

Calendar No. 142

113TH CONGRESS
1ST SESSION**S. 1334**

To establish student loan interest rates, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 18, 2013

Mr. MANCHIN (for himself, Mr. BURR, Mr. KING, Mr. COBURN, Mr. CARPER, Mr. ALEXANDER, Mr. HARKIN, and Mr. DURBIN) introduced the following bill; which was read twice and ordered placed on the calendar

A BILL

To establish student loan interest rates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Bipartisan Student
5 Loan Certainty Act of 2013”.

6 **SEC. 2. INTEREST RATES.**

7 (a) INTEREST RATES.—Section 455(b) of the Higher
8 Education Act of 1965 (20 U.S.C. 1087e(b)) is amend-
9 ed—

1 (1) in paragraph (7)—

2 (A) in the paragraph heading, by inserting
3 “AND BEFORE JULY 1, 2013” after “ON OR
4 AFTER JULY 1, 2006”;

5 (B) in subparagraph (A), by inserting
6 “and before July 1, 2013,” after “on or after
7 July 1, 2006,”;

8 (C) in subparagraph (B), by inserting
9 “and before July 1, 2013,” after “on or after
10 July 1, 2006,”; and

11 (D) in subparagraph (C), by inserting
12 “and before July 1, 2013,” after “on or after
13 July 1, 2006,”;

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

16 (3) by inserting after paragraph (7) the fol-
17 lowing:

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

20 “(A) RATES FOR UNDERGRADUATE FDSL
21 AND FDUSL.—Notwithstanding the preceding
22 paragraphs of this subsection, for Federal Di-
23 rect Stafford Loans and Federal Direct Unsub-
24 sidized Stafford Loans issued to undergraduate
25 students, for which the first disbursement is

1 made on or after July 1, 2013, the applicable
2 rate of interest shall, for loans disbursed during
3 any 12-month period beginning on July 1 and
4 ending on June 30, be determined on the pre-
5 ceding June 1 and be equal to the lesser of—

6 “(i) a rate equal to the high yield of
7 the 10-year Treasury note auctioned at the
8 final auction held prior to such June 1
9 plus 2.05 percent; or

10 “(ii) 8.25 percent.

11 “(B) RATES FOR GRADUATE AND PROFES-
12 SIONAL FDUSL.—Notwithstanding the pre-
13 ceding paragraphs of this subsection, for Fed-
14 eral Direct Unsubsidized Stafford Loans issued
15 to graduate or professional students, for which
16 the first disbursement is made on or after July
17 1, 2013, the applicable rate of interest shall, for
18 loans disbursed during any 12-month period be-
19 ginning on July 1 and ending on June 30, be
20 determined on the preceding June 1 and be
21 equal to the lesser of—

22 “(i) a rate equal to the high yield of
23 the 10-year Treasury note auctioned at the
24 final auction held prior to such June 1
25 plus 3.6 percent; or

1 “(ii) 9.5 percent.

2 “(C) PLUS LOANS.—Notwithstanding the
3 preceding paragraphs of this subsection, for
4 Federal Direct PLUS Loans, for which the first
5 disbursement is made on or after July 1, 2013,
6 the applicable rate of interest shall, for loans
7 disbursed during any 12-month period begin-
8 ning on July 1 and ending on June 30, be de-
9 termined on the preceding June 1 and be equal
10 to the lesser of—

11 “(i) a rate equal to the high yield of
12 the 10-year Treasury note auctioned at the
13 final auction held prior to such June 1
14 plus 4.6 percent; or

15 “(ii) 10.5 percent.

16 “(D) CONSOLIDATION LOANS.—Notwith-
17 standing the preceding paragraphs of this sub-
18 section, any Federal Direct Consolidation Loan
19 for which the application is received on or after
20 July 1, 2013, shall bear interest at an annual
21 rate on the unpaid principal balance of the loan
22 that is equal to the weighted average of the in-
23 terest rates on the loans consolidated, rounded
24 to the nearest higher one-eighth of one percent.

1 “(E) CONSULTATION.—The Secretary shall
2 determine the applicable rate of interest under
3 this paragraph after consultation with the Sec-
4 retary of the Treasury and shall publish such
5 rate in the Federal Register as soon as prac-
6 ticable after the date of determination.

7 “(F) RATE.—The applicable rate of inter-
8 est determined under this paragraph for a Fed-
9 eral Direct Stafford Loan, a Federal Direct Un-
10 subsidized Stafford Loan, or a Federal Direct
11 PLUS Loan shall be fixed for the period of the
12 loan.”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 subsection (a) shall take effect as if enacted on July 1,
15 2013.

16 **SEC. 3. DETERMINATION OF BUDGETARY EFFECTS.**

17 The budgetary effects of this Act, for the purpose of
18 complying with the Statutory Pay-As-You-Go Act of 2010,
19 shall be determined by reference to the latest statement
20 titled “Budgetary Effects of PAYGO Legislation” for this
21 Act, submitted for printing in the Congressional Record
22 by the Chairman of the Senate Budget Committee, pro-
23 vided that such statement has been submitted prior to the
24 vote on passage.

1 **SEC. 4. STUDY ON THE ACTUAL COST OF ADMINISTERING**
2 **THE FEDERAL STUDENT LOAN PROGRAMS.**

3 Not later than 120 days after the date of enactment
4 of this Act, the Comptroller General of the United States
5 shall—

6 (1) complete a study that determines the actual
7 cost to the Federal Government of carrying out the
8 Federal student loan programs authorized under
9 title IV of the Higher Education Act of 1965 (20
10 U.S.C. 1070 et seq.), which shall—

11 (A) provide estimates relying on accurate
12 information based on past, current, and pro-
13 jected data as to the appropriate index and
14 mark-up rate for the Federal Government's cost
15 of borrowing that would allow the Federal Gov-
16 ernment to effectively administer and cover the
17 cost of the Federal student programs author-
18 ized under title IV of the Higher Education Act
19 of 1965 (20 U.S.C. 1070 et seq.) under the
20 scoring rules outlined in the Federal Credit Re-
21 form Act of 1990 (2 U.S.C. 661 et seq.);

22 (B) provide the information described in
23 this section in a way that separates out admin-
24 istrative costs, interest rate, and other loan
25 terms and conditions; and

1 (C) set forth clear recommendations to the
2 relevant authorizing committees of Congress as
3 to how future legislation can incorporate the re-
4 sults of the study described in this section to
5 allow for the administration of the Federal stu-
6 dent loan programs authorized under title IV of
7 the Higher Education Act of 1965 (20 U.S.C.
8 1070 et seq.) without generating any additional
9 revenue to the Federal Government except rev-
10 enue that is needed to carry out such programs;
11 and

12 (2) prepare and submit a report to the Com-
13 mittee on Health, Education, Labor, and Pensions
14 of the Senate and the Committee on Education and
15 the Workforce of the House of Representatives set-
16 ting forth the conclusions of the study described in
17 this section in such a manner that the recommenda-
18 tions included in the report can inform future reau-
19 thorizations of the Higher Education Act of 1965
20 (20 U.S.C. 1001 et seq.).

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