

118TH CONGRESS
2D SESSION

H. R. 10159

To amend the Higher Education Act of 1965 to lower the interest rate on Federal student loans to 1 percent.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 2024

Mr. LAWLER introduced the following bill; which was referred to the Committee on Education and the Workforce

A BILL

To amend the Higher Education Act of 1965 to lower the interest rate on Federal student loans to 1 percent.

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 “Affordable Loans for
5 Students Act”.

6 **SEC. 2. PROGRAM AUTHORITY.**

7 Section 451(a) of the Higher Education Act of 1965
8 (20 U.S.C. 1087a(a)) is amended—

9 (1) by striking “and (2)” and inserting “(2)”;

10 and

1 (2) by inserting “; and (3) to make loans under
2 section 460A(b)” after “section 459A”.

3 **SEC. 3. PROGRAM FOR THE LOAN MODIFICATION OF ELIGI-**
4 **BLE FEDERAL LOANS HELD BY THE SEC-**
5 **RETARY, AND REFINANCING OF OTHER FED-**
6 **ERAL STUDENT LOANS.**

7 (a) LOAN MODIFICATION AND REFINANCING.—Part
8 D of title IV of the Higher Education Act of 1965 (20
9 U.S.C. 1087a et seq.) is amended by adding at the end
10 the following:

11 **“SEC. 460A. PROGRAM FOR THE LOAN MODIFICATION OF**
12 **ELIGIBLE FEDERAL LOANS HELD BY THE**
13 **SECRETARY, AND REFINANCING OF OTHER**
14 **FEDERAL STUDENT LOANS.**

15 “(a) FEDERAL DIRECT LOAN MODIFICATION.—The
16 Secretary shall establish and implement, with respect to
17 each borrower of an eligible Federal loans held by the Sec-
18 retary, procedures to modify, without any action from the
19 borrower, the terms of such loan so that beginning on the
20 first July 1 after the date of enactment of the Affordable
21 Loans for Students Act, the applicable rate of interest
22 shall be 1.0 percent on the unpaid principal balance of
23 the loan.

1 “(b) REFINANCING ELIGIBLE FEDERAL LOANS NOT
2 HELD BY THE SECRETARY AS FEDERAL DIRECT CON-
3 SOLIDATION LOANS.—

4 “(1) IN GENERAL.—The Secretary shall estab-
5 lish and implement, with respect to each borrower of
6 an eligible Federal loan not held by the Secretary,
7 procedures to refinance such loan in accordance with
8 the requirements of paragraph (2) and without any
9 action from the borrower, except that such borrower
10 may opt out of such procedures with respect to such
11 loan.

12 “(2) PROCEDURES.—In refinancing an eligible
13 Federal loan not held by the Secretary with respect
14 to a borrower of such loan, the Secretary shall carry
15 out the following:

16 “(A) The Secretary shall make a Federal
17 Direct Consolidation Loan under this sub-
18 section, in an amount equal to the sum of the
19 unpaid principal, accrued unpaid interest, and
20 late charges of the eligible Federal loan not
21 held by the Secretary.

22 “(B) The Secretary shall pay the proceeds
23 of such Federal Direct Consolidation Loan to
24 the holder of the eligible Federal non-direct
25 loan, in order to discharge the borrower from

1 any remaining obligation with respect to such
2 eligible Federal loan not held by the Secretary.

3 “(3) TERMS AND CONDITIONS OF REFINANCED
4 LOANS.—

5 “(A) IN GENERAL.—A Federal Direct Con-
6 solidation Loan made under this subsection
7 shall have the same terms and conditions as a
8 Federal Direct Consolidation Loan that was not
9 made under this subsection, except—

10 “(i) that the Secretary may adjust
11 such terms and conditions as necessary to
12 enable the borrower to access loan forgive-
13 ness or other benefits available to the bor-
14 rower under the loan before refinancing
15 under this subsection, in any case where
16 such benefits are more generous than pro-
17 vided under a Federal Direct Consolidation
18 Loan; and

19 “(ii) as otherwise provided in this sub-
20 section.

21 “(B) NO ORIGINATION FEES.—Notwith-
22 standing section 455(c), the Secretary may not
23 charge a borrower of a loan made under this
24 subsection an origination fee for such loan.

1 “(C) INTEREST RATE.—The applicable
2 rate of interest for a loan made under this sub-
3 section shall be 1.0 percent on the unpaid prin-
4 cipal balance of the loan.

5 “(D) NO AUTOMATIC EXTENSION OF RE-
6 PAYMENT PERIOD.—A loan made under this
7 subsection shall not result in the extension of
8 the duration of the repayment period of the
9 original loan, and the borrower shall retain the
10 same repayment term that was in effect on the
11 original loan. Nothing in this paragraph shall
12 be construed to prevent a borrower from elect-
13 ing a different repayment plan at any time in
14 accordance with section 455(d)(3).

15 “(E) RULE OF CONSTRUCTION.—Nothing
16 in this section shall be construed to—

17 “(i) prohibit a borrower of an eligible
18 Federal loan not held by the Secretary
19 from consolidating such a loan with any
20 other loan eligible for consolidation under
21 this section into a single consolidation loan
22 under this section; or

23 “(ii) require such a borrower to con-
24 solidate any such loan with any other loan
25 eligible for consolidation under this section

1 into a single consolidation loan under this
2 section.

