otherwise has federalism implications. This final rule will not have a substantial effect on State and local governments.

Executive Order 13175, ''*Consultation and Coordination With Indian Tribe Governments*''

It has been determined that this rule will not have a substantial effect on Indian Tribal governments. This rule does not impose substantial direct compliance costs on one or more Indian Tribes, preempt tribal law, or effect the distribution of power and responsibilities between the Federal Government and Indian Tribes.

List of Subjects in 32 CFR Part 269

Administrative practice and procedure, Penalties.

Accordingly, 32 CFR part 269 is amended as follows:

PART 269—CIVIL MONETARY PENALTY INFLATION ADJUSTMENT

■ 1. The authority citation for 32 CFR part 269 continues to read as follows:

Authority: 28 U.S.C. 2461 note.

■ 2. In § 269.4, revise paragraph (d) to read as follows:

§ 269.4 Cost of living adjustments of civil monetary penalties.

* * * * *

(d) *Inflation adjustment.* Maximum civil monetary penalties within the jurisdiction of the Department are adjusted for inflation as follows:

TABLE 1 TO PARAGRAPH (d)

United States Code	Civil monetary penalty description	Maximum penalty amount as of 01/12/24	New adjusted maximum penalty amount
National Defense Authorization Act for FY 2005, 10 U.S.C. 113, note.	Unauthorized Activities Directed at or Possession of Sunken Military Craft.	161,168	165,355
10 U.S.C. 1094(c)(1)	Unlawful Provision of Health Care	14,152	14,519
10 U.S.C. 1102(k)	Wrongful Disclosure—Medical Records:		
	First Offense	8,368	8,586
	Subsequent Offense	55,788	57,237
10 U.S.C. 2674(c)(2)	Violation of the Pentagon Reservation Operation and Parking of Motor Vehicles Rules and Regulations.	2,306	2,366
31 U.S.C. 3802(a)(1)	Violation Involving False Claim	13,946	14,308
31 U.S.C. 3802(a)(2)	Violation Involving False Statement	13,946	14,308
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(1).	False claims	24,946	25,594
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(1).	Claims submitted with a false certification of physician license.	24,946	25,594
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(2).	Claims presented by excluded party	24,946	25,594
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(2); (b)(2) (ii).	Employing or contracting with an excluded individual	24,946	25,594
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(1).	Patterns of claims for medically unnecessary services/supplies.	24,946	25,594
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(2).	Ordering or prescribing while excluded	24,946	25,594
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(5).	Known retention of an overpayment	24,946	25,594
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(4).	Making or using a false record or statement that is material to a false or fraudulent claim.	124,731	127,972
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(6).	Failure to grant timely access to OIG for audits, investigations, evaluations, or other statutory functions of OIG.	37,420	38,392
42 U.S.C. 1320a–7a(a); 32 CFR 200.210(a)(3).	Making false statements, omissions, misrepresentations in an enrollment application.	124,731	127,972
42 U.S.C. 1320a–7a(a); 32 CFR 200.310(a).	Unlawfully offering, paying, soliciting, or receiving remuneration to induce or in return for the referral of business in violation of 1128B(b) of the Social Security Act.	124,731	127,972

Dated: January 8, 2025.

Aaron T. Siegel,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

[FR Doc. 2025–00715 Filed 1–14–25; 8:45 am]

BILLING CODE 6001–FR–P

DEPARTMENT OF EDUCATION

34 CFR Part 685

[Docket ID ED–2024–OPE–0135]

RIN 1840–AD97

Income-Contingent Repayment Plan Options

AGENCY: Office of Postsecondary Education, Department of Education.

ACTION: Final rule.

SUMMARY: The Department of Education (Department) adopts as final, without changes, the interim final rule published in the **Federal Register** on November 15, 2024. This final rule amends the regulations governing income-contingent repayment plans available to Federal student loan borrowers to satisfy the Department's statutory obligation under the Higher Education Act of 1965, as amended, (HEA) to offer borrowers access to an income-contingent repayment plan. The scope of this rule is narrow. It revises the last date for most borrowers to enroll in the Income-Contingent Repayment or Pay As You Earn plans from July 1,

2024, to July 1, 2027. Changing the eligibility restrictions that went into effect on July 1, 2024, to July 1, 2027, allows the Department to meet its statutory obligations while it undertakes the necessary administrative changes to make its repayment plans compliant with the terms of an injunction pending appeal from the U.S. Court of Appeals for the Eighth Circuit (Eighth Circuit).

DATES:

Effective date: These regulations are effective on July 1, 2026.

Implementation date: For the implementation date of these regulatory changes, see the *Implementation Date of These Regulations* section of this document.

FOR FURTHER INFORMATION CONTACT: For further information contact Tamy Abernathy, U.S. Department of Education, Office of Postsecondary Education, 400 Maryland Avenue SW, 5th Floor, Washington, DC 20202. Telephone: (202) 245–4595. Email: *tamy.abernathy@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: In this final rule, the Department uses the term ''income-contingent repayment plans'' to include the original Income-Contingent Repayment (ICR) plan established by the Department in 1994 as well as the Pay As You Earn (PAYE), Revised Pay As You Earn (REPAYE), and the Saving on a Valuable Education (SAVE) plans.

