



Estimates of the Cost of Federal Credit Programs in 2025

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The federal government supports some private activities by offering credit assistance to individuals and businesses. That assistance is provided through direct loans and guarantees of loans made by private financial institutions. In this report, the Congressional Budget Office estimates the lifetime costs of new loans and loan guarantees that are projected to be issued in 2025.¹

Those lifetime costs can be calculated in two ways. One way uses procedures specified in the Federal Credit Reform Act of 1990 (FCRA), and the other is based on a measure of fair value. Using FCRA procedures—the standard way in which costs of credit programs are measured in the federal budget—CBO estimates that new loans and loan guarantees issued in 2025 would cost the federal government \$2.4 billion over their lifetime. Using the fair-value approach, which measures the market value of the government’s obligations by accounting for market risk, CBO estimates that those loans and guarantees would have a lifetime cost of \$65.2 billion. (Market risk is the component of financial risk that remains even with a well-diversified portfolio; it arises from shifts in macroeconomic conditions, such as productivity and employment, and from changes in expectations about future macroeconomic conditions.)

More than half of the difference between those amounts is attributable to three sources:

- **Guarantees Made by Fannie Mae and Freddie Mac.** Analyzed on a FCRA basis, those guarantees would *save*

the federal government \$15.7 billion; on a fair-value basis, they would *cost* the federal government \$0.1 billion.

- **Loans and Loan Guarantees Made by the Department of Housing and Urban Development (HUD).** On a FCRA basis, those programs are projected to *save* \$8.1 billion; on a fair-value basis, they would *cost* \$3.1 billion.
- **Student Loans Made by the Department of Education.** Those programs are projected to cost \$16.3 billion on a FCRA basis and cost \$22.1 billion on a fair-value basis.

On both a FCRA and fair-value basis, loans made by the Department of Education have by far the largest subsidy costs. The next largest costs are for credit assistance provided by the Department of Energy.

In this analysis, most of the FCRA estimates were produced by other federal agencies. CBO produced the FCRA estimates for the largest federal credit programs and all of the fair-value estimates.

Federal Programs That Provide Credit Assistance

For this report, CBO analyzed the 129 programs through which the federal government provides credit assistance. Discretionary programs, which are funded through annual appropriation acts, account for 107 of the 129 programs analyzed. Mandatory programs and other commitments account for the other 22 programs analyzed. For those programs, lawmakers determine spending by setting eligibility rules and other criteria in authorizing legislation rather than by appropriating specific amounts each year.

1. Lifetime costs represent the estimated net value at the time of disbursement of the federal government’s expected cash flows stemming from a credit commitment over the life of a loan. Estimates of those costs take into account the time value of money.

The total amount of federal credit assistance projected for 2025 is \$1.9 trillion, consisting of new direct loans that total \$228 billion and new guarantees that cover \$1.6 trillion in loans. Most federal credit assistance—86 percent of the total amount—is provided by the few programs that offer mortgage guarantees and student loans. By far, the largest federal credit programs are the guarantees of mortgage-backed securities provided by the government-sponsored enterprises (GSEs) Fannie Mae and Freddie Mac.² Together, those two entities are projected to provide \$987 billion in new guarantees in 2025.

Mandatory programs and commitments account for two-thirds of the total dollar value of federal loans and guarantees in 2025. The largest of the mandatory programs that CBO analyzed are the Department of Education's student loan programs and the mortgage guarantee program administered by the Department of Veterans Affairs (VA). CBO also includes in this category the commitments made through Fannie Mae's and Freddie Mac's guarantees of mortgage-backed securities because they are made outside of the annual appropriation process.

Discretionary programs account for the remaining one-third of the projected dollar value of loans and guarantees. The largest discretionary programs are the mortgage programs administered by the Federal Housing Administration (FHA), which is part of HUD, and the Department of Agriculture's Rural Housing Service (RHS); the small-business loans provided by the Small Business Administration (SBA); and the Department of Energy's Title 17 loans for innovative technologies.³

How CBO Projects Subsidy Costs

To compute the estimates in this analysis, CBO used its own projections of the volume of loans and cash flows for the largest credit programs: Fannie Mae and Freddie Mac, FHA's single-family mortgage and reverse-mortgage guarantee programs, VA's mortgage guarantee program, and the Department of Education's student loan programs. For CBO, making such projections is a routine part of preparing its baseline budget projections because those programs, which account for more than 80 percent of total federal credit assistance, can significantly affect the federal budget.⁴

For smaller federal credit programs, which are mostly funded by discretionary appropriations, CBO generally projects that subsidy costs would grow at the rate of inflation—the same approach that the agency uses to project most discretionary appropriations under current law.⁵ Because CBO does not estimate cash flows for those smaller credit programs, the agency based its subsidy estimates for those programs on cash flow estimates prepared by the Administration, which reflect the President's proposed funding for 2025. CBO's baseline projections of subsidy costs for federal credit programs are broadly similar to those produced for this report using FCRA procedures.

Various factors can alter the projected volume of loans and cash flows. Policy changes, the availability of more recent data, new estimating methods, changes in economic conditions, and changing characteristics of participants in programs can all have an effect. Because of such factors, CBO and the agencies that produce FCRA estimates have updated many of their projections for 2024 since August 2023, when CBO last published its estimates of the costs of federal credit programs.⁶ Those

2. Fannie Mae and Freddie Mac have been in federal conservatorship since September 2008. CBO treats the two GSEs as government entities in its budget estimates because, under the terms of the conservatorships, the federal government retains operational control and effective ownership of Fannie Mae and Freddie Mac. For further discussion, see Congressional Budget Office, *Effects of Recapitalizing Fannie Mae and Freddie Mac Through Administrative Actions* (August 2020), www.cbo.gov/publication/56496, and *The Effects of Increasing Fannie Mae's and Freddie Mac's Capital* (October 2016), www.cbo.gov/publication/52089.
3. Although funding for the Department of Energy's Title 17 loan programs for innovative technologies is discretionary, those programs are also operating with mandatory funding provided by the 2022 reconciliation act. That funding expires after fiscal year 2026.

4. Those baseline projections, which CBO usually publishes two or three times a year, reflect the assumption that current laws governing taxes and spending will generally remain unchanged. For CBO's latest budget and economic projections, see Congressional Budget Office, *An Update to the Budget and Economic Outlook: 2024 to 2034* (June 2024), www.cbo.gov/publication/60039.
5. To estimate subsidy costs for some of the Department of Energy's credit programs—including those that received funding under the 2022 reconciliation act—CBO used a different approach. In that case, the agency's projections incorporate assumptions about loan volume, disbursement schedules, and subsidy rates.
6. Congressional Budget Office, *Estimates of the Cost of Federal Credit Programs in 2024* (August 2023), www.cbo.gov/publication/59232.

revisions have influenced projections of cash flows for new loans and guarantees issued in 2025.

