

NATIONAL DIRECT STUDENT LOAN COALITION

Reports on Direct Lending

President's FY 2009 Budget

<http://www.gpoaccess.gov/usbudget/fy09/pdf/appendix/edu.pdf>

Federal Student Aid – Pgs 339-373.

NDSLCL's summary of budget:

http://www.directstudentloancoalition.org/media/pdfs_autogen/DL_Still_Cheaper.pdf

“Even with students receiving all of these additional federal benefits, the President's 2009 Budget says that new Federal Direct Loans will continue to save taxpayers almost \$45 for every \$1,000 students borrow compared to new FFELP loans!”

Center for American Progress

Student Loans in Bush's Budget: Government Will Continue to Pay Billions to Banks.

Kate Sabatini and John S. Irons. February 2006.

http://www.americanprogress.org/kf/student_loan_paper.pdf

“The government could have saved \$37 billion between 1992 and 2005, had 100 percent of the student loan volume been disbursed through the direct loan program. Recovered funding could have then been reallocated to the Pell Grant Program to issue additional support for college attendance. For funds lent in 2007 alone, close to \$6 billion would be saved if loans were made exclusively through the direct loan program.”

NBER/Congressional Budget Office - January 2007

Guaranteed vs. Direct Lending: The Case of Student Loans.

Deborah Lucas and Damien Moore.

http://www.kellogg.northwestern.edu/research/risk/federal/lucas_moore.pdf

“To preview the main results, we find that budget costs for both programs are well below their market value. This is mostly attributable to budget rules that require discounting expected net cash flows at Treasury rates. Understatement of the market cost of capital also accounts for why some direct loans appears to make money for the government, despite the favorable terms offered to borrowers. Administrative costs are accounted for inconsistently across programs, complicating cost comparisons. Nevertheless, it appears that the guaranteed program is fundamentally more expensive than the direct program. Guaranteed lenders are paid more than is required to induce them to lend at statutory terms. The excess funds are largely absorbed in competition for borrowers, which occurs through various discounts, marketing activities, and higher service levels and subsidies to educational institutions. To the extent that the market is not perfectly competitive, guaranteed lenders presumably retain some of the surplus as profit.”

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Putting Students First: An Analysis of the Potential for Cost Savings and Increased Aid to Students through Greater Participation in the Direct Lending Program.

Center for American Progress. April 29, 2004.

<http://www.americanprogress.org/kf/loanreport0404.pdf>

Center for Studies in Higher Education

Straight Talk on Student Loans

Bob Shireman

<http://cshe.berkeley.edu/publications/docs/ROP.Shireman.Loans.10.04.pdf>

“There have been numerous audits and investigations of both the direct and guaranteed student loan programs, and in every case the auditors have agreed: Direct lending is much more cost effective. Switching completely to direct lending would save billions of dollars a year. Congress should move all campuses to direct lending and turn the savings over to colleges and states for programs that ensure that all Americans have access to higher education.”

The Government Accounting Office (GAO)

Various Reports on the Cost of Direct Lending and Federal Subsidies for FFEL

http://www.directstudentloancoalition.org/media/pdfs_autogen/GAOreports.pdf

A list of reports by the Government Accounting Office on the cost of the Direct Loan Program and federal interest subsidies in the Federal Family Education Loan Programs from 1991 through 2007.