

CBO Estimate of the Budgetary Effects of the Bipartisan Student Loan Certainty Act of 2013^{a, b}

Draft Legislation for a Senate Proposal Provided to CBO on July 18, 2013 [BOM13458]

(Millions of dollars, by fiscal year)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013- 2018	2013- 2023
CHANGES IN DIRECT SPENDING													
Estimated Budget Authority	14,290	14,400	6,940	785	-4,130	-6,035	-6,180	-5,910	-5,705	-5,560	-5,375	26,250	-2,480
Estimated Outlays	8,080	12,670	8,465	2,600	-2,100	-4,740	-5,430	-5,325	-5,125	-4,980	-4,830	24,975	-715

Source: Congressional Budget Office (CBO).

Notes: Components may not sum to totals because of rounding.

Estimates are relative to CBO's May 2013 baseline.

- a. The draft legislation would amend 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 would be a fixed rate set for the academic year during which the loan is made and it would be based on the 10-year Treasury rate. The interest rate for subsidized loans and unsubsidized loans to undergraduate students would be the 10-year Treasury rate plus 2.05 percentage points, but capped at 8.25 percent; the interest for unsubsidized loans to graduate students would be the 10-year Treasury rate plus 3.60 percentage points, but capped at 9.50 percent; and the interest rate for gradPLUS and parent loans would be the 10-year rate plus 4.60 percentage points, but capped at 10.50 percent. In addition, the interest rate on consolidation loans would not be capped. Under current law, subsidized and unsubsidized student loans have a fixed rate of 6.80 percent and gradPLUS and parent loans have a fixed rate of 7.90 percent and the interest rates on consolidation loans is the lesser of weighted average rates on the loans consolidated rounded, upward to the nearest one-eighth or 8.25 percent, which ever is lower.
- b. Assuming the availability of appropriated funds, implementing the bill would have discretionary costs for the Government Accountability Office to conduct a study on the cost of administering the federal student loan programs.

Estimate of the Statutory Pay-As-You-Go Effects for the Bipartisan Student Loan Certainty Act of 2013

Draft Legislation for a Senate Proposal Provided to CBO on July 18, 2013 [BOM13458]

(Millions of dollars, by fiscal year)

July 22, 2013

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013 - 2018	2013 - 2023
INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	8,080	12,670	8,465	2,600	-2,100	-4,740	-5,430	-5,325	-5,125	-4,980	-4,830	24,975	-715

Source: Congressional Budget Office.

Note: Components may not sum to totals because of rounding.

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