FCRA and Fair-Value Approaches to Measuring Costs

In the analysis underlying this report, CBO uses two approaches to estimate the cost of federal credit programs. The first approach, which follows the procedures prescribed by FCRA, is what the Office of Management and Budget (OMB) uses to estimate subsidy costs for most programs in the federal budget. The second, or fair-value, approach estimates the market value of the government's obligations by accounting for market risk.⁷ For taking on market risk, investors demand greater compensation than they would expect to receive from investing in Treasury securities, which are regarded as risk-free.⁸ That additional compensation—the difference between the expected return on an investment with market risk and the expected return on Treasury securities—is called the risk premium.⁹

Both approaches are examples of accrual accounting. Under accrual accounting, the estimated present value of credit programs' expenses and related receipts is recorded when the legal obligation is first made. (The present value is a single number that expresses the flows of current and projected future income or payments in terms of an equivalent lump sum received or paid at a specified time. That number depends on the discount rate, or rate of interest, that is used to translate future cash flows into current dollars.) Under cash accounting, by contrast, the value is recorded when subsequent cash transactions occur.¹⁰

7. For further discussion, see Congressional Budget Office, *How CBO Produces Fair-Value Estimates of the Cost of Federal Credit Programs: A Primer* (July 2018), www.cbo.gov/publication/53886.

8. Although Treasury securities are generally viewed as being free from credit risk (the risk that the federal government will default), they are subject to interest rate risk (the risk that arises when prevailing interest rates change) if the holder sells the security before its maturity date.

9. For more details, see Michael Falkenheim and Wendy Kiska, *How CBO Estimates the Market Risk of Federal Credit Programs*, Working Paper 2021-14 (Congressional Budget Office, November 2021), www.cbo.gov/publication/57581.

10. For further discussion, see Congressional Budget Office, *Cash and Accrual Measures in Federal Budgeting* (January 2018), www.cbo.gov/publication/53461.

In CBO's view, fair-value estimates of the costs of federal credit programs are more comprehensive than FCRA estimates and thus help lawmakers better understand the advantages and drawbacks of various policies. For purposes of comparison, this analysis includes both FCRA and fair-value estimates. The differences between the two sets of estimates—which are based on the same projected cash flows—highlight the effect of incorporating market risk into the costs of federal credit programs.

Estimation Methods Used in the Fair-Value Approach

Fair-value estimates are calculated using discounting methods that are consistent with the way the loan or loan guarantee would be priced in a competitive market. By contrast, for FCRA estimates, the projected interest rates on Treasury securities with corresponding terms to maturity are used as the discount rates. The difference between the FCRA and fair-value discount rates can be interpreted as a risk premium. In general, the cost of a direct loan or a loan guarantee calculated using FCRA procedures and recorded in the federal budget is smaller than the fair-value cost that private institutions would assign to similar credit assistance on the basis of market prices.

CBO uses two methods to estimate fair values. The common method for estimating the fair value of a direct loan or loan guarantee is to use market-based discount rates to calculate the present value. CBO used that method for all housing and real estate programs analyzed in this report.¹¹

An alternative method for obtaining fair-value subsidy costs that is consistent with the first method is to adjust projected cash flows and then discount them using the interest rates on Treasury securities.¹² Under that alternative method, the projected default and recovery amounts are multiplied by a factor called a loss multiple to directly incorporate the market risk into the cash flows. The multiple is equal to the ratio of the risk premium of a

11. For additional information about the fair-value cost of mortgage obligations, see Michael Falkenheim and Jeffrey Perry, *A Model for Pricing Federal Housing Finance Obligations*, Working Paper 2022-06 (Congressional Budget Office, April 2022), www.cbo.gov/publication/57844.

12. For additional discussion, see Michael Falkenheim, *Governmental Risk Taking Under Market Imperfections*, Working Paper 2021-07 (Congressional Budget Office, June 2021), www.cbo.gov/publication/57255, and *Fair-Value Cost Estimation and Government Cash Flows*, Working Paper 2021-05 (Congressional Budget Office, April 2021), www.cbo.gov/publication/57062.

loan to the loss rate of the loan.¹³ The loss multiple is an alternative measure of the compensation that investors require to take on market risk. CBO used that estimating method for all commercial and consumer loan programs analyzed in this report, as well as for the portion of each student loan program whose borrowers are enrolled in fixed-payment repayment plans.

The choice of method used (adjusting the discount rates or adjusting the cash flows) depends on the desired level of accuracy and ease of implementation. The loss-multiple method better fits the data for federal student, consumer, and commercial loans and is likely to be more accurate when extrapolated to longer maturities. It also is more sensitive to special features of some federal credit programs, such as their nonstandard amortization schedules. For housing and real estate programs, maturities of loans and guarantees made through government programs are like those in the private sector, so the adjusted-discount-rate and loss-multiple methods are likely to generate similar results. CBO therefore continues to use the adjusted-discount-rate method for those programs because it is easier to implement.

Projected Costs of Federal Credit Programs Under FCRA and Fair-Value Approaches

Using FCRA procedures, CBO estimates that the \$1.9 trillion in new loans and loan guarantees projected to be issued by the federal government in 2025 would result in budgetary costs of \$2.4 billion over their lifetime and thus add to the deficit in 2025 (see Table 1).¹⁴ Using the fair-value approach, CBO estimates that those loans and guarantees would have a lifetime cost of \$65.2 billion and thus add a much larger amount to the deficit.

13. The loss rate of a loan is equal to the loan's default rate multiplied by one minus the recovery rate. For example, a loan with a 10 percent default rate and a 90 percent recovery rate has a loss rate of 1 percent: $0.1 \times (1 - 0.9) = 0.01$.

14. About half of that credit assistance would be provided by Fannie Mae and Freddie Mac. Because CBO considers them to be federally owned and controlled, it treats their loan guarantees as federal commitments and accounts for them on a fair-value basis when preparing its baseline budget projections. By contrast, OMB treats those entities as private companies, and it generally displays in the federal budget only the cash transactions between them and the Treasury. See Congressional Budget Office, *Accounting for Fannie Mae and Freddie Mac in the Federal Budget* (September 2018), www.cbo.gov/publication/54475. For other credit programs analyzed in this report, both CBO and OMB account for budgetary costs using the methods prescribed by FCRA.

Differences Between FCRA and Fair-Value Subsidy Rates

For every program that CBO analyzed, the projected fair-value subsidy rate is higher than the projected FCRA subsidy rate—by about 3.4 percentage points, on average. (The subsidy rate is the cost divided by the amount disbursed; a positive rate indicates a government subsidy, and therefore a cost to the government, and a negative rate indicates budgetary savings.)¹⁵ Weighted by the amount of the programs' credit, the average subsidy rate is 0.1 percent on a FCRA basis and 3.5 percent on a fair-value basis.

The difference between the fair-value and FCRA subsidy rates varies considerably by program. The largest difference, 42.3 percentage points, is between the subsidy rates for loan guarantees provided under the Department of Agriculture's program to assist in the development, construction, and retrofitting of commercial biorefineries (the Section 9003 program); that difference reflects the high degree of market risk in that program. For lending programs subject to less market risk, the differences are much smaller—for instance, the average fair-value subsidy rate for housing and real estate loans is 2.1 percentage points higher than the FCRA subsidy rate.

