local government made efficient, focused, targeted use of CDB grants to provide for housing assistance for low-income seniors, for the disabled, for communities across our country in New Castle County, DE.

CDB grants are high-yield investments that work all over this country, that are controlled in many ways at the local level, and that enable communities to rehabilitate buildings, streets, and sewer systems that literally lay the groundwork for new business growth and vibrant revitalized communities. As the hardest hit Americans work tirelessly to get back to work and back on their feet, housing programs, also included in this vital bill, ensure they can keep a roof over their heads or that they have the possibility of safe, clean, sanitary, affordable housing in their future.

In Delaware, nearly 4,000 people were homeless in our small State at least once last year, and more than 200 of them were veterans. All over this country, I know many of our colleagues are concerned about the number of our veterans who fought for us overseas and now face and endure homelessness here at home. For those who felt the despair and loss and loneliness of homelessness, those who lived with this fear that they will one day experience it as well, the housing programs funded in this bill are a lifeline. I want to particularly thank Senator MURRAY for her leadership on ensuring that we end the scourge of veteran homelessness in our country.

Homeless assistance grants, another key provision in this bill, help Delaware organizations, and organizations all over this country, to offer permanent and transitional housing to once-homeless persons, while providing services including job training, health care, mental health counseling, substance abuse treatment, and childcare.

And last, the HOME Investment Partnerships Program helps to expand the supply and affordability of housing to low-income families and individuals, many of whom are elderly or disabled. In my home State of Delaware, a recent grant from the Project Rental Assistance Demonstration Program will create and sustain 170 units of affordable housing over 5 years for persons with disabilities.

For millions of Americans and for thousands of Delaware families, the key to a better home lies in good counseling, in home ownership, and in these sorts of investments in a stable, affordable housing market.

Elisa, one of my constituents from Middletown, did not believe she would ever be able to purchase a home for herself and two children, but a federally funded class called Preparing for Home Ownership helped her navigate the housing market and find a home that she could afford. She is now spending less on her three-bedroom home than she had on her two-bedroom rental, and her children have a backyard of their own for the first time.

If we want families to succeed, if we want children to focus in school, if we want to create communities with safety and stability, moving toward sustainable home ownership is a vital investment by this country in creating and sustaining quality communities.

Dedicated organizations, such as NCALL and Interfaith Community Housing of Delaware, have leveraged Federal funding such as this to help with mortgages, loan modifications, and private capital to help put more than 1,000 families each year in Delaware into better housing. Their services include workshops, foreclosure prevention services, and counseling.

Another constituent who contacted me, Eva from Rehoboth, was in danger of losing her home when she met with a foreclosure prevention counselor to discuss her personal situation. A counselor helped her to develop a plan to stabilize her finances and to modify her mortgage into a more affordable interest rate. Because of a counseling program funded by this bill, Eva avoided foreclosure and was able to save her home.

The National Foreclosure Mitigation Counseling Program, administered through NeighborWorks, has helped hundreds of households in Delaware to avoid the pain, loss, and dislocation of foreclosure. Last year, counselors from NCALL, First State, and YWCA conducted more than 5,000 home ownership counseling and education activities, including one-on-one counseling appointments, workshops, and homebuyer fairs. Funding from this program will allow them to reach even more Delawareans in need in the year ahead.

We may have made some progress as a Chamber last week in getting through the executive branch nominations that had been the subject of a number of filibusters and quite a bit of contention, and I was pleased that this bill earned six Republican votes in the Appropriations Committee when taken up and considered. Surely it can earn enough votes in this full Senate to move forward to debate, to consideration, and, I hope, to final passage. It is the challenge of this Chamber to listen to each other, to work together, and to provide the vital investments in infrastructure and in housing that ensure a steady recovery and a brighter future.

Senator Lautenberg once said that his career in business taught him that if you want to be successful tomorrow, you have to lay the foundation today. That is exactly what this bill does. That is what we are voting on—the foundation of tomorrow's success for America's families and communities.

I earnestly hope we will come together to pass this bill, to create jobs, and to invest in our country's future.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

SMARTER SOLUTIONS FOR STUDENTS ACT

Mr. HARKIN. Madam President, I ask unanimous consent the Senate proceed to the consideration of H.R. 1911, as provided under the previous order.

