

Calendar No. 125

113TH CONGRESS
1ST SESSION**S. 1241**

To establish the interest rate for certain Federal student loans, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 27, 2013

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

A BILL

To establish the interest rate for certain Federal student loans, 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”.

1 **SEC. 2. INTEREST RATES.**

2 (a) INTEREST RATE PROVISIONS AND DISCLO-
 3 SURES.—Section 455 of the Higher Education Act of
 4 1965 (20 U.S.C. 1087e) is amended—

5 (1) in subsection (b)(7)(C), by inserting “and
 6 before July 1, 2013,” after “ July 1, 2006,”; and

7 (2) by adding at the end of the following:

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

10 “(i) FEDERAL DIRECT STAFFORD
 11 LOANS, FEDERAL DIRECT UNSUBSIDIZED
 12 STAFFORD LOANS, AND FEDERAL DIRECT
 13 PLUS LOANS.—

14 “(I) IN GENERAL.—Notwith-
 15 standing the preceding paragraphs of
 16 this subsection or subparagraph (A)
 17 or (B), for Federal Direct Stafford
 18 Loans, Federal Direct Unsubsidized
 19 Stafford Loans, and Federal Direct
 20 PLUS Loans for which the first dis-
 21 bursement is made on or after July 1,
 22 2013, the applicable rate of interest
 23 shall, for loans disbursed during any
 24 12-month period beginning on July 1
 25 and ending on June 30, be determined

1 on the preceding June 1 and be equal
2 to—

3 “(aa) the bond equivalent
4 rate of 10-year Treasury bills
5 auctioned at the final auction
6 held prior to such June 1; plus

7 “(bb)(AA) 1.85 percent for
8 Federal Direct Stafford Loans
9 and Federal Direct Unsubsidized
10 Stafford Loans for under-
11 graduate students;

12 “(BB) 3.4 percent for Fed-
13 eral Direct Unsubsidized Stafford
14 Loans for graduate students; and

15 “(CC) 4.4 percent for Fed-
16 eral Direct PLUS Loans.

17 “(II) CONSULTATION.—The Sec-
18 retary shall determine the applicable
19 rates of interest under this clause
20 after consultation with the Secretary
21 of the Treasury and shall publish such
22 rate in the Federal Register on or be-
23 fore June 5 preceding the award year
24 for which the rate is determined.

1 “(III) RATE.—The applicable
 2 rate of interest determined under sub-
 3 clause (I) for a Federal Direct Staf-
 4 ford Loan, a Federal Direct Unsub-
 5 sidized Stafford Loan, or a Federal
 6 Direct PLUS Loan shall be fixed for
 7 the period of the Loan.

8 “(ii) CONSOLIDATION LOANS.—Any
 9 Federal Direct Consolidation Loan for
 10 which the application is received on or
 11 after July 1, 2013, shall bear interest at
 12 an annual rate on the unpaid principal bal-
 13 ance of the loan that is equal to the lesser
 14 of—

15 “(I) the weighted average of the
 16 interest rates on the loans consoli-
 17 dated, rounded to the nearest higher
 18 one-eighth of one percent; or

19 “(II) 8.25 percent.”.

20 (b) EXIT COUNSELING REQUIREMENT.—Section
 21 485(b)(1)(A)(vii) is amended—

22 (1) by redesignating subclauses (III) and (IV)
 23 as subclauses (VI) and (VII), respectively; and

24 (2) by inserting after subclause (II) the fol-
 25 lowing:

1 “(III) the borrower’s options for
2 loan consolidation;

3 “(IV) information about the in-
4 come-based repayment plan under sec-
5 tion 493C, including information
6 about capped monthly payments and
7 loan forgiveness under such plan;

8 “(V) information about Federal
9 Direct Consolidation Loans, which for
10 applications received on or after July
11 1, 2013, have a maximum interest
12 rate of 8.25 percent, as described
13 under section 455(b)(7)(E)(ii)”.

14 **SEC. 3. RULE OF CONSTRUCTION.**

15 Nothing in this Act shall be construed to provide the
16 Secretary of Education with the authority to require, or
17 promulgate regulations requiring, new counseling not oth-
18 erwise required by section 2, and the amendments made
19 by such section, or the Higher Education Act of 1965 (20
20 U.S.C. 1001 et seq.).

21 **SEC. 4. DETERMINATION OF BUDGETARY EFFECTS.**

22 The budgetary effects of this Act, for the purpose of
23 complying with the Statutory Pay-As-You-Go Act of 2010,
24 shall be determined by reference to the latest statement
25 titled “Budgetary Effects of PAYGO Legislation” for this

1 Act, submitted for printing in the Congressional Record
2 by the Chairman of the Senate Budget Committee, pro-
3 vided that such statement has been submitted prior to the
4 vote on passage.

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