The only broad category of lending with a negative FCRA subsidy rate and a positive fair-value subsidy rate consists of housing and real estate loans. Those loans generate budgetary savings when the subsidy rates are calculated using FCRA procedures; under the fair-value approach, most of those savings become costs.

How Negative Subsidy Rates Could Occur Under the Fair-Value Approach

Although most programs that have a negative subsidy rate under FCRA procedures have a positive subsidy rate under the fair-value approach, some subsidy rates are estimated to be negative under the fair-value approach. That is the case for three of the Department of Education's loan programs for borrowers enrolled in fixed-payment repayment plans (PLUS loans for parents, PLUS loans

15. To calculate the budgetary costs or savings, CBO and other federal agencies multiply the size of the commitment or obligation by the subsidy rate, so programs with high subsidy rates do not necessarily have the largest total budgetary impact. For example, under FCRA, the Federal Emergency Management Agency's Community Disaster Loan Program has the highest subsidy rate (91.3 percent) and a budgetary cost of \$89 million. By contrast, VA's mortgage guarantee program has a much lower subsidy rate (0.1 percent) but is projected to cost \$99 million.

Table 1.

Projected Costs of Federal Credit Programs, by Total Obligations or Commitments, 2025

	Number of programs	Obligations or commitments (billions of dollars)	Subsidy rate (percent) ^a		Subsidy amount (billions of dollars)	
			FCRA estimate	Fair-value estimate	FCRA estimate	Fair-value estimate
By category of lending						
Housing and real estate loans	40	1,542	-1.4	0.7	-21.4	10.6
Commercial loans	82	237	3.2	13.7	7.5	32.5
Student loans	5	90	18.1	24.6	16.3	22.1
Consumer loans	2	*	35.1	47.6	*	*
All lending categories	129	1,869	0.1	3.5	2.4	65.2
By department or agency						
Fannie Mae and Freddie Mac	1	987	-1.6	**	-15.7	0.1
Housing and Urban Development	21	331	-2.4	0.9	-8.1	3.1
Veterans Affairs	5	190	1.2	2.9	2.3	5.6
Education	6	90	18.1	24.6	16.3	22.2
Agriculture	45	68	2.1	6.4	1.4	4.4
Small Business Administration	8	60	0.4	10.7	0.3	6.4
Energy	7	57	9.4	23.9	5.3	13.5
International assistance programs	15	56	1.2	12.5	0.7	7.0
Export-Import Bank	5	11	-3.8	1.9	-0.4	0.2
Transportation	3	6	1.4	13.3	0.1	0.9
Other ^b	13	13	2.2	15.0	0.3	1.9
All departments and agencies	129	1,869	0.1	3.5	2.4	65.2

Data sources: Congressional Budget Office; Office of Management and Budget. See www.cbo.gov/publication/60517#data.

Fair-value estimates differ from FCRA estimates in that they account for market risk—the component of financial risk that remains even with a well-diversified portfolio. Market risk arises from shifts in macroeconomic conditions, such as productivity and employment, and from changes in expectations about future macroeconomic conditions.

For discretionary programs, the projections of cash flows prepared by other federal agencies reflect the Administration’s proposed funding for 2025.

The table provides estimates for every program (except for consolidation loans issued by the Department of Education) for which 2025 information is provided in Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2025: Credit Supplement* (March 2024), www.govinfo.gov/app/details/BUDGET-2025-FCS. CBO has added loan guarantees made by Fannie Mae and Freddie Mac.

Most of the obligations, commitments, and FCRA estimates shown are from the Office of Management and Budget. The exceptions are estimates for student loans (which are administered by the Department of Education) and for programs related to single-family mortgages (administered by Fannie Mae, Freddie Mac, the Department of Veterans Affairs, and the Federal Housing Administration in the Department of Housing and Urban Development); those estimates were produced by CBO. CBO excludes guarantees provided through Ginnie Mae and secondary market guarantees provided by the SBA from its estimate of total credit assistance because they are incremental guarantees on loans already included in the totals for loans guaranteed by HUD and the SBA.

FCRA = Federal Credit Reform Act of 1990; HUD = Department of Housing and Urban Development; SBA = Small Business Administration;

* = between zero and \$50 million; ** = between zero and 0.05 percent.

a. The subsidy rate is the cost of a program, calculated on either a FCRA or fair-value basis, divided by the amount of credit disbursed. A positive subsidy rate indicates a cost to the government, and a negative rate indicates budgetary savings.

b. Includes the Departments of Commerce, Health and Human Services, Homeland Security, the Interior, State, and the Treasury, as well as the Environmental Protection Agency.



for graduate students, and unsubsidized Stafford loans for graduate students), two of the Department of Agriculture's electricity-related loan programs (which are used to finance facilities that generate, transmit, or distribute electricity), and several smaller programs.¹⁶

In principle, programs with a negative fair-value subsidy rate would be rare because such a rate should represent a profitable opportunity for a private financial institution to provide credit on the same or better terms. But negative fair-value subsidy rates could arise in situations that private entities might not find attractive—if, for example, there were barriers to entry (such as the need for private lenders to incur large fixed costs to enter a particular credit market) or if the profit opportunity was expected to be short-lived. Furthermore, in some cases, such as for student loans, the federal government has tools to collect from delinquent borrowers that private lenders do not have, giving federal programs an advantage over private-sector competitors.

Another possibility is that a fair-value subsidy rate might be estimated to be negative because of an error in one of the factors used to calculate the rate. Those factors could include an underestimate of the appropriate risk premium (because of a lack of comparable assets in the market) or an understatement of the true cost of a program (because the calculation does not include administrative costs).

Projected Costs of Discretionary and Mandatory Programs Under Both Approaches

For loans and loan guarantees that are projected to be issued in 2025, all discretionary credit programs, considered together, are projected to save \$0.6 billion on a FCRA basis, and all mandatory credit programs are projected to cost \$3.1 billion. Those 2025 amounts represent a decrease in costs of \$3.5 billion and \$5.0 billion, respectively, compared with the costs that were projected last year for 2024.

16. The Department of Agriculture administers two similar programs that provide loans to facilities that generate, transmit, and distribute electricity, though the interest rate charged by each program differs. The traditional direct program adds an interest rate spread to the rate on Treasury securities; the other program, which is funded through the Federal Financing Bank, adds a liquidity premium to the rate on Treasury securities. The Federal Financing Bank is a government corporation that borrows from the Treasury and lends to federal agencies and private entities that receive federal loan guarantees. One of its purposes is to reduce the costs of federal borrowing in a way that is least disruptive to private markets, allowing the corporation to provide lending terms for any amount required and for nearly any term to maturity. See Federal Financing Bank Act of 1973, 12 U.S.C. § 2281, et seq.