The PRESIDING OFFICER. Is there objection?

Without objection, the clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 1911) to amend the Higher Education Act of 1965 to establish interest rates for new loans made on or after July 1, 2013, to direct the Secretary of Education to convene the Advisory Committee on Improving Postsecondary Education Data to conduct a study on improvements to postsecondary education transparency at the Federal level, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. HARKIN. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARKIN. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Madam President, we are now on the student loan bill, so to speak. There is going to be a few hours of debate on the bill itself—actually 3 hours. As I understand it, there will be three amendments in order under the rule on this bill. So we will probably be on this bill for some time this afternoon. But we do want to finish it. I know the leader wants to finish it. Both the majority leader and Republican leader want to get this finished today, so we will be working on this bill for probably the better part of this afternoon.

I would like to set the stage for it by talking about the situation with student loans and why we are where we are right now. First of all, I would like to say the bill before us basically is the House bill. There will be a Manchin-Burr amendment that will be offered as a substitute. I will be supporting that. That is the compromise bill. That is the compromise we reached through several weeks of negotiations between the Republicans on the Senate side and the Democrats on the Senate side and the White House. It was a three-party negotiation that went on, and this is the compromise that was reached. So the bill before us represents a number of compromises that were made on both sides to produce legislation that would give certainty to students who borrow money from the Federal Government to attend college this fall.

As we all know, we have debated several different measures related to student loan interest rates for several weeks. This is the closest we have gotten to an agreement that represents at least two core Democratic principles, our side's principles, related to student loan interest rates.

I think it is only right to point out that we have had a couple of votes on keeping the interest rates at 3.4 percent for subsidized student loans for next year. That did not receive the 60 votes needed to move. As a consequence, on July 1, the interest rates on subsidized loans snapped back from 3.4 to 6.8 percent. We have been working hard to try to keep students from paying that 6.8 percent interest and on how we could reach some agreement, and that is what this bill does that is before us.

The two core principles we fought for were that the front-end caps—they have front-end caps to ensure that undergraduate students taking out Stafford loans will not pay above 8.25 percent interest even if there are extreme fluctuations in the market. I point out that 8.25 percent is exactly the caps we had on student loans in the 1990s. This is not something new or out of line with what we have done before. We had 8.25 percent in the nineties, and I might add five times in the nineties we bumped up against that cap, so that cap protected students five times in the nineties from going above 8.25 percent.

Graduate students taking out these Stafford loans will have a cap of 9.5 percent in interest. Parents and graduate students taking out PLUS loans, these are the parent loans, will never pay above 10.5 percent. That is the first principle, to have these upfront caps.

Second, the principle we had is to get as close to budget neutral as possible. The composition of this bill places us about as close to budget neutrality as possible, meaning that billions of dollars will not be generated off the backs of students to reduce our budget deficit, something that was included in the version of this legislation that passed the House and which was a key feature on an earlier Republican bill that received a vote in the Senate—not a passing vote, it received a vote.

Again, these are the compromises made on the Republican side. They had several billions of dollars to raise on the student loans in the future. We did not. So we compromised down. Basically, it is $715 million over 10 years. Since there is going to be over $1 trillion over 10 years, $715 billion is not much compared to the $1 trillion in student loans that will be taken out over the next 10 years. That comes down to about $71 million a year. That is just about as close as we can get it to budget neutrality.

What does this mean for students? It means this fall all undergraduate students, subsidized or unsubsidized, will only have to pay 3.86 percent interest. That is down from 6.8, down to 3.86 percent. That means they will have that interest rate for the life of the loan. That is locked in. It will not vary.

Graduate students will see a 1.4-percent rate decrease from what it would be and parents will see a 1.5-percent rate decrease, so in all cases a decrease. That means real savings for borrowers. That means an average of $1,500 savings for undergraduates, $2,913 for graduate students, and $2,066 for parents, again over the life of the loan.

This bill also includes a provision that requires the GAO to submit a report to Congress within 4 months, detailing what the actual cost to the Federal Government of administering the Federal student loan program is and what the appropriate interest rate should be to avoid generating any unnecessary revenue. Again, I am sure people referred to it. There was an editorial in the New York Times this morning talking about the fact that the government should not be generating revenue off the backs of students. We all agree with that. That is why we tried to get this as close to budget neutrality as possible. As some will point out, under the system the way it is set up over the next 10 years, the CBO estimates the Federal Government will make more than $180 billion on Federal student loans.