Implementation Date of These Regulations: These regulations are effective on July 1, 2026. Section 482(c) of the HEA requires that regulations affecting programs under title IV of the HEA be published in final form by November 1, prior to the start of the award year (July 1) to which they apply. However, that section also permits the Secretary to designate any regulation as one that an entity subject to the regulations may choose to implement earlier, as well as the conditions for early implementation.

As described in the interim final rule (IFR) (89 FR 90221), the Secretary exercised the authority under section 482(c) of the HEA to designate the regulatory changes to 34 CFR part 685 included in the IFR (and reaffirmed in this document) for early implementation on December 16, 2024, for the reasons set forth in the IFR and *Background* and *Need for Regulatory Action* sections of this document.

Executive Summary

Purpose of This Regulatory Action

The regulations in the November 15, 2024, interim final rule enact a time-limited fix to make certain the Department meets its obligations under section 455(d)(1) of the HEA. That section requires the Secretary of Education (Secretary) to offer Federal Direct Loan borrowers a variety of student loan repayment plans, including an ''income-contingent repayment plan,'' under which a borrower makes payments ''based on the borrower's income'' for ''an extended period of time prescribed by the Secretary, not to exceed 25 years.'' [1] On November 15, 2024, the Department published an IFR to satisfy the Department's statutory obligation under the HEA to offer borrowers an income-contingent repayment plan.[2] This final rule and the IFR that preceded it allow the Department to comply with this requirement. The rule titled ''Improving Income Driven Repayment for the William D. Ford Federal Direct Loan Program and the Federal Family Education Loan (FFEL) Program'' that took effect on July 1, 2024 (income-driven repayment [IDR] final rule), limited new enrollments in the PAYE and ICR plans for student borrowers so that they would have one clear option under this authority—the Saving on a Valuable Education (SAVE) plan (88 FR 43820). However, legal challenges to the SAVE plan resulted in an injunction pending appeal from the Eighth Circuit that prevents the Department from implementing significant aspects of the SAVE plan.[3] The Department cannot immediately execute the operational work needed to conform the SAVE plan to the court's Eighth Circuit's injunction pending appeal, so we have placed borrowers who had enrolled in the SAVE plan in a forbearance to avoid violating that injunction. With SAVE not available and other ICR plans closed to new enrollments, the Department was therefore not in compliance with the statutory requirement to offer an income-contingent repayment plan to borrowers.

The IFR announced the reopening of the PAYE and ICR plans to new enrollments until July 1, 2027. This reopening allows the Department to offer borrowers an income-contingent repayment option as required under the HEA.

Summary of the Major Provisions of This Regulatory Action

This final rule adopts without change the provisions in the IFR, which—

- Adjust the date after which borrowers cannot begin to repay a loan under the PAYE plan unless they are already enrolled in the plan as provided in § 685.209(c)(4)(iv) from July 1, 2024, to July 1, 2027.
- Revise the date after which borrowers cannot begin to repay a loan under the ICR plan unless they are already enrolled in that plan or have a consolidation loan that repaid a Parent PLUS loan as provided in § 685.209(c)(5)(i)(B) from July 1, 2024, to July 1, 2027.

Costs and Benefits

As further detailed in the *Regulatory Impact Analysis (RIA),* this final rule does not create significant budgetary costs for the Department. For existing borrowers, the Department already assumes in our budget baseline that borrowers who would receive more benefit from being enrolled in PAYE or ICR rather than SAVE over the long term are already in those plans. The budget baseline also assumes that borrowers seeking Public Service Loan Forgiveness (PSLF) would continue to make payments. So, a borrower who leaves SAVE to join PAYE or ICR so they can qualify for forgiveness under PSLF does not generate additional costs. The final rule provides some non-monetary benefits to the Department by allowing it to comply with requirements in the HEA. For borrowers, the final rule provides benefits to those who now enroll in PAYE or ICR and make payments that allow them to reach forgiveness sooner than they would by staying in forbearance. The Department anticipates these benefits would be most likely to occur for borrowers seeking PSLF due to the shorter number of

[1] HEA section 455(d)(1)(D) (20 U.S.C. 1087e(d)(1)(D)).

[2] 89 FR 90221 (November 15, 2024).

[3] Specifically, in the *Missouri* case, the U.S. District Court for the Eastern District of Missouri entered a preliminary injunction on June 24, 2024, enjoining the shortened time to forgiveness that had been offered by the SAVE Plan. *Missouri* v. *Biden,* No. 4:24–CV–00520–JAR, 2024 WL 3104514, at *1 (E.D. Mo. June 24, 2024) (preliminary injunction). The challengers appealed and on July 18, 2024, the Eighth Circuit stayed the entire rule pending appeal, *Missouri* v. *Biden,* No. 24–2332, 2024 WL 3462265, at *1 (8th Cir. July 18, 2024), and then on August 9, 2024, the Eighth Circuit entered an injunction pending appeal that replaced the previously entered stay, *Missouri* v. *Biden,* 112 F.4th 531 (8th Cir. 2024) (per curiam) (injunction pending appeal). In the *Alaska* case, the U.S. District Court for the District of Kansas entered a preliminary injunction on June 24, 2024. *See Alaska* v. *Cardona,* No. 24–1057–DDC–ADM, 2024 WL 3104578, at *1 (D. Kan. June 24, 2024). Thereafter, the Tenth Circuit Court of Appeals stayed the preliminary injunction pending appeal. *See Alaska* v. *Cardona,* No. 20–3089, Order Staying Prelim. Inj. (10th Cir. June 30, 2024). That Tenth Circuit appeal has been held in abeyance pending the outcome of the Eighth Circuit proceedings.

required payments before receiving forgiveness.

