

113TH CONGRESS
1ST SESSION

S. 897

To prevent the doubling of the interest rate for Federal subsidized student loans for the 2013–2014 academic year by providing funds for such loans through the Federal Reserve System, to ensure that such loans are available at interest rates that are equivalent to the interest rates at which the Federal Government provides loans to banks through the discount window operated by the Federal Reserve System, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 8, 2013

Ms. WARREN introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To prevent the doubling of the interest rate for Federal subsidized student loans for the 2013–2014 academic year by providing funds for such loans through the Federal Reserve System, to ensure that such loans are available at interest rates that are equivalent to the interest rates at which the Federal Government provides loans to banks through the discount window operated by the Federal Reserve System, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Bank on Students
3 Loan Fairness Act”.

4 **SEC. 2. PROVISION OF FUNDS FOR 2013–2014 FEDERAL DI-**
5 **RECT STAFFORD LOANS.**

6 Section 451 of the Higher Education Act of 1965 (20
7 U.S.C. 1087a) is amended by adding at the end the fol-
8 lowing:

9 “(c) **PROVISION OF FUNDS FOR 2013–2014 FED-**
10 **ERAL DIRECT STAFFORD LOANS.—**

11 “(1) **IN GENERAL.—**The Board of Governors of
12 the Federal Reserve System shall make available to
13 the Secretary, from the combined earnings of the
14 Federal Reserve System, the amount determined by
15 the Secretary to be reasonably necessary to award
16 Federal Direct Stafford Loans during the award
17 year beginning July 1, 2013, to all eligible students
18 in attendance at participating institutions of higher
19 education selected by the Secretary to enable such
20 students to pursue their courses of study at such in-
21 stitutions.

22 “(2) **ADMINISTRATION BY SECRETARY AND**
23 **SIMILAR TERMS.—**The Federal Direct Stafford
24 Loans funded under this subsection for the award
25 year beginning July 1, 2013, shall be administered
26 by the Secretary and shall be made in accordance

1 with the requirements, and be subject to all terms
2 and conditions, of this part, except that appropria-
3 tions provided under the first sentence of subsection
4 (a) shall not be used for any Federal Direct Stafford
5 Loans made during such period.”.

6 **SEC. 3. ADJUSTMENT OF FEDERAL DIRECT STAFFORD**
7 **LOAN INTEREST RATES.**

8 (a) IN GENERAL.—Section 455(b)(7) of the Higher
9 Education Act of 1965 (20 U.S.C. 1087e(b)(7)) is amend-
10 ed by adding at the end the following:

11 “(E) REDUCED RATES FOR FDSL LOANS
12 DISBURSED ON OR AFTER JULY 1, 2013, AND
13 BEFORE JULY 1, 2014.—Notwithstanding the
14 preceding paragraphs of this subsection and
15 subparagraph (A) of this paragraph, for Fed-
16 eral Direct Stafford Loans made to under-
17 graduate students for which the first disburse-
18 ment is made on or after July 1, 2013, and be-
19 fore July 1, 2014, the applicable rate of interest
20 shall be the primary credit rate charged by the
21 Federal Reserve banks on July 1, 2013, for
22 purposes of sections 13 and 13A of the Federal
23 Reserve Act (12 U.S.C. 342 et seq.).”.

24 (b) CONFORMING AMENDMENTS.—Section
25 455(b)(7)(D) of the Higher Education Act of 1965 (20

1 U.S.C. 1087e(b)(7)(D)) is amended in the subparagraph
2 heading by striking “FDSL” and inserting “FDSL ISSUED
3 ON OR AFTER JULY 1, 2006, AND BEFORE JULY 1, 2013”.

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