I might just say, deriving savings was not the intended purpose of the Federal student loan program when it began in the 1960s, and it should not be a purpose of it now. The purpose should be to keep interest rates as low as possible for students and their families. So in 4 months, when the GAO submits its report to Congress, I plan to use that information to inform us on the reauthorization of the Higher Education Act—I will have more to say about that in a second—to get a loan system that does not generate money for the government. This debate on student loan interest rates will continue, and I hope my colleagues will join us in that discussion as we move to the Higher Education Act reauthorization next year. As I said, I will have more to say about that in a second.

I have cosponsored this bill that is before us. I will vote for its passage. I will oppose other amendments because we have an agreement to move ahead. I believe this was the best deal we could get for students at this time.

The bill before us is supported by a number of groups, including the United States Student Association, the American Council on Education, Rock the Vote, Center for American Progress and Generation Progress, Generational Alliance, the National Association of Student Financial Aid Administrators, and the Committee for a Responsible Federal Budget. Also, this morning we received a letter from the Leadership Conference on Civil and Human Rights that supports this with a ''yes'' vote on the bill before us.

I wish to make it clear that I plan to revisit the issue of student loan interest rates, along with other facets of the higher education system, in order to address the whole issue of college affordability. This fall the Senate HELP Committee, which I chair, will start consideration on the reauthorization of the Higher Education Act that expires this year.

The interest rates—what we are talking about here today—we attach to Federal student loans is an important issue. I don't deny that. It is one that deserves our attention, but I want to point out that it is just one piece among many that go into college affordability. We will be tackling the many pieces that go into the reauthorization of the Higher Education Act so we can address the whole issue of college affordability.

When I am in Iowa, I hear from students and parents about the financial squeeze they are facing from the spiraling costs of college and their anxiety about student loan debt.

I have charts here. The first chart shows the increase in the cost of a public 4-year education over time. It has tripled since the 1980s. If we look at that chart, we can see that from 1980 to today the cost of a college education has tripled. That is the red line. The blue line is the Consumer Price Index. As we can see, our current system is out of step with the marketplace.

The cost of that degree has skyrocketed for students across the country. The costs have risen far higher and faster than the rate of inflation. Why is this happening? Why has it gone up so rapidly? If we look at 1990 to 1991, it just shot up. From about 2000 to now, it has really skyrocketed. I think it is legitimate for us to ask this question: Why is that happening? It is not just student loan interest rates causing that. We have had low student loan interest rates, so that cannot be the sole cause. Something else is going on. Again, that is why we need to examine that in the Higher Education Act—so we can find out why that has happened.

The second chart I have shows what is happening to our students. The average loan debt for a bachelor's degree has doubled since the 1990s. In the 1990s the cumulative debt a student would have after going to college would be $9,350. Today it is $26,660. That is over a 20-year period. Why has that gone up so much? That is why we have to get into the whole panoply of issues that affect college affordability.

In light of this crisis, I have chaired a series of hearings in our committee focused on what is being done to curb the cost and how we can have strategies to help keep the dream of higher education alive for students without giving them a ton of debt when they graduate. To date, we have examined promising strategies employed by innovative colleges and universities to curb costs while improving student outcomes. We have looked at State policies for improving affordability and State barriers to innovation, efficiency, and effectiveness. There is much room for progress and improvement when it comes to our system of higher education. I believe a consensus is emerging on the need to break away from business as usual. We cannot keep going on the way we have been doing over the last 20 years in funding for higher education.

Among the many ideas we have heard in these hearings, three major themes have emerged. First, States are cutting funding to public universities, shifting the costs to students, their families, and Federal financial aid programs. In all of our hearings—and we have looked at all that goes into these charts, such as the increase in costs to students and the cost of college—the single largest correlative factor has been the decrease in State support for higher education.

What has become clear—at least to this Senator—is that State legislators have figured it out. They can cut their budgets and cut their support for public universities, shift the burden back on students and their families, the students come to the Federal Government and borrow more money, we increase Pell grants, and the burden on the student grows because their debt grows. Yet the colleges themselves are not stepping in to do anything. There are some colleges doing innovative things, but they are not doing enough to control the costs. Something has to be done about the States backing off of their support.