On a fair-value basis, discretionary programs providing loans and loan guarantees in 2025 are projected to cost \$36.2 billion, and mandatory programs are projected to cost \$29.0 billion. Those costs are, respectively, \$1.0 billion more and \$12.5 billion less than the costs that were projected last year for 2024.

The largest changes—on both a FCRA and a fair-value basis—are for the costs of the mortgage guarantees made by Fannie Mae and Freddie Mac, FHA, and VA. Significant factors contributing to those changes include changes in the programs' operations and changes in CBO's forecasts for interest rates and house prices.

Of the 107 discretionary federal credit programs, 47 have a subsidy rate that is estimated to be zero or negative in 2025 when calculated on a FCRA basis. When calculated on a fair-value basis, the subsidy rate for 36 of those programs is estimated to be positive and thus would result in a cost to the federal government.¹⁷ Of the 22 mandatory programs, 14 have a subsidy rate that is estimated to be zero or negative in 2025 when calculated on a FCRA basis. When calculated on a fair-value basis, the subsidy rate for 5 of those programs is estimated to be positive and thus would represent a cost to the federal government.

Projected Costs for Particular Categories of Lending Under Both Approaches

For ease of reference, CBO has divided the loans and loan guarantees that it analyzed into four categories: housing and real estate loans, student loans, commercial loans, and consumer loans. (The categories are discussed in order of budgetary importance. The ordering in the table and figure differs slightly because those categories are arrayed by size of commitments in the table and by the amount of the subsidy in the figure.)

In the discussion that follows, CBO presents the current projections for fiscal year 2025 and compares them with the projections for 2024 that the agency published in August 2023.¹⁸ For discretionary programs, the outcomes depend on the appropriation actions that were taken for 2024 and will be taken for 2025. (Appropriations for

17. In this analysis, a subsidy rate was deemed to be zero if it fell between -0.1 percent and 0.1 percent. See Supplemental Table 2, which is posted along with this report at www.cbo.gov/publication/60517#data.

18. Congressional Budget Office, *Estimates of the Cost of Federal Credit Programs in 2024* (August 2023), www.cbo.gov/publication/59232.

2024 were enacted after CBO's report was issued last year and therefore were not reflected in those estimates.)

Housing and Real Estate Loans

The federal government's credit assistance in the form of housing and real estate loans and guarantees is projected to amount to \$1.5 trillion in 2025, or 82 percent of the projected \$1.9 trillion in total credit assistance. In CBO's projections, most of that assistance—\$987 billion in mortgage guarantees—is provided by Fannie Mae and Freddie Mac. The two GSEs primarily buy mortgages from lenders and pool the mortgages to create mortgage-backed securities, which they guarantee against default and sell to investors. Because the GSEs are in federal conservatorship, CBO regards those loan guarantees as governmental commitments. (The Administration takes another view and therefore accounts for those guarantees differently.)

Even without considering the two GSEs, the category of housing and real estate loans accounts for the bulk of federal credit assistance. If the GSEs are excluded, federal credit assistance in this category is projected to amount to \$555 billion in 2025, or 63 percent of the smaller total (\$882 billion, which is equal to \$1.9 trillion in total credit assistance minus the \$987 billion that is attributable to the GSEs). Other housing and real estate programs include loan guarantees provided by HUD (\$331 billion), VA (\$180 billion), and RHS (\$31 billion). Of the \$331 billion in loan guarantees provided by HUD, \$312 billion is attributable to guarantees of single-family mortgages provided through FHA.

The federal government also provides guarantees through the Government National Mortgage Association (or Ginnie Mae, which is part of HUD) for securities that are themselves backed by federally guaranteed mortgages, including mortgages guaranteed by FHA and VA.¹⁹ In CBO's projections, guarantees provided through Ginnie Mae amount to \$504 billion in 2025. CBO has excluded those guarantees from its estimate of total credit assistance, however, because they are incremental guarantees on loans already included in the totals for loans guaranteed by the FHA, VA, and other federal housing guarantors. In CBO's estimation, the fair-value subsidy rate for Ginnie Mae is effectively zero.

Projected Subsidies. Calculated on a FCRA basis, the average subsidy rate for housing and real estate programs

in 2025 is estimated to be -1.4 percent, and the lifetime budgetary savings are projected to be \$21.4 billion.²⁰ Subsidy rates vary considerably among the individual housing and real estate programs, from -29.0 percent for VA's Vendee Loan program (which offers qualified borrowers the option to purchase VA-owned properties with little or no money down) to 71.0 percent for RHS's Multifamily Housing Preservation and Revitalization Seconds program (which offers second mortgages to finance the repair and rehabilitation of multifamily housing projects).

Calculated on a fair-value basis, the average subsidy rate for housing and real estate programs in 2025 is estimated to be 0.7 percent, and the lifetime cost is projected to be \$10.6 billion. The difference in budgetary impact between the FCRA and fair-value estimates is thus \$32.0 billion (see Figure 1).²¹

CBO also examined the sensitivity of those fair-value estimates to a variation of plus or minus 10 percent in the estimated risk premium.²² The resulting lifetime cost of the federal credit assistance provided by housing and real estate programs ranged from \$7.6 billion to \$13.5 billion, and the fair-value subsidy rate varied by plus or minus 0.2 percentage points from the central estimate of 0.7 percent.

Comparison With Last Year's Projections. The projected subsidy rates for 2025 are less than those estimated last year for 2024. The average subsidy rate for credit assistance for housing and real estate loans, excluding what is provided through the GSEs, is projected to decrease by 0.9 percentage points from 2024

20. Those estimates include the FCRA estimate of the budgetary costs of loan guarantees made by Fannie Mae and Freddie Mac. Excluding those guarantees, the average subsidy rate for other housing and real estate loans is -1.0 percent, and the lifetime budgetary savings are projected to be \$5.6 billion.

21. About half of that difference is attributable to the loan guarantees made by Fannie Mae and Freddie Mac. When making its baseline projections, CBO estimates the cost of those loan guarantees on a fair-value basis, whereas for other housing and real estate credit programs, the agency follows the procedures prescribed by FCRA. Excluding loans guaranteed by the GSEs, the average fair-value subsidy rate for housing and real estate loans is 1.9 percent, and the estimated cost of housing and real estate credit programs is \$10.5 billion, resulting in a \$16.2 billion difference between the budgetary impact under FCRA and that under fair-value accounting.

