 2026, the aggregate loan limits are as follows:

	Dependent Students	**Independent Students** (and students whose parents cannot obtain a PLUS Loan)
Undergraduate Students	$31,000 *No more than $23,000 can be subsidized.*	$57,500 *No more than $23,000 can be subsidized.*
Parents of Dependent Undergraduate Students	$65,000	N/A
Graduate Students	N/A	$100,000 *Applies to graduate borrowers who are not and have never been enrolled in a professional degree program.*
Professional Students	N/A	$200,000 *Minus any loans previously received as a graduate student.*

As of July 1, 2026, the lifetime loan limits are as follows:

Borrower Type	Lifetime Limit*
Undergraduate Students	$257,500
Graduate Students	$257,500
Professional Students	$257,500

Note. *This limit includes loans forgiven, repaid, cancelled, or otherwise discharged. Any amount of loan funds returned by the institution or the borrower will not count toward the borrower's lifetime limit.

Federal Direct PLUS Loan. The Federal Direct PLUS Loan program provides loans to parents of dependent undergraduates and to students who are in graduate or professional programs. Unlike Direct Subsidized and Direct Unsubsidized Loans, eligibility for a Parent PLUS Loan is subject to a credit check. Borrowers with adverse credit history can obtain a loan only if they provide a credit-worthy endorser or appeal the credit decision with ED.

Direct PLUS Loan Limits. Historically, Federal Direct PLUS Loans allowed eligible parents of dependent undergraduate students and graduate/professional students to borrow up to the Cost of Attendance (COA) minus other anticipated financial aid, with no absolute annual or aggregate limits. Beginning July 1, 2026, Graduate PLUS loans are no longer available to new borrowers, and Parent PLUS loans are subject to new annual and aggregate borrowing limits. Under these limits, parents may borrow up to $20,000 annually and $65,000 in aggregate for each dependent student. These limits apply on a per-student basis, meaning a parent with multiple dependent students may borrow up to the applicable limit for each eligible student. Parent PLUS loans are not included in the $257,500 lifetime limit applicable to all other student loans. **View the appendix to see data on Federal Direct PLUS Loans broken down by institutional location and borrower type.**

One Big Beautiful Bill Act. As part of the recent federal reconciliation package, significant changes were made to federal student loan programs, effective July 1, 2026. The legislation modifies several aspects of federal student loan programs, including repayment options, loan limits, borrower benefits, and program eligibility. While most provisions take effect on July 1, 2026, certain provisions include a limited exception for existing borrowers. A new requirement to prorate loan amounts for students enrolled less than full time is effective for all borrowers for all student loans borrowed for the 2026-27 award year and beyond. **More information on these changes can be found in the Reconciliation Package Overview on page 30.**

As of July 1, 2026, the PLUS annual and aggregate loan limits are as follows:

	Parent PLUS Borrowers	Graduate PLUS Borrowers
Annual Limit	$20,000* per dependent student	Not available to new borrowers on or after July 1, 2026
Aggregate Limit	$65,000* per dependent student	Not available to new borrowers on or after July 1, 2026

Note. *This limit includes loans forgiven, repaid, cancelled, or otherwise discharged. Any amount of loan funds returned by the institution or the borrower will not count toward the borrower's lifetime limit.

Table 6. Undergraduates Who Received Federal Direct Subsidized Loans, by Family Income Level, Award Year 2019-20

Adjusted Gross Income (AGI)	Recipients (estimated)	Percent	Average Award
Less than $20,000	1,162,620	26.1%	$3,679
$20,000 to $39,999	1,187,051	26.6%	$3,852
$40,000 to $59,999	713,874	16.0%	$3,866
$60,000 to $79,999	474,812	10.6%	$4,019
$80,000 to $99,999	343,177	7.7%	$3,880
$100,000 and over	578,224	13.0%	$3,797
Total	4,459,758	100.0%	$3,790

Table 7. Undergraduates Who Received Federal Direct Unsubsidized Loans, by Family Income Level, Award Year 2019-20

Adjusted Gross Income (AGI)	Recipients (estimated)	Percent	Average Award
Less than $20,000	1,094,148	22.0%	$4,278
$20,000 to $39,999	1,097,443	22.1%	$3,923
$40,000 to 59,999	660,031	13.3%	$3,373
$60,000 to $79,999	468,138	9.4%	$3,234
$80,000 to $99,999	410,191	8.3%	$3,280
$100,000 and over	1,239,737	24.9%	$4,501
Total	4,969,688	100%	$3,975

Table 8. Undergraduates Whose Parents Received Federal Direct PLUS Loans, by Family Income Level, Award Year 2019-20

Adjusted Gross Income (AGI)	Recipients (estimated)	Percent	Average Award
Less than $20,000	61,913	8.2%	$12,875
$20,000 to $39,999	115,210	15.3%	$12,162
$40,000 to $59,999	89,829	11.9%	$14,044
$60,000 to $79,999	100,228	13.3%	$14,993
$80,000 to $99,999	83,489	11.0%	$16,095
$100,000 and over	304,480	40.3%	$19,951
Total	755,149	100.0%	$16,273

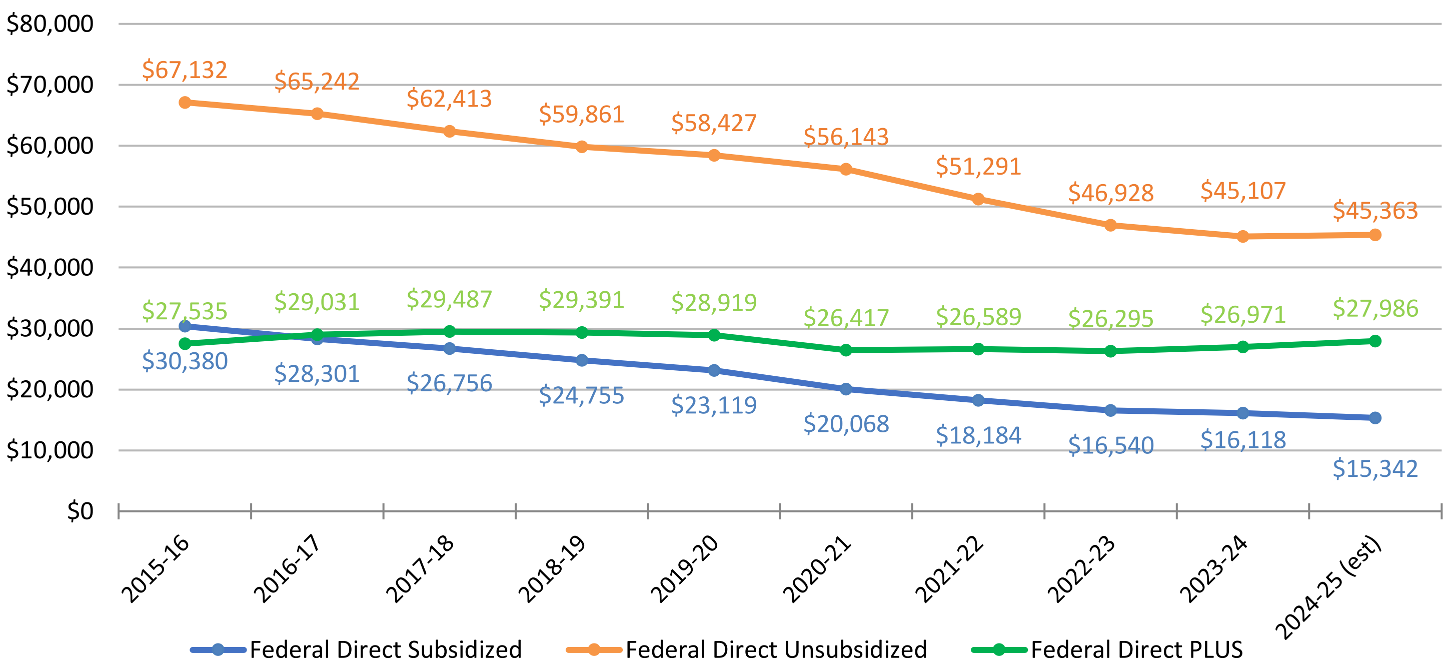
Table 9. Graduate/Professional Students Who Received Federal Direct PLUS Loans, by Family Income Level, Award Year 2019-20

Adjusted Gross Income (AGI)	Recipients (estimated)	Percent	Average Award
Less than $20,000	984,493	30.4%	$24,180
$20,000 to $39,999	697,231	21.6%	$25,131
$40,000 to $59,999	464,843	14.4%	$25,655
$60,000 to $79,999	316,112	9.8%	$25,842
$80,000 to $99,999	268,784	8.3%	$26,489
$100,000 and over	503,102	15.6%	$30,512
Total	3,234,565	100.0%	$25,059

Note. Tables 6-9. Estimates for the number of recipients calculated by NASFAA. Some students did not report income and were excluded from the calculation.

Source: The most recent data available from the National Center for Educational Statistics is from the U.S. Department of Education, *2019-20 National Postsecondary Student Aid Study (NPSAS:20).*

Figure 8. Federal Direct Student Loan Volume (Inflation-Adjusted Dollars, in millions), 2015-16 to 2024-25



Source: The College Board, *Trends in Student Aid 2025.*

Repayment, Loan, and Delinquency Status

Repayment Status: Federal student loan borrowers who first borrow a loan on or after July 1, 2026, will generally have two repayment plan options: a tiered standard repayment plan or the Repayment Assistance Plan (RAP). Borrowers who only borrowed federal loans before July 1, 2026, may remain in certain existing repayment plans, subject to the limited exceptions established by statute.

Prior to enactment of the OBBBA, borrowers could choose from a wide range of repayment plans. Depending on their eligibility, borrowers could select fixed or graduated repayment plans with terms ranging from 10 to 25 years, or enroll in one of several income-driven repayment (IDR) plans, including Income-Contingent Repayment (ICR), Income-Based Repayment (IBR), Pay As You Earn (PAYE), Revised Pay As You Earn (REPAYE), and Saving on a Valuable Education (SAVE).

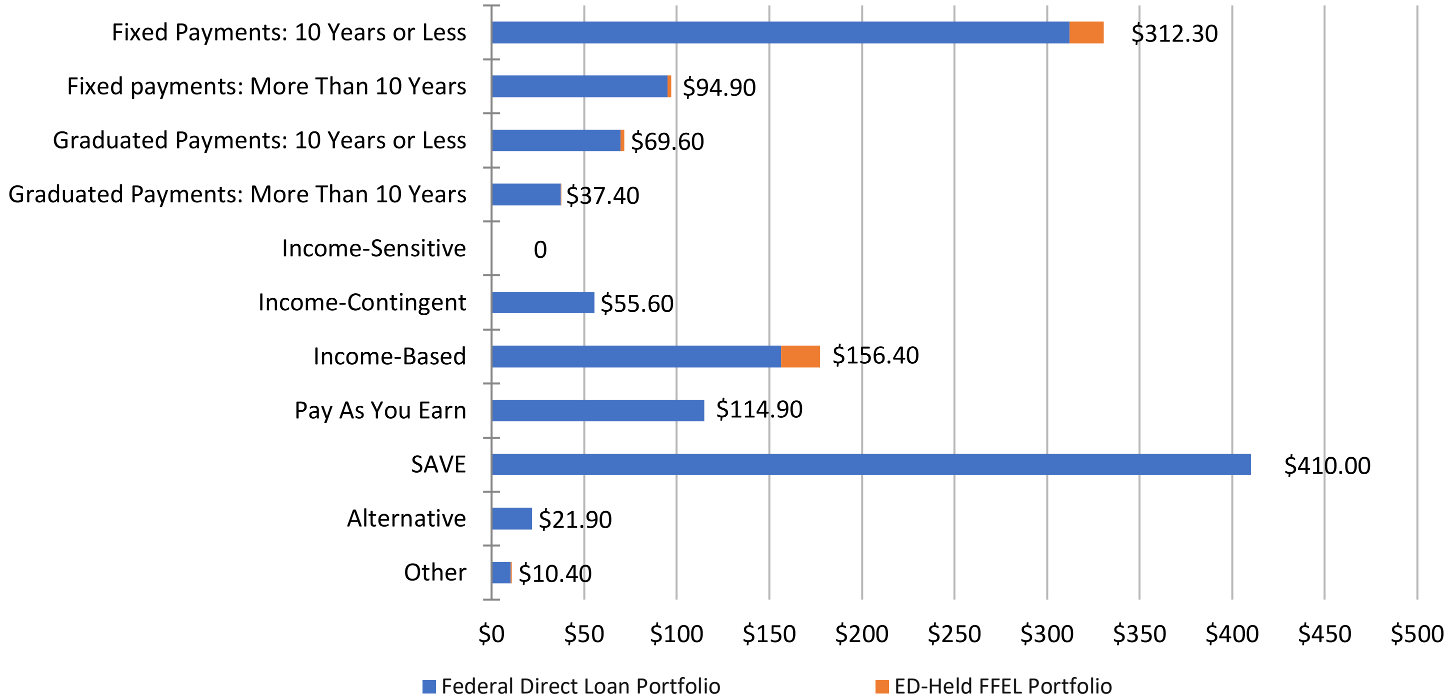
The OBBBA phases out the ICR, PAYE, and SAVE plans effective July 1, 2028. Borrowers enrolled in one of those plans must transition to another eligible repayment plan before that date. IBR remains available for eligible borrowers.

As of December 2025, the outstanding federal student loan portfolio totaled approximately $1.7 trillion across 42.8 million recipients.[2] The federally managed portfolio — which includes Federal Direct Loans and ED-held FFEL loans — totaled more than $1.61 trillion and represented 95% of all outstanding federal student loan debt. Nearly 12.9 million Direct Loan and ED-serviced FFEL borrowers in repayment deferment, or forbearance were enrolled in an IDR plan in 2025, and approximately 60% of those enrolled in ED-serviced repayment plans were enrolled in IDR, up from 56% in December 2024.