The second theme that emerged was that many of our more than 7,000 degree-granting institutions are not making college affordability a priority. It is just not a priority. They are focused on chasing rankings, investing in efforts unrelated to academic success, and they are failing to respond to a rapidly changing higher education landscape.

The third theme that emerged was that students and families are not empowered with accurate, clear, and accessible information about the comparative costs, quality, and value when shopping for a college education. While college affordability is a complex issue with no easy answers, there is much that all stakeholders—the Federal Government, State governments, institutions, families, and students—can do to increase college access and success and keep the costs down regardless of a student or family background.

Again, we are going to have to look at this in the higher education bill. Interest rates are just one piece of it, and that is what we are addressing today, but there is a lot more going on than just interest rates. We have to look at our system of accreditation. We have to look at our campus-based aid programs, the financing of Pell grants, and the regulation of the for-profit colleges that my friend from Illinois is always consistently pointing out here. We need to look at the structure that supports our Federal loan system, from the loan origination process to the servicing done by private and nonprofit contractors after students have completed their course of study, and debt collection should they default. The system we have is complex. I will repeat that the interest rate on student loans is only one piece of this jigsaw puzzle. It is an important piece to be sure and one we are addressing today.

Throughout the discussions about the interest rates, both President Obama and my ranking member and good friend Senator ALEXANDER have personally committed to working with us as we take up the reauthorization of the Higher Education Act in the coming year so we can address all the issues affecting our entire higher education system and hopefully enact much needed reforms.

We all understand how serious and important the issue of affordability is for a higher education. I look forward to working with Senator ALEXANDER, members of our committee on both sides, and the White House in the months ahead to come up with a Higher Education Act reauthorization bill that is comprehensive and really gets to the bottom of college affordability so we can start to break away from the way we have been doing things in the past. As I said, we cannot continue on the way we have been doing this.

There are many who have been involved in negotiating the legislation before us today. Compromises are tough sometimes. I have said before—and I know my friend from Illinois said this at our press conference last week—if I were to write this bill and if I could have it my way, this would not be what I would write. I understand that. It wouldn't be what my friends on the other side would write either. And that is the art of compromise—to bring both sides together and get the best agreement we can. This is a good agreement. It is good for undergraduate students, it is good for graduate students, and it is good for their families.

I thank President Obama for his leadership in negotiating this bill. I would also like to thank my friends and colleagues. I thank Senator DURBIN, who was a great leader in bringing this about. I thank Senator MANCHIN, Senator KING, Senator CARPER, as well as Senator ALEXANDER, Senator COBURN, Senator BURR, and their staffs for all the hard work and diligence in putting this proposal together.

As I said, this might not have been the bill I would have written, and I think everybody who has been involved in this would say the same. But it is the best we could do. Quite frankly, it is going to lower interest rates this year. For undergraduate students, for the next 4 years it will be lower than 6.8 percent. In the fifth year it goes up just a little bit. As I said, as we look at the Higher Education Act and as we get this back from GAO in 4 months, we are all going to work together to see what exactly is the best path forward.

We can keep the interest rates low for students this year and into the future, and I support this bipartisan Student Loan Certainty Act. I encourage all of my colleagues to vote in favor of its passage.

I am glad to yield for my friend Senator DURBIN.

The PRESIDING OFFICER. The assistant majority leader.

Mr. DURBIN. Madam President, through the Chair I would like to direct a question to the Senator from Iowa. I respect the leadership he has shown on this issue and so many issues, whether it is health, education, or disabilities. He has been the voice of leadership in the Senate for a long time. I know this is his last term as a Senator, but I also know he still has one big job ahead of him, and he has talked about it—the reauthorization of the Higher Education Act. We are going to hold the Senator to that because we need his voice and leadership in that room or it won't happen.

I saw his leadership on this particular issue. Senator HARKIN came to this negotiation with conservative Democrats and Republicans and sat down and said: There are some basics we are going to have to include in this before I will sign off.

I remember this—No. 1, keep the interest rates as low as possible for students so that students and their families don't have an increased burden.

As he said, in the next 2 years—whatever category of a student loan we are talking about—this bill is a break. For undergraduate students, it saves $2,000 in interest over the next 4 years that they otherwise would pay if this bill fails to pass.

