

PRELIMINARY

President's February 2011 Request: Perkins Loans

21-Jun-11

(preliminary staff estimate, by fiscal years, in millions of dollars)

Recall the current Perkins Loans revolving funds											2011-2016	2011-2021	
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>	<u>Total</u>
Budget Authority	---	-334	223	27	39	56	62	65	74	60	60	11	332
Outlays	---	-334	223	27	39	56	62	65	74	60	60	11	332
Establish a new Perkins Loan program											2011-2016	2011-2021	
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>	<u>Total</u>
Budget Authority	---	-605	-955	-755	-565	-385	-320	-315	-315	-315	-315	-3,265	-4,845
Outlays	---	-390	-830	-725	-635	-450	-340	-315	-315	-315	-315	-3,030	-4,630
Total:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>	<u>Total</u>
Budget Authority	---	-939	-732	-728	-526	-329	-258	-250	-241	-255	-255	-3,254	-4,513
Outlays	---	-724	-607	-698	-596	-394	-278	-250	-241	-255	-255	-3,019	-4,298

Proposed Changes Affecting Mandatory Spending Estimated Relative to the CBO March 2011 Baseline

Under this proposal, beginning in July 1, 2012, all new lending activity in the current Perkins loan program would cease. In addition, the recall of the federal portion of the each school's Perkins Loan Revolving Fund currently scheduled in statute to begin October 1, 2012, would begin on July 1, 2012, instead. Unlike current law, this proposal would allow schools to retain their share of any loans cancelled under the statutory provisions. The recall would be estimated on a cash basis.

A new Perkins loan program would be established for academic year 2012-2013. The new loan program would be part of the current unsubsidized Stafford loan program. Loan volume would be capped at \$8.5 billion each academic year. Loan funds would be allocated among schools by a statutory formula and disbursed to students through campus financial aid offices. These new Perkins loans would have identical terms as the current unsubsidized student loans except the annual student borrowing limits would be the same as the existing Perkins loan program.

1. Below is an estimate of the above Proposed Change Affecting Mandatory Spending using a Fair-Value analysis of program costs.

(preliminary staff estimate, by fiscal years, in millions of dollars, assumed enactment prior to July 1, 2012)

Recall the current Perkins Loans revolving funds											2011-2016	2011-2021	
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>	<u>Total</u>
Budget Authority	---	-334	223	27	39	56	62	65	74	60	60	11	332
Outlays	---	-334	223	27	39	56	62	65	74	60	60	11	332
Establish a new Perkins Loan program											2011-2016	2011-2021	
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>	<u>Total</u>
Budget Authority	---	20	60	175	285	435	490	490	490	495	495	975	3,435
Outlays	---	10	35	135	245	380	470	490	490	495	495	805	3,245
Total:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>	<u>Total</u>
Budget Authority	---	-314	283	202	324	491	552	555	564	555	555	986	3,767
Outlays	---	-324	258	162	284	436	532	555	564	555	555	816	3,577