

**Department of Education**  
**STUDENT AID OVERVIEW**  
**Fiscal Year 2025 Budget Proposal**  
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## STUDENT AID OVERVIEW

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### FEDERAL STUDENT AID PROGRAMS

(Higher Education Act of 1965, Title IV)

(dollars in thousands)

FY 2025 Authorization: Indefinite

Budget Authority<sup>1</sup>:

	2024 Annualized CR	2025 Request	Change
<b>Grants and Work Study:</b>			
Pell Grants			
Discretionary funding	\$22,475,352	\$24,576,352	\$2,101,000
Mandatory funding <sup>2</sup>	6,724,000	9,898,000	+3,174,000
Subtotal, Pell Grants	29,199,352	34,474,352	+5,275,000
Federal Supplemental Educational Opportunity Grants	910,000	910,000	0
Federal Work Study	1,230,000	1,230,000	0
Iraq and Afghanistan Service Grants	530	30	-500
TEACH Grants <sup>3</sup>	46,238	39,188	-7,050
Total, Grants and Work-Study	31,386,120	36,653,570	+5,267,450
<b>Net Loan Subsidy, Loans:<sup>4</sup></b>			
Federal Family Education Loans (FFEL) <sup>5</sup>	9,637,242	0	-9,637,242
Federal Direct Student Loans <sup>6</sup>	97,146,641	42,266,917	-54,879,723

<sup>1</sup> Table reflects discretionary and mandatory funding.

<sup>2</sup>Amounts appropriated for Pell Grants for 2024 and 2025 include mandatory funding provided in the Higher Education Act, as amended, to fund both the base maximum award and add-on award.

<sup>3</sup>TEACH Grants is operated as a credit program. Amounts reflect the new loan subsidy, or the net present value of estimated future costs. The FY 2024 amount includes a net upward reestimate of \$7.3 million.

<sup>4</sup>Total net subsidy in any fiscal year reflects the estimated net cost of the loan program for that fiscal year. It includes both positive and negative subsidies and upward and downward impacts of reestimates and modifications of existing loans. A negative subsidy occurs when the present value of cash inflows to the Government is estimated to exceed the present value of cash outflows. Negative subsidy is reported (as negative outlays) to a negative subsidy receipt account.

<sup>5</sup>Budget authority for FFEL does not include the FFEL Liquidating account. This amount also includes reestimates related to the Ensuring Continued Access to Student Loans Act (ECASLA).

<sup>6</sup>Amount for 2023 includes a net upward reestimate of \$64.2 billion.

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### **FY 2025 BUDGET PROPOSAL**

The Federal student aid programs provide grant, loan, and work-study assistance to help students afford a postsecondary education, find employment in today's workforce, and realize the lifelong benefits of a higher education. As part of the Administration's priority to ensure all students have an accessible and affordable path to a certificate or degree, the Budget sets a maximum Pell award of \$8,145 for the 2025-2026 award year as a significant step in the President's commitment to double the Pell Grant. The fiscal year 2025 proposal makes available \$135 billion in new Federal student aid in fiscal year 2025, including more than \$39 billion in Pell Grants and \$93 billion in student loans (excluding consolidation loans). The resources proposed would help more than 9 million students in their efforts to complete postsecondary education.

This overview discusses the Administration's proposed package of initiatives and reforms that will not only better target aid to students but will also improve student success. Current student aid programs are described in detail under the **Student Financial Assistance** account, the **TEACH Grants** account, and the **Student Loans Overview**. The costs and reforms associated with administering the student aid programs are presented in the **Student Aid Administration** account.