Executive actions from both the Trump and Biden administrations and provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the COVID-19 pandemic resulted in most borrowers in repayment being moved into a forbearance status, unless they opted out. This temporarily halted payments and cured delinquencies. Monthly payments officially resumed in October 2023, marking a transition back to repayment, though the landscape remains atypical. The payment pause was followed by a 12-month “on ramp” that temporarily protected borrowers from the consequences of delinquency and default through October 2024 and the Fresh Start initiative to help borrowers get out of default. As of December 2025, approximately 8.8 million borrowers remained in forbearance, including more than 6.5 million borrowers affected by litigation related to the SAVE repayment plan. At the same time, 7.7 million borrowers with approximately $180 billion in outstanding federal student loans were in default, while more than four million borrowers in active repayment were more than 30 days delinquent on their loans. For the 2026 National Profile, NASFAA has updated Figures 9, 10, and 11 using the most recent data from the Federal Student Aid Data Center.

[2] Federal Student Aid, “Federal Student Aid Posts Updated Reports to FSA Data Center,” https://fsapartners.ed.gov/fsa-print/publication/1007047.

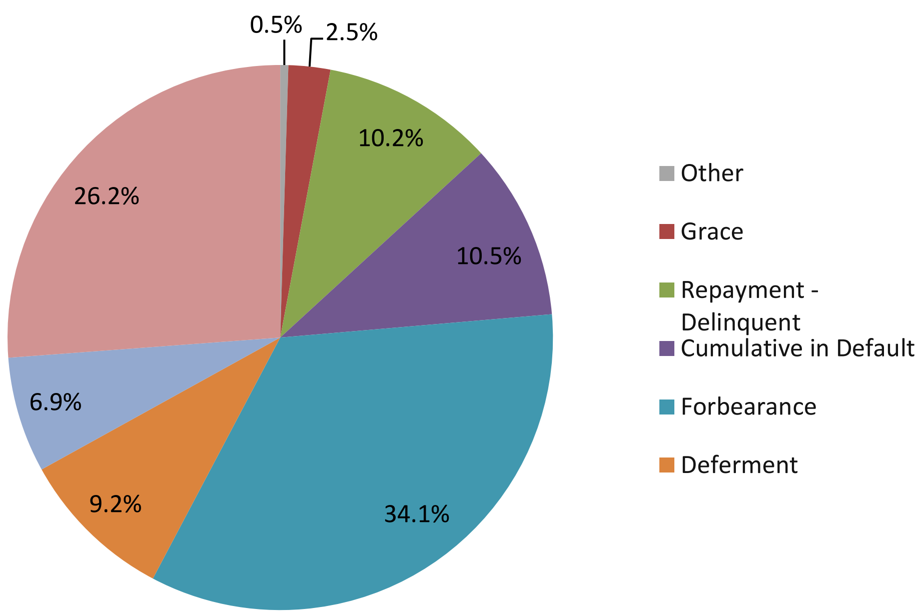
Figure 9. Federal Direct Loan & ED-Held FFEL Dollars Outstanding (in billions), by Repayment Plan, as of Sept. 30, 2025



Note. Includes outstanding principal and interest balances of Federal Direct Loan borrowers in Repayment, Deferment, and Forbearance; excludes borrowers in Default, In-School, and Grace. Data is run at the end of each quarter, listed by federal fiscal year, in this case, FY24 Q4. This figure reflects repayment data for only the Federal Direct Loan and ED-held FFEL portfolios. Data on repayment plans were not available for the FFEL program.

Source: *National Student Loan Data System (NSLDS),* available from FSA Data Center (https://studentaid.gov/data-center/student/portfolio).

Figure 10. Percentage of Federal Direct Loan Dollars Outstanding, by Loan Status, as of Dec. 1, 2025

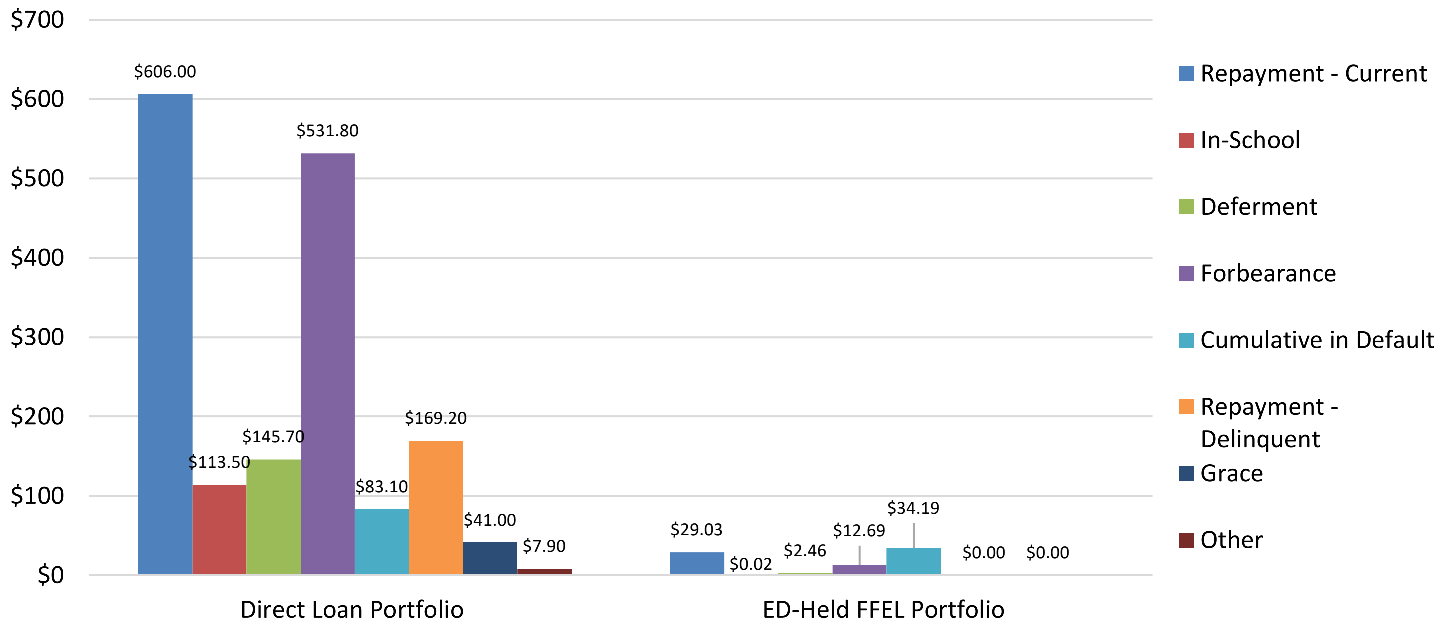


Note. Includes outstanding principal and interest balances. Data is run at the end of each quarter, listed by federal fiscal year, in this case, FY25 Q4. Numbers for FSA tables on loan status and delinquency status may differ due to rounding and the timing of data runs. Calculation of repayment current and delinquent by NASFAA.

Source: *National Student Loan Data System (NSLDS),* available from FSA Data Center (https://studentaid.gov/data-center/student/portfolio); Federal Student Aid, March 2026 Electronic Announcement (https://fsapartners.ed.gov/fsa-print/publication/1007047).

Loan Status: In 2025, $647 billion (40.2%) of the total outstanding Federal Direct Loan dollars were in current repayment or delinquency status. The remaining $963 billion (59.8%) fell into several non-current repayment categories. Among the non-current balances, 15% belonged to students still enrolled in school, and 3% was held by students in a six-month grace period. Approximately 31% of outstanding balances were in forbearance and 9% were in deferment, while 11% of balances were in default. Collectively, balances associated with in-school and grace-period statuses represented about 8% of total outstanding federally managed loan dollars.

Figure 11. Federal Direct Loan & ED-Held FFEL Dollars Outstanding (in billions), by Loan Status, as of Sept. 30, 2025



Note. Includes outstanding principal and interest balances. Data is run at the end of each quarter, listed by federal fiscal year, in this case, FY25 Q4. Numbers for FSA tables on loan status and delinquency status may differ due to rounding and the timing of data runs. Calculation of repayment current and delinquent by NASFAA. The significant increase in the dollar amount of loans in forbearance is likely due in part to the temporary forbearance granted to borrowers that were enrolled in the SAVE repayment plan. This context is important when interpreting trends in the forbearance category, as the data may not reflect long-term repayment behavior.
Source: *National Student Loan Data System (NSLDS)*, available from FSA Data Center (https://studentaid.gov/data-center/student/portfolio).

Delinquency Status: Federal student loan borrowers' delinquency period begins the day after they miss a payment. The COVID-19 payment pause drastically reduced the number of borrowers in delinquent status. Following the restart of loan repayment on October 1, 2023, the Department of Education instituted a 12-month on-ramp period through September 30, 2024. During this time, eligible borrowers were not reported to credit agencies as delinquent for a missed payment, and their loans were not placed into default. Due to the payment pause and on-ramp, delinquency measures during this period remained suppressed relative to pre-pandemic norms. As of December 2025, more than 76% of ED-serviced recipients with loans in active repayment were current (on time or less than 31 days delinquent) with their federal student loan payments; 23.2% remained more than 30 days delinquent. These repayment outcomes are based on the federal repayment framework in place as of December 2025 and do not reflect structural changes implemented beginning July 1, 2026, which limit repayment options to the Repayment Assistance Plan (RAP) and a tiered standard repayment plan.

Public Service Loan Forgiveness

Program Description. Public Service Loan Forgiveness (PSLF) is a federal program that allows Federal Direct Loan borrowers who are working full-time in the public service sector to have the remainder of their Federal Direct Loan balances forgiven after making 120 qualifying monthly payments. The program was created in 2007 under the College Cost Reduction and Access Act as a way to provide relief to professionals working in government, state, local, and not-for-profit sector jobs. Beyond working for a qualifying employer, borrowers must also be enrolled in a qualified repayment plan and complete an Employment Certification Form (ECF) to be eligible for forgiveness. As only loan payments made after October 1, 2007 qualify toward the 120 required payments, the first PSLF recipients received forgiveness in 2017. Submission of the ECF on an annual basis is voluntary, and the Department of Education (ED) tracks submission of an ECF as an indicator of interest in, and potential eligibility for, PSLF. As of January 2026, there were 488,000 PSLF applications approved for loan discharge. In March 2018, the Consolidated Appropriations Act of 2018 provided limited, additional conditions under which borrowers may be eligible for PSLF if loan payments were made under a non-qualifying repayment plan. This reconsideration is called Temporary Expanded Public Service Loan Forgiveness (TEPSLF). As of January 2026, there were 7,900 applications for TEPSLF approved for loan discharge.[3]

In October 2021, ED announced a change to the PSLF rules for a limited time, allowing borrowers to receive credit for past periods of repayment that under the original rules would not have qualified. As long as the borrower was employed at a qualifying employer, any prior qualifying payment, regardless of repayment plan or whether the payment was made in full or on time, counted as a qualifying payment. At its creation, ED estimated that the waiver would help over 550,000 borrowers gain an average of 23 additional payments. Included in that number are an estimated 22,000 borrowers who were immediately eligible for forgiveness.[4] As of January 2026, 758,800 borrowers had their loans discharged after waiver processing.[5] The eligibility period to take advantage of the waiver ran through October 31, 2022. As of January 2026, a total of 1,220,500 borrowers have had their PSLF, TEPSLF, and waiver discharges processed, totaling $90.6 billion, with an average discharged balance of $74,300.[4]

Regulatory changes to PSLF that improve the application process, expand eligible monthly payments, and broaden the definition of "full-time" employment took effect July 1, 2023. In the spring of 2025, ED was instructed to revise the PSLF regulations by an executive order (EO) issued by President Donald Trump, ordering the Secretary of Education to "ensure the definition of 'public service' excludes organizations that engage in activities that have a substantial illegal purpose," which the EO clarified as: "aiding or abetting violations of immigration law, supporting terrorism, aiding or abetting illegal discrimination, providing gender-affirming treatments for transgender youth, and engaging in patterns of state tort laws such as vandalism, and trespassing, among other crimes."[3] To carry out the executive order, the Department held a negotiated rulemaking session for the PSLF program in early July 2025, which resulted in a no-consensus decision, allowing ED officials to draft the final rule as they saw fit. The Department published a final rule in October 2025 that was scheduled to take effect on July 1, 2026. The rule established procedures under which employers could lose PSLF eligibility if they were deemed to be engaging in specified illegal activities (as determined by the Secretary). However, in June 2026, a federal district court vacated the employer eligibility provision, preventing it from taking effect on July 1. As a result, the current PSLF regulations continue to govern employer eligibility.

Reporting for the PSLF program has undergone a number of changes over the years, as several different administrations have overseen the program, leading to variations in how data was reported. These inconsistencies include differences in reporting frequency — some years monthly, and others quarterly or annually. Additionally, the data points tracked and reported have varied, making it challenging to create a consistent historical record. In light of these discrepancies, NASFAA has removed historical graphs and charts that previously sought to illustrate trends in PSLF data. Removing this content reflects our commitment to providing accurate and reliable information.

[3] Federal Student Aid Data Center, https://studentaid.gov/data-center/student/loan-forgiveness/pslf-data.
[4] https://www.ed.gov/news/press-releases/fact-sheet-public-service-loan-forgiveness-pslf-program-overhaul.
[5] Federal Student Aid Data Center March 31, 2024 PSLF Report: https://studentaid.gov/data-center/student/loan-forgiveness/pslf-data.

One Big Beautiful Bill Act. Because this section discusses PSLF participation and outcomes through January 2026, income-driven repayment (IDR) plans are referenced. As of July 1, 2026, borrowers became subject to a revised repayment framework, meaning future PSLF participation will occur under different repayment structures. **More information on these changes can be found in the Reconciliation Package Overview on page 30.**

Federal Need Analysis

Description. The application for all Title IV programs is the Free Application for Federal Student Aid (FAFSA), which collects demographic, income, and asset information from aid applicants and their contributors, including legal parent(s) or spouses. The U.S. Department of Education (ED) uses this information to confirm students' general eligibility to receive Title IV funds and to calculate the Student Aid Index (SAI), which replaced the Expected Family Contribution (EFC) beginning with the 2024-25 award year. Schools use the SAI as one of several factors to determine the amount of federal financial aid a student may receive during a given award year.