Background

Section 455(d)(1) of the HEA directs the Secretary to offer borrowers a range of loan repayment plans, including an income-contingent repayment plan. The Secretary first met this requirement by issuing final regulations for the original ICR plan in 1994,[4] and then expanded the options available to borrowers under this authority with the creation of PAYE and REPAYE as income-contingent repayment plans in 2012 and 2015, respectively.[5] On July 10, 2023, the Department published the IDR final rule amending the terms of REPAYE and renaming it the SAVE plan.[6] Among other changes, that rule prevented student borrowers from enrolling in the PAYE or ICR plans after July 1, 2024, if they were not already enrolled in those plans or if they were a parent PLUS borrower with a consolidation loan looking to enroll in the ICR plan. The Department explained this change on the grounds that the SAVE plan was the best option for most borrowers. Because the SAVE plan would be available to all student borrowers, the Department would fulfill its obligations under Sec. 455(d)(1) of the HEA to offer an income-contingent repayment plan.

The changes made in the IDR final rule were challenged in Federal court following publication. On August 9, 2024, the Eighth Circuit issued an injunction pending appeal that, among other things, enjoins changes in loan repayment terms that would: increase the amount of income protected from payments; decrease the share of income borrowers pay on undergraduate loans; and cease charging monthly interest that is not covered by a borrower's payment.[7]

The Department is undertaking efforts to implement a version of the SAVE plan compliant with the Eighth Circuit injunction. However, until that work is complete, the regulatory limitations affecting access to older plans meant that the Department was not complying with the HEA requirement to offer borrowers an income-contingent repayment plan.

The IFR and this final rule address this problem through a time-limited reopening of the PAYE and ICR plans to new enrollments. Under the IFR and this final rule, borrowers may select these plans until July 1, 2027. As explained in the IFR, we chose this date to also allow time for the Department to offer an income-contingent repayment plan that is compliant with the Eighth Circuit's injunction pending appeal and to issue any new regulations that may be needed.

Public Comment

In response to our invitation in the IFR, 107 parties submitted comments on the IFR. In this preamble, we respond to those comments, which we have grouped by subject. Generally, we do not address technical or other minor changes.

Analysis of Comments and Changes: An analysis of the public comments and of changes since publication of the IFR follows.

General Support

Comments: Several commenters appreciated that the Department re-opened the PAYE and ICR plans to borrowers. One commenter, a borrower who is currently affected by the litigation putting the SAVE plan on hold, expressed the view that reinstitution of PAYE is a critically necessary and sensible step. This commenter noted borrowers have made innumerable financial and other decisions that were dependent on the continued availability of PAYE and PSLF. There are specific terms to the PAYE and SAVE programs that make the availability of at least one of them crucial for households like the commenter's. The commenter also urged the Department to proceed expeditiously with processing applications for the PAYE and ICR plans as the current state of uncertainty around student loan repayment imposes a substantial burden on borrowers. Another commenter expressed the hope that the Department would process ICR and PAYE applications within three months of receiving the application.

Another commenter stated that reopening more income-contingent repayment plans would not only make for a better repayment system for most borrowers, but it would improve the fairness and accuracy of loan repayments. This commenter stated that the current repayment option has proved inaccurate when considering those who are primarily affected by student loan debt. By implementing this new rule, they said many will be able to pay off their debt by affordable means. Implementation of the rule would also result in a fairer consideration of income, global issues like inflation, and overall financial stability when determining monthly payment amounts. Similarly, one commenter suggested that by implementing this new rule the income-contingent repayment options will help borrowers pay off their debts, as well as help improve the fairness and accuracy of loan repayments.

One association agreed that the Department should offer borrowers an income-contingent repayment option during these uncertain times. This association urged the Department to be transparent and clear about all future action on IDR plans. This association also stated that many borrowers would benefit more from the provisions of the 2015 REPAYE plan until the courts issue a final decision on the SAVE plan.

Discussion: We appreciate the commenters' support. The Department does not regulate the processing time for repayment plan applications but will work through pending applications as quickly as possible. The Department is working to build a version of the SAVE plan that complies with the Eighth Circuit's injunction. That plan would generally have the same terms as the 2015 REPAYE rule with respect to the monthly payment amounts for borrowers. At this time, the Department anticipates that such work will not be completed until at least the early fall of 2025.

Changes: None.

