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112TH CONGRESS
2D SESSION

S. 3266

To amend the Higher Education Act of 1965 to reset interest rates for new student loans.

IN THE SENATE OF THE UNITED STATES

JUNE 6, 2012

Mr. COBURN (for himself and Mr. BURR) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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A BILL

To amend the Higher Education Act of 1965 to reset interest rates for new student loans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Comprehensive Student Loan Protection Act''.

SEC. 2. INTEREST RATES UNDER THE DIRECT LOAN PROGRAM.

Section 455(b)(7) of the Higher Education Act of 1965 (20 U.S.C. 1087e(b)(7)) is amended by adding at the end the following:

"(E) INTEREST RATE PROVISION FOR NEW LOANS AFTER JULY 1, 2012.—

"(i) IN GENERAL.—Notwithstanding the preceding paragraphs of this subsection or subparagraph (A) or (B), for Federal Direct Stafford Loans, Federal Direct Unsubsidized Stafford Loans, and any Federal Direct PLUS Loan, for which the first disbursement is made on or after July 1, 2012, the applicable rate of interest shall, during any 12-month period beginning on July 1 and ending on June 30, be determined on the preceding June 1 and be equal to—

"(I) the bond equivalent rate of 10-year Treasury bills auctioned at the final auction held prior to such June 1; plus

"(II) 3.0 percent.

"(ii) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this subparagraph after consultation with the Secretary of the Treasury and shall publish such rate in the Fed-

eral Register as soon as practicable after the date of determination.

"(iii) RATE.—The applicable rate of interest determined under clause (i) for a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct PLUS Loan shall be fixed for the life of the Loan.".

SEC. 3. SAVINGS FOR DEFICIT REDUCTION.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Comptroller General of the United States shall determine the savings to the Federal Government resulting from the amendment made by section 2.

(b) AMOUNT TO BE USED FOR DEFICIT REDUCTION.—Any savings determined under subsection (a) shall be transferred to the Treasury for deficit reduction.

SEC. 4. DETERMINATION OF BUDGETARY EFFECTS.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled "Budgetary Effects of PAYGO Legislation" for this Act, submitted for printing in the Congressional Record by the Chairman of the Senate Budget Committee, pro-

vided that such statement has been submitted prior to the vote on passage.

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