The SAI is determined by a statutory need analysis formula called the Federal Methodology (FM) established under Title IV of the Higher Education Act (HEA). Legal parents of dependent students are assumed to have a role in financing their child's education and, as such, are expected to provide financial information on the FAFSA. There are three SAI formulas – Formula A, for dependent students; Formula B, for independent students without dependents other than a spouse; and Formula C, for independent students with dependents other than a spouse, regardless of marital status.

Use. Financial aid administrators use the SAI and other information to determine which students will receive federal student aid authorized under Title IV of the HEA and the amounts they will receive from these programs. Students are eligible to receive need-based federal student aid (Federal Pell Grant, FWS, FSEOG, and Federal Direct Subsidized Loans) only if the sum of SAI and other financial assistance is less than the total COA. The COA includes tuition and fees, living expenses, books and educational supplies, transportation to and from the postsecondary institution, and other miscellaneous expenses.

FAFSA Simplification. The FAFSA Simplification Act, signed into law in December 2020 as part of the Consolidated Appropriations Act of 2021, established changes to the HEA, the FAFSA, and the federal need analysis that became fully effective in the 2024-25 award year. The bill included changes to the Federal Methodology and the creation of the SAI, which replaced the EFC. The name change was intended to better reflect the use of that figure as an aid eligibility index rather than an expectation of what a family will contribute to postsecondary expenses. It also codified in statute the use of prior-prior year (PPY) income data on the FAFSA, which had already been implemented in practice under executive orders issued since 2016.

Significant changes to the Federal Methodology include the removal of state and other tax income exclusions and the family farm and small business asset exclusion, while adding back into the total income foreign income exempt from U.S. tax or for which a foreign tax credit was received. Additionally, the SAI calculation no longer considers multiple household members contemporaneously enrolled in college. The SAI determines the type and amount of federal student aid authorized under Title IV of the HEA that students will receive, excluding minimum and maximum Pell Grant eligibility determinations. Automatic maximum and automatic minimum Pell Grant eligibility is now determined by the number of parents in the household and family income as a percentage of the federal poverty line. Independent student tax nonfilers, dependent children of nonfiling parent(s), and students under age 33 whose parent(s) died serving in the armed forces or in the line of duty as a public safety officer are also eligible to receive the maximum Pell Grant.

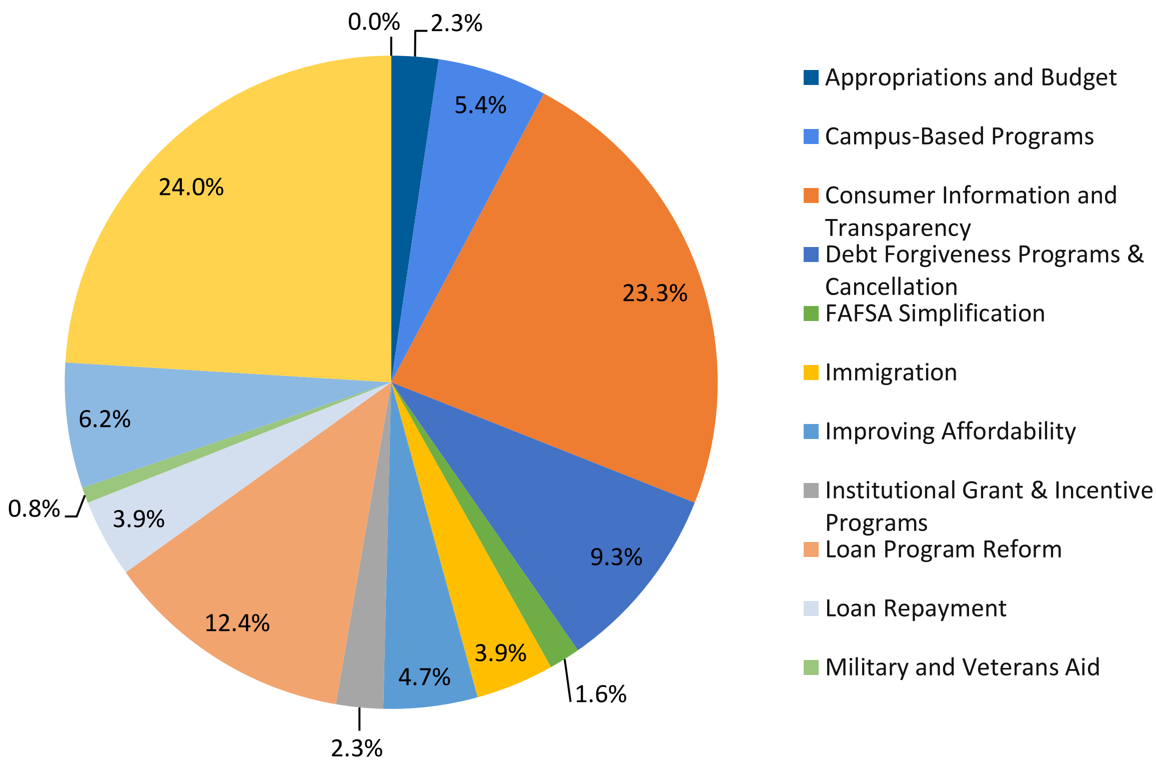
The SAI allows for further differentiation among the neediest students by allowing results as low as -1,500, whereas the EFC calculation could not go below zero. This change allows schools to better target need-based aid. Other significant changes from the FAFSA Simplification Act include the removal of Selective Service and drug conviction questions, which were implemented during the 2021-22 award year, and as of July, 1 2023, the restoration of Pell Grant eligibility to incarcerated students enrolled in eligible Prison Education Programs. Finally, because the Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act of 2019 allowed tax information to be securely transferred from the IRS directly into the FASFA, 22 questions were removed from the form. The FUTURE Act Direct Data Exchange (FA-DDX) had previously not mandated this data sharing, but the FAFSA Simplification Act requires sharing of students' and if necessary, other contributors' tax data. In May 2026, the U.S. Government Accountability Office published a report on student eligibility and the FAFSA Simplification Act, noting that 570,000 more students were eligible for Pell in the 2024-25 year than in the previous year.

Reconciliation Package. The One Big Beautiful Bill Act (OBBBA), also referred to as the Working Families Tax Cuts Act (WFTCA), signed into law on July 4, 2025, includes several changes related to federal need analysis. The law reinstates the exemptions of family farm and family-owned or controlled small business assets from SAI calculation and expands asset exemptions to family-owned commercial fisheries. The law also requires that foreign income be included in the adjusted gross income (AGI) when calculating Pell Grant eligibility. **More information on these changes can be found in the Reconciliation Package Overview on page 30.**

Legislation Introduced in Congress in 2025 on Student Aid Topics

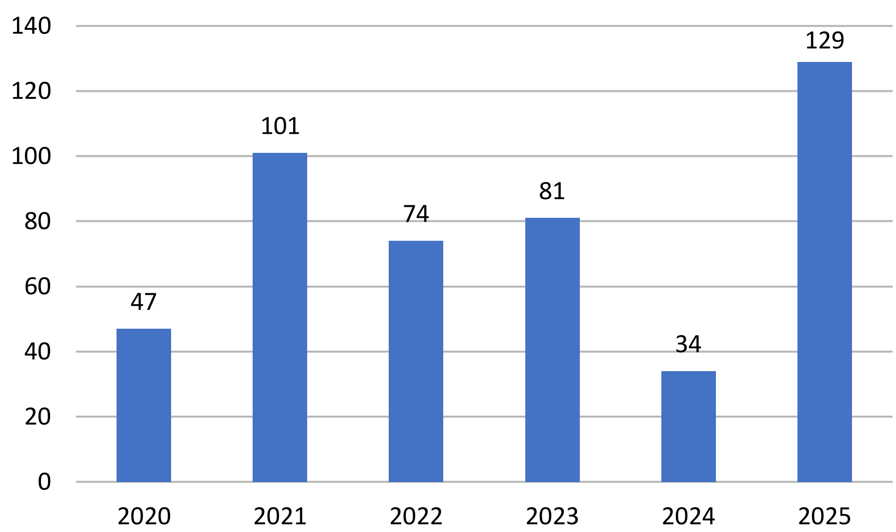
Description. In 2025, U.S. House of Representatives and the U.S. Senate members introduced 129 bills on student aid-related issues. When categorized by topic, Congress demonstrated a commitment to addressing quality and accountability, consumer information and transparency, and loan program reform (24%, 23%, and 12% of legislation introduced on student aid topics addressed these issues, respectively). Figure 12 presents the number of student-aid-related bills introduced in 2025.

Figure 12. Bills Introduced in 2025, by Topic



Source: *NASFAA Legislative Tracker.*

Figure 13. Total Student Aid-Related Bills Introduced in Previous Six Years



Source: *NASFAA Legislative Tracker.*

Reconciliation Package Overview

The One Big Beautiful Bill Act (OBBBA), also known as the Working Families Tax Cuts Act, was signed into law on July 4, 2025. The legislation made significant changes to federal student aid programs authorized under the Higher Education Act of 1965, including revisions to Pell Grant eligibility, federal student loan borrowing limits and repayment plans, need analysis, and the expansion of Pell Grants to short-term training programs. Many of the OBBBA higher education provisions became effective on July 1, 2026 and/or for the 2026-27 award year, while additional guidance continues to be issued by ED.

Following enactment of the law, ED initiated negotiated rulemaking processes to develop regulations and clarify implementation requirements related to OBBBA's statutory changes. These include the Accountability in Higher Education and Access through Demand-driven Workforce Pell (AHEAD) Negotiated Rulemaking Committee (which included Workforce Pell Grants, other Pell Grant changes, and institutional accountability for programs that lead to low earnings); and the Reimagining and Improving Student Education (RISE) Negotiated Rulemaking Committee (which focused on federal loan changes). The RISE committee and the AHEAD Pell Grant committees both published final regulatory text in May 2026. The final rule for the new accountability framework negotiated under the second AHEAD session was published July 1, 2026.

This overview reflects information available at the time of publication and will be updated in future versions as NASFAA incorporates additional guidance and implementation details issued by the U.S. Department of Education. For the most up-to-date information, visit NASFAA's One Big Beautiful Bill Act Web Center.

Federal Need Analysis

The reconciliation package modifies federal need analysis by reinstating exemptions for family farm and family-owned or controlled small business assets from the Student Aid Index (SAI) calculation. It also expands these asset exemptions to include family-owned commercial fisheries.

Federal Pell Grant Program

Pell Grant Changes. The One Big Beautiful Bill Act (OBBBA) made significant changes to Pell Grant eligibility. Beginning with the 2026-27 award year, students whose Student Aid Index (SAI) is greater than or equal to twice the maximum Pell Grant award amount became ineligible for a Pell Grant. For the 2026-2027 award year, the maximum award is $7,395, making the SAI threshold at which students become ineligible for Pell $14,790. Additionally, Pell Grant eligibility can also be revoked if the student's non-federal grant and scholarship assistance is equal to or exceeds their COA. The OBBBA also adjusted Pell Grant eligibility by requiring foreign income exempt from taxation to be added to the AGI for purposes of establishing Pell Grant eligibility, replacing the previous case-by-case review process by financial aid administrators. The OBBBA also provided an additional $10.5 billion in mandatory funding for the Pell Grant program to address the program's projected funding shortfall.

Workforce Pell Grants. The reconciliation package also created the Workforce Pell Program, an expansion of the Pell Grant program for short-term job training programs, to support workforce development. Students cannot receive both Workforce Pell and Pell Grant funds simultaneously, however, Workforce Pell Grant awards count toward a student's Pell Lifetime Eligibility Used (LEU). Students enrolled in shorter training programs, however, receive a smaller award than they would in a full academic-year program because their awards are prorated based on the program length.

Federal Direct Loan Program

Loan Limits. As of July 1, 2026, a new lifetime limit of $257,500 was put in place for all Federal Direct student loans, excluding Parent PLUS loans. Some students may be exempted from the new lifetime loan limit for up to three academic years, or the remainder of their expected time to credential (whichever is less), provided they remain continuously enrolled in the same program of study at the same institution in which they were enrolled as of June 30, 2026. To qualify, the student must have received a Direct Loan disbursement for that program before July 1, 2026.

Effective July 1, 2026, the Graduate PLUS loan program was discontinued for all new borrowers. In addition, the legislation created a distinction between graduate and professional programs as well as new annual and aggregate loan limits for these programs. Graduate students are limited to $20,500 annually and $100,000 in total borrowing, while professional students may borrow up to $50,000 annually and $200,000 in total. Undergraduate borrowing is not counted toward these aggregate limits. A limited exception was put into place for borrowers who, on July 1, 2026, had already received a Federal Direct loan for their current program of study. These individuals are eligible to continue to borrow from the Graduate PLUS program for three years, or until their expected time to credential, whichever occurs first.

The legislation also imposed new annual and aggregate borrowing limits on Parent PLUS Loans. Limits for Parent PLUS loans are $20,000 annually and $65,000 aggregately per dependent student. Parent PLUS borrowers are not subject to a lifetime borrowing limit, even if total Parent PLUS borrowing exceeds the lifetime limit of $257,500 applicable to all other student loan borrowers. A limited exception was put into place for borrowers who, on July 1, 2026, had already received a Federal Direct loan for their current program of study before July 1, 2026. Parents who qualify for the limited exception are exempt from the new limits for up to three academic years, or the remainder of the student's expected time to credential, whichever is less, if the student remains continuously enrolled in the same program of study at the same institution in which they were enrolled as of June 30, 2026.

For loans awarded for the 2026-27 award year, the OBBBA requires institutions to reduce a student's annual federal Direct Loan eligibility if the student is enrolled less than full-time. The formula to make these adjustments is called the Schedule of Reductions (SOR). Under SOR, students enrolled less than full-time receive a proportionally reduced annual loan limit (e.g., three-quarter-time and half-time students are limited to a percentage of the otherwise applicable annual loan maximum). Schools must determine enrollment status, apply the appropriate reduction to the student's annual borrowing cap, and then calculate loan eligibility using the reduced limit. SOR is separate from existing loan proration requirements for programs shorter than an academic year or for final periods of study that are less than a full academic year. Parent PLUS Loans are not subject to the Schedule of Reductions.