The second thing he said: We want a cap on interest rates so that if something unforeseen happens, if all the economic predictors are wrong and the base interest rate on 10-year Treasurys goes up faster than we thought, there will be a cap to protect the students. He insisted on it, and we put it in there. For undergraduate students, it is 8.25 percent. That is a guarantee that it will not go to the high heavens. And 8.25 percent has been a traditional ceiling cap.

The third thing—and I want to make a point of this because it is likely to come up in debate. This is an interesting compromise. We would dream up scenarios. Well, what if we put the cap at this number? What would happen to the interest rates? When it is all over, if we calculate it over 10 years, do we break even? We don't want to make a penny off of students and their families on student loans. We don't. We tried to avoid it.

I think the best effort of the Senator from Iowa netted some $600 million to the Treasury over 10 years. This bill is in the range of $715 million.

Mr. SANDERS. Madam President, will my friend from Illinois yield?

Mr. DURBIN. I am asking a question of Senator HARKIN and then I will be happy to yield.

What I would like to put in perspective is $715 million to the Treasury over 10 years. Over a 10-year period of time, CBO estimates the government will make $1.4 trillion worth of student loans. This $715 million, when compared against that, comes out to .005 percent. So we cut it as close as we could.

What does it mean to the students? It means to the students, according to the way they factored it out, that for each loan a student takes out—$2,000, $3,500, whatever it happens to be—there will be on average a surcharge of $2.76. That is what comes to $715 million. So the net result of it is—we would like to bring it to zero; that was our goal. The way this place works, that was hard to achieve. I thank the Senator from Iowa for dedicating himself to those things.

I wish to address him in the form of a question, to be complicit with the rules of the Senate: If we fail to pass the bipartisan approach we are bringing to the floor, what will be the immediate impact on students and families in the United States?

Mr. HARKIN. Again, I thank my friend from Illinois for his great leadership. Before I get right to the answer, I would point out the art of compromise, which we did. The Republican proposal we had before us a few weeks ago raised $15.6 billion over 10 years. So they have compromised a long way too. We have gotten it down to $715 million, over 10 years, from $15.6 billion. The Senator is absolutely right. We are looking at close to $1.5 trillion over the next 10 years, and that kind of puts that $715 million in perspective.

If we don't pass this today, there is one sure effect: Student loans will be almost twice what they would be under this bill—this year, almost twice—for them and their families.

Mr. DURBIN. Interest rates.

Mr. HARKIN. And that would be true for this year and next year and the year after, almost—not quite—this is 3.86, it would be 6.8. So they would be paying 6.8 percent on every loan they take out this year rather than 3.86 percent, which I might point out also covers both subsidized and unsubsidized loans. That is a good deal.

Again, I say to the Senator that by keeping the rates like that—and this is another good point to make and I think people should understand. A student borrowing this year at 3.86 percent locks that in for the lifetime of the loan—locks that in. It doesn't go to 8.25 percent. That 8.25 is a cap in case interest rates start going up.

I would point out to my friend from Illinois that 8.25 is what we had in the 1990s, and five times in the 1990s we hit that cap, so we protected students five times in the 1990s at that 8.25 percent.

I say to my friend we have to pass this bill to keep students from paying 6.8 percent on their loans this year.

AMENDMENT NO. 1773

On behalf of Senator MANCHIN, I call up his amendment which is at the desk.

The PRESIDING OFFICER (Ms. BALDWIN). The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for Mr. MANCHIN, Mr. BURR, Mr. KING, Mr. COBURN, Mr. CARPER, Mr. ALEXANDER, Mr. HARKIN, and Mr. DURBIN, proposes an amendment numbered 1773.

Mr. HARKIN. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To establish student loan interest rates, and for other purposes)

Strike all after the first word and insert the following:

1. SHORT TITLE.

This Act may be cited as the ''Bipartisan Student Loan Certainty Act of 2013''.

SEC. 2. INTEREST RATES.