General Opposition

Comments: Several commenters noted that they did not find the reopening of PAYE and ICR to be sufficient to address borrower challenges with loan repayment. Many noted that they were enrolled in the REPAYE plan before it converted to SAVE and had no issues with payments under REPAYE. They asked for a restoration of the REPAYE terms or asked to be placed on an alternative payment plan with the same payments that they had previously. Many stated that being placed in forbearance when they had not requested forbearance was unfair.

Discussion: The Department is working to create a version of the SAVE plan that complies with the terms of the Eighth Circuit injunction. This plan will be largely similar to the terms of the REPAYE plan, with the exception that the injunction prevents the Department from providing the interest benefits that were also provided under the REPAYE plan. Both the 2015 REPAYE plan and the SAVE plan provided that a borrower with a subsidized loan would not be charged any unpaid interest for the first three years while enrolled in the plan and that all borrowers with subsidized or unsubsidized loans would only be charged 50 percent of unpaid interest after the first three years enrolled in the

[4] 59 FR 61664 (December 1, 1994).

[5] 77 FR 66088 (November 1, 2012); 80 FR 67204 (October 30, 2015).

[6] 88 FR 43820 (July 10, 2023).

[7] *Missouri,* 112 F.4th at 538.

plan. Until that revised plan is available, the Department will keep borrowers who remain enrolled in the SAVE plan in forbearance and interest will not accrue.

Changes: None.

Comments: One commenter believed that the regulations in the IFR represented an inadequate solution to a problem that ultimately was created from another inadequate solution: the Department moved people who were enrolled in the REPAYE plan into the SAVE plan and ultimately forced those borrowers into forbearance. This commenter recommended that the Department simply roll back the SAVE regulations and bring back REPAYE. This commenter asserted that by forcing people into SAVE, millions of borrowers will be left with no option but to default shortly otherwise.

Commenters also suggested that REPAYE be reinstated and that borrowers who were previously enrolled in the REPAYE plan automatically be re-enrolled in that plan.

Discussion: We disagree with commenters regarding their proposed changes to IDR plans. As we explained in the 2023 IDR final rule, the changes to the REPAYE plan that resulted in renaming it the SAVE plan made it the best choice for the vast majority of borrowers. And, for borrowers with a non-zero payment enrolled in REPAYE, the new SAVE plan would provide them with more affordable monthly payments. Automatically providing those benefits to borrowers without requiring the borrower to switch plans was simpler and more efficient.

Regarding the requests to restore REPAYE, the Department is working to update the SAVE plan to make it compliant with the Eighth Circuit's injunction. That would result in monthly payment amounts that are similar to those that were available to borrowers enrolled in REPAYE.

Changes: None.

Comments: Several commenters noted the reopening of PAYE would not benefit them because they did not qualify for that plan because their loans were older. Many noted that being ineligible for PAYE meant that the IDR options available to them would result in much higher payments than what they had owed while enrolled in REPAYE. Some commenters called for the Department to expand eligibility for PAYE to older loans that are not currently eligible for that plan or to make Direct Consolidation Loans made after 2007 eligible. Others said that if the Department did not make REPAYE available then it should expand the eligibility for PAYE.

Discussion: In pursuing changes through the IFR the Department considered narrow and time-limited solutions that address the current situation, and the IFR therefore restored the eligibility for other repayment plans to what was in effect prior to the issuance of the IDR final rule. The reopening of PAYE and ICR to borrowers not previously enrolled in those plans fulfills the Department's obligations because a borrower who is ineligible for PAYE could still choose ICR. We recognize that the ICR plan may not result in the lowest payment for many borrowers. However, as explained in the IFR, we are making a time-limited and narrow change to address the Department's compliance with the HEA. Any other changes to PAYE would need to be considered through the full regulatory process.

Changes: None.

Comments: One commenter argued that if the Department cannot provide equivalent repayment options regardless of loan origination date, then the Department should write off those older loans.

Discussion: The commenter did not identify a legal basis for writing off the loans they addressed. The eligibility dates for PAYE were established through a separate rulemaking process conducted in 2012 and a similar process would be needed to adjust the eligibility dates for PAYE.[8]

Changes: None.

Comments: Several commenters raised concerns about the inability of borrowers to make progress on PSLF while enrolled in the SAVE forbearance. They called for the Department to make that forbearance eligible for PSLF.

Discussion: As the Department has indicated, we do not have the ability to award credit toward forgiveness on PSLF during the SAVE-related forbearance. The reopening of the PAYE and ICR plans provides a path for some additional PSLF borrowers to make payments that will count toward forgiveness.

Changes: None.

Comments: One group strongly opposed the Department's rule to exclude the ''double consolidation loophole'' for consolidation loans that repaid a parent PLUS loan from repayment plans and argued that it was contrary to the HEA. They called for the Department to at least extend the deadline after which double consolidated parent PLUS loans could not access repayment plans besides ICR from July 1, 2025.

Discussion: The Department declines to adopt any changes to the treatment of parent PLUS borrowers in this final rule. As noted in the IFR, the Department is focused on a narrow change to make sure that we are meeting our obligation to offer borrowers an income-contingent repayment plan under section 455(d)(1) of the HEA. The Department already met this obligation with respect to Parent PLUS borrowers with a consolidation loan because there was no deadline for them to access the ICR plan. The Eighth Circuit's injunction does not affect the ability of borrowers to consolidate their loans as processing of those applications continues. As such, we see no grounds for extending that deadline.

