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(Original Signature of Member)

113TH CONGRESS
1ST SESSION

H. R. _____

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

Mr. KLINE (for himself and Ms. FOXX) introduced the following bill; which
was referred to the Committee on _____

A BILL

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

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 “Smarter Solutions for
5 Students Act”.

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

7 Section 455(b) of the Higher Education Act of 1965
8 (20 U.S.C. 1087e(b)) is amended—

9 (1) in paragraph (7)—

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

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

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

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

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

11 (3) by inserting after paragraph (7), the fol-
12 lowing:

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

15 “(A) RATES FOR FDSL AND FDUSL.—Not-
16 withstanding the preceding paragraphs of this
17 subsection, for Federal Direct Stafford Loans
18 and Federal Direct Unsubsidized Stafford
19 Loans for which the first disbursement is made
20 on or after July 1, 2013, the applicable rate of
21 interest shall, during any 12-month period be-
22 ginning on July 1 and ending on June 30, be
23 determined on the preceding June 1 and be
24 equal to—

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

4 “(ii) 2.5 percent,
5 except that such rate shall not exceed 8.5 per-
6 cent.

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

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

18 “(ii) 4.5 percent,
19 except that such rate shall not exceed 10.5 per-
20 cent.

21 “(C) CONSOLIDATION LOANS.—Notwith-
22 standing the preceding paragraphs of this sub-
23 section, any Federal Direct Consolidation Loan
24 for which the application is received on or after
25 July 1, 2013, shall bear interest at an annual

1 rate on the unpaid principal balance of the loan
2 that is equal to the weighted average of the in-
3 terest rates on the loans consolidated, rounded
4 to the nearest higher one-eighth of one per-
5 cent.”.

6 **SEC. 3. BUDGETARY EFFECTS.**

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

11 (b) SENATE PAYGO SCORECARD.—The budgetary ef-
12 fects of this Act shall not be entered on any PAYGO score-
13 card maintained for purposes of section 201 of S. Con.
14 Res. 21 (110th Congress).