

109TH CONGRESS
2^D SESSION

S. 2573

To amend the Higher Education Act of 1965 to provide interest rate reductions, to authorize and appropriate amounts for the Federal Pell Grant program, to allow for in-school consolidation, to provide the administrative account for the Federal Direct Loan Program as a mandatory program, to strike the single holder rule, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 6, 2006

Mr. DURBIN introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 to provide interest rate reductions, to authorize and appropriate amounts for the Federal Pell Grant program, to allow for in-school consolidation, to provide the administrative account for the Federal Direct Loan Program as a mandatory program, to strike the single holder rule, 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 “Reverse the Raid on
5 Student Aid Act of 2006”.

1 **SEC. 2. INTEREST RATE REDUCTIONS.**

2 (a) FFEL INTEREST RATES.—Section 427A(l) (20
3 U.S.C. 1077a(l)) is amended—

4 (1) in paragraph (1)—

5 (A) by striking “6.8 percent” and inserting
6 “3.4 percent”; and

7 (B) by inserting before the period at the
8 end the following: “, except that for any loan
9 made pursuant to section 428H for which the
10 first disbursement is made on or after July 1,
11 2006, the applicable rate of interest shall be 6.8
12 percent on the unpaid principal balance of the
13 loan”; and

14 (2) in paragraph (2), by striking “8.5 percent”
15 and inserting “4.25 percent”.

16 (b) DIRECT LOANS.—Section 455(b)(7) (20 U.S.C.
17 1087e(b)(7)) is amended—

18 (1) in subparagraph (A)—

19 (A) by striking “and Federal Direct Un-
20 subsidized Stafford Loans”;

21 (B) by striking “6.8 percent” and inserting
22 “3.4 percent”; and

23 (C) by inserting before the period at the
24 end the following: “, and for any Federal Direct
25 Unsubsidized Stafford Loan made for which the
26 first disbursement is made on or after July 1,

1 2006, the applicable rate of interest shall be 6.8
2 percent on the unpaid principal balance of the
3 loan”; and

4 (2) in subparagraph (B), by striking “7.9 per-
5 cent” and inserting “4.25 percent”.

6 **SEC. 3. FEDERAL PELL GRANT AWARDS.**

7 Section 401 of the Higher Education Act of 1965 (20
8 U.S.C. 1070a) is amended—

9 (1) in subsection (b)—

10 (A) in paragraph (2)(A), by striking
11 clauses (i) through (v) and inserting the fol-
12 lowing:

13 “(i) \$4,500 for academic year 2007–2008;

14 “(ii) \$4,800 for academic year 2008–2009;

15 “(iii) \$5,200 for academic year 2009–2010;

16 “(iv) \$5,600 for academic year 2010–2011; and

17 “(v) \$6,000 for academic year 2011–2012,”;

18 (B) in paragraph (3)(A), by striking “an
19 appropriation Act” and inserting “this section”;
20 and

21 (C) in paragraph (7), by striking “the ap-
22 propriate Appropriation Act for this subpart”
23 and inserting “this section”;

24 (2) by striking subsection (g);

1 (3) by redesignating subsections (h), (i), and
2 (j), as subsections (g), (h), and (i), respectively; and

3 (4) by adding at the end the following:

4 “(j) AUTHORIZATION AND APPROPRIATION OF
5 FUNDS.—There are authorized to be appropriated, and
6 there are appropriated, to carry out this section—

7 “(1) for academic year 2007–2008, such sums
8 as may be necessary to award each student eligible
9 for a Federal Pell Grant for such academic year not
10 more than \$4,500;

11 “(2) for academic year 2008–2009, such sums
12 as may be necessary to award each student eligible
13 for a Federal Pell Grant for such academic year not
14 more than \$4,800;

15 “(3) for academic year 2009–2010, such sums
16 as may be necessary to award each student eligible
17 for a Federal Pell Grant for such academic year not
18 more than \$5,200;