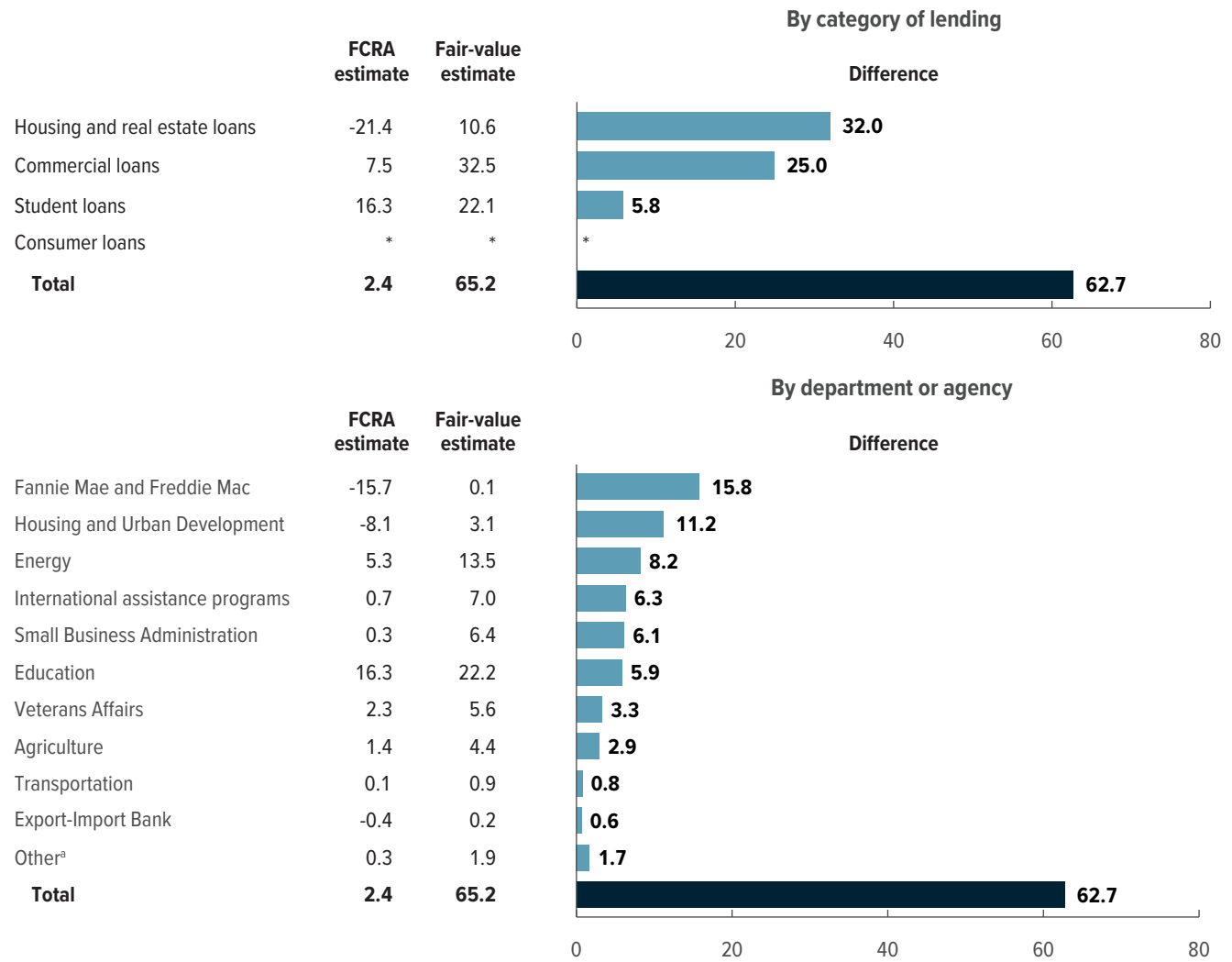
22. CBO used 10 percent differences partly because most annual shifts in the risk premium for stocks are less than 10 percent; differences amounting to 20 percent would have larger effects than those reported here, although those differences would not necessarily be twice as large.

19. For further discussion, see Congressional Budget Office, *Ginnie Mae and the Securitization of Federally Guaranteed Mortgages* (January 2022), www.cbo.gov/publication/57176.

Figure 1.

Differences Between FCRA and Fair-Value Estimates of Subsidies for Federal Credit Programs, 2025

Billions of dollars



Data sources: Congressional Budget Office; Office of Management and Budget. See www.cbo.gov/publication/60517#data.

Fair-value estimates differ from FCRA estimates in that they account for market risk—the component of financial risk that remains even with a well-diversified portfolio. Market risk arises from shifts in macroeconomic conditions, such as productivity and employment, and from changes in expectations about future macroeconomic conditions.

For discretionary programs, the projections of cash flows prepared by other federal agencies reflect the Administration’s proposed funding for 2025.

Most of the FCRA estimates shown are from the Office of Management and Budget. The exceptions are estimates for student loans (which are administered by the Department of Education) and for programs related to single-family mortgages (administered by Fannie Mae, Freddie Mac, the Department of Veterans Affairs, and the Federal Housing Administration in the Department of Housing and Urban Development); those estimates were produced by CBO.

The figure excludes consolidation loans issued by the Department of Education.

FCRA = Federal Credit Reform Act of 1990; * = between zero and \$50 million.

a. Includes the Departments of Commerce, Health and Human Services, Homeland Security, the Interior, State, and the Treasury, as well as the Environmental Protection Agency.



to 2025 when calculated on a FCRA basis and by 2.3 percentage points when calculated on a fair-value basis. Including the GSEs' loan guarantees, the subsidy rate is projected to decrease by 0.3 percentage points on a FCRA basis and by 1.4 percentage points on a fair-value basis.

GSEs' Mortgage Guarantees. The projected budgetary savings in 2025 from the GSEs' mortgage guarantees are \$2.3 billion more on a FCRA basis than the savings that were projected last year for 2024. On a fair-value basis, the projected budgetary costs are \$8.3 billion less than the costs that were projected last year for 2024. Those differences are driven partially by an increase of 0.1 percentage point in the projected subsidy rate on a FCRA basis (resulting in a \$0.7 billion decrease in savings) and a reduction of 1.0 percentage point on a fair-value basis (resulting in a \$9.2 billion decrease in subsidy costs).²³ An increase of \$183 billion in projected credit obligations boosted budgetary savings by \$3.0 billion on a FCRA basis and increased subsidy costs by \$1.0 billion on a fair-value basis.²⁴

The changes in the subsidy costs and rates are the result of updates that CBO made to its economic forecast, including lower interest rates in the near term, which led to an increase in the expected early repayment (or prepayment) of mortgages guaranteed in 2025. More prepayments generally reduce both the expected costs of defaults (net of recoveries) and the value of guarantee fees collected. Calculated on a FCRA basis, the decrease in the value of guarantee fees collected exceeds the decrease in the cost of defaults (net of recoveries), resulting in an increase in the subsidy rate. Calculated on a fair-value basis, the decrease in the cost of defaults (net of recoveries) exceeds the decrease in the value of guarantees fees collected, resulting in a reduction in the subsidy rate.

FHA's Single-Family Mortgage Guarantees. The projected budgetary savings in 2025 from FHA's single-family mortgage guarantee program (excluding the home equity conversion mortgage program) are \$5.4 billion more on a FCRA basis than the savings that were

23. The changes in the amount of subsidy costs attributable to changes in credit obligations and subsidy rates—here and throughout the report—are approximate because estimating them requires allocating overlapping effects. CBO allocated 50 percent of the change from overlapping effects to the change in obligations and the rest to the change in subsidy rates.

