

DEPARTMENT OF EDUCATION
STUDENT AID OVERVIEW
FISCAL YEAR 2026 BUDGET REQUEST
CONTENTS

PAGE

Activity:

Federal Student Aid Programs 1

STUDENT AID OVERVIEW

FEDERAL STUDENT AID PROGRAMS

(Higher Education Act of 1965, Title IV)

(dollars in thousands)

FY 2026 Authorization: Indefinite

BUDGET AUTHORITY¹

	2024 Appropriation	2025 Appropriation	2026 Request	Change from 2024 to 2026
Grants and Work Study:				
Pell Grants				
Discretionary funding	\$22,475,352	\$22,475,352	\$22,475,352	\$0
Mandatory funding ²	7,140,360	9,195,000	8,129,000	988,640
Subtotal, Pell Grants	\$29,615,712	\$31,670,352	\$30,604,352	\$988,640
Federal Supplemental Educational Opportunity Grants	910,000	910,000	0	-910,000
Federal Work Study	1,230,000	1,230,000	250,000	-980,000
Iraq and Afghanistan Service Grants	635	30	0	-635
TEACH Grants ³	48,270	19,159	36,393	-11,877
Total, Grants and Work Study	\$31,804,617	\$33,829,541	\$30,890,745	-\$913,872
Net Loan Subsidy, Loans: ⁴				
Federal Family Education Loans (FFEL) ⁵	10,960,313	-6,712,874	0	-10,960,313
Federal Direct Student Loans ⁶	111,948,435	61,659,880	33,740,491	-78,207,944

¹ Table reflects discretionary and mandatory funding.

² 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.

³ 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 and modification of \$2.0 million. The FY 2025 amount includes a net downward reestimate of \$17.9 million.

⁴ 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.

⁵ 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).

⁶ Amount for 2024 includes a net upward reestimate of \$64.2 billion and modification costs of \$1.7 billion. The amount for 2025 includes a net upward reestimate of \$24.4 billion.

STUDENT AID OVERVIEW

FEDERAL STUDENT AID PROGRAMS

FY 2026 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 \$5,710 for the 2026–2027 award, a decrease of \$1,685 over the 2024–2025 award year. There is a growing Pell shortfall, as a result of expanded eligibility in the FAFSA Simplification Act as well as past rescissions and enactment of unfunded increases in the maximum award. The shortfall necessitates this decrease, as maintaining the current maximum award and eligibility would keep the program in an untenable financial position. The Administration looks forward to working with Congress to develop a long-term, sustainable solution.

Additionally, the Budget proposes to make long-overdue reforms to the Federal Work-Study program, including requiring that employers pay 75 percent of students' hourly wages, reducing the Federal contribution to 25 percent. This shift reverses the current cost-sharing structure, recognizing that institutions have been benefiting from substantial Federal subsidization of their campus workforce.

The fiscal year 2026 proposal makes available \$119.63 billion in new Federal student aid in fiscal year 2026, including nearly \$28.70 billion in Pell Grants and \$90.92 billion in student loans (excluding consolidation loans). The resources proposed would help more than 9 million students in their efforts to complete postsecondary education.

The costs associated with administering the student aid programs are presented in the Student Aid Administration account.

STUDENT AID OVERVIEW

FEDERAL STUDENT AID PROGRAMS

PROGRAM OUTPUT MEASURES

Aid Available to Students

(dollars in millions)

Output Measures ¹	2024	2025	2026
Pell Grants	\$38,113	\$36,989	\$27,701
Supplemental Educational Opportunity Grants	1,294	1,294	0
Federal Work Study	1,248	1,248	1,000
Iraq and Afghanistan Service Grants	0	0	0
Subtotal, New Grant Aid	\$40,654	\$39,531	\$28,701
New Student Loans:			
Stafford Loans	16,867	17,127	16,047
Unsubsidized Stafford Loans	47,229	47,798	46,001
Parent PLUS Loans	12,836	13,452	13,324
Grad PLUS Loans	14,648	15,027	15,481
TEACH Grants ²	70	71	72
Subtotal, New Student Loans³	\$91,650	\$93,474	\$90,924
Total	\$132,304	\$133,005	\$119,625

¹ 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.