The Department also declines to change the overall eligibility for consolidated Parent PLUS borrowers. This issue was carefully considered during negotiated rulemaking and the notice and comment process that produced the IDR final rule.

Changes: None.

Executive Orders 12866, 13563, and 14094

Regulatory Impact Analysis

Under Executive Order 12866, the Office of Management and Budget (OMB) must determine whether this regulatory action is ''significant'' and, therefore, subject to the requirements of the Executive Order and subject to review by OMB. Section 3(f) of Executive Order 12866, as amended by Executive Order 14094, defines a ''significant regulatory action'' as an action likely to result in a rule that may—

(1) Have an annual effect on the economy of $200 million or more (adjusted every 3 years by the Administrator of the Office of Information and Regulatory Affairs (OIRA) at OMB for changes in gross domestic product), or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, territorial, or Tribal governments or communities;

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impacts of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise legal or policy issues for which centralized review would meaningfully further the President's priorities, or the principles stated in the Executive Order, as specifically authorized in a timely manner by the Administrator of OIRA in each case.

[8] 77 FR 66088 (November 1, 2012).

This proposed regulatory action is a significant regulatory action subject to review by OMB under section 3(f)(4) of Executive Order 12866, as amended by Executive Order 14094. However, the proposed annual net budget effect is not larger than $200 million, and as a result this regulatory action is not significant under section 3(f)(1) of Executive Order 12866, as amended by Executive Order 14094. We have assessed the potential costs and benefits, both quantitative and qualitative, of this regulatory action and have determined that the benefits will justify the costs.

We have also reviewed these regulations under Executive Order 13563, which supplements and explicitly reaffirms the principles, structures, and definitions governing regulatory review established in Executive Order 12866. To the extent permitted by law, Executive Order 13563 requires that an agency—

(1) Propose or adopt regulations only on a reasoned determination that their benefits justify their costs (recognizing that some benefits and costs are difficult to quantify);

(2) Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives and considering—among other things and to the extent practicable—the costs of cumulative regulations;

(3) In choosing among alternative regulatory approaches, select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity);

(4) To the extent feasible, specify performance objectives, rather than the behavior or manner of compliance a regulated entity must adopt; and

(5) Identify and assess available alternatives to direct regulation, including economic incentives—such as user fees or marketable permits—to encourage the desired behavior, or provide information that enables the public to make choices.

Executive Order 13563 also requires an agency ''to use the best available techniques to quantify anticipated present and future benefits and costs as accurately as possible.'' OIRA has emphasized that these techniques may include ''identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes.''

We are issuing these final regulations only on a reasoned determination that their benefits would justify their costs. In choosing among alternative regulatory approaches, we selected those approaches that in the Department's estimation best balance the size of the estimated transfer and qualitative benefits and costs. Based on the analysis that follows, the Department believes that these final regulations are consistent with the principles in Executive Order 13563.

We have also determined that this regulatory action will not unduly interfere with State, local, territorial, and Tribal governments in the exercise of their governmental functions.

Consistent with Circular A–4, we compare the final regulations to the current regulations. In this regulatory impact analysis, we discuss the need for regulatory action and summarize key provisions, potential costs and benefits, net budget impacts, and the regulatory alternatives we considered.

Elsewhere in this section under *Paperwork Reduction Act,* we identify and explain burdens specifically associated with information collection requirements.

1. Congressional Review Act

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), OIRA has found that this rule does not meet the criteria in 5 U.S.C. 804(2).

2. Need for Regulatory Action

As discussed earlier in this document, these regulations allow the Department to offer at least one repayment option under the income-contingent repayment authority to borrowers on a time-limited basis while the Department actively works to carry out the operational steps necessary to offer an injunction-compliant version of the SAVE plan.

3. Summary of Comments and Changes From the Interim Final Rule

None of the submitted comments addressed the RIA, and there are no changes from the interim final rule to the final rule.

4. Discussion of Costs, Benefits and Transfers

This rule finalizes an adjustment to the eligibility requirements that allow borrowers to enroll in the ICR and PAYE plans until July 1, 2027, an extension from the prior date of July 1, 2024.

As described further in the *Net Budget Impact* section of this RIA, the Department does not estimate a significant budgetary impact from this regulation. For existing borrowers, the Department already assumes in our budget baseline that borrowers who would benefit from PAYE or ICR over SAVE in the long term are already enrolled in those plans. As noted in the IDR Final Rule that established the SAVE plan,[9] the Department's budget modeling assigns IDR borrowers to specific plans based on a comparison of the net present value of the payments the borrower makes under the various plans for which they are eligible. For future borrowers, we anticipate continued availability of the SAVE plan and do not evaluate borrowers having the choice of ICR or PAYE against income-based repayment (IBR) in the absence of SAVE. Moreover, the time-limited nature of these changes means that only a future borrower who enters repayment by July 1, 2027, would be able to select the ICR or PAYE plans.

