H. R. 1911

To amend the Higher Education Act of 1965 to establish interest rates for new loans made on or after July 1, 2013.

IN THE HOUSE OF REPRESENTATIVES
MAY 9, 2013

Mr. KLINE (for himself and Ms. FOXX) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

A BILL

To amend the Higher Education Act of 1965 to establish interest rates for new loans made on or after July 1, 2013.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Smarter Solutions for Students Act”.

SEC. 2. INTEREST RATES.

Section 455(b) of the Higher Education Act of 1965 (20 U.S.C. 1087e(b)) is amended—

(1) in paragraph (7)—
(A) in the paragraph heading, by inserting
“AND BEFORE JULY 1, 2013” after “2006”;

(B) in subparagraph (A), by inserting
“and before July 1, 2013,” after “2006,”;

(C) in subparagraph (B), by inserting
“and before July 1, 2013,” after “2006,”; and

(D) in subparagraph (C), by inserting
“and before July 1, 2013,” after “2006,”;

(2) by redesignating paragraphs (8) and (9) as paragraphs (9) and (10), respectively; and

(3) by inserting after paragraph (7), the fol-

lowing:

“(8) INTEREST RATE PROVISION FOR NEW
LOANS ON OR AFTER JULY 1, 2013.—

“(A) RATES FOR FDSL AND FDUSL.—Not-
withstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, during any 12-month period be-

ginning on July 1 and ending on June 30, be
determined on the preceding June 1 and be
equal to—
“(i) the high-yield 10-year Treasury notes auctioned at the final auction held prior to such June 1; plus

“(ii) 2.5 percent,

except that such rate shall not exceed 8.5 percent.

“(B) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, for any Federal Direct PLUS Loan for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

“(i) the high-yield 10-year Treasury notes auctioned at the final auction held prior to such June 1; plus

“(ii) 4.5 percent,

except that such rate shall not exceed 10.5 percent.

“(C) CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation Loan for which the application is received on or after July 1, 2013, shall bear interest at an annual
rate on the unpaid principal balance of the loan that is equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent.”

6 SEC. 3. BUDGETARY EFFECTS.

(a) PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.

(b) SENATE PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).