

## **Student Loan Programs—CBO’s May 2019 Baseline**

Under the William D. Ford Direct Loan Program, the federal government provides education loans to undergraduate and graduate students and to the parents of undergraduate students. In the direct loan program, the federal government serves as the lender for all borrowers but contracts with private entities to service those loans. Before July 1, 2010, the federal government also provided loan guarantees to financial institutions to provide federal student loans through the Federal Family Education Loan Program. The current program offers four types of loans:

- **Subsidized loans** are need-based loans for undergraduate students. No interest accrues while the borrower is enrolled or during other deferment periods, and borrowing is limited by a student’s class level and dependency status.
- **Unsubsidized loans** are non–need-based loans for undergraduate and graduate students. Interest accrues from origination, and borrowing is limited by a student’s class level and dependency status.
- **PLUS parent loans** are non–need-based loans for parents of dependent undergraduates. Interest accrues from origination, and borrowing is limited only by the cost of attendance.
- **GradPLUS loans** are non–need-based loans for graduate students. Interest accrues from origination, and borrowing is limited only by the cost of attendance.

## Student Loan Programs--CBO's May 2019 Baseline Projections

These six tables detail the costs, loan volumes, and subsidy rates for the student loan programs for CBO's May 2019 baseline.

Table 1 includes the cost projections for each budget account associated with the student loan programs using estimating procedures established in the Federal Credit Reform Act (FCRA).

Table 2 includes the projections of loan volume and subsidy rates for the direct student loans using FCRA.

Table 3 includes expenditures for student aid administration.

Table 4 includes the projection of the borrower interest rates.

Table 5 includes the cost projections for the student loan programs using fair-value estimating procedures.

Table 6 includes the federal subsidy rates for student loans using fair-value estimating procedures.

The differences between FCRA and fair-value estimating procedures are as follows:

FCRA requires that the lifetime costs of student loans be recorded up front on an accrual basis (that is, they are recognized in the year in which the loan is made). The lifetime cost of a federal loan—called its subsidy cost—is measured by discounting all of the expected future cash flows associated with the loan to a present value at the date the loan is disbursed. Those cash flows include the amounts disbursed, principal repaid, interest received, fees charged, and net losses that accrue from defaults.

Under the rules specified in FCRA, the present value of expected future cash flows is calculated by discounting those cash flows using the rates on U.S. Treasury securities with similar terms to maturity. For instance, the yield on a Treasury security maturing in one year is used to discount cash flows one year from disbursement, a two-year rate is used for cash flows two years from disbursement, and so on.

In contrast, under the fair-value estimating procedures, estimates are based on market values—market prices or approximations of market prices when directly comparable figures are unavailable—which more fully account for the cost of the risk the government incurs. The fair-value approach accounts for the cost of market risk, which FCRA procedures using Treasury rates, do not.

The definitions of budget authority, program obligations, and outlays as they apply to the student loan program subsidy or "program" accounts are as follows:

*Subsidy budget authority* figures express what total subsidy costs would be if all the loans for which an eligible application was received during a year were made. In reality, not all loans are disbursed because prospective borrowers either do not show up for school or decide not to take all or part of the loan for which they applied.

*Subsidy obligations* are the costs associated with all loans for which there will be at least one cash disbursement (shown on the attached tables as Net Annual Loan Volume). Typically, the subsidy obligation estimates are not included in budget tables.

*Subsidy outlays* reflect the subsidy obligations adjusted for the timing of the cash disbursements. Because of the multiple disbursement requirements and the timing of the academic school years compared to the federal fiscal year, only about two-thirds of the dollars are disbursed to the borrowers during the first fiscal year. The remaining are disbursed in the following year.

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**Table 1.**  
**Student Loan Program Budget Account Totals, Federal Credit Reform—CBO's May 2019 Baseline**