19 “(4) for academic year 2010–2011, such sums
20 as may be necessary to award each student eligible
21 for a Federal Pell Grant for such academic year not
22 more than \$5,600;

23 “(5) for academic year 2011–2012, such sums
24 as may be necessary to award each student eligible

1 for a Federal Pell Grant for such academic year not
2 more than \$6,000; and

3 “(6) for each subsequent academic year, such
4 sums as may be necessary to award each student eli-
5 gible for a Federal Pell Grant for such subsequent
6 academic year not more than the amount that is
7 equal to the maximum award amount for the pre-
8 vious academic year increased by a percentage equal
9 to the estimated percentage increase in the Con-
10 sumer Price Index (as determined by the Secretary)
11 between such previous academic year and such sub-
12 sequent academic year.”.

13 **SEC. 4. IN-SCHOOL CONSOLIDATION.**

14 Section 428(b)(7)(A) of the Higher Education Act of
15 1965 (20 U.S.C. 1078(b)(7)(A)) is amended by striking
16 “shall begin” and all that follows through the period and
17 inserting “shall begin—

18 “(i) the day after 6 months after the date
19 the student ceases to carry at least one-half the
20 normal full-time academic workload (as deter-
21 mined by the institution); or

22 “(ii) on an earlier date if the borrower re-
23 quests and is granted a repayment schedule
24 that provides for repayment to commence at an
25 earlier date.”.

1 **SEC. 5. ADMINISTRATIVE ACCOUNT FOR DIRECT LOAN**
2 **PROGRAM.**

3 Section 458 of the Higher Education Act of 1965 (20
4 U.S.C. 1087h) is amended to read as follows:

5 **“SEC. 458. FUNDS FOR ADMINISTRATIVE EXPENSES.**

6 “(a) ADMINISTRATIVE EXPENSES.—

7 “(1) IN GENERAL.—Each fiscal year there shall
8 be available to the Secretary, from funds not other-
9 wise appropriated, funds to be obligated for—

10 “(A) administrative costs under this part
11 and part B, including the costs of the direct
12 student loan programs under this part; and

13 “(B) account maintenance fees payable to
14 guaranty agencies under part B and calculated
15 in accordance with subsection (b),

16 not to exceed (from such funds not otherwise appro-
17 priated) \$904,000,000 in fiscal year 2007,
18 \$943,000,000 in fiscal year 2008, \$983,000,000 in
19 fiscal year 2009, \$1,023,000,000 in fiscal year 2010,
20 \$1,064,000,000 in fiscal year 2011, and
21 \$1,106,000,000 in fiscal year 2012.

22 “(2) ACCOUNT MAINTENANCE FEES.—Account
23 maintenance fees under paragraph (1)(B) shall be
24 paid quarterly and deposited in the Agency Oper-
25 ating Fund established under section 422B.

1 “(3) CARRYOVER.—The Secretary may carry
2 over funds made available under this section to a
3 subsequent fiscal year.

4 “(b) CALCULATION BASIS.—Account maintenance
5 fees payable to guaranty agencies under subsection
6 (a)(1)(B) shall not exceed the basis of 0.10 percent of the
7 original principal amount of outstanding loans on which
8 insurance was issued under part B.

9 “(c) BUDGET JUSTIFICATION.—No funds may be ex-
10 pended under this section unless the Secretary includes
11 in the Department of Education’s annual budget justifica-
12 tion to Congress a detailed description of the specific ac-
13 tivities for which the funds made available by this section
14 have been used in the prior and current years (if applica-
15 ble), the activities and costs planned for the budget year,
16 and the projection of activities and costs for each remain-
17 ing year for which administrative expenses under this sec-
18 tion are made available.”.

19 **SEC. 6. SINGLE HOLDER RULE.**

20 Subparagraph (A) of section 428C(b)(1) of the High-
21 er Education Act of 1965 (20 U.S.C. 1078–3(b)(1)) is
22 amended by striking “and (i)” and all that follows through
23 “so selected for consolidation”).

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