Loan Repayment. The reconciliation package included several changes to loan repayment, including the creation of the Repayment Assistance Plan (RAP), a new income-driven repayment plan, and the Tiered Standard repayment plan, a new fixed repayment plan. Current borrowers with no new federal loans disbursed on or after July 1, 2026 are permitted to continue to enroll in or remain on existing plans or may opt into the new RAP plan. The Income-Contingent Repayment (ICR) and Pay As You Earn (PAYE) plans are available only through July 1, 2028, after which access to those plans will end.

The Tiered Standard Repayment Plan establishes fixed monthly payments over a repayment term of 10, 15, 20, or 25 years, based on a borrower's outstanding federal student loan balance. The Repayment Assistance Plan calculates monthly payments based on a progressively higher percentage of income, starting at 1% for the lowest income borrowers and capping at 10% for borrowers earning more than $100,000, with a $50 discount per dependent. Parent PLUS borrowers are not eligible to repay under the Repayment Assistance Plan.

Starting July 1, 2027, borrowers will be able to rehabilitate a defaulted loan up to two times, rather than once. This legislation also sunsets the economic hardship and unemployment deferment options for new loans disbursed after July 1, 2027. Loans disbursed on or after July 1, 2027 are eligible for forbearance up to nine months within any two-year period, replacing current rules that allow for up to 12 months at a time with a cumulative limit of three years.

Fiscal Year 2026 Budget and Appropriations Update

Each year, Congress must determine funding levels for most federal student aid programs. The FY 2026 appropriations law, signed on February 3, 2026, maintained funding for the federal student aid programs at prior-year levels.

Funding for the Pell Grant program comes from both discretionary (subject to the annual appropriations process) and mandatory (set in law) funding streams. Through the appropriations process, Congress has agreed to fund the discretionary base maximum Pell Grant award at the $4,860 level since 2009-10. However, because the mandatory annual inflation adjustment add-on to the maximum award expired after FY 2017, which would have left the add-on at $1,060 (resulting in a $5,920 total maximum grant), Congress opted to increase the discretionary base maximum to $5,285 in FY 2020, to $5,435 in FY 2021, to $5,835 in FY 2022, and to $6,335 in both FY 2023 and FY 2024, as well as for FY 2025 through the full-year continuing resolution. The FY 2026 appropriations law maintained Pell Grant funding at prior-year levels. Combined with the $1,060 mandatory add-on, the total maximum Pell Grant award for FY 2026, or award year 2026-27, remains at $7,395, the same as FY 2025.

The chart below highlights Pell Grant funding over the last three fiscal years.

Program	FY 2024	FY 2025	FY 2026	Change from FY 2025 to FY 2026
Pell Grant (discretionary)	$22,475,352,000	$22,475,352,000	$22,475,352,000	$0
Pell Grant maximum award	$7,395	$7,395	$7,395	$0

In the final FY 2026 agreement, FSEOG and FWS were level-funded at their FY 2025 funding levels. The funding for FSEOG and FWS are highlighted in the following chart.

Program	FY 2024	FY 2025	FY 2026	Change from FY 2025 to FY 2026
FSEOG	$910,000,000	$910,000,000	$910,000,000	$0
FWS	$1,230,000,000	$1,230,000,000	$1,230,000,000	$0

In February 2026, the Congressional Budget Office (CBO) released new projections for the Pell Grant program, which indicated a potential funding shortfall of nearly $5.5 billion by the end of FY 2026 and an additional nearly $11.5 billion by the end of FY 2027, totaling a funding gap of nearly $17 billion over both fiscal years. This was a revision of CBO's earlier estimate that indicated the shortfall wouldn't occur until FY 2029. The revision was based on both greater eligibility for the Pell Grant as a result of the FAFSA Simplification Act and new enrollment figures for 2024-25, which did not ultimately decrease as much as originally estimated. The report also estimates a cumulative shortfall of nearly $132 billion from FY 2026 to FY 2036.

The reconciliation bill (OBBBA) that was signed into law by President Trump in July of 2025 included a provision to address the shortfall by adding about $10 billion in mandatory funding for the program for FY 2026.

Conclusion

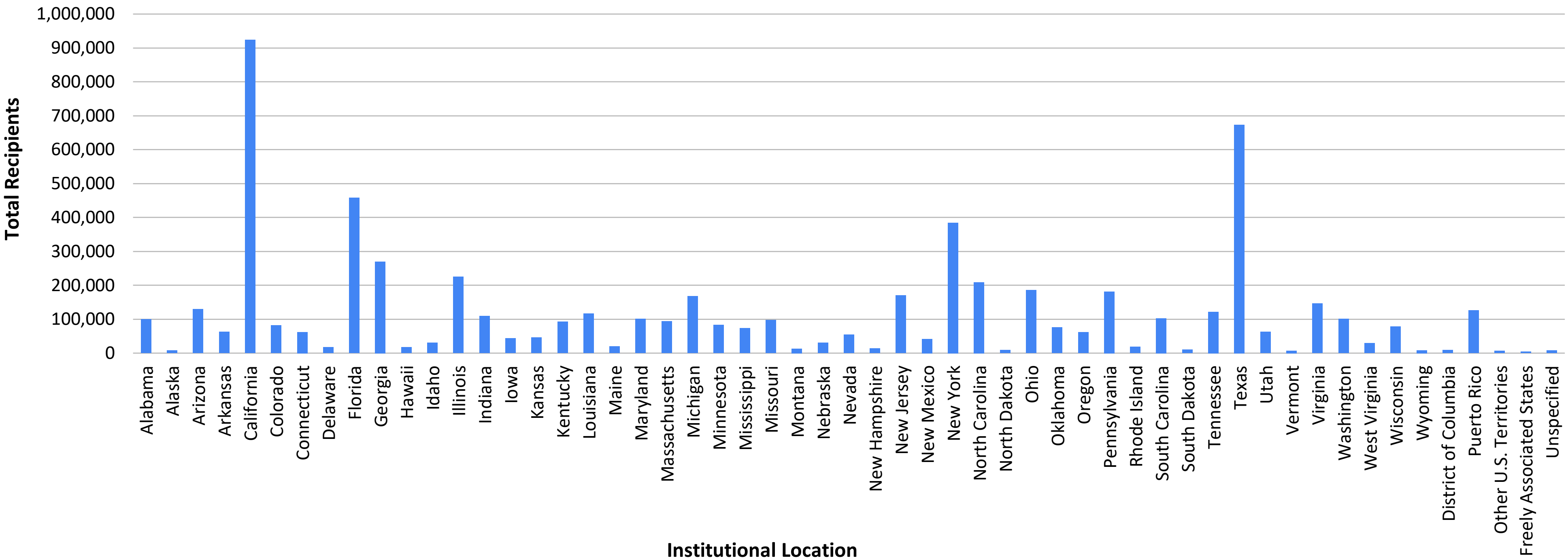
Since the enactment of the Higher Education Act (HEA) in 1965, federal financial aid has been a central and critical pathway for college access. Given the importance of federal financial aid, this report serves as a resource describing several of the better-known Title IV programs. While these financial aid programs may have changed over time, the general principles of each program have stayed the same.

NASFAA hopes the information in this report is helpful to you. We have also produced other publications that help students and families find ways to pay for postsecondary education. Should you need any additional information, please contact us at policy@nasfaa.org.

This appendix contains data on the Federal Student Aid programs disaggregated by institutional location where available. Please refer to the main text for additional information and national data on these programs.

Disaggregated Pell Grant Data[6]

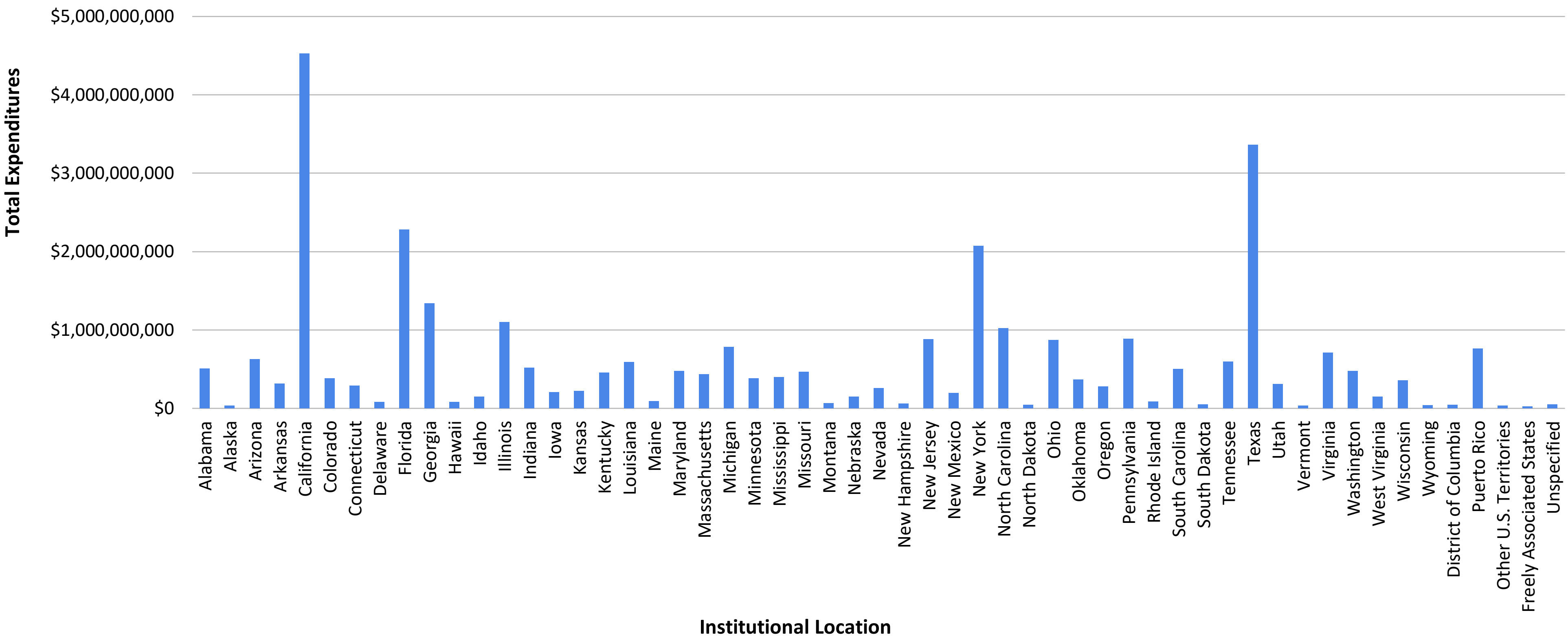
Pell Grant Recipients by Institutional Location, Award Year 2023-24



Source: U.S. Department of Education, *Federal Pell Grant Program End-of-Year Report, 2023-24.*

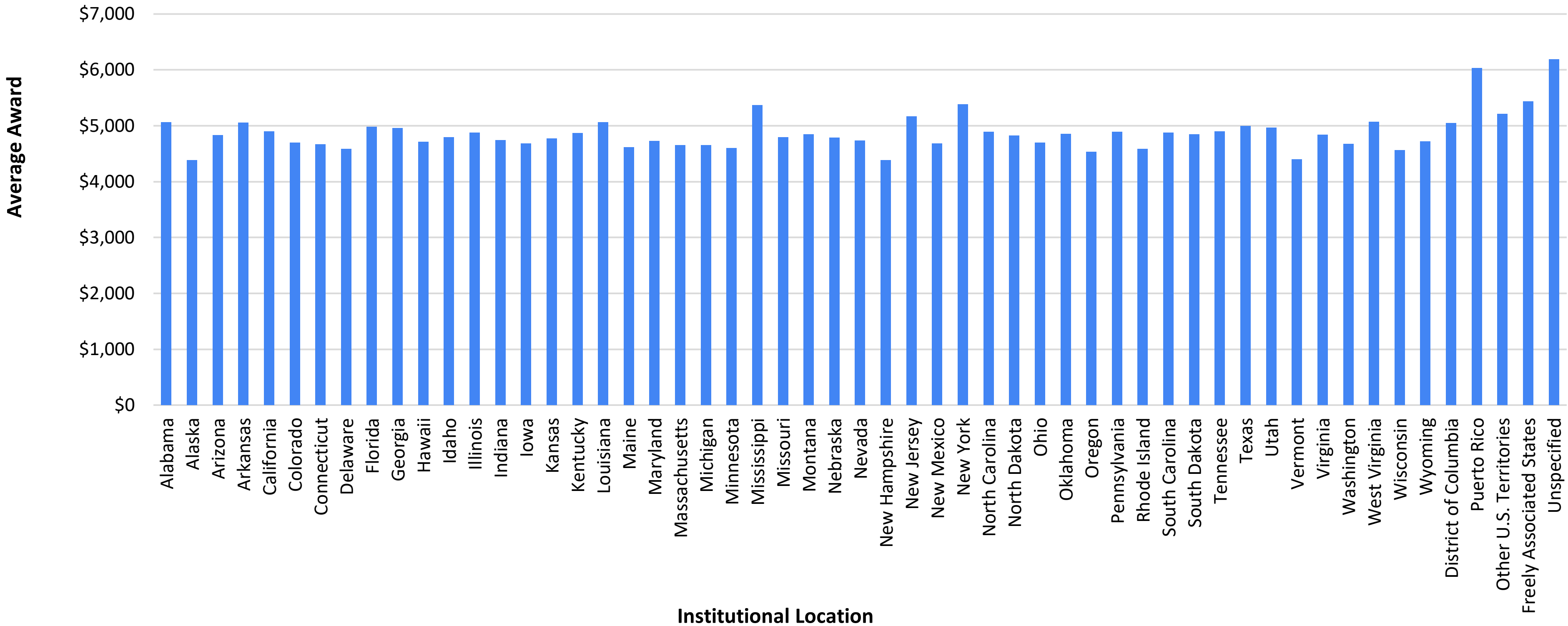
[6] Pell Grant data is disaggregated by U.S. States, the District of Columbia, Puerto Rico, other U.S. territories (including Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands), and the Freely Associated States (the Federated States of Micronesia, the Marshall Islands, and the Republic of Palau).

