113th Congress 1st Session

S.

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

Ms. Warren introduced the following bill; which was read twice and referred to the Committee on __________________

______________________________

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.

Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

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

SEC. 2. PROVISION OF FUNDS FOR 2013–2014 FEDERAL DIRECT STAFFORD LOANS.

Section 451 of the Higher Education Act of 1965 (20 U.S.C. 1087a) is amended by adding at the end the following:

“(c) Provision of Funds for 2013–2014 Federal Direct Stafford Loans.—

“(1) In general.—The Board of Governors of the Federal Reserve System shall make available to the Secretary, from the combined earnings of the Federal Reserve System, the amount determined by the Secretary to be reasonably necessary to award Federal Direct Stafford Loans during the award year beginning July 1, 2013, to all eligible students in attendance at participating institutions of higher education selected by the Secretary to enable such students to pursue their courses of study at such institutions.

“(2) Administration by Secretary and similar terms.—The Federal Direct Stafford Loans funded under this subsection for the award year beginning July 1, 2013, shall be administered by the Secretary and shall be made in accordance
with the requirements, and be subject to all terms
and conditions, of this part, except that appropria-
tions provided under the first sentence of subsection
(a) shall not be used for any Federal Direct Stafford
Loans made during such period.”.

SEC. 3. ADJUSTMENT OF FEDERAL DIRECT STAFFORD
LOAN INTEREST RATES.

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

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

(b) CONFORMING AMENDMENTS.—Section
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 heading by striking “FDSL” and inserting “FDSL ISSUED ON OR AFTER JULY 1, 2006, AND BEFORE JULY 1, 2013”.