

To: RISE Rulemaking Committee
From: Ashley Naporlee and Tamar Hoffman (legal assistance organizations that represent students and borrowers, consumer advocates, and civil rights groups that represent students).
Date: October 10, 2025
Memo: Setting a Minimum Payment Amount for Fixed Repayment Plans

The Department should **adopt a minimum payment amount for the tiered standard repayment plan, and align it across repayment plans.** Our language, below, proposes to establish a uniform, minimum payment amount for each of the fixed repayment plans. We propose this language primarily for two reasons: First, in the coming years, borrowers will become eligible to enroll in the Repayment Assistance Plan (RAP) in addition to repaying on a fixed repayment plan (either the 10-year standard plan or the new tiered standard plan, in addition to the graduated and extended plans). We believe that the Department should set a common, minimum payment amount across the fixed plans and the new RAP plan so that borrowers do not see an incentive to enroll in RAP (for a lower monthly payment amount) rather than enrolling on one of the fixed plans, where borrowers are more likely to repay their debts in full.¹ Second, one of the purposes of the One Big Beautiful Bill Act (OBBBA) was to simplify and streamline the repayment system (e.g., by moving to only two repayment options for new borrowers); a common, minimum payment amount across all plans will be easier to administer and to communicate to borrowers.

Our proposed language begins below and is based on redline text from Session 1, Fixed Repayment Plan 685.208. Text in the red is from the Department’s original proposal; text in the yellow highlight is submitted by the negotiators for legal assistance organizations that represent students and borrowers, consumer advocates, and civil rights groups that represent students.

§ 685.208 Fixed payment repayment plans.

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(b) Fixed Repayment Plans for Direct Loans Made Before July 1, 2026.

~~The repayment plans under this (b) shall only apply to Direct Loans made before July 1, 2026.~~

¹ The Department noted in a previous session that it did not see statutory authority to set a minimum repayment amount. However, it is clear that the Higher Education Act leaves such details to the Department’s discretion. For instance, the existing repayment plans (excluding Tiered Standard and RAP) are described in Sec. 428(b)(9)(A) and Sec. 455(d)(1)(A) of the HEA; those sections include no mention of a minimum repayment amount, although minimums are codified in the regulations for standard, graduated, and extended plans. For example, Sec. 428(b)(9)(A)(i) describes the standard plan only as “ a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, not to exceed 10 years” (and Sec. 455(d)(1)(A) only codifies the same plan for the Direct Loan program, via a cross-reference to the plan in Sec. 428).

(1) Standard repayment plan for all Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan borrowers, regardless of when they who have not received a Direct Loan on or after July 1, 2026, and for Direct Consolidation Loan borrowers who entered repayment before July 1, 2006 and have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full within ten years from the date the loan entered repayment by making fixed monthly payments.

(ii) A borrower's payments under this repayment plan are at least \$510 per month, except that a borrower's final payment may be less than \$510.

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(2) Standard repayment plan for Direct Consolidation Loan borrowers entering repayment on or after July 1, 2006, and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making fixed monthly payments over a repayment period that varies with the total amount of the borrower's student loans, as described in paragraph ~~(j)~~ (b) (2) (iii) of this section.

(ii) A borrower's payments under this repayment plan are at least \$510 per month, except that a borrower's final payment may be less than \$510.

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(3) Extended repayment plan for all Direct Loan borrowers who entered repayment before July 1, 2006, and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making fixed monthly payments within an extended period of time that varies with the total amount of the borrower's loans, as described in paragraph ~~(i)~~ (b) (4) (iv) of this section.

(ii) A borrower makes fixed monthly payments of at least \$510, except that a borrower's final payment may be less than \$510.

(4) Extended repayment plan for all Direct Loan borrowers entering repayment on or after July 1, 2006, and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a new borrower with more than \$30,000 in outstanding Direct Loans accumulated on or after October 7, 1998 must repay either a fixed annual or graduated repayment amount over a period not to exceed 25 years from the date the loan entered repayment. For this repayment plan, a new borrower is defined as an individual who has no outstanding principal or interest balance on a Direct Loan as of October 7, 1998, or on the date the borrower obtains a Direct Loan on or after October 7, 1998.

(ii) A borrower's payments under this plan are at least \$510 per month and will be more if necessary to repay the loan within the required time period.

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(6) Graduated repayment plan for Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan borrowers entering repayment on or after July 1, 2006 and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making payments at two or more levels over a period of time not to exceed ten years from the date the loan entered repayment.

(ii) The number of payments or the monthly repayment amount may be adjusted to reflect changes in the variable interest rate identified in § 685.202(a).

(iii) A borrower's payments under this repayment plan may be less than \$510 per month. No single payment under this plan will be more than three times greater than any other payment.

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(7) Graduated repayment plan for Direct Consolidation Loan borrowers entering repayment on or after July 1, 2006, and who have not received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making monthly payments that gradually increase in stages over the course of a repayment period that varies with the total amount of the borrower's student loans, as described in paragraph ~~(j)~~ (b) (7) (iii) of this section.

(ii) A borrower's payments under this repayment plan may be less than \$510 per month. No single payment under this plan will be more than three times greater than any other payment.

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(c) Fixed Repayment Plans for Direct Loans Made On or After July 1, 2026.

The fixed repayment plans under this paragraph (c) shall only apply to Direct Loans made on or after July 1, 2026.

(1) Tiered Standard repayment plan for Direct Loan borrowers who received a Direct Loan on or after July 1, 2026.

(i) Under this repayment plan, a borrower must repay a loan in full by making fixed monthly payments over a repayment period that varies with the total amount of the borrower's Direct Loans, as described in paragraph (c) (1) (ii) of this section.

(ii) Repayment period. Under this repayment plan, if the total amount of Direct Loans at the time the borrower is entering repayment, is—

(A) Less than \$25,000, the borrower must repay the Direct Loan within 10 years of entering repayment;

(B) Equal to or greater than \$25,000 but less than \$50,000, the borrower must repay the Direct Loan within 15 years of entering repayment;

(C) Equal to or greater than \$50,000 but less than \$100,000, the borrower must repay the Direct Loan within 20 years of entering repayment; and

(D) Equal to or greater than \$100,000, the borrower must repay the Direct Loan within 25 years of entering repayment.

(iii) A borrower's payments under this repayment plan are at least \$10 per month, except that a borrower's final payment may be less than \$10.