Pell Grant Expenditures by Institutional Location (in millions), Award Year 2023-24



Source: U.S. Department of Education, *Federal Pell Grant Program End-of-Year Report, 2023-24.*

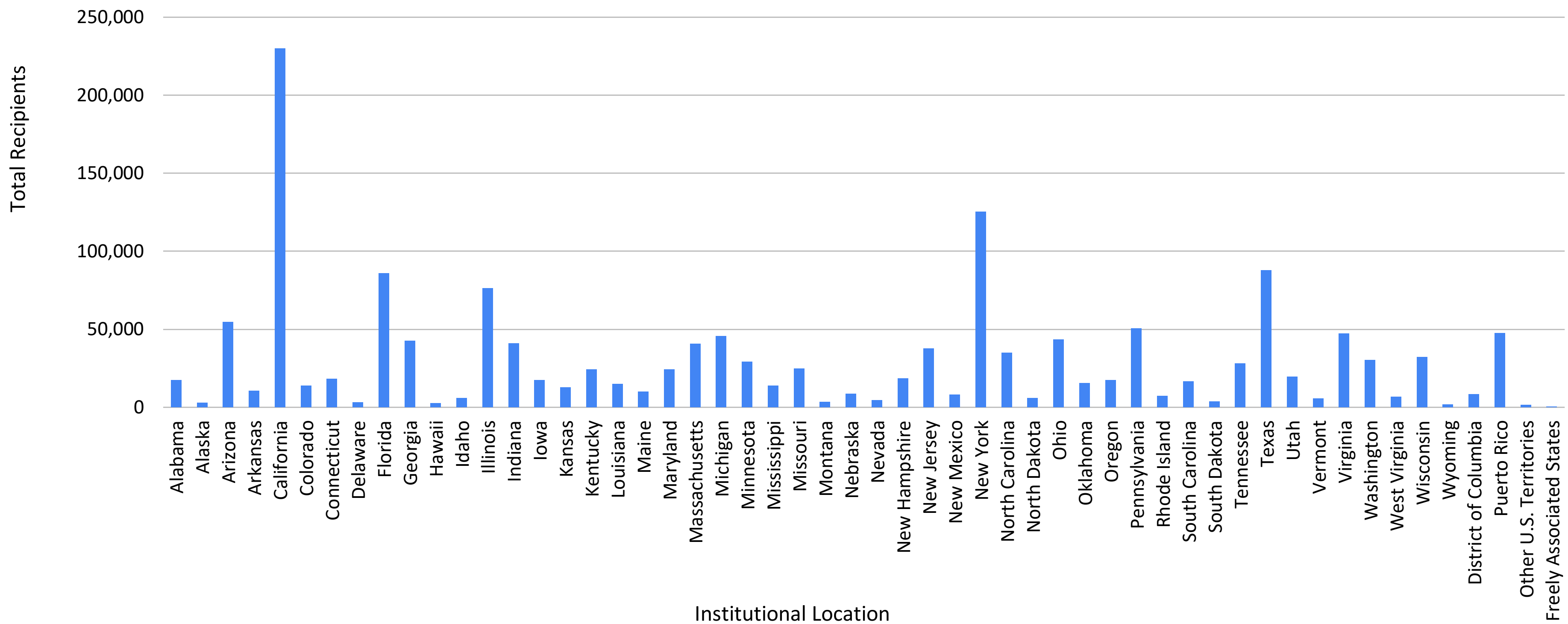
Average Pell Grant Amount by Institutional Location, Award Year 2023-24



Source: U.S. Department of Education, *Federal Pell Grant Program End-of-Year Report, 2023-24.*

Disaggregated FSEOG Data[7]

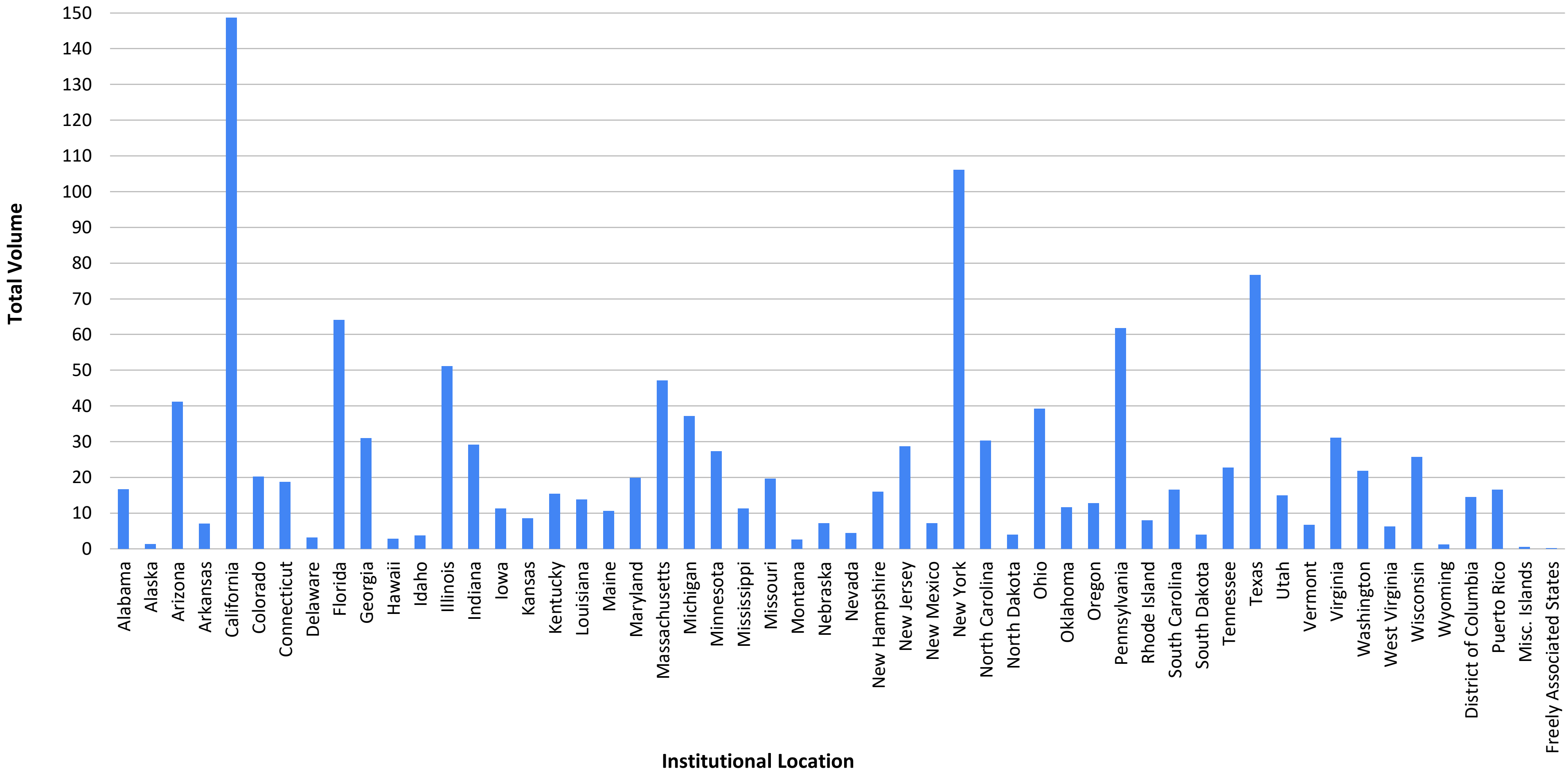
Federal Supplemental Educational Opportunity Grant Recipients by Institutional Location, Award Year 2023-24



Source: U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

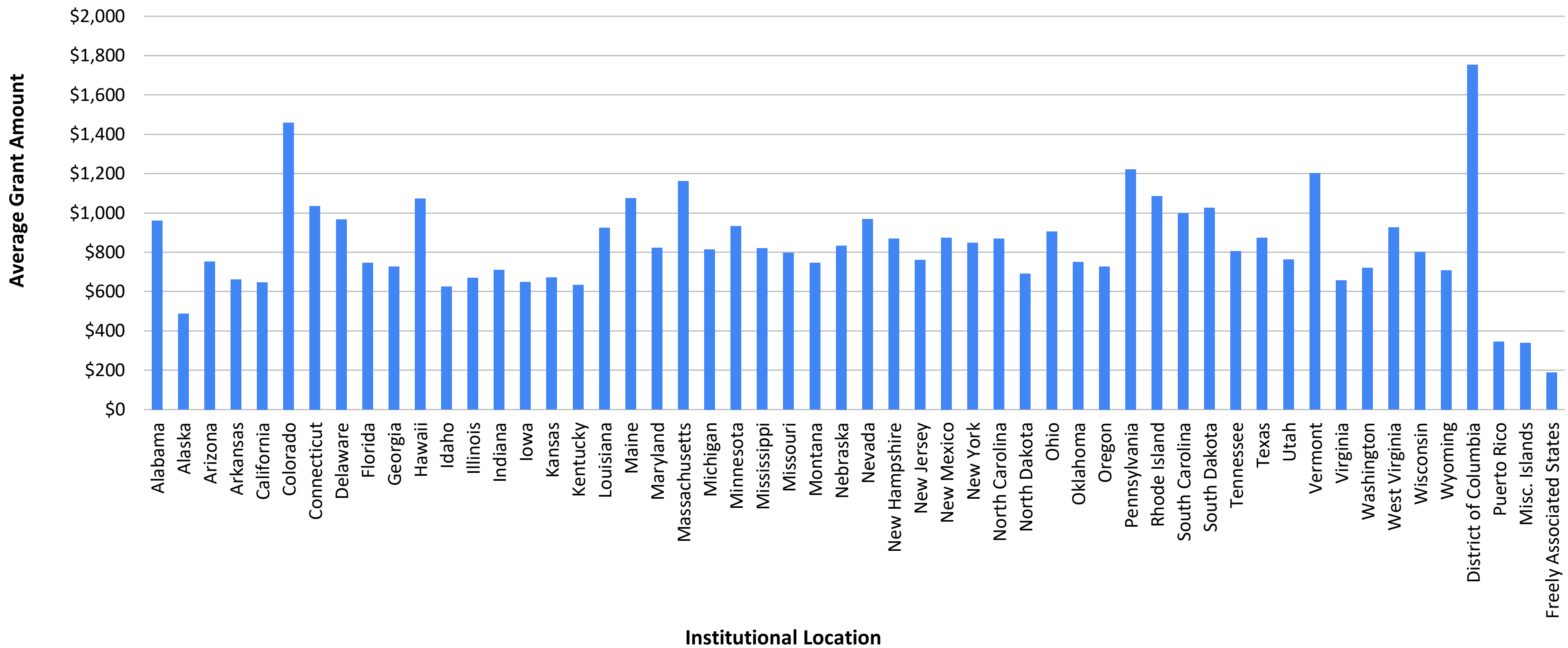
[7] FSEOG and FWS data are disaggregated by U.S. States, the District of Columbia, Puerto Rico, other U.S. territories (including Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands), and eligible members of the Freely Associated States (the Republic of Palau was the only member eligible in 2023-24).

Federal Supplemental Educational Opportunity Grant Volume by Institutional Location (in millions), Award Year 2023-24



Source: U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

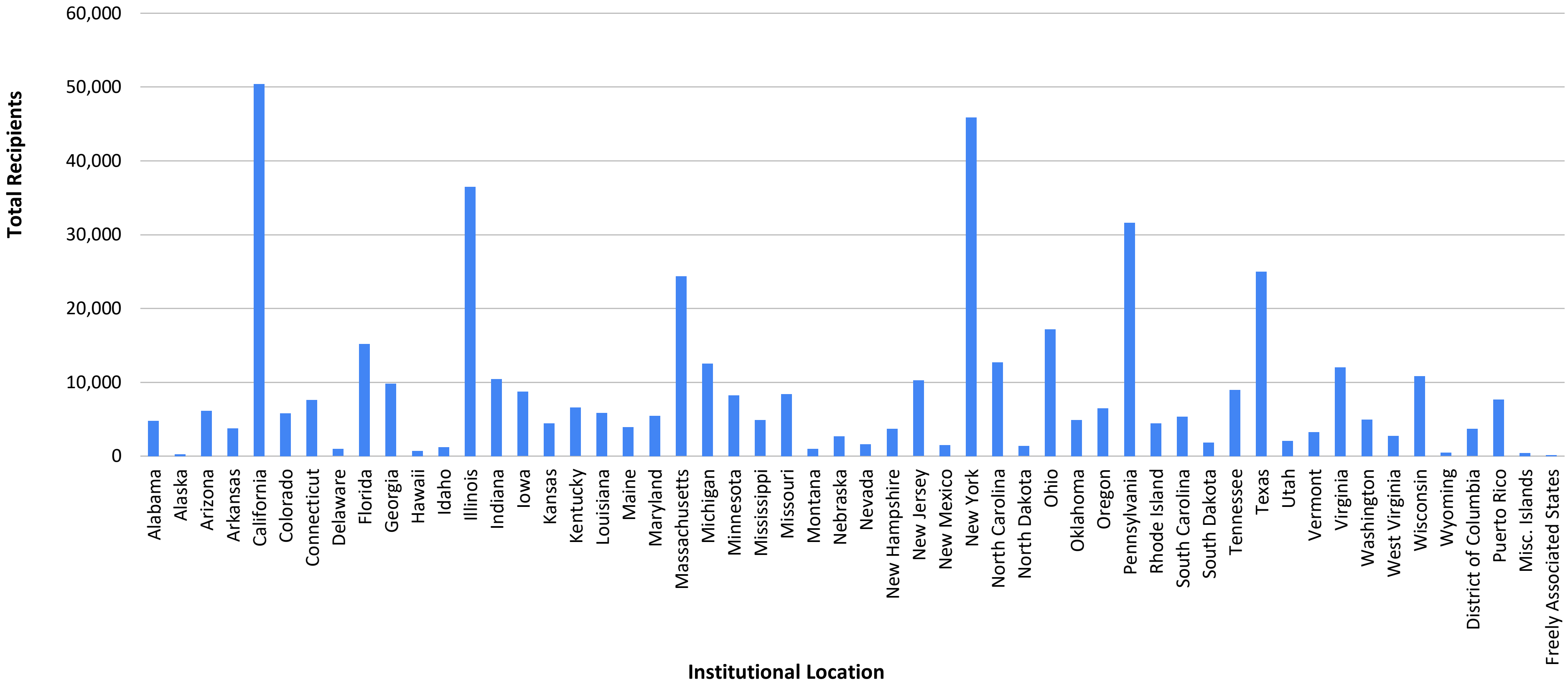
Average Federal Supplemental Educational Opportunity Grant Amount by Institutional Location, Award Year 2023-24