### **STUDENT AID REFORM PROPOSALS**

#### **Doubling Pell Grants**

Pell Grants have been the foundation of low- and moderate-income students' financial aid for decades; however, the value has diminished as college costs continue to rise. The Administration's fiscal year 2025 budget would set a maximum award of \$8,145 for award year 2025-2026, an increase of \$750 over the 2024-2025 award year. This includes a \$100 increase in the maximum award in discretionary funding and a \$650 increase to the mandatory add-on. Students attending public and non-profit institutions will be eligible to receive the increased mandatory add-on. The maximum award for students at proprietary institutions will be \$7,495. The Administration continues to prioritize doubling the maximum award by 2029 to ensure college is accessible and affordable and provides additional mandatory funding to create a path to achieving this, in combination with continued discretionary increases. The Administration also intends to work with Congress to ensure access to student financial aid for students who are Dreamers.

#### **Student Loan Policies**

The fiscal year 2025 budget proposes to eliminate origination fees. Origination fees were originally created to offset the costs of federal student loans in the FFEL program, which ended in 2010. Before a federal student loan is disbursed, an origination fee is calculated, increasing the overall borrower loan cost. The origination fee is subsequently deducted from the amount actually received by borrower. Borrowers are expected to pay that dollar amount back, with interest. Eliminating these fees would be a step in the direction of lowering the cost of higher

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education. Additionally, as part of the 2025 request, the Administration intends to work with Congress to ensure access to student financial aid for students who are Dreamers.

### STUDENT AID PROGRAMS OUTPUT MEASURES

<u>Aid Available to Students</u>			
(dollars in millions)			
Output Measures <sup>1</sup>	2023	2024	2025
Pell Grants	\$31,264	\$35,463	\$39,284
Supplemental Educational Opportunity Grants	1,294	1,294	1,294
Federal Work Study	1,248	1,248	1,248
Iraq and Afghanistan Service Grants	0.679	0	0
Subtotal, New Grant Aid	33,806	38,004	41,826
New Student Loans:			
Stafford Loans	16,329	16,867	16,995
Unsubsidized Stafford Loans	45,555	47,229	47,672
Parent PLUS Loans	12,218	12,836	13,443
Grad PLUS Loans	14,280	14,648	14,990
TEACH Grants <sup>2</sup>	71	72	73
Subtotal, New Student Loans <sup>3</sup>	88,453	91,652	93,173
Total	122,259	129,656	134,999

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<sup>1</sup>Table shows total aid generated by Department programs, including institutional matching funds generated by the SEOG and Work-Study programs. Aid available may differ from appropriated amounts for a given fiscal year. Detail may not add to total aid available due to rounding.

<sup>2</sup>For budget and financial management purposes, this program is operated as a loan program under the Federal Credit Reform Act of 1990.

<sup>3</sup>Excludes loans issued to consolidate existing loans (Consolidation Loans), which total \$40.8 billion in 2023, \$42.1 billion in 2024, and \$41.5 billion in 2025.

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<b><u>Number of Student Aid Awards</u></b>			
(in thousands)			
Output Measures <sup>1</sup>	2023	2024	2025
Pell Grants	6,471	7,033	7,153
Supplemental Educational Opportunity Grants	1,615	1,615	1,615
Federal Work-Study	630	630	630
Iraq and Afghanistan Service Grants <sup>2</sup>	N/A	0	0
Subtotal, New Grant Aid	8,716	9,278	9,398
New Student Loans:			
Stafford Loans	4,673	4,834	4,856
Unsubsidized Stafford Loans	6,557	6,813	6,847
Parent PLUS Loans	713	733	753
Grad PLUS Loans	647	663	660
TEACH Grants	23	24	24
Subtotal, New Student Loans <sup>3</sup>	12,613	13,067	13,140
Total	21,329	22,345	22,538

### **Number of Postsecondary Students Aided by Federal Student Aid Programs**

	2023	2024	2025
Unduplicated Count (in thousands)	8,766	9,224	9,307

<sup>1</sup> Detail may not add to total due to rounding.

<sup>2</sup> N/A denotes number of recipients will not exceed 500.

<sup>3</sup> Excludes loans issued to consolidate existing loans.

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### PROGRAM PERFORMANCE INFORMATION

#### Performance Measures

This section presents selected program performance information, including, for example, program goals, objectives, measures, and performance targets and data. Achievement of program results is based on the cumulative effect of the Federal resources provided for the program as well as the resources and efforts invested by those served by the program.