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

(1) in paragraph (7)—

(A) in the paragraph heading, by inserting ''AND BEFORE JULY 1, 2013'' after ''ON OR AFTER JULY 1, 2006'';

(B) in subparagraph (A), by inserting ''and before July 1, 2013,'' after ''on or after July 1, 2006,'';

(C) in subparagraph (B), by inserting ''and before July 1, 2013,'' after ''on or after July 1, 2006,''; and

(D) in subparagraph (C), by inserting ''and before July 1, 2013,'' after ''on or after July 1, 2006,'';

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

(3) by inserting after paragraph (7) the following:

''(8) INTEREST RATE PROVISIONS FOR NEW LOANS ON OR AFTER JULY 1, 2013.—

''(A) RATES FOR UNDERGRADUATE FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans issued to undergraduate students, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed 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 the lesser of—

''(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 2.05 percent; or

''(ii) 8.25 percent.

''(B) RATES FOR GRADUATE AND PROFESSIONAL FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Unsubsidized Stafford Loans issued to graduate or professional students, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed 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 the lesser of—

''(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 3.6 percent; or

''(ii) 9.5 percent.

''(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct PLUS Loans, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed 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 the lesser of—

''(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 4.6 percent; or

''(ii) 10.5 percent.

''(D) CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation Loan for which the application is received on or after July 1, 2013, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent.

''(E) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this paragraph after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

''(F) RATE.—The applicable rate of interest determined under this paragraph for a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct PLUS Loan shall be fixed for the period of the loan.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if enacted on July 1, 2013.

SEC. 3. BUDGETARY EFFECTS.

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

(b) SENATE PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).

SEC. 4. STUDY ON THE ACTUAL COST OF ADMINISTERING THE FEDERAL STUDENT LOAN PROGRAMS.

Not later than 120 days after the date of enactment of this Act, the Comptroller General of the United States shall—

(1) complete a study that determines the actual cost to the Federal Government of carrying out the Federal student loan programs authorized under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), which shall—

(A) provide estimates relying on accurate information based on past, current, and projected data as to the appropriate index and mark-up rate for the Federal Government's cost of borrowing that would allow the Federal Government to effectively administer and cover the cost of the Federal student programs authorized under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) under the scoring rules outlined in the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.);

(B) provide the information described in this section in a way that separates out administrative costs, interest rate, and other loan terms and conditions; and

(C) set forth clear recommendations to the relevant authorizing committees of Congress as to how future legislation can incorporate the results of the study described in this section to allow for the administration of the Federal student loan programs authorized under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) without generating any additional revenue to the Federal Government except revenue that is needed to carry out such programs; and

(2) prepare and submit a report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives setting forth the conclusions of the study described in this section in such a manner that the recommendations included in the report can inform future reauthorizations of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

Mr. HARKIN. Madam President, I yield the floor.

AMENDMENT NO. 1774

The PRESIDING OFFICER. The Senator from Vermont.

Mr. SANDERS. Madam President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. Without objection, the clerk will report.

The bill clerk read as follows:

The Senator from Vermont [Mr. SANDERS], for himself, Mr. LEAHY, Mr. WHITEHOUSE, Mrs. GILLIBRAND, Mr. SCHATZ, Mr. MURPHY, Ms. HIRONO, Mr. BLUMENTHAL, and Mr. WYDEN, proposes an amendment numbered 1774.

Mr. SANDERS. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To provide a sunset date)

At the end of the amendment, add the following:

SEC. 5. SUNSET.

(a) IN GENERAL.—The amendments made by this Act shall be effective for a 2-year period beginning on July 1, 2013.

(b) REPEAL.—The amendments made by this Act shall be repealed on July 1, 2015, and section 455(b) of the Higher Education Act of 1965 (20 U.S.C. 1087e(b)) shall be applied as if this Act the amendments made by this Act had never been enacted.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. SANDERS. Madam President, I have a lot of affection for my friend from Iowa Senator HARKIN and Senator DURBIN from Illinois, but I must respectfully disagree with them and rise in opposition to the bill.

I ask for support for an amendment I am offering which is being cosponsored by a number of Senators. I wish to thank Senator LEAHY, Senator WYDEN, Senator WHITEHOUSE, Senator GILLIBRAND, Senator BLUMENTHAL, Senator SCHATZ, Senator MURPHY, and Senator HIRONO for their support for this amendment. I also wish to thank the largest educational organization in America, the National Educational Association, for their support of this amendment, and I thank the American Federation of Teachers for their support of this amendment.