Millions of Dollars, by Fiscal Year		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	May 2, 2019 2019-2029
<b>Direct Student Loans</b>													
Program Account <sup>a</sup>	Budget Authority	-1,216	-4,700	-3,575	-2,265	-1,948	-1,789	-2,707	-2,928	-3,144	-3,716	-4,311	-32,299
	Outlays	-1,905	-4,683	-3,648	-2,533	-1,957	-1,771	-2,255	-2,672	-2,864	-3,265	-3,789	-31,341
Credit Reestimates and Modifications <sup>b</sup>	Budget Authority	26,661	0	0	0	0	0	0	0	0	0	0	26,661
	Outlays	26,661	0	0	0	0	0	0	0	0	0	0	26,661
<b>Subtotal, Direct Loans</b>	<b>Budget Authority</b>	<b>25,445</b>	<b>-4,700</b>	<b>-3,575</b>	<b>-2,265</b>	<b>-1,948</b>	<b>-1,789</b>	<b>-2,707</b>	<b>-2,928</b>	<b>-3,144</b>	<b>-3,716</b>	<b>-4,311</b>	<b>-5,638</b>
	<b>Outlays</b>	<b>24,756</b>	<b>-4,683</b>	<b>-3,648</b>	<b>-2,533</b>	<b>-1,957</b>	<b>-1,771</b>	<b>-2,255</b>	<b>-2,672</b>	<b>-2,864</b>	<b>-3,265</b>	<b>-3,789</b>	<b>-4,680</b>
<b>Guaranteed Student Loans</b>													
Program Liquidating Account and Federal Student Loan Reserve Fund	Budget Authority	-355	-388	-288	-251	-203	-163	-132	-108	-90	-73	-56	-2,107
	Outlays	-477	-484	-364	-311	-251	-203	-162	-129	-105	-83	-62	-2,631
Credit Reestimates and Modifications <sup>b</sup>	Budget Authority	1,562	0	0	0	0	0	0	0	0	0	0	1,562
	Outlays	1,562	0	0	0	0	0	0	0	0	0	0	1,562
<b>Subtotal, Guaranteed Loans</b>	<b>Budget Authority</b>	<b>1,207</b>	<b>-388</b>	<b>-288</b>	<b>-251</b>	<b>-203</b>	<b>-163</b>	<b>-132</b>	<b>-108</b>	<b>-90</b>	<b>-73</b>	<b>-56</b>	<b>-545</b>
	<b>Outlays</b>	<b>1,085</b>	<b>-484</b>	<b>-364</b>	<b>-311</b>	<b>-251</b>	<b>-203</b>	<b>-162</b>	<b>-129</b>	<b>-105</b>	<b>-83</b>	<b>-62</b>	<b>-1,069</b>
<b>Student Aid Administration</b>													
Student Aid Administration (Discretionary) <sup>c</sup>	Budget Authority	1,679	1,719	1,759	1,799	1,842	1,885	1,929	1,973	2,017	2,065	2,111	20,778
	Outlays	1,664	1,696	1,735	1,773	1,815	1,858	1,901	1,945	1,989	2,035	2,081	20,492
Student Aid Administration (Mandatory) <sup>d</sup>	Budget Authority	1,313	1,355	1,402	1,451	1,500	1,550	1,592	1,623	1,654	1,685	1,769	16,894
	Outlays	1,259	1,344	1,390	1,439	1,488	1,538	1,582	1,615	1,646	1,678	1,748	16,726
<b>Subtotal, Student Aid Administration</b>	<b>Budget Authority</b>	<b>2,992</b>	<b>3,074</b>	<b>3,161</b>	<b>3,250</b>	<b>3,342</b>	<b>3,435</b>	<b>3,521</b>	<b>3,596</b>	<b>3,671</b>	<b>3,750</b>	<b>3,880</b>	<b>37,672</b>
	<b>Outlays</b>	<b>2,922</b>	<b>3,040</b>	<b>3,125</b>	<b>3,212</b>	<b>3,303</b>	<b>3,396</b>	<b>3,483</b>	<b>3,560</b>	<b>3,635</b>	<b>3,713</b>	<b>3,829</b>	<b>37,217</b>
<b>Total Spending, Student Loans</b>													
<b>Total Student Loans</b>	<b>Budget Authority</b>	<b>29,644</b>	<b>-2,013</b>	<b>-702</b>	<b>734</b>	<b>1,191</b>	<b>1,483</b>	<b>682</b>	<b>561</b>	<b>437</b>	<b>-39</b>	<b>-487</b>	<b>31,490</b>
	<b>Outlays</b>	<b>28,764</b>	<b>-2,127</b>	<b>-888</b>	<b>368</b>	<b>1,095</b>	<b>1,423</b>	<b>1,066</b>	<b>760</b>	<b>666</b>	<b>365</b>	<b>-23</b>	<b>31,468</b>

Components may not sum to totals because of rounding.

a. Estimated spending for fiscal year 2019 includes additional adjustments based on current spending patterns projected by the Office of Management and Budget.

b. Costs for credit reestimates and modifications are changes to the estimated costs of outstanding loans originated in years before 2019. Those totals are based on the amounts that the Office of Management and Budget expects to record in fiscal year 2019.

c. Projections of discretionary spending for administering student aid are calculated by inflating the budget authority provided in the most recent appropriation act rather than on the basis of an estimate of the future costs of administering the program.

d. Projections of mandatory spending for administering student aid are based on estimated future costs of administering federal loan programs.