The primary benefit of these changes for the Department is that they allow us to meet our statutory obligation under the HEA to offer payments under the income-contingent repayment authority. There may also be secondary benefits to the Department. One is the possibility that borrowers will choose to enroll in PAYE or ICR instead of becoming delinquent or going into default. Another is a possible reduction in questions or concerns from borrowers, such as those seeking PSLF forgiveness, who are trying to determine how to make qualifying monthly payments.

Borrowers who elect to enroll in the PAYE or ICR plans during this time-limited period may also see benefits, which could include additional certainty about their payment amounts in the face of litigation as well as the ability to make progress toward certain types of forgiveness during the time until the pending cases are resolved. For instance, there are approximately 200,000 borrowers enrolled in the SAVE plan who have certified at least some employment toward PSLF, and who are eligible for the PAYE plan, but who are not eligible for the terms of the IBR plan offered to borrowers who first took out a loan on or after July 1, 2014. If these individuals choose to sign up for PAYE, they would be able to continue making progress toward PSLF by making payments equal to 10 percent of their discretionary income. By contrast, if these borrowers did not have access to PAYE, they would have to choose a version of the IBR plan that sets their payments at 15 percent of discretionary income. For instance, a single borrower who makes $60,000 a year would pay $318 a month when enrolled in PAYE instead of $477 if enrolled in the older IBR plan, a savings of $159. It is possible that there may be other borrowers enrolled in SAVE who would consider a switch on a temporary basis, such as a borrower who would have a $0 payment when enrolled in either

[9] 88 FR 43820 (July 10, 2023).

PAYE or ICR. There were also just over 800,000 borrowers who switched from either of these plans into SAVE after its creation.

Beyond borrowers currently enrolled in SAVE, there are approximately 13.9 million borrowers who are in repayment and who do not have Parent PLUS loans who are not currently enrolled in an income-contingent repayment plan.[10] While the Department cannot speculate on how many of these borrowers may want to sign up for either ICR or PAYE, depending on their eligibility, the Department is not currently meeting its obligations under the HEA to provide these borrowers with an income-contingent repayment option.

The monthly payment savings described above would be similar for any borrower with older loans that are not eligible for the version of IBR for newer borrowers but who is eligible for PAYE. This could include borrowers who have recently returned to repayment through the Department's Fresh Start Initiative, which allowed borrowers to take certain steps to get their loans out of default. It also could include borrowers with older loans who are now considering IDR plans.

The IFR anticipated administrative costs of $400,000 to reflect the costs of updating systems to allow borrowers to access PAYE and ICR. Those costs have already been incurred and paid as we implemented the IFR. There are no additional administrative costs from this final rule.

The ability to select PAYE or ICR could also create costs in the form of transfers if borrowers are able to select plans that produce lower payments over the borrower's time in repayment. The nature and extent of these costs depends on baseline policy, namely what other plans are available and the terms of those plans. We do not anticipate these costs will be significant, as we discuss in the *Net Budget Impact* section.

There may be additional costs related to the potential that borrowers may have a harder time choosing among repayment plans. However, we think several factors mitigate this concern. One is that, until a version of the SAVE plan that is compliant with the court injunction is available, the number of options for borrowers to make payments while enrolled in an income-contingent repayment plan will not be appreciably larger. For some borrowers, the ICR plan may be their only option, while the choice for borrowers who are eligible for PAYE and ICR should be simple, because the former generally produces lower payments for most borrowers. Over the long run, the time-limited nature of these changes means that eventually borrowers will go back to choosing the SAVE plan, or the ICR plan if they have a consolidation loan that repaid a Parent PLUS loan. The Department will also continue working to improve and update tools available to help borrowers choose their repayment plan.

5. Net Budget Impact

As the Department expects the SAVE plan to be available and advantageous to most borrowers in the long run, we do not estimate a significant budget impact from making PAYE and ICR available again to eligible borrowers, including those who had chosen SAVE. As was noted in the IDR final rule that created the SAVE plan (88 FR 43820), the Department's budget modeling assigns IDR borrowers to specific plans based on a comparison of the net present value of the payments the borrower makes under the various plans for which they are eligible.[11] That means the borrowers we estimate would be better off enrolled in PAYE or ICR are already in that plan in the President's Budget for FY 2025 (PB2025) baseline. These borrowers are generally going to be those who have graduate school related debt and those with incomes that are expected to rise to the point where their calculated payment would eventually be equal to or greater than what they would owe while enrolled in the 10-year standard repayment plan. These borrowers might be better off enrolled in PAYE because the terms of PAYE, absent the current injunction, provide for forgiveness after 20 years of payments instead of the 25 years when enrolled in IBR if the loan was borrowed before July 1, 2014, or the 25 years for graduate borrowers enrolled in SAVE.[12] In addition, PAYE caps payments at the amount determined under the 10-year standard plan for borrowers so long as their payments were below that level when they first enrolled. By contrast, there is no payment cap in SAVE. With this assumption that borrowers know their income and family profile trajectories over the life of their loans and choose the plan that offers the lowest lifetime, present-discounted payments, the regulation provides borrowers with an option to enroll in a non-SAVE income-contingent repayment plan that does not have a significant scoreable budgetary impact.