The truth is that if the bill on the floor is passed without amendment, it would be a disaster for the young people of our country who are looking forward to going to college and for the parents who are helping them pay their bills. The job of the Congress, it seems to me, is to improve upon the dismal situation we face today in terms of student indebtedness and college affordability. These are major crises in this country. Millions of kids leaving school are deeply in debt and parents are borrowing at high interest rates to send their kids to college. We have a crisis. This bill makes a bad situation worse, not better.

I ask my colleagues to support the amendment I have offered which would provide a 2-year sunset to this bill—an approach which would prevent student interest rates from soaring and allow us the time, through the reauthorization of the Higher Education Act, to deal with the issue of student indebtedness in a constructive long-term manner. This issue is too important not to go through a hearing process, not to go through a committee process. I hope we will pass my amendment, supported by eight other Senators, which will sunset this bill in 2 years and allow us to take advantage of the relatively low interest rates now and prevent student interest rates from soaring into the future.

The very sad truth of the matter is that in a number of ways, our government—Congress, the White House—is failing young Americans today, at all ages. We have the highest rate of childhood poverty of any major country on Earth. Almost 22 percent of our kids live in poverty.

I think every working American understands that our childcare system is a disaster. If a person is a working-class mom or dad in Vermont, or I suspect any other place in this country, it is hard to get the quality childcare they need, so that many kids today, because of inadequate childcare from zero to 3 and 4, enter kindergarten or first grade already years behind where they should be intellectually and emotionally. We are failing our young children.

We are failing our teenage young people as well. Today, the unemployment rate for high school graduates is close to 20 percent. That is the official rate. For real unemployment, counting those who have given up looking for work and those who are working part time when they want to work full time, it is even higher than that. What does that mean for millions of kids who graduate high school, can't get a job their first year out of school, their second year out of school, and their third year out of school? What does this mean for their entire lives? We are not dealing with that issue.

I had passed an amendment as part of the immigration bill to provide 400,000 jobs over a 2-year period for young people. That is a start. We have to go a lot further than that. By and large, we are failing working-class, middle-class young people today who are desperately searching for jobs.

For minority youth—for African-American youth—if my colleagues can believe this, the official unemployment rate for ages 16 to 19 is over 43 percent—over 43 percent, African-American young people, unable to find jobs. That is unacceptable.

Our goal must be to make sure the youth of this country, if they graduate high school and they want to go out into the workforce, are able to get decent jobs or if they choose to go to college, to be able to afford to go to college, and to make sure our young people do not end up on street corners doing drugs—not in jail, not in self-destructive activity. That is our job, to make sure those who have the ability and capability are able to go to college and others are able to get meaningful work. Frankly, we are failing in both of those areas. When we do that, we fail not only the young people of this country but the future of this country because the future by definition is with our young people.

All of us know we live in a highly competitive global economy. If this country is going to succeed economically, we need the best educated workforce in the world. Unfortunately, compared to much of the industrialized world, we are doing very little to make that happen.

In June, the OECD—the Organization for Economic Cooperation and Development—released its annual snapshot on the state of education in developed nations. The report showed the United States is losing ground to other nations that have made sustained commitments to funding higher education opportunities. We are losing ground, and the legislation on the floor today, which will result over a period of years in a strong likelihood that interest rates for student loans will go up, making it harder for moderate and low-income kids to go to college, will only accelerate those losses.

The United States once led the world in college graduates. Thirty, forty years ago, we led the world in the percentage of our people who were college graduates. In fact, as a result, today those people between age 55 and 64 in the United States still lead their peers in other nations in the percentage with college degrees—about 41 percent. So if a person is between 55 and 64, compared to the rest of the world, that age group has the highest percentage of people who are college graduates.

Tragically, over the years, we have lost substantial ground. In 2008—and this is a very sad story indeed, something that should concern every Member of Congress and every American—the same percentage of Americans aged 25 to 34—the same percentage of that younger group—has a degree compared to the older group of 55 to 64. What does that mean? What it means is that for the last 30 years, every President, every Governor, every Member of Congress, virtually every parent in America has said to our young people: The world is changing. Technology is exploding. A high school degree no longer will do it if you are going to make it into the middle class.

That is what everybody has said for the last 30 years. But 30 years later, nothing has changed. The percentage of Americans who have a college degree today is no higher than it was 30 years ago. The result is that other countries have significantly surpassed us in terms of the percentage of their younger people who now have college degrees.

