

Subsidy Rates for Student Loans Under the May 2013 Baseline And As Adjusted for Enactment of Public Law 113-28, the Bipartisan Student Loan Certainty Act of 2013 ^a

	(by fiscal year)										
	<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>2022</u>	<u>2023</u>
<u>SUBSIDIZED LOANS</u>											
May 2013 Baseline	-13.90%	-12.49%	-5.01%	2.00%	7.27%	9.56%	9.58%	9.58%	9.60%	9.58%	9.58%
May 2013 Baseline Updated for PL 113-28	-4.66%	-1.91%	1.67%	5.19%	8.13%	9.59%	9.57%	9.77%	9.95%	10.01%	10.18%
<u>UNSUBSIDIZED LOANS</u> ^b											
May 2013 Baseline	-39.93%	-33.30%	-25.01%	-16.31%	-9.86%	-7.08%	-7.08%	-7.05%	-7.05%	-7.05%	-7.05%
May 2013 Baseline Updated for PL 113-28	-27.03%	-20.09%	-18.69%	-16.36%	-14.07%	-12.65%	-12.59%	-12.23%	-11.92%	-11.69%	-11.42%
<u>GRADPLUS LOANS</u>											
May 2013 Baseline	-63.60%	-54.84%	-43.71%	-32.45%	-24.56%	-21.23%	-21.23%	-21.23%	-21.23%	-21.23%	-21.23%
May 2013 Baseline Updated for PL 113-28	-50.38%	-44.26%	-42.05%	-38.67%	-35.61%	-33.68%	-33.49%	-33.03%	-32.65%	-32.29%	-31.97%
<u>PARENT LOANS</u>											
May 2013 Baseline	-55.59%	-49.00%	-40.75%	-32.05%	-25.55%	-22.75%	-22.75%	-22.75%	-22.75%	-22.75%	-22.75%
May 2013 Baseline Updated for PL 113-28	-43.44%	-41.07%	-40.01%	-37.89%	-35.27%	-33.45%	-33.08%	-32.73%	-32.43%	-32.09%	-31.83%

Notes: P.L. 113-28 amended the Higher Education Act to change the interest rate on all new subsidized, unsubsidized, gradPLUS, and parent loans made on or after July 1, 2013. All interest rates will be a fixed rate set for the academic year during which the loan is made and it will be based on the 10-year Treasury rate. The interest rate on consolidation loans is not capped. The interest rate structure is now as follows:

- o Subsidized loans and Unsubsidized loans to undergraduate students---the 10-year Treasury rate plus 2.05 percentage points, but capped at 8.25 percent;
- o Unsubsidized loans to graduate students --- the 10-year Treasury rate plus 3.60 percentage points, but capped at 9.50 percent;
- o GradPLUS and Parent loans --- the 10-year rate plus 4.60 percentage points, but capped at 10.50 percent.

- a. These subsidy rates are consistent with the assumptions and data from CBO's May 2013 baseline. CBO has not completed a new baseline, but has updated the subsidy rates to reflect enactment of P.L. 113-28.
- b. The weighted average of unsubsidized loans to undergraduate students and graduate students, which have different interest rates under the new law.