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Dated: July 31, 2025.

Stephanie J. Bost,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

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DEPARTMENT OF EDUCATION

Annual Updates to the Income-Contingent Repayment (ICR) Plan Formula for 2025—William D. Ford Federal Direct Loan Program

AGENCY: Federal Student Aid, Department of Education.

ACTION: Notice.

SUMMARY: The Secretary announces the annual updates to the ICR plan formula for 2025 to give notice to borrowers and the public regarding how monthly ICR payment amounts will be calculated for the 2025–2026 year under the William D. Ford Federal Direct Loan (Direct Loan) Program, Assistance Listing Number 84.063.

DATES: The adjustments to the income percentage factors for the ICR plan formula contained in this notice are applicable from July 1, 2025, to June 30, 2026, for any borrower who enters the ICR plan or has a monthly payment amount under the ICR plan recalculated during that period.

FOR FURTHER INFORMATION CONTACT: Travis Sturlaugson, U.S. Department of Education, 400 Maryland Avenue SW, Washington, DC 20202. Telephone: (202) 377-4174. Email: travis.sturlaugson@ed.gov.

If you are deaf, hard of hearing, or have a speech disability and wish to access telecommunications relay services, please dial 7-1-1.

SUPPLEMENTARY INFORMATION:

Under the Direct Loan Program, borrowers may choose to repay their non-defaulted Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS

Loans made to graduate or professional students, and Direct Consolidation Loans under the ICR plan. The ICR plan bases the borrower's monthly payment amount on the borrower's Adjusted Gross Income (AGI), family size, loan amount, and the interest rate applicable to each of the borrower's loans.

A Direct Loan borrower who repays under the ICR plan pays the lesser of: (1) the monthly amount that would be required over a 12-year repayment period with fixed payments, multiplied by an income percentage factor; or (2) 20 percent of their discretionary income.

We adjust the income percentage factors annually to reflect changes in inflation and announce the adjusted factors in the **Federal Register**, as required by 34 CFR 685.209(f)(4)(i)(A). We use the adjusted income percentage factors to calculate a borrower's monthly ICR payment amount when the borrower initially applies for the ICR plan or when the borrower submits annual income documentation, as required under the ICR plan. This notice contains the adjusted income percentage factors for 2025, examples of how the monthly ICR payment amount is calculated, and charts showing sample repayment amounts based on the adjusted ICR plan formula. This information is included in the following three attachments:

- *Attachment 1—Income Percentage Factors for 2025*
- *Attachment 2—Examples of the Calculations of Monthly Repayment Amounts*
- *Attachment 3—Charts Showing Sample ICR Repayment Amounts for Single and Married Borrowers*

In Attachment 1, to reflect changes in inflation, we updated the income percentage factors that were published in the **Federal Register** on April 5, 2024 (89 FR 23990). Specifically, we have revised the table of income percentage factors by changing the dollar amounts of the incomes shown by a percentage equal to the estimated percentage change between the not-seasonally-

adjusted Consumer Price Index for all urban consumers for December 2024 and December 2025.

The income percentage factors reflected in Attachment 1 may cause a borrower's payments to be lower than they were in prior years, even if the borrower's income is the same as in the prior year. The revised repayment amount more accurately reflects the impact of inflation on the borrower's current ability to repay.

Accessible Format: On request to the program contact person listed under **FOR FURTHER INFORMATION CONTACT**, individuals with disabilities can obtain this document in an accessible format. The Department will provide the requestor with an accessible format that may include Rich Text Format (RTF) or text format (txt), a thumb drive, an MP3 file, braille, large print, audiotape, or compact disc, or other accessible format.

Electronic Access to This Document: The official version of this document is the document published in the **Federal Register**. You may access the official edition of the **Federal Register** and the Code of Federal Regulations at www.govinfo.gov. At this site, you can view this document, as well as all other documents of this Department published in the **Federal Register**, in text or Portable Document Format (PDF). To use PDF, you must have Adobe Acrobat Reader, which is available free at this site.

You may also access documents of the Department published in the **Federal Register** by using the article search feature at www.federalregister.gov. Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Program Authority: 20 U.S.C. 1087 *et seq.*

James Bergeron,

Acting Chief Operating Officer, Federal Student Aid.

