

SENATE JOURNAL SUPPLEMENT

April 28, 1986

MONDAY

No. 72

FISCAL NOTE

SCS CSHB 161 (FIN)

Revision Date : 3/27/86

REQUEST

Bill/Resolution No. : SCS CSHB 161 (Fin)

Title : Re: Scholarship Loans

Sponsor : Binkley

Requestor : Senate HESS

Date of Request : 3/27/86

FISCAL DETAIL

Agency Affected : Education

BRU : Postsecondary Education

Components : Student Loan Administration
Student Loan Program

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		25.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	N.A.	25.0	-0-	-0-	-0-	-0-

CAPITAL	N.A.	-0-	< 217.5 >	< 651.6 >	< 1,316.2 >	< 2,319.9 >
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REVENUE	N.A.	-0-	217.5	651.6	1,316.2	2,319.9
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FUNDING : (Thousands of Dollars)

GENERAL FUND	N.A.	25.0	< 217.5 >	< 651.6 >	< 1,316.2 >	< 2,319.9 >
FEDERAL FUNDS						
OTHER						
TOTAL		25.0	< 217.5 >	< 651.6 >	< 1,316.2 >	< 2,319.9 >

POSITIONS :

FULL-TIME	N.A.	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

See attached.

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 Division: Commission on Postsecondary Education Date: 3/27/86

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4/28/86

SCS CSHB 161 (FIN)

SCSICS 161: Student Loans
(3-27-86 Analysis)

- Assumptions:**
1. General fund appropriation remains constant at \$60.0 million after FY87.
 2. The percentage of borrowers entering repayment, with a 12-month grace period, will be:

<u>Percent</u>	<u>Years After Borrowing</u>
0.0	one year
22.4	two years
21.3	three years
21.8	four years
32.3	five years
2.2	six or more years
100.0	

3. Borrowing rates will not be reduced if interest is increased to 8 percent.
4. Forgiveness benefits will be received by 18 percent of the borrowers.
5. Default rate is not included.
6. The borrowers pattern of 1984-85 will continue, and if there is any change, it will be in increased numbers borrowing at the maximum level. For 1984-85, the pattern was:

Borrowing Level	Vocational		Collegiate		Total	
	In State	Out of State	In State	Out of State	In State	Out of State
\$1 -\$1,000	2.5	1.9	3.2	1.1	3.1	1.2
\$1,001-\$2,000	7.5	4.4	13.6	9.5	12.6	9.1
\$2,001-\$3,000	17.1	9.0	36.7	15.0	33.7	14.5
\$3,001-\$4,000	4.5	14.9	14.7	9.5	13.3	10.0
\$4,001-\$5,000	7.8	22.0	3.9	8.0	4.5	9.2
\$5,001-\$5,500	4.3	5.9	1.8	6.1	2.2	6.1
\$5,501-\$6,000	56.3	41.9	24.7	42.1	29.4	42.1
\$6,001-\$6,500			1.4	8.7	1.2	8.0
\$6,501-\$7,000						
Total	100.0	100.0	100.0	100.0	100.0	100.0

- Comments:**
1. Contractual amount of \$25.0 is for modifying the existing student loan system to accommodate variable interest rates.
 2. The monthly payment amount for borrowers will increase as a result of the increased interest rate. The changes would be:

<u>Loan Amount</u>	<u>Current 5%</u>	<u>8%</u>
\$ 1,000	\$ 10.61	\$ 11.98
\$24,000	\$254.56	\$287.28

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3. The reduced borrowing maximum will not result in program savings, rather it will permit additional students to borrow. This impact is presented below, first in a "dollar" term and then in an increased borrower term.

<u>Year</u>	<u>"Savings"</u>	<u>Number of Students</u>
FY87	\$2,405,000	544
88	\$2,618,000	575
89	\$2,652,000	567
90	\$2,686,000	558
91	\$2,726,000	551

Please note that the "savings" and number of students impacted overlaps slightly with the Commission's \$500 regulation. Without the regulation, the statutory impact would increase.