3 “(c) REPORT.—Not later than 180 days after the sec-
4 ond July 1 after the date of enactment of the Affordable
5 Loans for Students Act, and on an annual basis there-
6 after, the Secretary shall submit a report to the author-
7 izing committees that includes—

8 “(1) the total number of borrowers whose loans
9 have been modified or refinanced under this section
10 during the preceding year; and

11 “(2) the number of such borrowers who are de-
12 linquent in making payments on such a loan.

13 “(d) DEFINITIONS.—In this section:

14 “(1) ELIGIBLE FEDERAL LOAN HELD BY THE
15 SECRETARY.—The term ‘eligible Federal loan held
16 by the Secretary’ means—

17 “(A) any loan made under this part, and
18 first disbursed before the first July 1 after the
19 date of enactment of the Affordable Loans for
20 Students Act;

21 “(B) any loan made, insured, or guaran-
22 teed under part B, and which is held by the
23 Secretary;

24 “(C) any loan made under part E, and
25 which is held by the Secretary; and

1 “(D) any loan made under subpart I of
2 part A of title VII of the Public Health Service
3 Act (42 U.S.C. 292 et seq.), and which is held
4 by the Secretary.

5 “(2) ELIGIBLE FEDERAL LOAN NOT HELD BY
6 THE SECRETARY.—The term ‘eligible Federal loan
7 not held by the Secretary’ means any loan—

8 “(A) made, insured, or guaranteed under
9 part B, and which is not held by the Secretary;

10 “(B) made under part E, and which is not
11 held by the Secretary; and

12 “(C) made under—

13 “(i) subpart I of part A of title VII of
14 the Public Health Service Act (42 U.S.C.
15 292 et seq.), and which is not held by the
16 Secretary;

17 “(ii) subpart II of part A of title VII
18 of the Public Health Service Act (42
19 U.S.C. 292q et seq.); or

20 “(iii) part E of title VIII of the Public
21 Health Service Act (42 U.S.C. 297a et
22 seq.).

23 “(3) ORIGINAL LOAN.—The term ‘original
24 loan’, used with respect to a Federal Direct Consoli-
25 dation Loan made under subsection (b), means a

1 loan for which a borrower’s liability is discharged by
2 such Federal Direct Consolidation Loan.”.

3 (d) CONFORMING AMENDMENTS.—The Higher Edu-
4 cation Act of 1965 (20 U.S.C. 1001 et seq.) is amended—

5 (1) in section 428C(a)(3)(B)(i)(V) (20 U.S.C.
6 1078–3(3)(B)(i)(V))—

7 (A) by striking the period at the end of
8 item (cc) and inserting a semicolon;

9 (B) by striking the period at the end of
10 item (dd) and inserting “; or”; and

11 (C) by adding at the end the following:

12 “(ee) for the purpose of ob-
13 taining a Federal Direct Consoli-
14 dation Loan under section
15 460A(b).”.

16 **SEC. 4. APPLICABLE RATES OF INTEREST FOR LOANS**
17 **MADE ON OR AFTER THE FIRST JULY 1**
18 **AFTER THE DATE OF ENACTMENT OF THE AF-**
19 **FORDABLE LOANS FOR STUDENTS ACT.**

20 Section 455(b)(8) of the Higher Education Act of
21 1965 (20 U.S.C. 1087e(b)(8)) is amended—

22 (1) in the paragraph heading, by inserting
23 “AND BEFORE THE FIRST JULY 1 AFTER THE DATE
24 OF ENACTMENT OF THE AFFORDABLE LOANS FOR
25 STUDENTS ACT ” after “JULY 1, 2013”;

1 (2) in subparagraph (A), by inserting “and be-
2 fore the first July 1 after the date of enactment of
3 the Affordable Loans for Students Act” after “July
4 1, 2013”;

5 (3) in subparagraph (B), by inserting “and be-
6 fore the first July 1 after the date of enactment of
7 the Affordable Loans for Students Act” after “July
8 1, 2013”;

9 (4) in subparagraph (C), by inserting “and be-
10 fore the first July 1 after the date of enactment of
11 the Affordable Loans for Students Act” after “July
12 1, 2013”;

13 (5) in subparagraph (D), by inserting “and be-
14 fore the first July 1 after the date of enactment of
15 the Affordable Loans for Students Act” after “July
16 1, 2013”;

17 (6) by redesignating subparagraph (F) as sub-
18 paragraph (G); and

19 (7) by inserting after subparagraph (E) the fol-
20 lowing:

21 “(F) NEW LOANS ON OR AFTER THE FIRST
22 JULY 1 AFTER THE DATE OF ENACTMENT OF
23 THE AFFORDABLE LOANS FOR STUDENTS
24 ACT.—Notwithstanding the preceding subpara-
25 graphs of this paragraph, for Federal Direct

1 Stafford Loans, Federal Direct Unsubsidized
2 Stafford Loans, Federal Direct PLUS Loans,
3 and Federal Direct Consolidation Loans for
4 which the first disbursement is made, or the ap-
5 plication is received, on or after the first July
6 1 after the date of enactment of the Affordable
7 Loans for Students Act, the applicable rate of
8 interest shall be 1.0 percent on the unpaid prin-
9 cipal balance of the loan.”.

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