Source: U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

Disaggregated Work-Study Data[8]

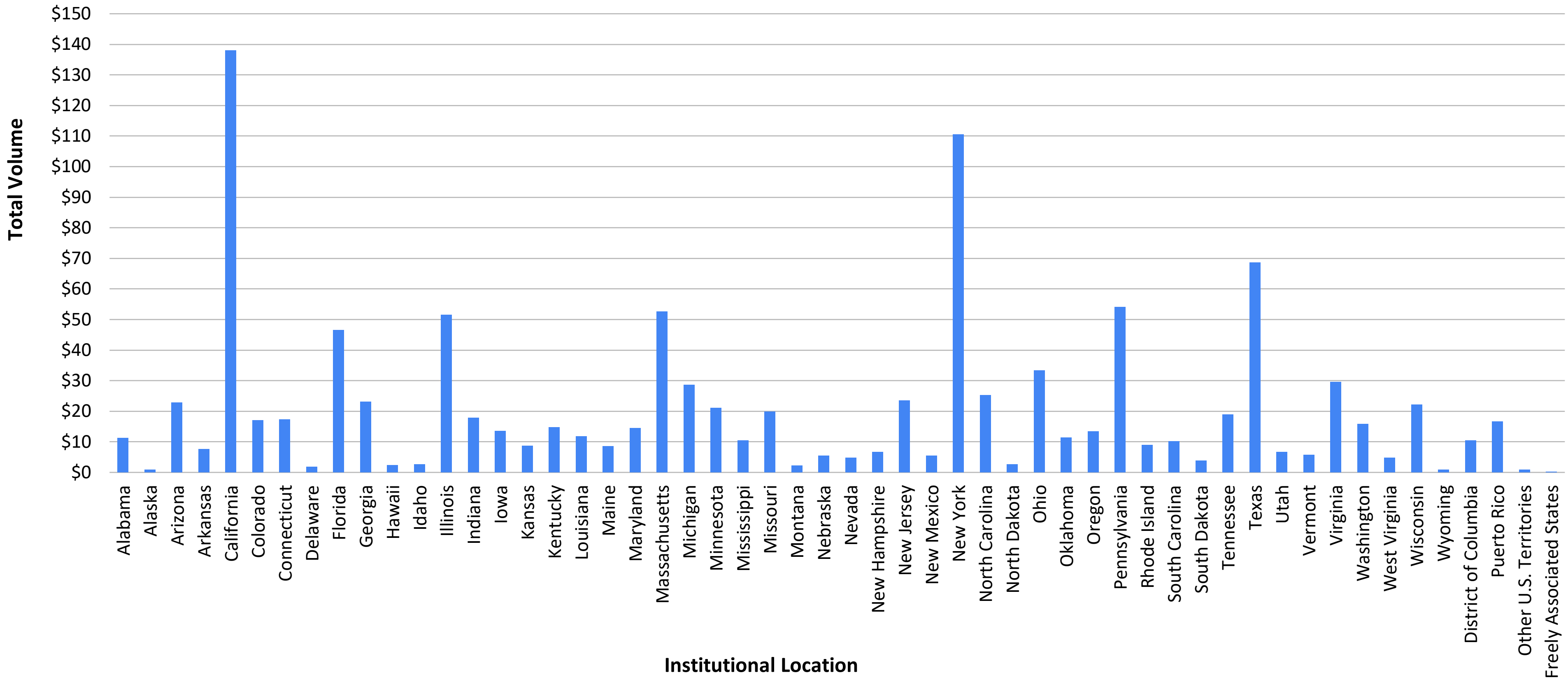
Federal Work-Study Recipients by Institutional Location, Award Year 2023-24



Source: U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

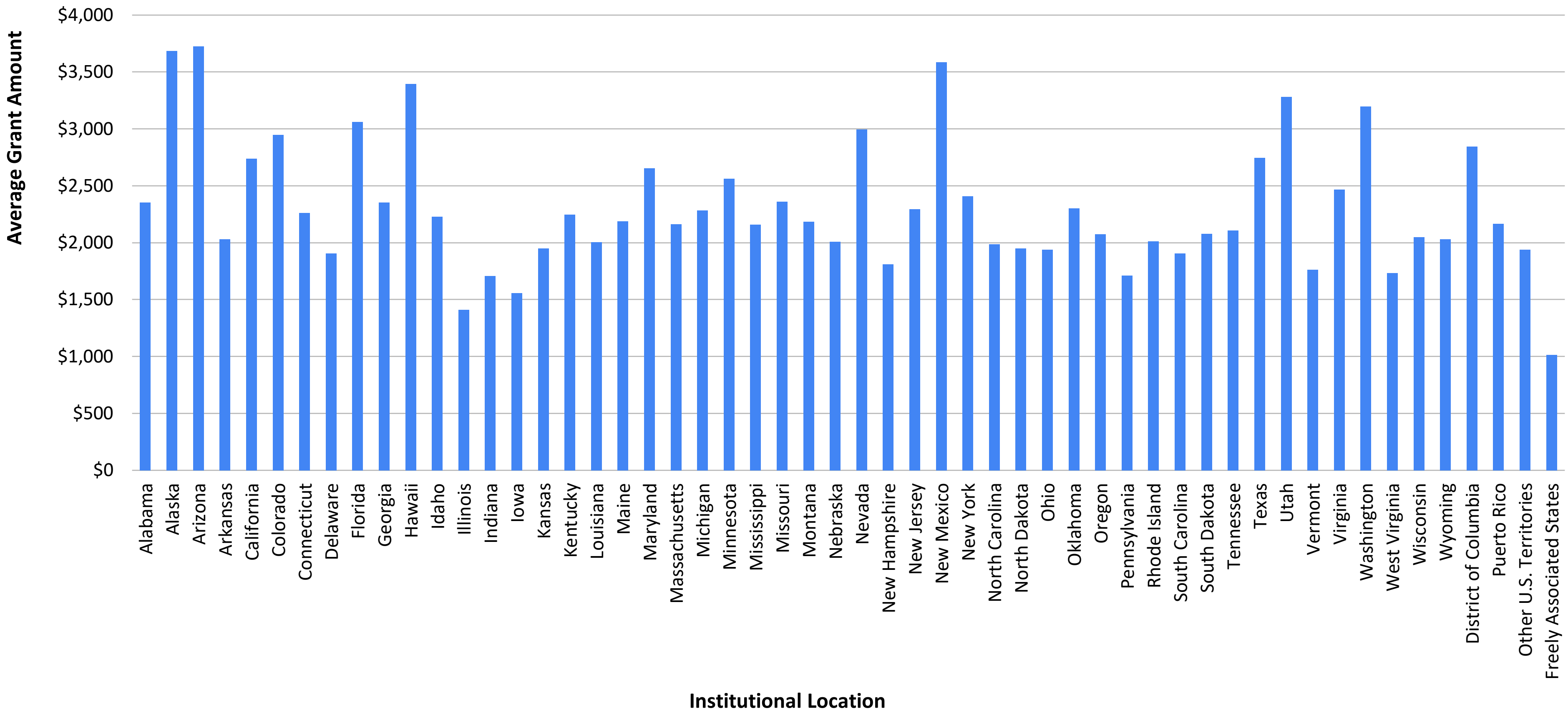
[8] FSEOG and FWS data are disaggregated by U.S. States, the District of Columbia, Puerto Rico, other U.S. territories (including Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands), and eligible members of the Freely Associated States (the Republic of Palau was the only member eligible in 2023-24).

Federal Work-Study Volume by Institutional Location (in millions), Award Year 2023-24



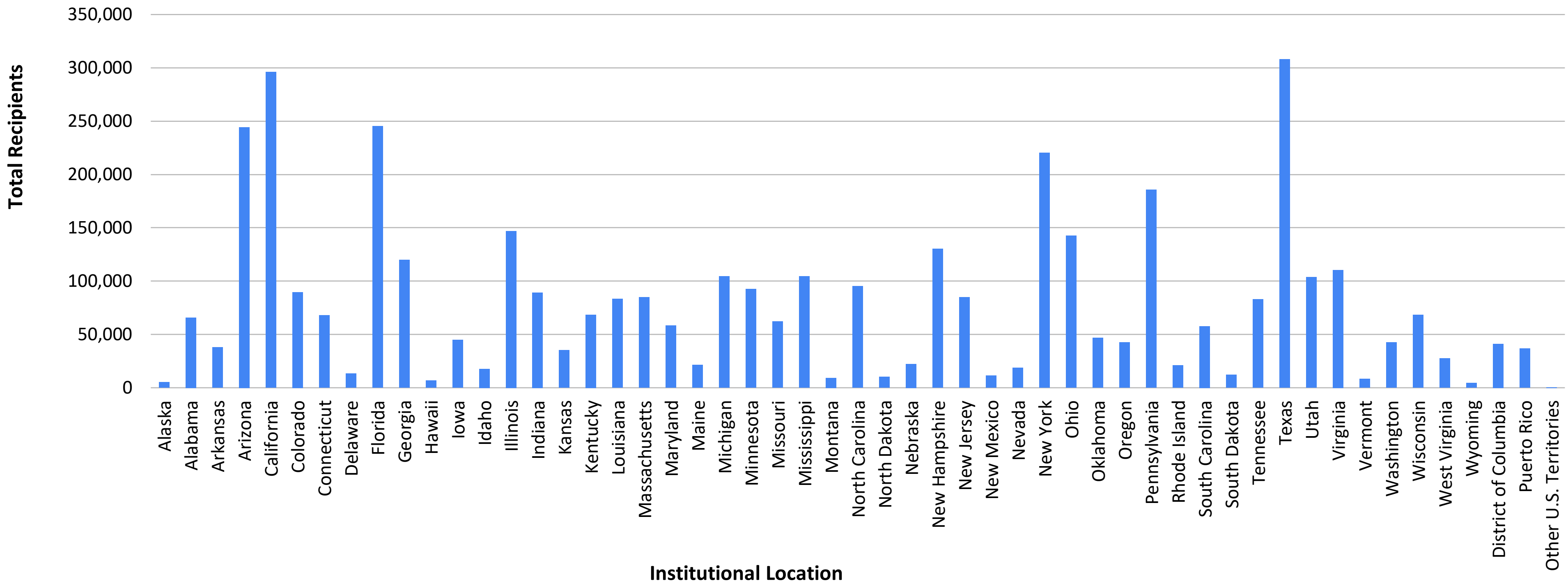
Source: U.S. Department of Education, *Federal Campus-Based Programs Data Book, 2025.*

Average Federal Work-Study Amount by Institutional Location, Award Year 2023-24



Source: U.S. Department of Education*, Federal Campus-Based Programs Data Book, 2025.*

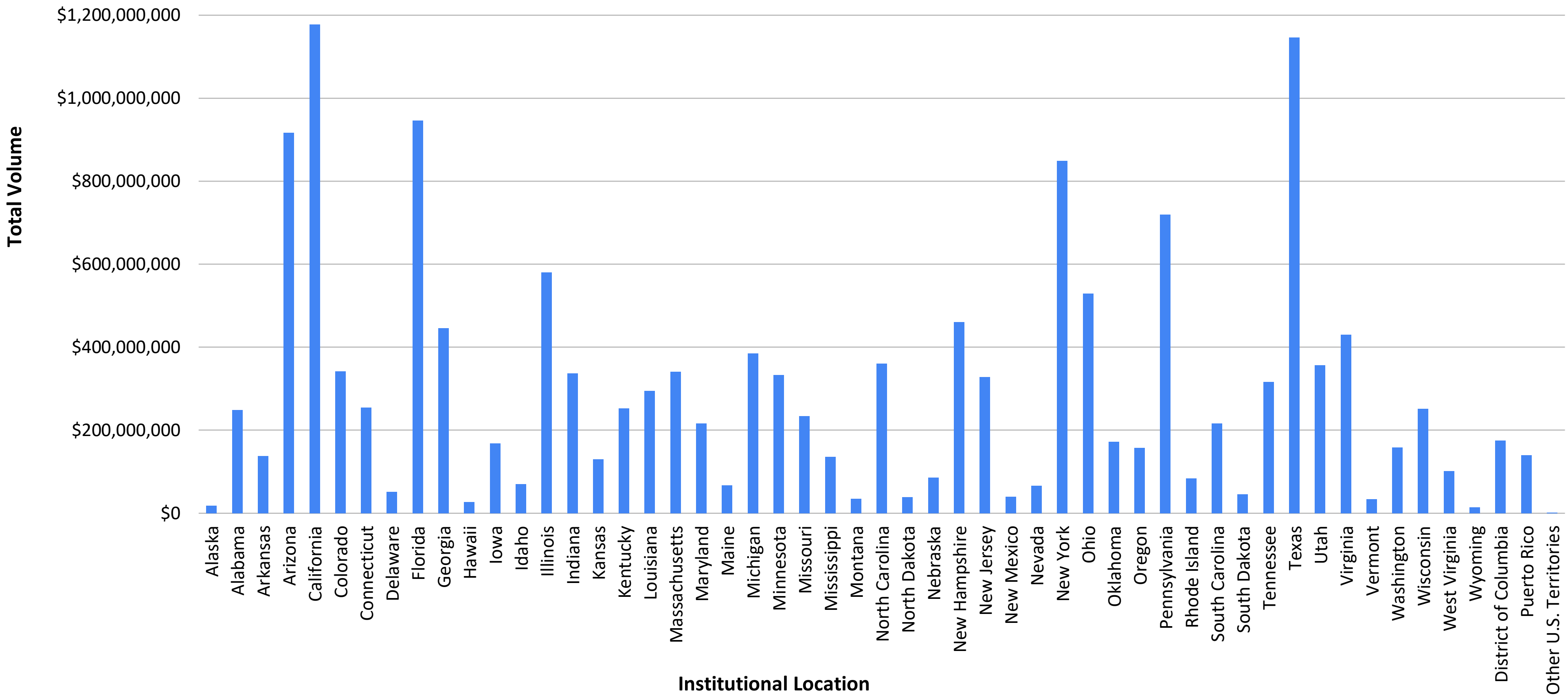
Federal Direct Subsidized Loan Recipients by Institutional Location, Award Year 2024-25



Source: *Common Origination and Disbursement (COD) System,* available from FSA Data Center.