**Table 2.**  
**Total Direct Loan Program (New Loans Only), Federal Credit Reform—CBO's May 2019 Baseline**

By Fiscal Year											May 2, 2019
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Total All New Loans<sup>a</sup></b>											
Net Annual Loan Volume (Millions of dollars)	98,379	101,745	105,425	109,610	113,987	118,121	122,491	127,064	131,837	136,840	142,081
Net Number of Loans (Thousands)	15,617	15,928	16,234	16,613	17,027	17,453	17,858	18,289	18,747	19,234	19,752
Average Loan Amount (Dollars)	6,299	6,388	6,494	6,598	6,694	6,768	6,859	6,948	7,033	7,115	7,193
Subsidy Rate (Percent) <sup>b, c, d</sup>	-5.43	-4.13	-3.13	-1.96	-1.63	-1.46	-2.08	-2.15	-2.22	-2.52	-2.80
<b>Subsidized Student Loans</b>											
Net Annual Loan Volume (Millions of dollars)	21,404	22,022	22,601	23,297	24,062	24,908	25,690	26,522	27,408	28,351	29,356
Net Number of Loans (Thousands)	6,020	6,133	6,232	6,360	6,504	6,666	6,807	6,958	7,119	7,291	7,475
Average Loan Amount (Dollars)	3,555	3,591	3,627	3,663	3,700	3,737	3,774	3,812	3,850	3,888	3,927
Subsidy Rate (Percent) <sup>b, c, d</sup>	11.04	12.15	12.52	12.81	12.78	12.65	12.37	12.00	11.68	11.43	11.22
<b>Unsubsidized Student Loans: Undergraduate</b>											
Net Annual Loan Volume (Millions of dollars)	22,681	23,358	24,009	24,796	25,673	26,654	27,584	28,589	29,674	30,845	32,109
Net Number of Loans (Thousands)	6,118	6,238	6,348	6,491	6,655	6,840	7,009	7,192	7,391	7,607	7,840
Average Loan Amount (Dollars)	3,707	3,745	3,782	3,820	3,858	3,897	3,936	3,975	4,015	4,055	4,095
Subsidy Rate (Percent) <sup>b, c, d</sup>	-0.81	-0.23	-0.27	0.07	0.20	0.08	-0.32	-0.48	-0.67	-0.92	-1.16
<b>Unsubsidized Student Loans: Graduate</b>											
Net Annual Loan Volume (Millions of dollars)	29,449	30,527	31,787	33,192	34,673	35,903	37,383	38,943	40,587	42,322	44,152
Net Number of Loans (Thousands)	1,904	1,952	2,011	2,077	2,146	2,198	2,263	2,332	2,404	2,480	2,559
Average Loan Amount (Dollars)	15,467	15,637	15,809	15,983	16,158	16,336	16,516	16,698	16,881	17,067	17,255
Subsidy Rate (Percent) <sup>b, c, d</sup>	-7.28	-5.60	-4.53	-2.00	-1.78	-1.61	-2.30	-2.45	-2.31	-2.64	-3.09
<b>GradPLUS Student Loans</b>											
Net Annual Loan Volume (Millions of dollars)	11,457	12,111	12,907	13,783	14,582	15,265	16,037	16,798	17,528	18,244	18,937
Net Number of Loans (Thousands)	606	626	651	678	700	715	733	749	763	774	784
Average Loan Amount (Dollars)	18,901	19,336	19,819	20,315	20,823	21,343	21,877	22,424	22,985	23,559	24,148
Subsidy Rate (Percent) <sup>b, c, d</sup>	-10.54	-7.65	-3.15	-1.53	-0.01	1.12	-1.03	-0.64	-0.91	-1.76	-2.29
<b>Parent Loans</b>											
Net Annual Loan Volume (Millions of dollars)	13,388	13,727	14,121	14,543	14,996	15,391	15,796	16,212	16,639	17,078	17,528
Net Number of Loans (Thousands)	969	979	992	1,007	1,023	1,034	1,046	1,057	1,069	1,081	1,093
Average Loan Amount (Dollars)	13,816	14,023	14,233	14,447	14,663	14,883	15,107	15,333	15,563	15,797	16,034
Subsidy Rate (Percent) <sup>b, c, d</sup>	-31.17	-30.47	-29.86	-29.38	-29.16	-29.17	-29.16	-29.12	-29.08	-29.06	-29.09

