

TITLE V - PELL GRANT AND STUDENT LOAN CHANGES

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STUDENT LOANS ESTIMATES ARE SCORED UNDER RULES SPECIFIED IN THE FEDERAL CREDIT REFORM ACT AND RELATIVE TO CURRENT LAW.

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

**Proposed Changes Affecting Mandatory Spending Estimated Relative to the CBO March 2011 Baseline
Updated for H.R. 1473**

	<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>2011-2016</u> <u>Total</u>	<u>2011-2021</u> <u>Total</u>
Appropriate additional funds for fiscal year 2012 and 2013 for the discretionary portion of the Pell Grant Program.													
BA	0	9,000	8,000	0	0	0	0	0	0	0	0	17,000	17,000
O	0	3,972	7,123	5,825	80	0	0	0	0	0	0	17,000	17,000
Beginning July 1, 2012, for graduate students only, eliminate the interest subsidy on subsidized student loans while the borrower is in school, in the post-school grace period, and during any authorized deferment period. This change would turn those loans into unsubsidized loans. The current annual and cumulative loan limits for unsubsidized loans would be adjusted to accommodate the shift of those loans from subsidized loans to unsubsidized loans. Certain graduate students as defined in sections 484 3(B) and 4(B) of the Higher Education Act would be excluded.													
BA	0	-1,130	-2,325	-2,265	-2,210	-2,170	-2,190	-2,240	-2,295	-2,350	-2,405	-10,100	-21,580
O	0	-650	-1,670	-1,990	-1,940	-1,900	-1,900	-1,935	-1,980	-2,030	-2,080	-8,150	-18,075
Beginning July 1, 2012, terminate the Secretary's authority to make direct loan repayment incentives, except for the interest rate reduction for borrowers who agree to electronic debiting. (This would eliminate the current interest fee rebate. Under current law, subsidized and unsubsidized loans have their 1% borrower origination fee cut in half by the interest rebate fee. If the borrower does not make 12 on-time payments in the first year the borrower then must repay this .50% of their loan. This is done by adding the .50 percentage point amount to principal outstanding. Under current law, the parent and GradPLUS loans have their 4% borrower origination fee cut by 1.5 percentage points. If the borrower does not make 12 on-time payments in the first year the borrower then must repay this 1.50 percentage point amount by adding it to principal outstanding.)													
BA	0	-180	-360	-385	-410	-435	-455	-465	-485	-500	-520	-1,770	-4,195
O	0	-100	-260	-335	-355	-380	-395	-410	-425	-440	-455	-1,430	-3,555
<i>Interactions of different policies</i>													
BA	*	*	*	*	*	*	*	*	*	*	*	*	*
O	*	*	*	*	*	*	*	*	*	*	*	*	*
Total impact on direct spending													
BA	0	7,690	5,315	-2,650	-2,620	-2,605	-2,645	-2,705	-2,780	-2,850	-2,925	5,130	-8,775
O	0	3,222	5,193	3,500	-2,215	-2,280	-2,295	-2,345	-2,405	-2,470	-2,535	7,420	-4,630

* = less than \$500,000