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

³ Excludes loans issued to consolidate existing loans (Consolidation Loans), which total \$71.1 billion in 2024, \$41.2 billion in 2025, and \$42.2 billion in 2026.

STUDENT AID OVERVIEW

FEDERAL STUDENT AID PROGRAMS

Number of Student Aid Awards

(in thousands)

Output Measures ¹	2024	2025	2026
Pell Grants	7,264	7,355	7,244
Supplemental Educational Opportunity Grants	1,593	1,593	0
Federal Work Study	599	599	480
Iraq and Afghanistan Service Grants	0	0	0
Subtotal, New Grant Aid	9,456	9,547	7,724
New Student Loans:			
Stafford Loans	4,834	4,894	4,575
Unsubsidized Stafford Loans	6,813	6,891	6,480
Parent PLUS Loans	733	754	723
Grad PLUS Loans	663	661	639
TEACH Grants	24	25	25
Subtotal, New Student Loans²	13,067	13,225	12,442
Total	22,523	22,771	20,165

Number of Postsecondary Students Aided by Federal Student Aid Programs

(in thousands)

Output Measures	2024	2025	2026
Unduplicated Count	9,374	9,487	9,002

¹ Detail may not add to total due to rounding.

² Excludes loans issued to consolidate existing loans.

STUDENT AID OVERVIEW

FEDERAL STUDENT AID PROGRAMS

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.

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: Postsecondary education enrollment rates each year for all students.

Year	Target	Actual
2021	68.0%	61.8%
2022	68.0	62.0
2023	68.0	—
2024	68.0	—
2025	68.0	—
2026	68.0	—

Additional information: The overall enrollment rate in postsecondary education following high school fell below the target of 68 percent in 2022. The Department believes its commitment to the Student Financial Assistance programs and proposed reforms in the Administration’s fiscal year 2026 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.

Data for the measures above are taken from the Digest of Education Statistics (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 will be included when available.

STUDENT AID OVERVIEW

FEDERAL STUDENT AID PROGRAMS

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

Measure: Students graduating with a 4-year degree within 150 percent of the normal time required.

Year	Target	Actual
2021	66.0%	64.6%
2022	66.0	64.6
2023	66.0	64.5
2024	66.0	—
2025	66.0	—
2026	66.0	—

Measure: Students graduating with a less-than-4-year degree within 150 percent of the normal time required.

Year	Target	Actual
2021	46.0%	36.3%
2022	46.0	35.5
2023	46.0	39.4
2024	46.0	—
2025	46.0	—
2026	46.0	—

Measure: 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.

Year	Target	Actual
2021	—	17.8%
2022	—	17.6
2023	—	18.1
2024	To be determined	—
2025	To be determined	—
2026	To be determined	—

STUDENT AID OVERVIEW

FEDERAL STUDENT AID PROGRAMS

Measure: 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.

Year	Target	Actual
2021	—	2.1%
2022	—	4.2
2023	—	1.6
2024	To be determined	—
2025	To be determined	—
2026	To be determined	—

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 64.5 percent. The percentage of students completing a less-than-4-year degree increased from 35.5 percent in 2022 to 39.4 percent in 2023. The graduation rates for both 2- and 4-year degree levels observed in 2023 were below the targets established for this measure, 46 percent, and 66 percent, respectively.

From 2022 to 2023, the difference between the percentages of Pell recipients and non-Pell recipients graduating from less-than-4-year degree programs within 150 percent of the normal time decreased from 4.2 percent to 1.6 percent. The overall 150 percent completion rate for students receiving Pell grants who were enrolled in less-than-4-year degree programs was 38.6 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). 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.