Components may not sum to totals because of rounding.

a. Totals exclude consolidation loans stemming from loans issued before 2019.

b. The subsidy rate is the net present value of the future federal cash flows divided by the loan dollars disbursed to borrowers each year. For example, the 2020 federal cost associated with the \$101,745 million in new loan volume would be -\$4,202 million or -4.13 percent of the new loan volume [ $\$101,745 \times -0.0413 = -\$4,202$ ]. In other words, the federal government will save, on average, about 4 cents for each new dollar lent in 2020.

c. Subsidy rates do not include federal administrative costs associated with disbursing and servicing loans. Those administrative costs are included in the budget on a cash basis (see Table 3).

d. Subsidy rates were calculated using CBO's January 2019 interest rate forecast.

**Table 3.**  
**Student Aid Administration—CBO's May 2019 Baseline**

Millions of Dollars, by Fiscal Year		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	May 2, 2019 2019-2029
<b>Mandatory Administrative Costs</b>													
<b>Outstanding Guaranteed Loans</b>													
Administrative Account	Budget Authority	421	415	408	400	392	381	370	360	348	335	322	4,152
	Outlays	422	416	410	402	394	384	373	362	351	339	325	4,178
Default Prevention Fee Paid to Guaranty Agencies <sup>a</sup>	Budget Authority	152	69	124	108	88	71	58	46	28	32	24	800
	Outlays	152	69	124	108	88	71	58	46	28	32	24	800
Loan Collection Costs on Pre-1992 loans <sup>a</sup>	Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
	Outlays	3	2	2	2	1	1	1	1	0	0	0	13
<b>Subtotal, Mandatory</b>	<b>Budget Authority</b>	<b>573</b>	<b>484</b>	<b>532</b>	<b>508</b>	<b>480</b>	<b>452</b>	<b>428</b>	<b>406</b>	<b>376</b>	<b>367</b>	<b>346</b>	<b>4,952</b>
	<b>Outlays</b>	<b>577</b>	<b>488</b>	<b>536</b>	<b>512</b>	<b>483</b>	<b>456</b>	<b>432</b>	<b>409</b>	<b>379</b>	<b>371</b>	<b>349</b>	<b>4,991</b>
<b>Direct Loans</b>													
Administrative Account	Budget Authority	892	940	994	1,051	1,108	1,169	1,222	1,263	1,306	1,350	1,447	12,741
	Outlays	837	928	980	1,037	1,094	1,154	1,209	1,253	1,295	1,339	1,423	12,548
<b>Subtotal, Mandatory</b>	<b>Budget Authority</b>	<b>892</b>	<b>940</b>	<b>994</b>	<b>1,051</b>	<b>1,108</b>	<b>1,169</b>	<b>1,222</b>	<b>1,263</b>	<b>1,306</b>	<b>1,350</b>	<b>1,447</b>	<b>12,741</b>
	<b>Outlays</b>	<b>837</b>	<b>928</b>	<b>980</b>	<b>1,037</b>	<b>1,094</b>	<b>1,154</b>	<b>1,209</b>	<b>1,253</b>	<b>1,295</b>	<b>1,339</b>	<b>1,423</b>	<b>12,548</b>
<b>Total Mandatory</b>	<b>Budget Authority</b>	<b>1,464</b>	<b>1,423</b>	<b>1,526</b>	<b>1,559</b>	<b>1,588</b>	<b>1,622</b>	<b>1,650</b>	<b>1,669</b>	<b>1,682</b>	<b>1,717</b>	<b>1,793</b>	<b>17,693</b>
	<b>Outlays</b>	<b>1,414</b>	<b>1,415</b>	<b>1,516</b>	<b>1,548</b>	<b>1,577</b>	<b>1,610</b>	<b>1,640</b>	<b>1,662</b>	<b>1,675</b>	<b>1,710</b>	<b>1,772</b>	<b>17,539</b>
<b>Discretionary Administrative Costs<sup>b</sup></b>													
	<b>Budget Authority</b>	<b>1,679</b>	<b>1,719</b>	<b>1,759</b>	<b>1,799</b>	<b>1,842</b>	<b>1,885</b>	<b>1,929</b>	<b>1,973</b>	<b>2,017</b>	<b>2,065</b>	<b>2,111</b>	<b>20,778</b>
	<b>Outlays</b>	<b>1,664</b>	<b>1,696</b>	<b>1,735</b>	<b>1,773</b>	<b>1,815</b>	<b>1,858</b>	<b>1,901</b>	<b>1,945</b>	<b>1,989</b>	<b>2,035</b>	<b>2,081</b>	<b>20,492</b>
<b>Total Administrative Costs<sup>a</sup></b>													
	<b>Budget Authority</b>	<b>3,143</b>	<b>3,143</b>	<b>3,285</b>	<b>3,358</b>	<b>3,430</b>	<b>3,507</b>	<b>3,579</b>	<b>3,642</b>	<b>3,699</b>	<b>3,782</b>	<b>3,904</b>	<b>38,472</b>
	<b>Outlays</b>	<b>3,077</b>	<b>3,111</b>	<b>3,251</b>	<b>3,321</b>	<b>3,392</b>	<b>3,468</b>	<b>3,541</b>	<b>3,607</b>	<b>3,664</b>	<b>3,745</b>	<b>3,853</b>	<b>38,030</b>