24. CBO now estimates obligations in 2024 to be \$785 billion, which is less than the amount that CBO projected last year for 2024 and significantly smaller than the amount that it now projects for 2025.

projected last year for 2024. The projected budgetary costs on a fair-value basis are \$7.3 billion less than the costs that were projected last year for 2024. A decomposition of the changes on a FCRA basis indicates that they result from a decrease of 1.7 percentage points in the subsidy rate (resulting in a \$4.3 billion increase in savings) and an increase of \$88 billion in projected credit obligations (resulting in a \$1.1 billion increase in savings).²⁵ On a fair-value basis, a decrease of 3.9 percentage points in the projected subsidy rate (resulting in a \$9.7 billion decrease in subsidy costs) was partially offset by the increase in projected credit obligations (resulting in a \$2.3 billion increase in subsidy costs). The projected decline in the subsidy rate is driven primarily by the expected increase in the prepayment of mortgages guaranteed in 2025, which decreased the cost of defaults (net of recoveries) by more than the amount of the decrease in the value of guarantees fees collected.

VA's Home Loan Guarantees. The projected budgetary cost of VA's home loan guarantees in 2025 is \$1.7 billion less on both a FCRA and fair-value basis than the cost that was projected last year for 2024. The reduction is driven by a decrease of 1.2 percentage points in the projected subsidy rate on a FCRA basis (resulting in a \$1.9 billion decrease in subsidy costs) and 1.5 percentage points on a fair-value basis (resulting in a \$2.5 billion decrease in subsidy costs). Partially offsetting those reductions is an increase in the projected amount of credit obligations (from \$146 billion in 2024 to \$180 billion in 2025), which pushes up budgetary costs by \$0.2 billion on a FCRA basis and \$0.8 billion on a fair-value basis.²⁶ The change in the FCRA and fair-value subsidy rates was driven by the increase in the expected prepayment of mortgages guaranteed in 2025, which pushed down projected default costs (net of recoveries).

Student Loans

The Department of Education's student loan programs provide several types of loans—subsidized Stafford loans (which are available to undergraduate students), unsubsidized Stafford loans (which are available to undergraduate and graduate students), and PLUS loans (which are available to parents of students and to graduate

25. CBO now estimates obligations in 2024 to be \$233 billion, which is more than the amount that CBO projected last year for 2024 but less than the amount that it now projects for 2025.

26. CBO now estimates obligations in 2024 to be \$154 billion, which is more than the amount that CBO projected last year for 2024 but less than the amount that it now projects for 2025.

students). Those programs are projected to account for \$90 billion of federal credit in 2025.

CBO uses a hybrid approach to separately estimate fair-value subsidies for the portion of each student loan program whose borrowers are enrolled in fixed-payment repayment plans and income-driven repayment (IDR) plans. For borrowers enrolled in fixed-payment repayment plans, CBO uses the loss-multiple approach to estimate the subsidy rate on a fair-value basis. For borrowers enrolled in IDR plans, CBO's fair-value estimates incorporate an adjustment to the projection of wages earned by those borrowers.

IDR plans tie required payments to borrowers' income and provide loan forgiveness after a certain period (typically 20 to 25 years). Those plans involve a different form of market risk than fixed-payment repayment plans because the required payments depend on borrowers' income and because borrowers may be eligible to have their unpaid balances forgiven. When the economy performs poorly, borrowers' earnings are more likely to decrease, lowering the required payments. Those reduced payments eventually lead to more loan forgiveness because the balance at the time of forgiveness is larger than it would be if required payments were greater. (That additional risk is partly offset because borrowers enrolled in IDR plans are less likely than borrowers enrolled in fixed-payment repayment plans to default on their loans.) To develop an adjustment for IDR plans, CBO applied methods from academic studies that estimate the financial value of required payments that are a function of future wages.²⁷ Those studies developed methods to

adjust projections of future wages on the basis of their relationship with stock prices.

Changes to IDR plans have led to increases in costs for the student loan program. Under the terms of the most recently available IDR plan (called "SAVE"), borrowers pay 5 percent of their discretionary income monthly toward their undergraduate loans and 10 percent of their discretionary income toward graduate loans. (Previous plans required borrowers in IDR plans to pay 10 percent of their discretionary income toward all loans.) In addition, after 10 years of on-time repayment, borrowers whose original loan amount was \$12,000 or less are eligible for forgiveness of the remaining balance. (In the SAVE plan, discretionary income is defined as income above 225 percent of the federal poverty guidelines, unlike the previous definition of discretionary income for IDR plans, which set it at income above 150 percent of those guidelines.)²⁸ Unpaid interest does not accrue on those loan amounts in the SAVE plan.²⁹

Projected Subsidies. In total, the average subsidy rate for the Department of Education's student loan programs in 2025 is estimated to be 18.1 percent when calculated on a FCRA basis, and the lifetime budgetary costs are projected to be \$16.3 billion. But FCRA subsidy rates vary considerably among the individual loan programs and repayment plans.

For borrowers enrolled in fixed-payment repayment plans, subsidy rates in 2025 are projected to vary from -29.0 percent for the PLUS loan program for graduate students to 5.8 percent for the subsidized Stafford loan program—both calculated on a FCRA basis. The difference is explained by three key factors:

- The interest rate in the PLUS loan program for graduate students is 2.55 percentage points higher than the interest rate in the subsidized Stafford loan

27. Michael Falkenheim and Wendy Kiska, *How CBO Estimates the Market Risk of Federal Credit Programs*, Working Paper 2021-14 (Congressional Budget Office, November 2021), www.cbo.gov/publication/57581; Congressional Budget Office, "Including Market Risk in Estimates of the Budgetary Effects of Changing the Federal Retirement System for Civilian Workers" (supplemental material for *Options for Changing the Retirement System for Federal Civilian Workers*, August 2017), www.cbo.gov/publication/53003#data; Mark Huggett and Greg Kaplan, "How Large Is the Stock Component of Human Capital?" *Review of Economic Dynamics*, vol. 22 (October 2016), pp. 21–51, <https://doi.org/10.1016/j.red.2016.06.002>; John Geanakoplos and Stephen P. Zeldes, "Market Valuation of Accrued Social Security Benefits," in Deborah Lucas, ed., *Measuring and Managing Federal Financial Risk* (University of Chicago Press, 2010), pp. 213–233, <https://tinyurl.com/fbyfjz9x>; Luca Benzoni, Pierre Collin-Dufresne, and Robert S. Goldstein, "Portfolio Choice Over the Life-Cycle When the Stock and Labor Markets Are Cointegrated," *Journal of Finance*, vol. 62, no. 5 (October 2007), pp. 2123–2167, <https://doi.org/10.1111/j.1540-6261.2007.01271.x>; and

Deborah Lucas and Stephen P. Zeldes, "Valuing and Hedging Defined Benefit Pension Obligations: The Role of Stocks Revisited" (draft, Columbia Business School, September 2006), <https://tinyurl.com/yc49kcea>.