Because Federal student assistance grant and loan programs rely on the same program data, performance indicators and strategies that apply to these programs are grouped here in the Student Aid Overview and are not repeated in justifications for the **Student Financial Assistance** program account or in the **Student Loans Overview**.

**Goal: To help ensure access to high-quality postsecondary education by providing financial aid in the form of grants, loans, and work-study in an efficient, financially sound, and customer-responsive manner.**

***Objective:** Ensure that low- and moderate-income students will have the same access to postsecondary education that high-income students do.*

**Measure:** College enrollment rates: Postsecondary education enrollment rates will increase each year for all students, while the enrollment gap between low- and high-income students and students of color and White students graduating high school will decrease each year.

Year	Target: Total Percentage Enrolled	Actual: Total Percentage Enrolled
2020	68%	62.7%
2021	68	61.8
2022	68	62.0
2023	68	
2024	68	
2025	68	

Year	Target: Percentage point difference between White and Black high school graduates ages 16-24 enrolling immediately in college	Actual: Percentage point difference between White and Black high school graduates ages 16-24 enrolling immediately in college
2020	5.00%	7.60%
2021	5.00	3.00
2022	5.00	3.10
2023	5.00	
2024	5.00	
2025	5.00	

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Year	Target: Percentage point difference between White and Hispanic high school graduates ages 16-24 enrolling immediately in college	Actual: Percentage point difference between White and Hispanic high school graduates ages 16-24 enrolling immediately in college
<b>2020</b>	7.00%	8.80%
<b>2021</b>	7.00	3.70
<b>2022</b>	7.00	6.00
<b>2023</b>	7.00	
<b>2024</b>	7.00	
<b>2025</b>	7.00	

**Additional information:** The overall enrollment rate in postsecondary education following high school fell below the target of 68 percent in 2021. The Department believes its commitment to the Student Financial Assistance programs and proposed reforms in the Administration’s fiscal year 2025 Budget will continue to encourage and allow more low-income students to enroll in postsecondary education programs — and provide them the means to remain in school — than would be the case in the absence of the Federal student financial assistance programs.

The gap between White and Black high school graduates enrolling in college immediately after high school increased very slightly to 3.10 percentage points in 2022, still below the target of 5.00 percentage points.

The metric that measures the gap between White and non-White Hispanic high school graduates who enroll immediately in college increased to 6.00 percentage points in 2022, which remains below its target. The Department remains committed to furthering equal educational opportunity and will continue to pursue policies to support this important goal.

Data for the measures above are taken from the Digest of Education Statistics<sup>1</sup> (Digest), published annually by the National Center for Education Statistics (NCES). Refer to the technical information provided in the Digest by NCES when interpreting year-to-year changes in the data. Fiscal year 2023 performance data is expected to be available in August 2024 and will be included in the fiscal year 2026 Congressional Justification.

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<sup>1</sup> <https://nces.ed.gov/programs/digest/>

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**Objective:** *Ensure that more students will persist in postsecondary education and attain degrees and certificates.*

**Measure:** Graduation rate: Graduation rates for all full-time, degree-seeking students in 4-year and less than 4-year programs will improve, while the gap in graduation rates between students of color and White students will decrease, as will the gap between students receiving Pell and those not receiving need-based Title IV aid.

Year	Target: Students graduating with a 4-year degree within 150 percent of the normal time required	Actual: Students graduating with a 4-year degree within 150 percent of the normal time required
2020	66%	64.0%
2021	66	64.6
2022	66	64.6
2023	66	
2024	66	
2025	66	

Year	Target: Students graduating with a less-than-4-year degree within 150 percent of the normal time required	Actual: Students graduating with a less-than-4-year degree within 150 percent of the normal time required
2020	46%	35.9%
2021	46	36.3
2022	46	35.5
2023	46	
2024	46	
2025	46	