Components may not sum to totals because of rounding.

a. In the budget, funds for default prevention are included in the Student Loan Reserve Fund Account and funds for administering pre-1992 loans are included in the Liquidating Account. Both are included in this table's total for administration.

b. Some of the funds for discretionary administrative costs are used for other student aid programs, such as the Pell grant program.

**Table 4.**  
**Projection of Borrower Interest Rates—CBO's May 2019 Baseline**

May 2, 2019												
Award Year	Actual 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Subsidized and Unsubsidized Loans to Undergraduate Students												
10-year Treasury + 2.05% Capped 8.25%	5.05%	5.42%	5.68%	5.76%	5.79%	5.80%	5.78%	5.76%	5.77%	5.78%	5.79%	5.80%
Unsubsidized Loans to Graduate Students												
10-year Treasury + 3.60% Capped 9.50%	6.60%	6.97%	7.23%	7.31%	7.34%	7.35%	7.33%	7.31%	7.32%	7.33%	7.34%	7.35%
PLUS Loans to Graduate Students and Parents												
10-year Treasury + 4.60% Capped 10.50%	7.60%	7.97%	8.23%	8.31%	8.34%	8.35%	8.33%	8.31%	8.32%	8.33%	8.34%	8.35%

Borrower interest rates are fixed for the life of the loan. The borrower interest rate is adjusted based on the last auction in May for 10-year Treasury notes. That rate is in effect for all newly issued loans from July 1 through the following June 30.

The borrower interest rates used for estimating the cost of the student loan program are different from the rates shown above. The rates used for cost estimating are projected using a Monte Carlo method to capture the effect of a cap on interest rates under current law.