However, there is considerable uncertainty regarding when borrowers who enroll in SAVE may see their payments resume due to ongoing litigation. A lengthy forbearance for borrowers enrolled in the SAVE plan could lead some borrowers to decide to enroll in a different income-contingent repayment plan if that would result in a lower net present value of payments. To evaluate this, the Department has done a sensitivity analysis that includes a nine-month forbearance in FY 2025 that does not count toward IDR forgiveness with the PB2025 baseline SAVE borrowers and compared that to a run with the SAVE or PAYE/ICR choice redone to include that forbearance in the choice decision. As is the case for the baseline choice decision, the plan choice for the sensitivity is based on the net present value (NPV) at a 30 percent discount rate between the cashflow streams for each plan generated for the borrower sample. This is the approach the Department has used for modeling IDR plan choice decisions and considers changes across the entire payment stream. This approach assumes borrowers know their income and family profile trajectories over the life of their loans and choose the plan that offers the lowest lifetime, present-discounted payments. The Department recognizes that borrowers may use different logic when choosing a repayment plan, such as comparing near-term monthly payments, and will not have information about their future incomes and family patterns to match this type of analysis, but we believe any decision logic would result in a relatively small percentage of borrowers choosing to revert to PAYE or ICR long-term. The sensitivity run resulted in a cost of $70.5 million, which represents the effect of the change in payments on the estimated net present value of all future non-administrative Federal costs associated with cohorts of loans.

6. Accounting Statement

Consistent with OMB Circular A–4, we have prepared an accounting statement showing the classification of the expenditures associated with the provisions of these regulations. These effects occur over the lifetime of the first ten loan cohorts following implementation of this rule. The cashflows are discounted to the year of the origination cohort in the modeling process and then those amounts are discounted at two percent to the present year in this Accounting Statement. This

[10] We exclude borrowers with a Parent PLUS loan because those who consolidate would have access to the ICR plan regardless of this final rule. This number also excludes borrowers in deferments.

[11] 88 FR 43886 (July 10, 2023).

[12] Forgiveness on income-contingent repayment plans that is based on the income-contingent repayment authority is currently enjoined, but the modeling discussed here took place prior to that injunction.

table provides our best estimate of the changes in annualized monetized transfers that result from these final regulations. Expenditures are classified as transfers from the Federal government to affected student loan borrowers.

TABLE 6.1—ACCOUNTING STATEMENT: CLASSIFICATION OF ESTIMATED EXPENDITURES

[In millions]

Category	Benefits
Complying with statutory requirements to offer an income-contingent repayment plan	Not quantified.
Category	Costs 2%
One-time administrative costs to Federal government to update systems and contracts to implement the final regulations	$0.4.
Category	Transfers 2%
Reduced transfers from borrowers based on borrowers now accessing PAYE or ICR	Not quantified.

7. Alternatives Considered

The Department considered one alternative in issuing this final rule. We considered further adjusting the eligibility dates of PAYE to allow borrowers with older loans to access this plan. Doing so would have been responsive to commenters who noted that they are not currently eligible for PAYE and that their options while enrolled in IBR would result in significant payment increases, and that the entire situation was created by reasons outside of their control. However, we determined such a change would need to be made by following a full rulemaking process.

8. Regulatory Flexibility Act

The Secretary certifies, under the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), that this final regulatory action will not have a significant economic impact on a substantial number of ''small entities.'' [13]

These regulations will not have a significant impact on a substantial number of small entities because they are focused on arrangements between individual borrowers and the Department. There are no small entities that are impacted by this rule. This rule does not affect institutions of higher education in any way, and those entities are typically the focus of the Regulatory Flexibility Act analysis for the Department of Education.

9. Paperwork Reduction Act

We have determined that there are no Paperwork Reduction Act of 1995 implications specifically associated with regulations in this final rule. Borrowers who wish to sign up for PAYE or ICR repayment plans under this Final Rule will be completing the form that already exists for enrollment in other IDR plans, OMB Control Number 1845–0102. To accommodate the changes made to the programs in the IDR final rule and the court challenges, we are separately updating the current IDR form and will be providing a public comment period. We do not estimate any new burden to 1845–0102 from this final rule.

10. Intergovernmental Review

This program is subject to Executive Order 12372 and the regulations in 34 CFR part 79. One of the objectives of the Executive Order is to foster an intergovernmental partnership and a strengthened Federalism. The Executive Order relies on processes developed by State and local governments for coordination and review of proposed Federal financial assistance.

11. Assessment of Educational Impact

In the IFR we requested comments on whether the proposed regulations would require transmission of information that any other agency or authority of the United States gathers or makes available. Based on the response to the IFR and on our review, we have determined that these final regulations do not require transmission of information that any other agency or authority of the United States gathers or makes available.

12. Federalism

Executive Order 13132 requires us to provide meaningful and timely input by State and local elected officials in the development of regulatory policies that have Federalism implications. ''Federalism implications'' means substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. The regulations do not have Federalism implications.

