

108TH CONGRESS  
2D SESSION

# S. 2861

To prevent abuse of the special allowance subsidies under the Federal Family Education Loan Program.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2004

Mrs. MURRAY (for herself, Mr. KENNEDY, Ms. MIKULSKI, Mr. DURBIN, Mr. DODD, and Mr. REED) 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 prevent abuse of the special allowance subsidies under the Federal Family Education Loan Program.

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 “Student Loan Abuse  
5 Prevention Act”.

6 **SEC. 2. TERMINATION OF EXCESSIVE ALLOWANCES.**

7 Section 438(b)(2)(B) of the Higher Education Act of  
8 1965 (20 U.S.C. 1087–1(b)(2)(B)) is amended—

1           (1) in clause (iv), by inserting “or refunded on  
2 or after the date of enactment of the Student Loan  
3 Abuse Prevention Act,” after “October 1, 1993,”;  
4 and

5           (2) by adding at the end the following new  
6 clause:

7                   “(v) Notwithstanding clauses (i) and  
8 (ii), the quarterly rate of the special allow-  
9 ance shall be the rate determined under  
10 subparagraph (A), (E), (F), (G), (H), or  
11 (I) of this paragraph, or paragraph (4), as  
12 the case may be, for loans—

13                           “(I) originated, transferred, or  
14 purchased on or after the date of en-  
15 actment of the Student Loan Abuse  
16 Prevention Act;

17                           “(II) financed by an obligation  
18 that has matured, been retired, or  
19 defeased on or after the date of enact-  
20 ment of the Student Loan Abuse Pre-  
21 vention Act;

22                           “(III) refinanced on or after the  
23 date of enactment of the Student  
24 Loan Abuse Prevention Act, with  
25 funds obtained from a source other

1 than funds described in subclause (II)  
2 of this clause; or

3 “(IV) sold or transferred to any  
4 other holder on or after the date of  
5 enactment of the Student Loan Abuse  
6 Prevention Act.”.

7 **SEC. 3. EXPENDITURE OF SAVINGS ON INCREASED PELL**  
8 **GRANTS.**

9 From any amounts in the Treasury not otherwise ap-  
10 propriated, there is appropriated for each of the fiscal  
11 years beginning after the date of enactment of this Act  
12 an additional amount for the purposes of increasing the  
13 maximum Pell grant in each Act providing annual appro-  
14 priations for the Pell grant program under subpart 1 of  
15 part A of title IV of the Higher Education Act of 1965  
16 (20 U.S.C. 1070a) that is equal to the amount that is  
17 determined annually by the Congressional Budget Office  
18 to be the amount by which expenditures under section 438  
19 of such Act (20 U.S.C. 1087–1) are reduced for such fiscal  
20 year by the enactment of section 2 of this Act.

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