



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

June 20, 2003

**S. 926**

**Federal Employee Student Loan Assistance Act**

*As ordered reported by the Senate Committee on Governmental Affairs  
on June 17, 2003*

S. 926 would amend the federal student loan repayment program to increase the limits on the amount of student loans that agencies may repay on behalf of eligible employees. Under current law, agencies can offer each eligible employee up to \$6,000 a year for student loan repayments, and the total amount of repayment available to any employee is limited to \$40,000. This legislation would increase the yearly limitation on such repayments to \$10,000 and raise the individual limitation to \$60,000.

CBO estimates that implementing S. 926 would cost less than \$500,000 a year, subject to the availability of appropriated funds. Enacting the bill would not affect direct spending or revenues.

Based on information from the Office of Personnel Management (OPM), CBO does not expect that an increase in the limitations on student loan repayment would lead to a significant increase in the cost of the program. OPM reports that the most common barrier to federal agencies using the student loan repayment program is a lack of specific funding. During fiscal year 2002, 16 government agencies provided student loan repayment benefits to 690 employees at a cost of \$3.1 million, with an average repayment amount of \$4,500. (The Department of State made most of those loan payments, providing \$2 million to 407 employees.) Because current spending for student loan repayments does not appear to be significantly constrained by the current annual limit of \$6,000 per eligible employee, CBO estimates that increasing the limit by \$4,000 would result in only a minor increase in spending for this benefit.

S. 926 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.