Preliminary 20-Jul-09

Detail Table: Preliminary Estimate of H.R. 3221, the Student Aid Fiscal Responsibility Act of 2009 as Introduced July 15, 2009

Proposed Changes Affecting Mandatory Spending Estimated Relative to the CBO March

(preliminary staff estimate, by fiscal year, in millions of dollars, assumes enactment before October 1, 2009)

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-2014 Total	2009-2019 Total
NOTE: The program changes detailed below are EACH estimated separately from current law:														
Beginning in July 2010, all new lending activity in the guaranteed student loan program would cease and new federal student and parent loans would be made through the federal direct loan program.														
1./	BA	----	-4,810	-13,310	-12,245	-11,165	-10,530	-10,205	-10,195	-10,070	-10,315	-10,675	-52,060	-103,520
	OL	----	-2,585	-8,855	-10,970	-10,025	-9,350	-8,985	-8,905	-8,860	-8,965	-9,250	-41,785	-86,750
Beginning in July 2012, change the borrower interest rate on direct subsidized undergraduate loans from 6.80% to a variable rate based off of the 91-day Treasury bill rate, adjusted annually, and capped at 6.80%. The variable rate would be the 91-day Treasury bill rate + 2.30% capped at 6.80%.														
	BA	----	----	----	40	545	550	560	575	585	605	625	1,135	4,085
	OL	----	----	----	25	340	480	485	495	505	520	540	845	3,390
Beginning in January 2010, change the base interest rate on which the special allowance payments (SAP) are calculated for certain guaranteed student loans unless the lender chooses upon enactment of this change to keep the current 3-month commercial paper (CP) rate yield structure. The new rate would be the bond equivalency rate of the 1-month London Interbank Offered Rate (LIBOR). This new rate would apply to all outstanding guaranteed student loans where the current law base rate is the 3-month commercial paper (CP) rate and to the participation yield on ECASLA loans.														
	BA	-*	-*	-*	-*	-*	-*	-*	-*	-*	-*	-*	-*	-*
	OL	-*	-*	-*	-*	-*	-*	-*	-*	-*	-*	-*	-*	-*
Beginning in July 2015, eliminate graduate students from the direct subsidized student loan program. Graduate student borrowing levels for direct unsubsidized student loans would be increased accordingly to accommodate additional borrowing.														
	BA	----	----	----	----	----	----	-390	-725	-730	-750	-770	----	-3,365
	OL	----	----	----	----	----	----	-240	-545	-635	-650	-665	----	-2,735
Beginning in fiscal year 2010, provide mandatory funds for the Pell Grant Program to raise the maximum award level above the level provided in discretionary appropriations. This addon would be inflated each year. Eliminate language setting the maximum award level for the Pell Program for future years in the Higher Education Act.														
	BA	----	111	1,930	741	6,671	3,511	3,904	5,065	6,290	7,931	9,696	12,964	45,850
	OL	----	30	601	1,591	2,354	5,758	3,648	4,213	5,384	6,721	8,391	10,334	38,692

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NOTE: The program changes detailed below are EACH estimated separately from current law:

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-2014 Total	2009-2019 Total
	Beginning July, 1 2011, make changes to the needs analysis formula, including eliminating the students' and parents' assets and most untaxed income from the formula and setting an asset cap for need-based aid.													
	BA	----	----	10	15	15	15	15	15	15	20	20	55	140
	OL	----	----	5	10	15	15	15	15	15	15	15	45	120
	Beginning July, 1 2011, change the current prohibition on financial aid for individuals convicted of drug offenses while receiving financial aid. Only students convicted of the sale of illegal drugs (and not possession) while receiving aid would be prohibited from receiving aid.													
	BA	----	----	*	3	3	3	3	3	3	3	3	9	24
	OL	----	----	*	3	3	3	3	3	3	3	3	9	24
	Beginning July, 1 2010, allow borrowers with guaranteed consolidation loans, who have not had a direct consolidation loan, to reconsolidate their outstanding guaranteed consolidation loan into a direct consolidation loan.													
	BA	-250	-*	----	----	----	----	----	----	----	----	----	-250	-250
	OL	-250	-*	----	----	----	----	----	----	----	----	----	-250	-250
	Beginning in July 2010, all new lending activity in the current Perkins loan program would cease. In addition, the recall of revolving funds from institutions of higher education, which is currently scheduled to begin in October 2013, would now begin in July 2010 and schools would be able to retain funds for administrative costs and their share of cancellations. A new Perkins loan program with $6 billion in new loan capital each academic year would be established for academic year 2010-2011. These new federal loans would be disbursed to students through campus financial aid offices similar to the process for current Perkins loans and would have terms modeled after the current unsubsidized direct student loans. The exceptions are that the borrower interest rate on new Perkins loans would be a fixed 5 percent and the annual borrowing limits would be similar to the current Perkins loan program.													
	BA	----	-1,306	-783	-587	729	371	489	560	619	639	646	-1,575	1,377
	OL	----	-1,194	-777	-676	660	337	470	546	605	634	646	-1,650	1,251
	Authorize and appropriate funds for a College Access and Completion Innovation Fund.													
2./	BA	----	600	600	600	600	600	----	----	----	----	----	3,000	3,000
	OL	----	143	476	558	599	600	458	124	42	1	----	2,376	3,000

