

4-Sep-07

Proposed Changes Affecting Mandatory Spending Relative to the CBO March 2007 Baseline

(by fiscal year, in millions of dollars, assumes enactment before October 1, 2007)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2007-2012 Total	2007-2017 Total
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NOTE: The program changes detailed below are EACH estimated separately from current law:

Beginning in October 2007, lower the lender yield on all new guaranteed student and consolidation loans by 55 basis points for for-profit lenders and 40 basis points for non-profit lenders and lower the yields by 85 basis points for for-profit lenders and 70 basis points for non-profit lenders for parent and GradPLUS loans.

BA	-1,905	-2,375	-2,515	-2,655	-2,780	-2,915	-3,045	-3,180	-3,315	-3,465	-3,620	-15,145	-31,770
OL	-1,905	-1,345	-2,110	-2,225	-2,335	-2,445	-2,560	-2,670	-2,785	-2,900	-3,030	-12,365	-26,310

Beginning in July 2009, establish a state-based competitive auction for parent loan origination with a reservation price of the 3-month CP + 1.74% on regular loans and a weighted average cap on consolidation loans of the 3-month CP + 1.59% and no lender origination fees.

BA	---	---	-265	-590	-790	-970	-1,105	-1,200	-1,295	-1,395	-1,505	-2,615	-9,115
OL	---	---	-150	-420	-645	-815	-955	-1,055	-1,140	-1,230	-1,325	-2,030	-7,735

Beginning in October 2007, eliminate the exceptional lender designation. Beginning in 2013 lower lender insurance on guaranteed student, parent, and consolidation loans to 95%.

BA	-460	-130	-150	-180	-205	-220	-340	-350	-360	-375	-390	-1,345	-3,160
OL	-460	-75	-125	-145	-170	-185	-255	-295	-310	-325	-335	-1,160	-2,680

Beginning in October 2007, increase the current lender origination fee on new loans and new consolidation loans from .50% to 1.0%.

BA	-295	-435	-460	-485	-510	-535	-560	-580	-605	-635	-660	-2,720	-5,760
OL	-295	-245	-390	-410	-430	-455	-475	-495	-515	-535	-560	-2,225	-4,805

Beginning in October 2007, lower the guaranty agency retention allowance to 16%.

BA	-1,285	-145	-155	-165	-170	-180	-185	-190	-200	-210	-215	-2,100	-3,100
OL	-1,285	-80	-135	-140	-145	-155	-160	-165	-170	-175	-180	-1,940	-2,790

Beginning in October 2007, lower guaranty agency account maintenance fee from .10% to .06% on the original principal balance of outstanding loans.

BA	-1,395	-270	-285	-300	-310	-325	-340	-350	-365	-380	-400	-2,885	-4,720
OL	-1,395	-155	-240	-250	-260	-275	-285	-300	-310	-325	-335	-2,575	-4,130

Beginning July 2009 for all loans, change the economic deferment to 150% of poverty and eliminate the 220/20 rule. In addition, establish an income-based repayment plan that provides for the Secretary to pay accrued interest on subsidized loans for borrowers for three years otherwise all interest is capitalized.

BA	335	165	165	175	180	185	190	200	205	210	215	1,205	2,225
OL	335	95	140	150	155	160	165	170	175	180	185	1,035	1,910

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[illegible]

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Beginning in July 2009, raise dependent and independent student income protection allowances to specific levels for academic years 2009 to 2012 and then inflate after 2012.													
BA	---	---	5	10	15	15	15	15	15	15	15	45	120
OL	---	---	5	5	10	10	15	15	15	15	15	30	105
Extend the authorization of the Perkins loan capital contributions, which extends the date that schools must begin returning to the government their balance from their Perkins loan revolving funds from 2012 until 2013.													
BA	---	---	---	---	---	453	---	---	---	---	---	453	453
OL	---	---	---	---	---	453	---	---	---	---	---	453	453
Appropriate funds for mandatory increases to the Pell Grant Program.													
BA	0	2,030	2,090	3,030	3,090	5,050	105	4,305	4,400	4,600	4,900	15,290	33,600
OL	0	487	2,004	2,314	3,026	3,559	3,824	1,212	4,244	4,446	4,668	11,390	29,784
Effective upon enactment, eliminate the tuition sensitivity provision in the Pell Grant Program and appropriate funds to cover the cost for academic year 2007-2008.													
BA	---	11	---	---	---	---	---	---	---	---	---	11	11
OL	---	11	*	---	---	---	---	---	---	---	---	11	11
Appropriate funds for the Upward Bound Program.													
BA	---	57	57	57	57	---	---	---	---	---	---	228	228
OL	---	3	42	52	57	54	15	5	---	---	---	207	228
Appropriate funds for the College Access Partnership Program.													
BA	---	66	66	---	---	---	---	---	---	---	---	132	132
OL	---	59	66	7	---	---	---	---	---	---	---	132	132
Beginning academic year 2008-2009, create the TEACH Grant program, grants of \$4,000 (prorated for less-than-full-time attendance) for undergraduate and graduate students who meet certain criteria, with provisions for unsubsidized loan conversion from the disbursement of grant for those who do not full-fill the program requirements.													
BA	---	50	80	85	90	95	95	100	100	100	100	400	895
OL	---	10	55	80	85	95	95	95	100	100	100	325	815

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Appropriate funds for Investment in HBCUs and MSIs.													
BA	---	255	255	---	---	---	---	---	---	---	---	510	510
OL	---	13	102	179	153	64	---	---	---	---	---	510	510
Net programmatic interactions among all program changes listed above.													
BA	35	25	185	385	505	585	700	735	795	870	935	1,720	5,755
OL	35	20	122	270	410	500	585	650	705	760	810	1,357	4,867
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TOTAL CHANGES--Including Programmatic Interactions													
BA	-4,890	-326	-12	1,007	1,832	2,503	-4,480	-505	-635	-680	-640	114	-6,826
O	-4,890	-992	28	691	1,941	2,470	-1	-2,843	-1	-4	-2	-752	-3,603

*. Minimal federal costs.