28. For a description of the federal poverty guidelines, see Department of Health and Human Services, "U.S. Federal Poverty Guidelines Used to Determine Financial Eligibility for Certain Programs" (January 17, 2024), <https://tinyurl.com/2767tvpa>.

29. There is ongoing litigation challenging portions of the SAVE plan, but only outstanding loans are affected. That litigation has no effect on the subsidy estimates for the 2025 cohort of loans. In CBO's baseline, the SAVE plan is assumed to be fully implemented for new loans.

program, as prescribed by a formula in the Higher Education Act.

- Subsidized Stafford loans accrue no interest while borrowers are enrolled in school at least half time or during other periods of deferment, whereas PLUS loans for graduate students begin to accrue interest immediately after origination.³⁰
- The origination fee is 1.1 percent for subsidized Stafford loans but 4.2 percent for PLUS loans for graduate students.

For borrowers enrolled in IDR plans, subsidy rates in 2025, calculated on a FCRA basis, range from 27.2 percent for the unsubsidized Stafford loan program for graduate students to 46.1 percent for the subsidized Stafford loan program. Those rates are estimated to be considerably higher than for borrowers enrolled in fixed-payment repayment plans. The wide range in those rates is primarily explained by the loans' differing terms of repayment and expected defaults, as well as borrowers' income and eligibility for forgiveness.

In CBO's assessment, several factors explain the difference in subsidy rates between fixed-payment repayment plans and IDR plans. For example, borrowers with certain characteristics and amounts of debt are more likely to enroll in IDR plans than in fixed-payment repayment plans. In addition, because the Department of Education plans to transfer delinquent loans held by borrowers in fixed-payment repayment plans to the SAVE plan, CBO estimates that borrowers in fixed-payment repayment plans would rarely default and their loans would thus have lower subsidy rates.

Calculated on a fair-value basis, the average subsidy rate for the student loan programs as a whole is estimated to be 24.6 percent in 2025, and the lifetime cost is projected to be \$22.1 billion. The difference in budgetary impact between the FCRA and fair-value estimates is thus \$5.8 billion. Like the FCRA subsidy rates, the fair-value subsidy rates vary substantially among the individual programs and repayment plans. For borrowers enrolled in fixed-payment repayment plans, subsidy rates vary from -22.8 percent for the PLUS loan program for graduate students to 13.1 percent for the subsidized Stafford loan program. For borrowers enrolled in IDR

plans, subsidy rates vary from 32.6 percent for the unsubsidized Stafford loan program for graduate students to 49.6 percent for the subsidized Stafford loan program.

When CBO calculated subsidy costs by using loss multiples that were 0.5 higher or lower and wage adjustments of plus or minus 0.5 percentage points, the resulting fair-value estimates ranged from \$20.8 billion to \$23.4 billion. Similarly, the fair-value subsidy rate varied by plus or minus 1.4 percentage points from its central estimate of 24.6 percent.

Comparison With Last Year's Projections. Calculated on a FCRA basis, the projected subsidy rates for student loans in 2025 are lower than those estimated last year for 2024. The average subsidy rate for student loans is projected to decrease by 3.5 percentage points, from 21.6 percent in 2024 to 18.1 percent in 2025, resulting in a \$3.1 billion reduction in projected budgetary costs. Calculated on a fair-value basis, the average subsidy rate for student loans is projected to decline by 3.8 percentage points, from 28.4 percent in 2024 to 24.6 percent in 2025, and the projected cost of student loans issued in 2025 is \$3.3 billion less than last year's projected amount for 2024.

Most of the changes to CBO's estimates of subsidy rates are explained by changes in the projections of interest rates (which affect the interest rates paid by borrowers and the rates used to discount cash flows) and the income of borrowers in IDR plans.

Commercial Loans

The federal government provides assistance to commercial entities in the form of direct loans and loan guarantees. Most of that assistance, which is projected to total \$237 billion in 2025, would be provided through the SBA (\$60 billion), the Department of Energy (\$57 billion), and international assistance programs (\$56 billion). The SBA also guarantees securities that are themselves backed by federally guaranteed loans, but CBO has excluded those guarantees from its estimate of total credit assistance because they are incremental guarantees on loans already included in the totals for loans guaranteed by the SBA. In CBO's estimation, the fair-value subsidy rate for those guarantees is effectively zero.

Projected Subsidies. The average subsidy rate for commercial loan programs in 2025 is estimated to be 3.2 percent, and the lifetime budgetary cost is projected

30. Under deferment, borrowers may temporarily stop making payments on their student loans, usually without interest accruing on the balance of subsidized loans.

to be \$7.5 billion—both calculated on a FCRA basis. The positive subsidy rate and the net cost for such programs in 2025 stem mainly from the Department of Energy’s loans for advanced vehicle manufacturing (projected to cost \$1.2 billion) and Title 17 direct loans and guarantees for innovative technologies (projected to cost \$3.5 billion), as well as the Department of Agriculture’s loans from funding provided by the 2022 reconciliation act (projected to cost \$1.1 billion).³¹

Nearly 40 percent of the commercial loan programs have a subsidy rate that is zero or negative when calculated on a FCRA basis; in total, those programs are projected to save the federal government \$1.1 billion. Most of those savings, 71 percent, are attributable to the Export-Import Bank’s long-term guarantees and the International Development Finance Corporation’s direct loan program.

Calculated on a fair-value basis, the average subsidy rate for commercial loan programs in 2025 is estimated to be 13.7 percent, and the lifetime cost is projected to be \$32.5 billion. The difference in budgetary impact between the two sets of estimates is \$25.0 billion. More than 70 percent of the projected cost on a fair-value basis comes from the following programs:

- The Department of Energy’s Title 17 direct loans and loan guarantees (\$9.4 billion), loans for advanced vehicle manufacturing (\$2.5 billion), and loans for projects that build carbon dioxide transport infrastructure (\$1.5 billion);
- The SBA’s 7(a) loan guarantees for small businesses (\$3.0 billion), Section 504 loan guarantees for debentures (a type of security) issued through certified development companies (\$1.3 billion), and loan guarantees for debentures issued by small business investment companies (\$1.3 billion);
- Loan guarantees issued by the International Bank for Reconstruction and Development (\$3.7 billion); and

- Direct loans made by the Department of Agriculture under the 2022 reconciliation act (\$1.1 billion).

When CBO varied the loss multiples for commercial loans by plus or minus 0.5, the resulting cost on a fair-value basis ranged from \$26.5 billion to \$38.2 billion. Similarly, the fair-value subsidy rate varied by plus or minus 2.5 percentage points from its central estimate of 13.7 percent.