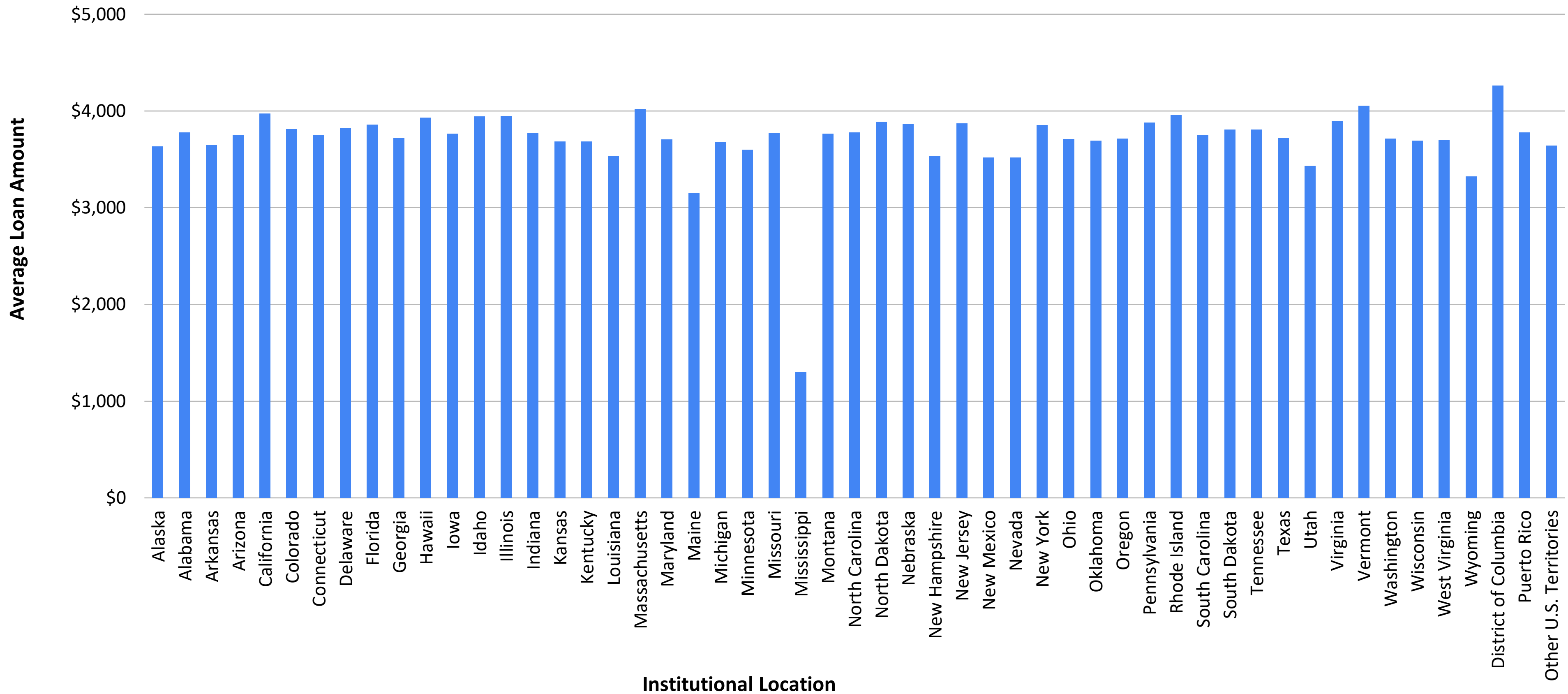
[9] Federal loan data is disaggregated by U.S. States, the District of Columbia, Puerto Rico, and Other U.S. territories (including Guam, the U.S. Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands). Foreign institutions are not included.

Federal Direct Subsidized Loan Dollars Disbursed by Institutional Location (in millions), Award Year 2024-25



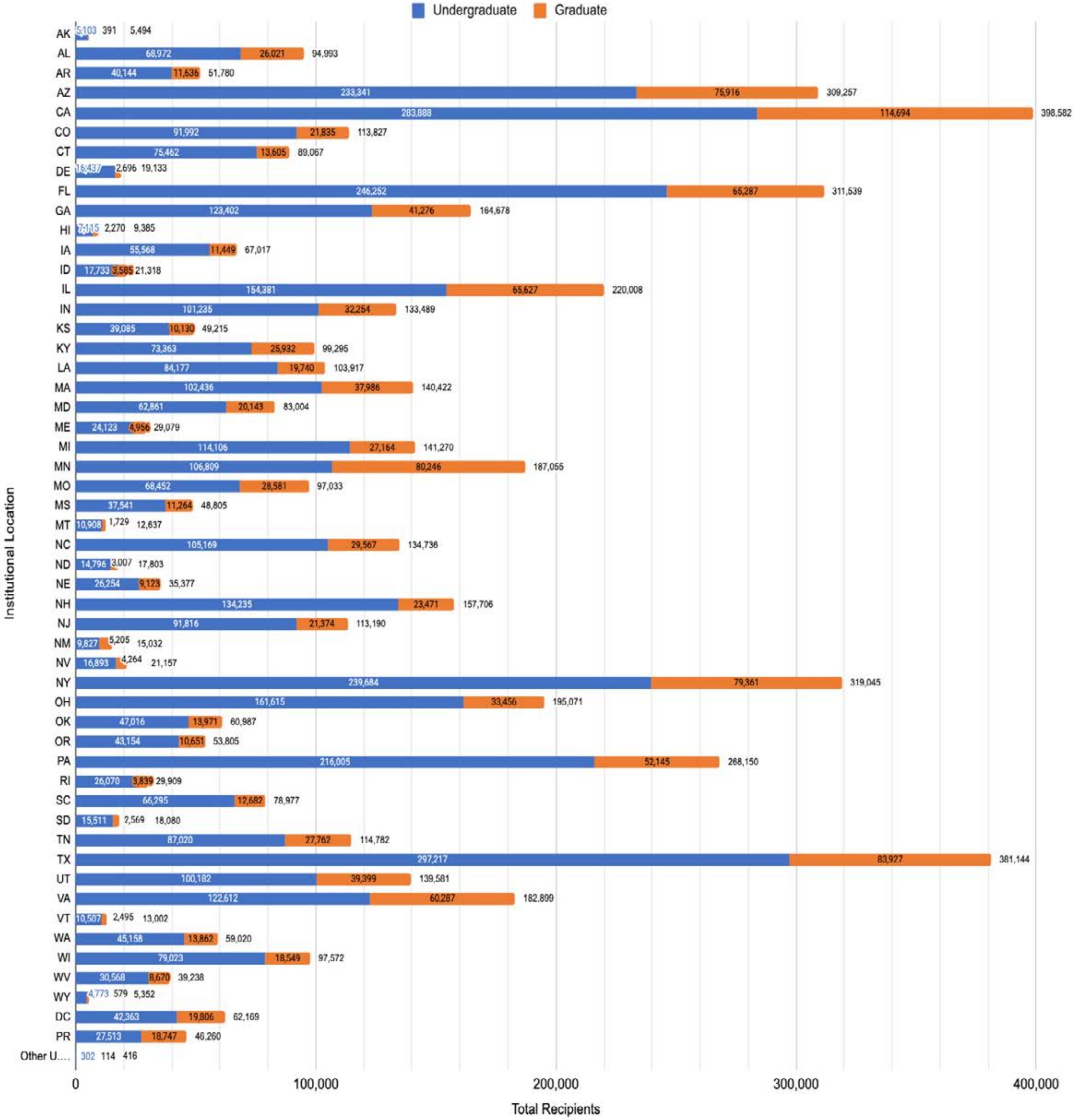
Source: *Common Origination and Disbursement (COD) System,* available from FSA Data Center.

Average Federal Direct Subsidized Loan Amount by Institutional Location, Award Year 2024-25



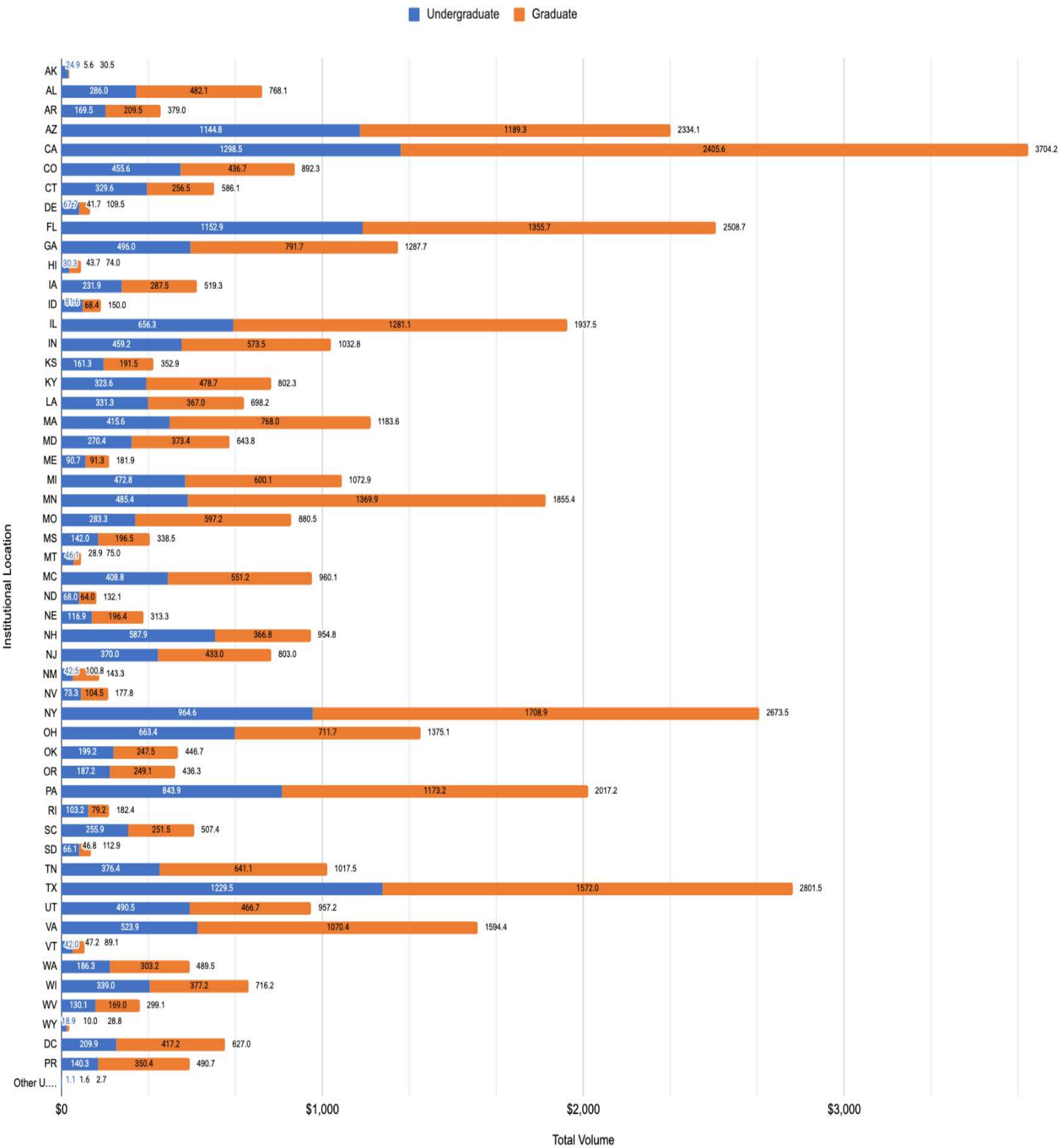
Source: *Common Origination and Disbursement (COD) System,* available from FSA Data Center.

Federal Direct Unsubsidized Loan Recipients by Institutional Location, Award Year 2024-25



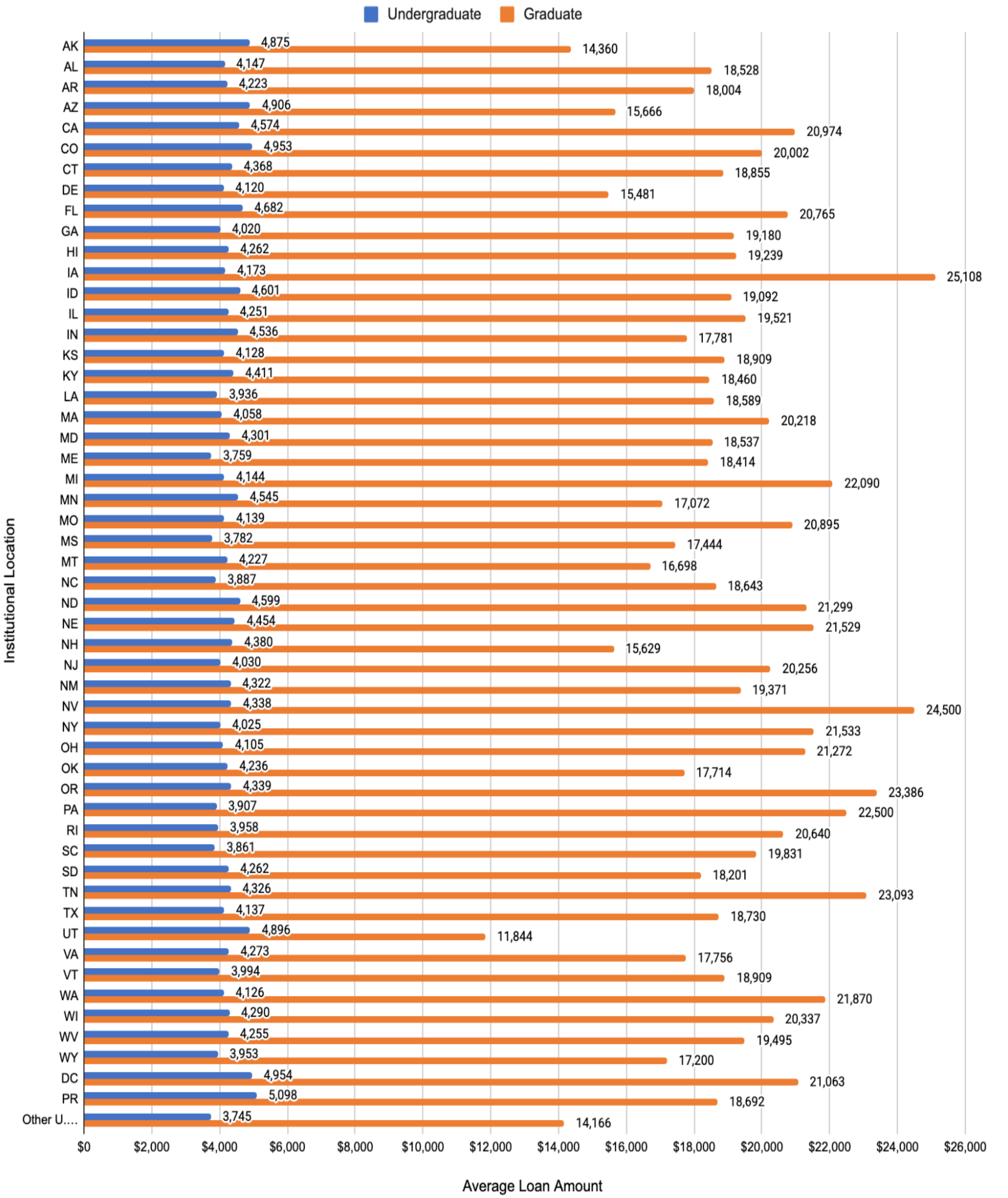
Source: *Common Origination and Disbursement (COD) System,* available from FSA Data Center.