Attachment 1—Income Percentage Factors for 2025

INCOME PERCENTAGE FACTORS FOR 2025

Single		Married/head of household	
AGI	% Factor	AGI	% Factor
\$13,722	55.00	\$13,722	50.52
18,881	57.79	21,650	56.68
24,295	60.57	25,800	59.56
29,831	66.23	33,730	67.79
35,118	71.89	41,786	75.22
41,786	80.33	52,483	87.61
52,483	88.77	65,823	100.00
65,824	100.00	79,170	100.00
79,170	100.00	99,186	109.40

INCOME PERCENTAGE FACTORS FOR 2025—Continued

Single		Married/head of household	
AGI	% Factor	AGI	% Factor
95,150	111.80	132,534	125.00
121,836	123.50	179,230	140.60
172,561	141.20	250,660	150.00
197,858	150.00	409,597	200.00
352,418	200.00		

Attachment 2—Examples of the Calculations of Monthly Repayment Amounts

General notes about the examples in this attachment:

- We have a calculator that borrowers can use to estimate what their payment amounts would be under the ICR plan. The calculator is called the “Loan Simulator” and is available at studentaid.gov/loan-simulator. Based on information entered into the calculator by the borrower (for example, income, family size, and tax filing status), this calculator provides a detailed, individualized assessment of a borrower’s loans and repayment plan options, including the ICR plan.

- The interest rates used in the examples are for illustration only. The actual interest rates on an individual borrower’s Direct Loans depend on the loan type and when the loan was first disbursed.

- The Poverty Guideline amounts used in the examples are from the 2025 U.S. Department of Health and Human Services (HHS) Poverty Guidelines for the 48 contiguous States and the District of Columbia. Different Poverty Guidelines apply to residents of Alaska and Hawaii. The Poverty Guidelines for 2025 were published in the **Federal Register** on January 17, 2025 (90 FR 5917).

- All of the examples use an income percentage factor corresponding to an adjusted gross income (AGI) in the table in Attachment 1. If an AGI is not listed in the income percentage factors table in Attachment 1, the applicable income percentage can be calculated by following the instructions under the “Interpolation” heading later in this attachment.

- Married borrowers may repay their Direct Loans jointly under the ICR plan if both spouses have loans eligible for the ICR plan. If a married couple elects this option, we determine a joint ICR payment amount based on the combined outstanding balances of each borrower’s Direct Loans and the combined AGIs of both borrowers. We then prorate the joint payment amount for each borrower based on the proportion of that

borrower’s debt to the total outstanding balance. We bill each borrower separately.

- For example, if a married couple, John and Briana, has a total outstanding Direct Loan debt of \$60,000 that is eligible for repayment under the ICR plan, of which \$40,000 belongs to John and \$20,000 to Briana, we would apportion 67 percent of the monthly ICR payment to John and the remaining 33 percent to Briana. To take advantage of a joint ICR payment, married couples need not file taxes jointly; they may file separately and subsequently provide the other spouse’s tax information to the borrower’s Federal loan servicer.

Calculating the monthly payment amount using a standard amortization and a 12-year repayment period.

The formula to amortize a loan with a standard schedule (in which each payment is the same over the course of the repayment period) is as follows:

$$M = P \times \frac{(I \div 12) \div [1 - \{1 + (I \div 12)\}^{-N}]}{1}$$

In the formula—

- M is the monthly payment amount;
- P is the outstanding principal and interest balance of the loan at the time the loan entered repayment;
- I is the annual interest rate on the loan, expressed as a decimal (for example, for a loan with an interest rate of 6 percent, 0.06); and
- N is the total number of months in the repayment period (for example, for a loan with a 12-year repayment period, 144 months).

For example, assume that Billy has a \$10,000 Direct Loan that is eligible for repayment under the ICR plan with an interest rate of 6 percent.

Step 1: To solve for M, first simplify the numerator of the fraction by which we multiply P, the outstanding principal balance. To do this divide I (the interest rate expressed as a decimal) by 12. In this example, Billy’s interest rate is 6 percent. As a decimal, 6 percent is 0.06.