Comparison With Last Year’s Projections. Calculated on a FCRA basis, the average subsidy rate for commercial loans is projected to increase from 2.3 percent in 2024 to 3.2 percent in 2025, and the budgetary cost projected for 2025 is \$2.2 billion more than the amount that was projected for 2024 last year. Four new programs are projected to have a combined subsidy cost of \$0.7 billion in 2025. Nearly all of that increase is attributable to one program (loan guarantees issued by the International Bank for Reconstruction and Development); the other three programs decreased budgetary costs by just \$13 million.³²

There were notable changes in the FCRA subsidies for two commercial loan programs offered by the Department of Energy. First, the projected cost of the Section 1706 direct loan program for innovative technologies increased by \$1.7 billion, on net. An increase of \$23.6 billion in proposed credit obligations (from \$5 billion in 2024 to \$29 billion in 2025) raised the projected budgetary cost of the program by \$1.8 billion.³³ Partially offsetting that effect was a decrease of 0.7 percentage points in the subsidy rate—primarily from a small increase in the interest rate paid by borrowers—which lowered projected costs by \$0.1 billion.

Second, the projected budgetary cost of the Section 1703 loan program for innovative technologies increased by \$0.4 billion on a FCRA basis. An increase of 12.9 percentage points in the subsidy rate—primarily stemming from an increase in the projected default rate, net of recoveries—raised projected costs by \$1.6 billion. That effect was largely offset by a decrease of \$10.6 billion in proposed credit obligations (from \$17.5 billion in

31. The Energy Policy Act of 2005 provides broad authority for the Department of Energy to finance projects that support clean energy and energy infrastructure reinvestment. See secs. 1703 and 1706 of the Energy Policy Act of 2005, Public Law 109-58, 42 U.S.C. §§ 16513, 16517. The 2022 reconciliation act provided \$1.0 billion for the Rural Utilities Service to offer loans for renewable energy infrastructure and \$9.7 billion for the Rural Utilities Service to offer loans, grants, and other financial assistance to support the purchase of renewable energy systems, zero-emission systems, and carbon capture systems. See secs. 22001 and 22004 of the 2022 reconciliation act, P.L. 117-169, 136 Stat.

32. New programs are identified in Supplemental Table 3, which is posted along with this report at www.cbo.gov/publication/60517#data.

33. The Administration now projects obligations in 2024 to be \$1.0 billion, which is less than the amount projected in the 2024 budget and significantly smaller than the amount that the Administration has proposed for 2025.

2024 to \$6.9 billion in 2025), which decreased subsidy costs by \$1.2 billion.³⁴

For other commercial loan programs, the total projected cost in 2025 is \$126 million less than the FCRA-based cost projected last year for 2024.

Calculated on a fair-value basis, the average subsidy rate for commercial loans is projected to increase from 10.9 percent in 2024 to 13.7 percent in 2025, and the projected cost of those programs in 2025 is \$7.4 billion more than the cost projected last year for 2024. The new programs proposed for 2025 account for nearly half of the increase in subsidy costs on a fair-value basis.

The increase in the fair-value subsidies for commercial loans offered under existing programs is driven mainly by changes in the projected credit obligations and subsidy rate for the Department of Energy's Section 1706 direct loan program for innovative technologies. The increase of \$23.6 billion in projected credit obligations raised the projected budgetary cost of the program by \$4.9 billion on a fair-value basis. That effect was magnified by an increase of 0.8 percentage points in the subsidy rate—primarily attributable to an increase in the projected default rate, net of recoveries—which boosted subsidy costs by \$0.1 billion.

The overall increase in fair-value subsidies for commercial loans is partially offset by a decrease of \$1.8 billion in the subsidy for the Department of Commerce's direct loans to businesses that produce semiconductors.³⁵ A decrease in proposed credit obligations (from \$12.9 billion in 2024 to \$3.0 billion in 2025) lowered projected budgetary costs by \$2.2 billion on a fair-value basis. That effect was partially offset by an increase of 5.2 percentage points in the fair-value subsidy rate, which stemmed largely from a net increase in projected default costs and resulted in a \$0.4 billion increase in estimated subsidy costs.

The projected cost of other existing commercial loan programs in 2025 is \$1.1 billion more than the cost projected last year for 2024 on a fair-value basis.

34. The Administration now projects obligations in 2024 to be \$19.1 billion, which is more than the amount projected in the 2024 budget and significantly larger than the amount that the Administration has proposed for 2025.

35. The CHIPS Act of 2022 provided up to \$6 billion for the Department of Commerce to provide direct funding, loans, and loan guarantees for projects to construct, expand, or modernize commercial semiconductor facilities. See CHIPS Act of 2022, P.L. 117-167, 136 Stat. 1372.

Consumer Loans

The federal government also provides loans and loan guarantees to individual borrowers. The dollar amounts for this category of loans are small compared with amounts for the other categories: In 2025, such credit assistance is projected to total \$5 *million* for the two programs that make up this category—the State Department's repatriation loans and VA's vocational rehabilitation loans.³⁶ In most cases, consumer loans and guarantees are secured only by borrowers' income and not by their other assets, which elevates the amount of market risk.

Projected Subsidies. The average subsidy rate for consumer loans in 2025 is estimated to be 35.1 percent, calculated on a FCRA basis, and the lifetime budgetary cost is projected to be \$1.9 million. Of the four lending categories that CBO has described in this analysis, credit assistance to consumers has the highest positive subsidy rate when analyzed under FCRA procedures.

Calculated on a fair-value basis, the average subsidy rate for consumer loans in 2025 is estimated to be 47.6 percent—the largest of the four broad categories—and the lifetime cost is projected to be \$2.5 million. The difference in budgetary impact between the two sets of estimates is \$0.7 million, and it is attributable entirely to the State Department's repatriation loans. VA's vocational rehabilitation loans have a maturity of one year with no expected defaults; thus, there is no risk adjustment for that program, and the fair-value estimate is the same as the FCRA estimate.

When CBO varied the loss multiple for the State Department's repatriation loans by plus or minus 0.5, the resulting cost on a fair-value basis ranged from \$1.8 million to \$2.8 million, and the fair-value subsidy rate varied from 48.7 percent to 74.0 percent, with a central estimate of 65.8 percent.

Comparison With Last Year's Projections. The projected subsidy costs for consumer loans in 2025 are slightly greater than the costs projected last year for 2024. For the State Department's repatriation loan program, the subsidy cost increased by \$0.2 million on a FCRA basis and by \$0.4 million on a fair-value basis, largely because of a projected increase of \$0.7 million in credit obligations (which rose from \$3.0 million in 2024 to \$3.7 million in 2025). For VA's vocational rehabilitation loans, the estimated FCRA and fair-value subsidy rates climbed from 3.9 percent to 4.1 percent.

36. The State Department provides emergency repatriation loans to Americans abroad who cannot finance their return to the United States.

This document, which is part of the Congressional Budget Office's continuing effort to make its work transparent, provides Members of Congress, their staff, and others with information about the cost of federal credit programs under two approaches: the procedures specified in the Federal Credit Reform Act of 1990, which apply to most federal credit programs, and methods based on the fair-value approach, which incorporate market risk. In keeping with CBO's mandate to provide objective, impartial analysis, the report makes no recommendations.

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CBO seeks feedback to make its work as useful as possible. Please send comments to communications@cbo.gov.



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