Federal Direct Unsubsidized Loan Dollars Disbursed by Institutional Location (in millions), Award Year 2024-25



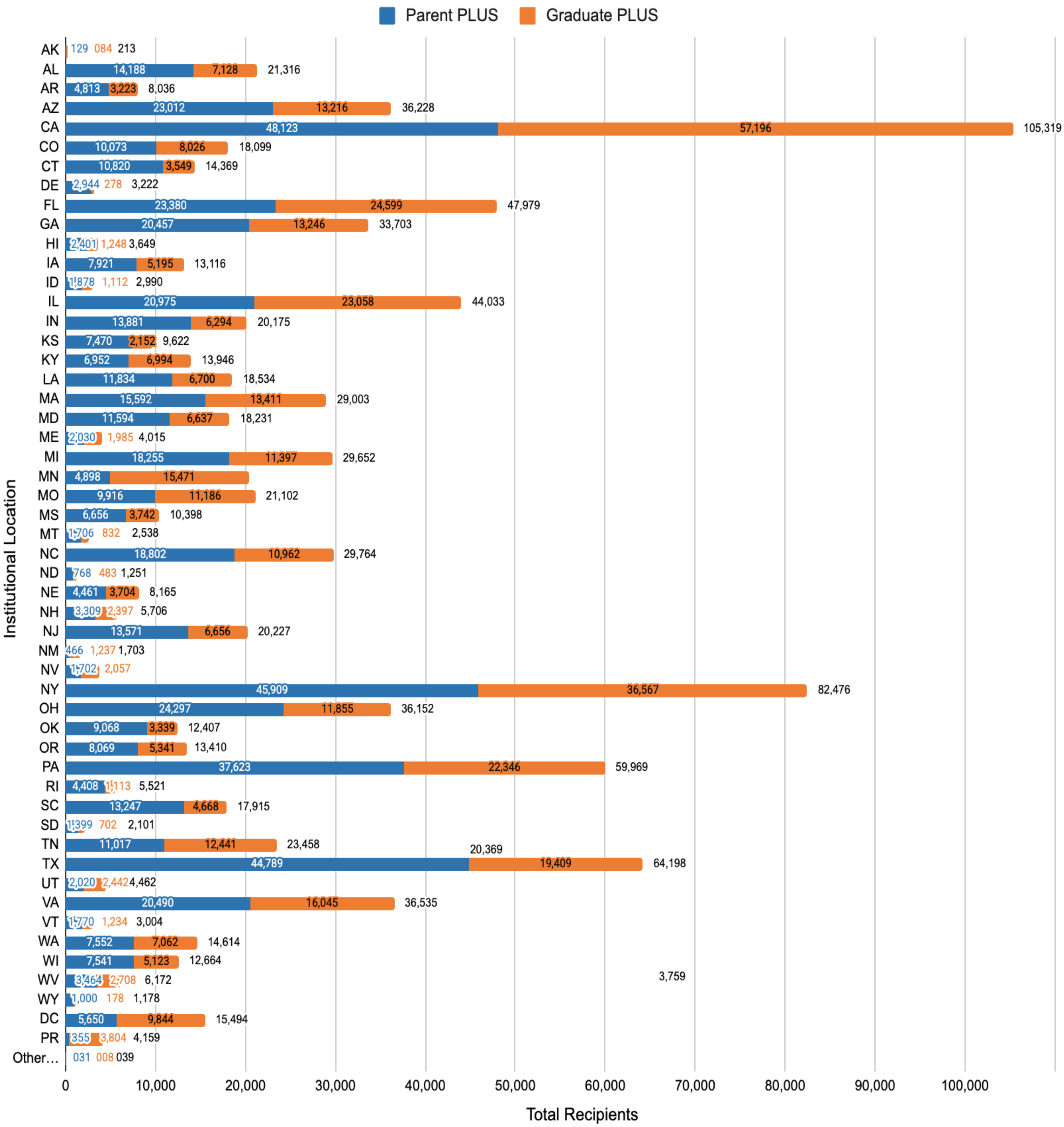
Source: *Common Origination and Disbursement (COD) System,* available from FSA Data Center.

Average Federal Direct Unsubsidized Loan Amount by Institutional Location, Award Year 2024-25



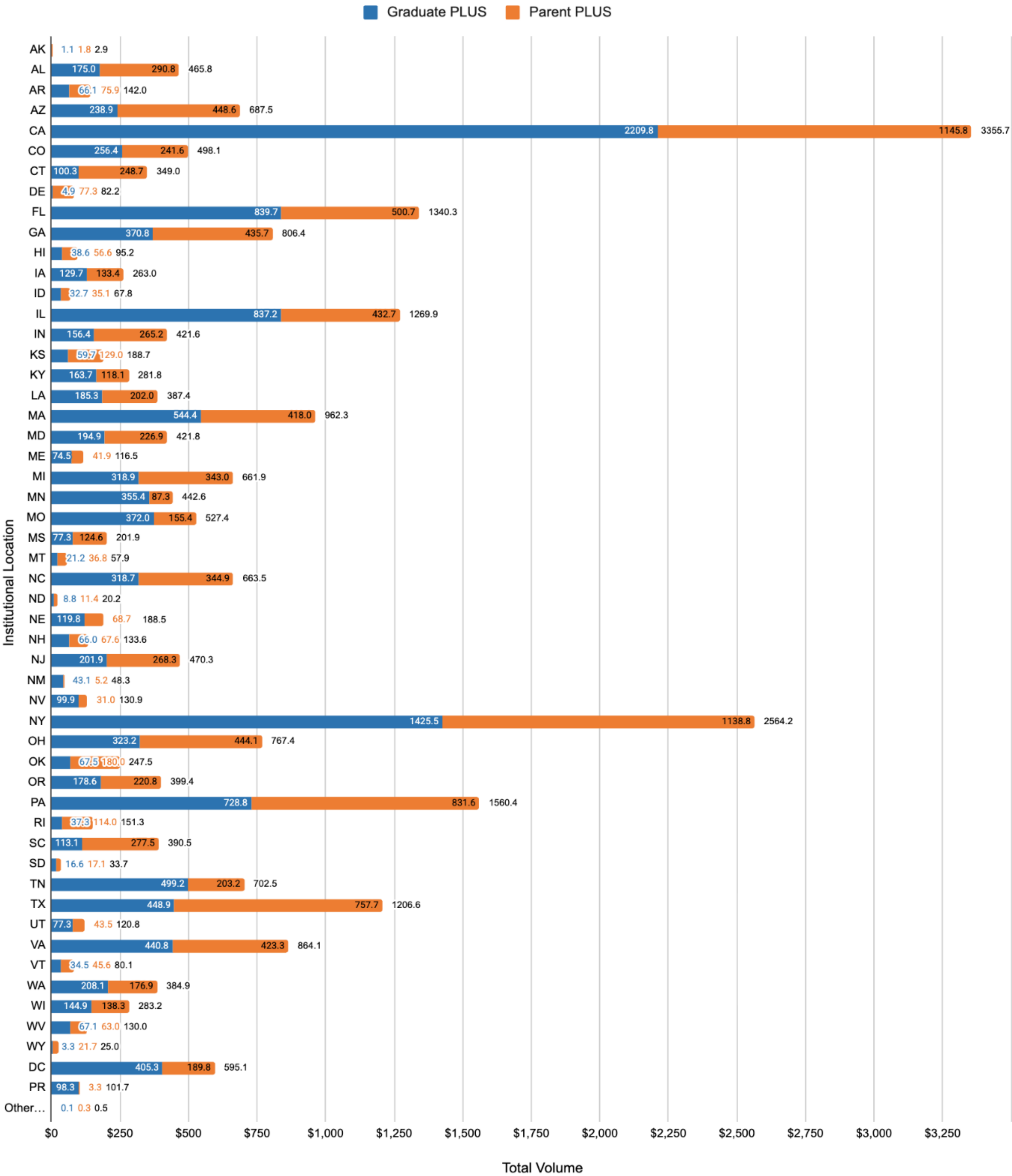
Source: *Common Origination and Disbursement (COD) System,* available from FSA Data Center.

Federal Direct PLUS Loan Recipients by Institutional Location, Award Year 2024-25



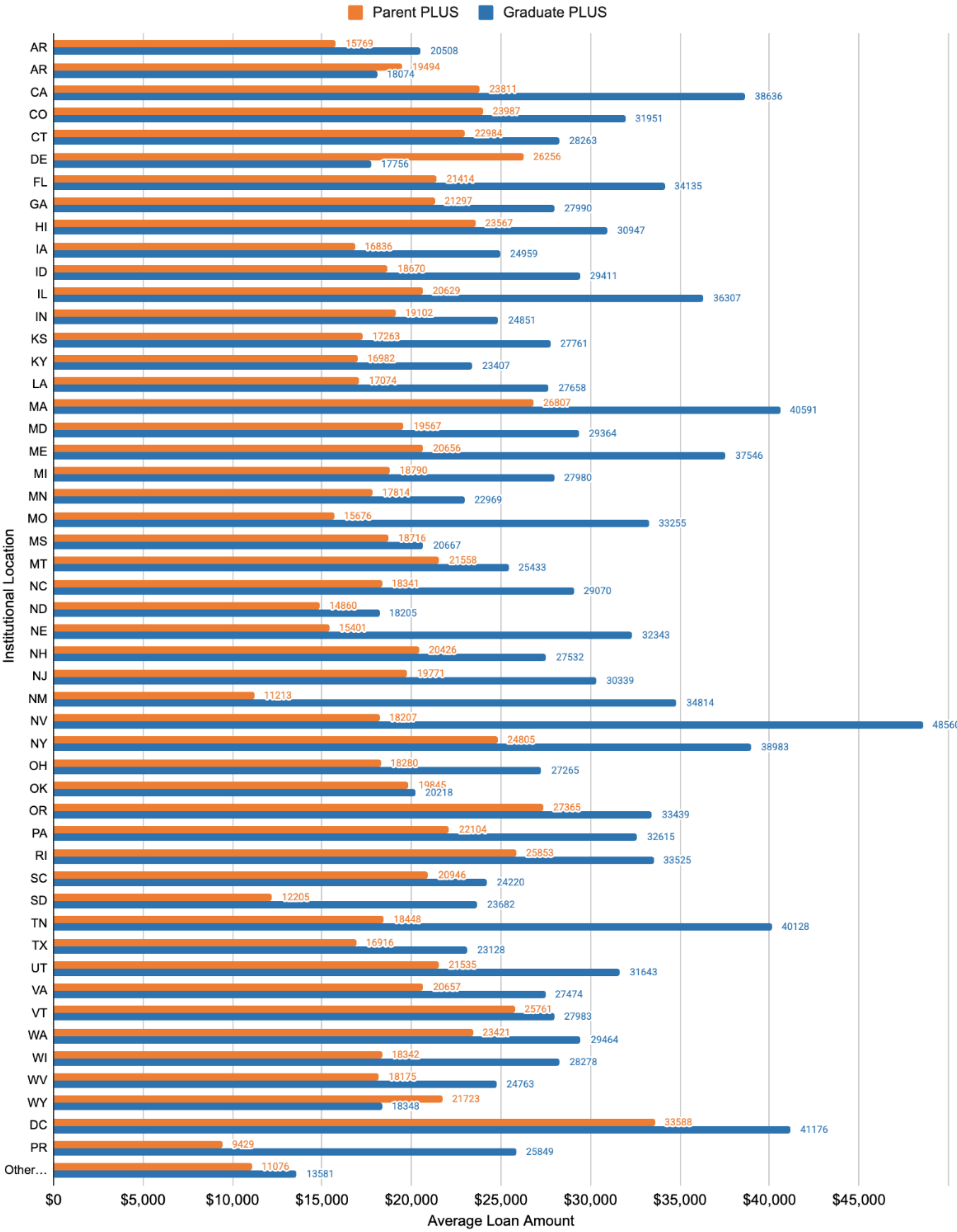
Source: *Common Origination and Disbursement (COD) System,* available from FSA Data Center.

Federal Direct PLUS Loan Dollars Disbursed by Institutional Location (in millions), Award Year 2024-25



Source: *Common Origination and Disbursement (COD) System,* available from FSA Data Center.

Average Federal Direct PLUS Loan Amount by Institutional Location, Award Year 2024-25



Source: *Common Origination and Disbursement (COD) System,* available from FSA Data Center.

The National Association of Student Financial Aid Administrators (NASFAA) provides professional development, information, and services for financial aid administrators; advocates for public policies that increase student access to and success in postsecondary education; and nurtures community and belonging throughout the financial aid profession.

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