**Table 5.**  
**Student Loan Program Budget Account Totals, Fair Value Estimating Procedures—CBO's May 2019 Baseline**

Millions of Dollars, by Fiscal Year													May 2, 2019
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2019-2029
<b>Direct Student Loans</b>													
Program Costs	Budget Authority	22,093	20,572	22,310	24,233	25,403	26,448	26,644	27,407	28,321	28,922	29,708	282,061
	Outlays	18,808	17,537	19,050	20,703	21,965	22,926	23,356	23,850	24,612	25,238	25,872	243,917
Credit Reestimates and Modifications <sup>a</sup>	Budget Authority	26,661	0	0	0	0	0	0	0	0	0	0	26,661
	Outlays	26,661	0	0	0	0	0	0	0	0	0	0	26,661
<b>Subtotal, Direct Loans</b>	<b>Budget Authority</b>	<b>48,754</b>	<b>20,572</b>	<b>22,310</b>	<b>24,233</b>	<b>25,403</b>	<b>26,448</b>	<b>26,644</b>	<b>27,407</b>	<b>28,321</b>	<b>28,922</b>	<b>29,708</b>	<b>308,722</b>
	<b>Outlays</b>	<b>45,469</b>	<b>17,537</b>	<b>19,050</b>	<b>20,703</b>	<b>21,965</b>	<b>22,926</b>	<b>23,356</b>	<b>23,850</b>	<b>24,612</b>	<b>25,238</b>	<b>25,872</b>	<b>270,578</b>
<b>Guaranteed Student Loans</b>													
Program Costs	Budget Authority	-355	-388	-288	-251	-203	-163	-132	-108	-90	-73	-56	-2,107
	Outlays	-477	-484	-364	-311	-251	-203	-162	-129	-105	-83	-62	-2,631
Credit Reestimates and Modifications <sup>a</sup>	Budget Authority	1,562	0	0	0	0	0	0	0	0	0	0	1,562
	Outlays	1,562	0	0	0	0	0	0	0	0	0	0	1,562
<b>Subtotal, Guaranteed Loans</b>	<b>Budget Authority</b>	<b>1,207</b>	<b>-388</b>	<b>-288</b>	<b>-251</b>	<b>-203</b>	<b>-163</b>	<b>-132</b>	<b>-108</b>	<b>-90</b>	<b>-73</b>	<b>-56</b>	<b>-545</b>
	<b>Outlays</b>	<b>1,085</b>	<b>-484</b>	<b>-364</b>	<b>-311</b>	<b>-251</b>	<b>-203</b>	<b>-162</b>	<b>-129</b>	<b>-105</b>	<b>-83</b>	<b>-62</b>	<b>-1,069</b>
<b>Student Aid Administration</b>													
<b>Student Aid Administration</b>	<b>Budget Authority</b>	<b>2,992</b>	<b>3,074</b>	<b>3,161</b>	<b>3,250</b>	<b>3,342</b>	<b>3,435</b>	<b>3,521</b>	<b>3,596</b>	<b>3,671</b>	<b>3,750</b>	<b>3,880</b>	<b>37,672</b>
	<b>Outlays</b>	<b>2,922</b>	<b>3,040</b>	<b>3,125</b>	<b>3,212</b>	<b>3,303</b>	<b>3,396</b>	<b>3,483</b>	<b>3,560</b>	<b>3,635</b>	<b>3,713</b>	<b>3,829</b>	<b>37,217</b>
<b>Total Spending, Student Loans</b>													
<b>Total Student Loans</b>	<b>Budget Authority</b>	<b>52,953</b>	<b>23,259</b>	<b>25,183</b>	<b>27,233</b>	<b>28,541</b>	<b>29,720</b>	<b>30,033</b>	<b>30,895</b>	<b>31,902</b>	<b>32,599</b>	<b>33,532</b>	<b>345,850</b>
	<b>Outlays</b>	<b>49,477</b>	<b>20,093</b>	<b>21,810</b>	<b>23,604</b>	<b>25,017</b>	<b>26,120</b>	<b>26,677</b>	<b>27,281</b>	<b>28,142</b>	<b>28,867</b>	<b>29,639</b>	<b>306,726</b>

Components may not sum to totals because of rounding.

a. Costs for credit reestimates and modifications are changes to the estimated costs of outstanding loans originated in years before 2019. Those totals are based on the amounts that the Office of Management and Budget expects to record in fiscal year 2019.

**Table 6.**  
**Federal Subsidy Rates, Fair Value Estimating Procedures—CBO's May 2019 Baseline**

Percent	May 2, 2019										
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
All Loans	16.92	17.82	18.57	19.41	19.57	19.67	19.10	18.94	18.87	18.56	18.36
Subsidized Loans	30.29	31.03	31.30	31.47	31.40	31.21	30.98	30.58	30.27	30.05	29.86
Unsubsidized Loans: Undergraduate	22.25	22.66	22.73	22.80	22.86	22.71	22.31	22.06	21.77	21.53	21.37
Unsubsidized Loans: Graduate	16.09	17.24	17.94	19.89	19.87	19.98	19.28	19.07	19.24	18.82	18.42
GradPLUS Loans for Students	14.61	16.58	19.93	21.08	22.13	22.93	21.07	21.17	20.92	20.11	19.89
Parent Loans	-9.67	-9.21	-8.72	-8.36	-8.22	-8.24	-8.24	-8.21	-8.17	-8.16	-8.19

The subsidy rate is the net present value of the future federal cash flows divided by the loan dollars disbursed to borrowers each year. For example, the 2020 federal cost associated with the \$101,745 million in new loan volume would be \$18,131 million or 17.82 percent of the new loan volume [ $\$101,745 \times .1782 = \$18,131$ ]. In other words, the federal government will spend, on average, about 18 cents for each new dollar lent in 2020.

Subsidy rates do not include federal administrative costs associated with disbursing and servicing loans. Those administrative costs are included in the budget on a cash basis (see Table 5).