Year	Target: Percentage point difference between White and Black first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Black first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required
2020	15.6%	22.4%
2021	15.6	22.2
2022	15.6	22.0
2023	15.6	
2024	15.6	
2025	15.6	



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Year	Target: Percentage point difference between White and Hispanic first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Hispanic first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required
2020	8.5%	8.7%
2021	8.5	8.7
2022	8.5	8.7
2023	8.5	
2024	8.5	
2025	8.5	

Year	Target: Percentage point difference between White and Black first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Black first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required
2020	5.1%	10.8%
2021	5.1	10.6
2022	5.1	12.2
2023	5.1	
2024	5.1	
2025	5.1	

Year	Target: Percentage point difference between White and Hispanic first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required	Actual: Percentage point difference between White and Hispanic first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required
2020	0.7%	4.5%
2021	0.7	5.8
2022	0.7	6.8
2023	0.7	
2024	0.7	
2025	0.7	

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Year	Target: Percentage point difference between first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required who received a Pell Grant and those who did not	Actual: Percentage point difference between first-time, full-time students graduating with a 4-year degree within 150 percent of the normal time required who received a Pell Grant and those who did not
2020		18.1%
2021		17.8
2022		17.6
2023	TBD	
2024	TBD	
2025	TBD	

Year	Target: Percentage point difference between first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required who received a Pell Grant and those who did not	Actual: Percentage point difference between first-time, full-time students graduating with a less-than-4-year degree within 150 percent of the normal time required who received a Pell Grant and those who did not
2020		3.6%
2021		2.1
2022		4.2
2023	TBD	
2024	TBD	
2025	TBD	

**Additional Information:** The percentage of first-time, full-time degree-seeking students graduating with a 4-year degree within 150 percent of the normal time remained steady at 64.6 percent. The percentage of students completing a less-than-4-year degree decreased from 36.3 percent in 2021 to 35.5 percent in 2022. The graduation rates for both 2- and 4-year degree levels observed in 2022 were below the targets established for this measure, 46 percent, and 66 percent, respectively.

The completion gap between White and Black students who were enrolled in 4-year degree programs decreased very slightly from 2021 to 2022 (22.2 percentage points to 22.0 percentage points). The gap observed in 2022 remains larger than the targets established in 2022 and future years. The completion gap between Pell recipients and non-Pell recipients decreased slightly from 2021 to 2022 (from 17.8 percentage points to 17.6). The overall 150 percent completion rate for students receiving Pell grants who were enrolled in 4-year degree programs was 53.2 percent in 2022.

From 2021 to 2022, the difference between the percentages of White and Black students graduating from less-than-4-year degree programs within 150 percent of the normal time increased slightly (from 10.6 to 12.2 percentage points) — still outside of the goal of 5.1 percentage points. In 2022, Hispanic students graduated within 150 percent of the normal time at less-than-4-year programs at a lower rate than White non-Hispanic students with a gap of 6.8 percentage points. From 2021 to 2022, the difference between the percentages of Pell

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recipients and non-Pell recipients graduating from less-than-4-year degree programs within 150 percent of the normal time increased from 2.1% to 4.2%. The overall 150 percent completion rate for students receiving Pell grants who were enrolled in less-than-4-year degree programs was 33.7 percent in 2022.

Data for the measures supporting this objective are collected through the Graduation Rate Survey conducted as part of the annual Integrated Postsecondary Student Aid Study (IPEDS). Fiscal year 2023 performance data is expected to be available in December 2024 and will be included in the fiscal year 2026 Congressional Justification. The Pell graduation rate is a new measure, and the Department plans to establish targets in the near future. The Department will continue to evaluate current performance measures and, where appropriate, revise these measures and goals.

### **Program Improvement Efforts**

The Department is exploring ways to gather detailed program and student outcome data for program-specific measures that will provide reliable indicators of program effectiveness.

### **Efficiency Measures**

The Department is reassessing the efficiency measures for the individual student financial aid programs. The results of this reassessment will reflect proposed program changes and be incorporated into future budget requests.