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		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-2014 Total	2009-2019 Total
	NOTE: The program changes detailed below are EACH estimated separately from current law:													
	Authorize and appropriate funds for modernization, renovation, and repair of higher education facilities and elementary and secondary schools, including funds for schools damaged by Hurricans Katrina and Rita.													
2./	BA	----	2,500	2,500	----	----	----	----	----	----	----	----	5,000	5,000
	OL	----	375	1,375	1,875	1,100	250	25	----	----	----	----	4,975	5,000
2./	**Authorize and appropriate funds for grants to Historically Black Colleges and Universities and Minority-Serving Institutions.**													
	BA	----	255	255	255	255	255	----	----	----	----	----	1,275	1,275
	OL	----	13	140	232	255	255	242	115	23	----	----	895	1,275
	Beginning fiscal year 2010, appropriate funds for: (1) grants to eligible entities for community college reforms, (2) grants to states for systemic reform of community colleges, and (3) funds for national activities and evaluation .													
	BA	----	730	730	730	730	680	680	680	680	680	680	3,600	7,000
	OL	----	37	495	638	725	728	713	698	683	680	680	2,622	6,075
	Appropriate and appropriate funds for state grants for renovation and modernization of community colleges.													
	BA	----	----	2,500	----	----	----	----	----	----	----	----	2,500	2,500
	OL	----	----	625	1,000	500	375	----	----	----	----	----	2,500	2,500
	Authorize and appropriate funds for Grants to States to Improve Early Childhood Education.													
	BA	----	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	5,000	10,000
	OL	----	50	730	910	1,000	1,000	1,000	1,000	1,000	1,000	1,000	3,690	8,690
	Appropriate and appropriate funds for Cooperative Education.													
	BA	----	10	----	----	----	----	----	----	----	----	----	10	10
	OL	----	1	7	2	1	----	----	----	----	----	----	10	10

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		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-2014 Total	2009-2019 Total
	Net programmatic interactions among all program changes listed above.													
	Student Loan Interactions:													
	BA	0	0	-15	632	1,212	1,227	222	-628	-633	-643	-648	3,056	726
	OL	0	0	-10	362	872	1,057	492	-298	-553	-553	-573	2,281	796
	Pell Grant Interactions:													
	BA	0	-1	3	12	25	67	100	127	156	220	238	106	947
	OL	0	-*	*	6	16	36	75	107	134	173	224	57	771
	Total Interactions:													
	BA	0	-1	-12	644	1,237	1,294	322	-501	-477	-423	-410	3,162	1,673
	OL	0	-*	-10	368	888	1,093	567	-191	-419	-380	-349	2,338	1,567
	TOTAL CHANGES--Including Programmatic Interactions													
1./2./	**BA**	**-250**	**-911**	**-4,580**	**-8,803**	**620**	**-2,251**	**-3,622**	**-3,524**	**-2,084**	**-611**	**814**	**-16,175**	**-25,202**
	O	**-250**	**-3,131**	**-5,188**	**-4,434**	**-1,585**	**1,544**	**-1,599**	**-2,433**	**-1,655**	**-421**	**1,011**	**-13,045**	**-18,142**

Components may not add to totals due to rounding.

*. Minimal federal cost.

1./ Because administrative expenses are, for the most part, mandatory costs for guaranteed loans but mostly discretionary costs for direct loans, some of the mandatory savings reflect a shift of administrative expenses from the mandatory side of the budget to the discretionary side of the budget, as reflected below.

DISCRETIONARY:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-2014 Total	2009-2019 Total
BA	**----**	**125**	**295**	**395**	**500**	**635**	**790**	**960**	**1,125**	**1,280**	**1,425**	**1,950**	**7,530**
O	**----**	**95**	**250**	**375**	**475**	**600**	**755**	**920**	**1,090**	**1,245**	**1,390**	**1,795**	**7,195**

2./ For all new mandatory programs with outlays above $50 million in the final year of funding, CBO must consult with the Budget Committee to determine if the programs should be continued in baseline. The scoring of these programs may change depending on the guidance provided by the budget committees.