- $0.06 \div 12 = 0.005$

Step 2: Next, simplify the denominator of the fraction by which we multiply P. To do this divide I (the

interest rate expressed as a decimal) by 12. Then, add one. Next, raise the sum of the two figures to the negative power that corresponds to the length of the repayment period in months. In this example, because we are amortizing a loan to calculate the monthly payment amount under the ICR plan, the applicable figure is 12 years, which is 144 months. Finally, subtract the result from one.

- $0.06 \div 12 = 0.005$
- $1 + 0.005 = 1.005$
- $1.005^{-144} = 0.48762628$
- $1 - 0.48762628 = 0.51237372$

Step 3: Next, resolve the fraction by dividing the result from Step 1 by the result from Step 2.

- $0.005 \div 0.51237372 = 0.0097585$

Step 4: Finally, solve for M, the monthly payment amount, by multiplying the outstanding principal balance of the loan by the result of Step 3.

- $\$10,000 \times 0.0097585 = \97.59

The remainder of the examples in this attachment will only show the results of the formula. In each of the examples, the Direct Loan amounts represent the outstanding principal balance at the time the loans entered repayment.

Example 1. Kesha is single with no dependents and has \$15,000 in Direct Loans that are eligible for repayment under the ICR plan. The interest rate on Kesha’s loans is 6 percent, and she has an AGI of \$35,118.

Step 1: Determine the total monthly payment amount based on what Kesha would pay over 12 years using standard amortization. To do this, use the formula that precedes Example 1. In this example, the monthly payment amount would be \$146.38.

Step 2: Multiply the result of Step 1 by the income percentage factor shown in the income percentage factors table (see Attachment 1 to this notice) that corresponds to Kesha’s AGI. In this example, an AGI of \$35,118 corresponds to an income percentage factor of 71.89 percent.

- $0.7189 \times \$146.38 = \105.23

Step 3: Now, determine the monthly payment amount equal to 20 percent of

Kesha's discretionary income (discretionary income is AGI minus the HHS Poverty Guideline amount for a borrower's family size and State of residence). To do this, subtract the HHS Poverty Guideline amount for a family of one from Kesha's AGI, multiply the result by 20 percent, and then divide by 12:

- $\$35,118 - \$15,650 = \$19,468$
- $\$19,468 \times 0.20 = \$3,893.60$
- $\$3,893.60 \div 12 = \324.47

Step 4: Compare the amount from Step 2 with the amount from Step 3. In this example, Kesha would pay the amount calculated under Step 2 (\$105.23), since this is the lesser of the two payment amounts.

Example 2. Paul is married to Jesse, and they have no dependents. They file their Federal income tax return jointly. Paul has a Direct Loan balance of \$10,000, and Jesse has a Direct Loan balance of \$15,000. Both of their Direct Loans are eligible for repayment under the ICR plan and have an interest rate of 6 percent.

Paul and Jesse have a combined AGI of \$99,186 and are repaying their loans jointly under the ICR plan (for general information regarding joint ICR payments for married couples, see the fifth and sixth bullets under the heading "General notes about the examples in this attachment").

Step 1: Add Paul's and Jesse's Direct Loan balances to determine their combined aggregate loan balance:

- $\$10,000 + \$15,000 = \$25,000$

Step 2: Determine the combined monthly payment amount for Paul and Jesse based on what both borrowers would pay over 12 years using standard amortization. To do this, use the formula that precedes Example 1. In this example, their combined monthly payment amount would be \$243.96.

Step 3: Multiply the result of Step 2 by the income percentage factor shown in the income percentage factors table (see Attachment 1 to this notice) that corresponds to Paul and Jesse's combined AGI. In this example, the combined AGI of \$99,186 corresponds to an income percentage factor of 109.40 percent.