Accessible Format: On request to the program contact person(s) 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 another accessible format.

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List of Subjects in 34 CFR Part 685

Administrative practice and procedure, Colleges and universities, Education, Loan programs-education, Reporting and recordkeeping

[13] 5 U.S.C. 601(3), (4), (5), and (6) defines *small business, small organization, small governmental jurisdiction,* and *small entity,* respectively.

requirements, Student aid, Vocational education.

Miguel Cardona,

Secretary of Education.

■ For the reasons stated in the preamble, the Department adopts the interim rule published on November 15, 2024, at 89 FR 90221, as final without change.

[FR Doc. 2025–00724 Filed 1–13–25; 4:15 pm]

BILLING CODE 4000–01–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 60

[EPA–HQ–OAR–2023–0072; FRL–12547–01–OAR]

New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule; Final Action

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of final action denying or partially denying petitions for reconsideration.

SUMMARY: The U.S. Environmental Protection Agency (EPA) is providing notice that it has responded to two petitions for reconsideration of the final action titled, ''New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule'', published in the **Federal Register** on May 9, 2024. The Administrator has denied or partially denied the requests for reconsideration in separate letters to the petitioners. The basis for the EPA's action is set out fully in the accompanying decision document, available in the rulemaking docket. At this time, the EPA is not addressing other grounds for reconsideration that have been raised by these or other petitioners.

DATES: Effective January 15, 2025.

FOR FURTHER INFORMATION CONTACT: Lisa Thompson (she/her), Sector Policies and Programs Division (D243–02), Office of Air Quality Planning and Standards, U.S. Environmental Protection Agency, 109 T.W. Alexander Drive, P.O. Box 12055, Research Triangle Park, North Carolina 27711; telephone number: (919) 541–5158; and email address: *thompson.lisa@epa.gov.*

SUPPLEMENTARY INFORMATION:

I. Where can I get a copy of this document and other related information?

A copy of this **Federal Register** notice, the petitions for reconsideration, the letters denying the petitions and the accompanying decision document describing the full basis for the partial denial of these petitions are available in the docket the EPA established under Docket ID No. EPA–HQ–OAR–2023–0072. In addition, an electronic copy of this final action will be available on the internet at *https://www.epa.gov/stationary-sources-air-pollution/greenhouse-gas-standards-and-guidelines-fossil-fuel-fired-power.*

II. Judicial Review

This final action may be challenged in the United States Court of Appeals for the District of Columbia Circuit. Pursuant to CAA section 307(b)(1), petitions for judicial review of this action must be filed in that court within 60 days after the date notice of this final action is published in the **Federal Register**.

Section 307(b)(1) of the Clean Air Act (CAA) governs judicial review of final actions by the EPA. This section provides, in part, that ''a petition for review of action of the Administrator in promulgating . . . any standard of performance or requirement under section [111] of [the CAA],'' or ''any other nationally applicable regulations promulgated, or final action taken, by the Administrator under [the CAA] may be filed only in the United States Court of Appeals for the District of Columbia.'' This final action is ''nationally applicable'' within the meaning of CAA section 307(b)(1) because it denies or partially denies petitions to reconsider the ''New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule,'' which is a nationally applicable final action promulgating standards of performance and requirements under section 111 of the CAA. 89 FR 39798 (May 9, 2024) (''Carbon Pollution Standards''). This final action is nationally applicable because the result of this denial or partial denial of the petitions identified herein is that the Carbon Pollution Standards remain in place and undisturbed, and because any judicial order disturbing the EPA's reasoning herein would affect regulated entities throughout the nation.

Thus, any petitions for review of this final action denying or partially denying petitioners' requests for reconsideration must be filed in the United States Court of Appeals for the District of Columbia Circuit by March 17, 2025.

III. Description of Action

On May 9, 2024, pursuant to CAA section 111 of the CAA, the EPA published a final action titled ''New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule.'' 89 FR 39798 (May 9, 2024). Following publication of this final action, the Administrator received petitions for reconsideration of certain aspects of the Carbon Pollution Standards pursuant to the Administrative Procedure Act and Clean Air Act.[1]

The EPA carefully reviewed and evaluated each of these issues raised in the petitions for reconsideration based on the CAA section 307(d)(7)(B) criteria for reconsideration, as well as under section 553(e) of the Administrative Procedure Act (APA). For the reasons explained below, the EPA is denying, in part or whole, two petitions for reconsideration; specifically, the objections raised regarding EPA's treatment of grid reliability, financing assertions related to new baseload natural gas-fired electric generation units (EGUs), and the inclusion of an enforceable backstop emissions rate in conjunction with mass-based compliance flexibilities for existing coal-fired steam-generating EGUs.

We discuss each of the petitions we are denying or partially denying and the basis for those denials in the accompanying decision document titled ''The EPA's Basis for Denying, in Part or Whole, Petitions for Reconsideration of the New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for

[1] One petitioner (Mountain State Energy Holdings, LLC) cited both the APA and CAA as bases for reconsideration and rulemaking; the second petitioner (Edison Electric Institute) did not cite any specific authority for its request for reconsideration.