- $1.094 \times \$243.96 = \266.90

Step 4: Now, determine the monthly payment amount equal to 20 percent of Paul and Jesse's combined discretionary income (discretionary income is AGI minus the HHS Poverty Guideline amount for a borrower's family size and State of residence). To do this, subtract the Poverty Guideline amount for a family of two from the combined AGI, multiply the result by 20 percent, and then divide by 12:

- $\$99,186 - \$21,150 = \$78,036$
- $\$78,036 \times 0.20 = \$15,607.20$
- $\$15,607.20 \div 12 = \$1,300.60$

Step 5: Compare the amount from Step 3 with the amount from Step 4. Paul and Jesse would jointly pay the amount calculated under Step 3 (\$266.90), since this is the lesser of the two amounts.

Step 6: Because Paul and Jesse are jointly repaying their Direct Loans under the ICR plan, the monthly payment amount calculated under Step 5 applies to Paul and Jesse's combined loans. To determine the amount for which each borrower will be responsible, prorate the amount calculated under Step 4 by each spouse's share of the combined Direct Loan debt. Paul has a Direct Loan debt of \$10,000 and Jesse has a Direct Loan debt of \$15,000. For Paul, the monthly payment amount will be:

- $\$10,000 \div (\$10,000 + \$15,000) = 40$ percent
- $0.40 \times \$266.90 = \106.76

For Jesse, the monthly payment amount will be:

- $\$15,000 \div (\$10,000 + \$15,000) = 60$ percent
- $0.60 \times \$266.90 = \160.14

Example 3. Santiago is single with no dependents and has a combined balance of \$60,000 in Direct Loans that are eligible for repayment under the ICR plan. Each of Santiago's loans has an interest rate of 6 percent, and Santiago's AGI is \$41,786.

Step 1: Determine the total monthly payment amount based on what Santiago would pay over 12 years using standard amortization. To do this, use the formula that precedes Example 1. In this example, the monthly payment amount would be \$585.51.

Step 2: Multiply the result of Step 1 by the income percentage factor shown in the income percentage factors table (see Attachment 1 to this notice) that corresponds to Santiago's AGI. In this example, an AGI of \$41,786 corresponds to an income percentage factor of 80.33 percent.

- $0.8033 \times \$585.51 = \470.34

Step 3: Now, determine the monthly payment amount equal to 20 percent of Santiago's discretionary income (discretionary income is AGI minus the HHS Poverty Guideline amount for a borrower's family size and State of residence). To do this, subtract the HHS Poverty Guideline amount for a family of one from Santiago's AGI, multiply the result by 20 percent, and then divide by 12:

- $\$41,786 - \$15,650 = \$26,136$
- $\$26,136 \times 0.20 = \$5,227.20$

- $\$5,227.20 \div 12 = \435.60

Step 4: Compare the amount from Step 2 with the amount from Step 3. In this example, Santiago would pay the amount calculated under Step 3 (\$435.60), since this is the lesser of the two amounts.

Interpolation. If an AGI is not included on the income percentage factor table, calculate the income percentage factor through linear interpolation. For example, assume that Jocelyn is single with an AGI of \$50,000.

Step 1: Find the closest AGI listed that is less than Jocelyn's AGI of \$50,000 (\$41,786) and the closest AGI listed that is greater than Jocelyn's AGI of \$50,000 (\$52,438).

Step 2: Subtract the lower amount from the higher amount (for this discussion we will call the result the "income interval"):

- $\$52,438 - \$41,786 = \$10,697$

Step 3: Determine the difference between the two income percentage factors that correspond to the AGIs used in Step 2 (for this discussion, we will call the result the "income percentage factor interval"):

- $88.77 \text{ percent} - 80.33 \text{ percent} = 8.44$ percent

Step 4: Subtract from Jocelyn's AGI the closest AGI shown on the chart that is less than Jocelyn's AGI of \$50,000:

- $\$50,000 - \$41,786 = \$8,214$

Step 5: Divide the result of Step 4 by the income interval determined in Step 2:

- $\$8,214 \div \$10,697 = 76.79$ percent

Step 6: Multiply the result of Step 5 by the income percentage factor interval that was calculated in Step 3:

- $8.44 \text{ percent} \times 76.79 \text{ percent} = 6.48$ percent

Step 7: Add the result of Step 6 to the lower of the two income percentage factors used in Step 3 to calculate the income percentage factor interval for an AGI of \$50,000:

- $6.48 \text{ percent} + 80.33 \text{ percent} = 86.81$ percent (rounded to the nearest hundredth)

The result is the income percentage factor that we will use to calculate Jocelyn's monthly repayment amount under the ICR plan.

Attachment 3—Charts Showing Sample Income Contingent Repayment (ICR) Plan Amounts for Single and Married Borrowers

Below are two charts that provide first-year payment amount estimates for a variety of loan debt sizes and AGIs under the ICR plan. The first chart is for a single borrower who has a family size

of one. The second chart is for a borrower who is married or a head of household and who has a family size of three. The calculations in Attachment 3

assume that the loan debt has an interest rate of 6 percent. For the married borrower, the calculations assume that the borrower files a joint Federal income

tax return and that the borrower's spouse does not have Federal student loans.

SAMPLE FIRST-YEAR MONTHLY REPAYMENT AMOUNTS FOR A SINGLE BORROWER

Family size = 1					
Initial debt	AGI				
	\$20,000	\$40,000	\$60,000	\$80,000	\$100,000
20,000	73	152	186	196	222
40,000	73	305	371	393	445
60,000	73	406	557	589	667
80,000	73	406	739	785	889
100,000	73	406	739	982	1,112

SAMPLE FIRST-YEAR MONTHLY REPAYMENT AMOUNTS FOR A MARRIED OR HEAD-OF-HOUSEHOLD BORROWER

Family size = 3					
Initial debt	AGI				
	\$20,000	\$40,000	\$60,000	\$80,000	\$100,000
20,000	0	144	185	196	214
40,000	0	223	369	392	428
60,000	0	223	554	588	643
80,000	0	223	556	784	857
100,000	0	223	556	889	1,071

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. EL25-101-000]

Potomac Energy Center, LLC; Notice of Institution of Section 206 Proceeding and Refund Effective Date

On July 31, 2025, the Commission issued an order in Docket No. EL25-101-000 pursuant to section 206 of the Federal Power Act (FPA), 16 U.S.C. 824e, instituting an investigation to determine whether Potomac Energy Center, LLC's Rate Schedule is unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. *Potomac Energy Center, LLC*, 192 FERC ¶ 61,090 (2025).

The refund effective date in Docket No. EL25-101-000, established pursuant to section 206(b) of the FPA, will be the date of publication of this notice in the **Federal Register**.

Any interested person desiring to be heard in Docket No. EL25-101-000 must file a notice of intervention or motion to intervene, as appropriate, with the Federal Energy Regulatory Commission, in accordance with Rule 214 of the Commission's Rules of

Practice and Procedure, 18 CFR 385.214 (2024), within 21 days of the date of issuance of the order.

In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the internet through the Commission's Home Page (<http://www.ferc.gov>) using the "eLibrary" link. Enter the docket number excluding the last three digits in the docket number field to access the document. From FERC's Home Page on the internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field. User assistance is available for eLibrary and the FERC's website during normal business hours from FERC Online Support at 202-502-6652 (toll free at 1-866-208-3676) or email at ferconlinesupport@ferc.gov, or the Public Reference Room at (202) 502-8371, TTY (202) 502-8659. Email the Public Reference Room at public.referenceroom@ferc.gov.

The Commission strongly encourages electronic filings of comments, protests and interventions in lieu of paper using the "eFile" link at <http://www.ferc.gov>.

In lieu of electronic filing, you may submit a paper copy. Submissions sent via the U.S. Postal Service must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 888 First Street NE, Room 1A, Washington, DC 20426. Submissions sent via any other carrier must be addressed to: Debbie-Anne A. Reese, Secretary, Federal Energy Regulatory Commission, 12225 Wilkins Avenue, Rockville, Maryland 20852.

The Commission's Office of Public Participation (OPP) supports meaningful public engagement and participation in Commission proceedings. OPP can help members of the public, including landowners, community organizations, Tribal members and others, access publicly available information and navigate Commission processes. For public inquiries and assistance with making filings such as interventions, comments, or requests for rehearing, the public is encouraged to contact OPP at (202) 502-6595 or OPP@ferc.gov.

Dated: July 31, 2025.

Debbie-Anne A. Reese,
Secretary.

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