In terms of the percentage of college graduates, we lag behind Australia, Belgium, Canada, Denmark, France, Ireland, Israel, Japan, South Korea, Luxembourg, New Zealand, Norway, Sweden, and the United Kingdom. In other words, where we were once first in the world in terms of percentage of college graduates, we are now 15th in the world.

How do we compete in a global economy if we have descended from first to fifteenth in the world in terms of people with college degrees? That is why on the immigration bill we have people coming to the floor and saying: Americans are not educated. They cannot do these high-tech jobs. We need people from all over the world to come in to do that work.

Well, I do not agree with that, but that is the argument out there: Our people do not have the education. Does anyone believe in any serious way the bill on the floor today is beginning—beginning—to address the issue of making it easier for kids in this country to go to college? The answer is nobody does because, according to CBO projections, interest rates are going to go up, and, in fact, it is going to be harder for families to send their kids to college. I will get into that in a moment.

The other very important point to be made—and I think a lot of people do not understand this—according to the Congressional Budget Office, the U.S. Government is making huge profits—huge profits—from college loans. In fact, according to the CBO, the estimate is that the U.S. Government will make about $184 billion in profits over the next 10 years.

So what do we have? We have a middle class which is disappearing. We have poverty at a level as high as it has been in the last 60 years. We have millions and millions of families struggling to be able to send their kids to college. My parents did not go to college. My brother and I were the first in our family to go to college. Millions of families are in the same boat.

What is the U.S. Government doing now? We are helping to balance the budget not by asking multinational corporations—that make billions of dollars a year in profit and pay nothing in Federal income taxes—to pay their fair share of taxes; no, that is not what we are doing. We are saying to working-class and middle-class families: Oh, you want to send your kids to college? You want to borrow money from the government? Well, over the next 10 years we are going to make $184 billion in profits off of you.

Let me go on record as saying I think that is a very counterproductive idea. It is a dumb idea. We have to get out of the business of making profits off of struggling families who want nothing more than to be able to send their kids to college.

Let's be very clear about what the legislation on the Senate floor would do. According to CBO—and I fully agree; I do not know what interest rates are going to be tomorrow, next year. You do not. Nobody does. And the CBO is by no means infallible. But the CBO and most economists believe we are leaving this period where interest rates have been historically low. Are they absolutely right? I do not know. Could they be wrong? Quite possibly. But that is what the CBO is estimating. This is what the CBO says.

The CBO says the 10-year Treasury note on which this entire legislation is based is now at 1.8 percent. In 2014 it will be at 2.57 percent; in 2015 it will be at 3.35 percent; in 2016 it will be at 4.24 percent; in 2017 it will be at 4.95 percent; in 2018 it will be at 5.2 percent.

Everybody has to understand that what this legislation is about is basing student loans on a variable interest rate. Interest rates go up; student loans go up.

So let's look at what will happen with student loans under this legislation. The good news is that because interest rates are low now, for the next few years the interest rate for the subsidized Stafford loans will be, in 2013, 3.8 percent; in 2014, 4.6 percent; in 2015, 5.4 percent; in 2016, 6.2 percent; in 2017, 7 percent, in 2018, 7.2 percent. That is for undergraduates.

For the graduate Stafford loans, under this proposal on the floor today, in 2015, 6.9 percent; in 2016, 7.8 percent; in 2017, 8.5 percent; in 2018, 8.8 percent.

For the PLUS loans—those are for parents who are helping their kids—in 2015, 7.9 percent; in 2016, 8.8 percent; in 2017, 9.5 percent; in 2018, 9.8 percent.

Now, does anybody really believe that at a time when families and young people are having an enormously difficult time paying for college that these interest rates make any sense whatsoever? They do not. They are going to put an increased burden on working families and young people.

Today, the average student graduating from a 4-year college leaves school $27,000 in debt. If you are paying interest rates of 7 percent or 8.5 percent for graduate school, there is no doubt in my mind that indebtedness will rise.

Furthermore, not only is it a question of families and young people struggling with enormous debt—on my Web site I asked Vermonters and people all over the country to tell me what the impact would be on their lives of student indebtedness. We heard just enormously painful stories from people who said: You know what. My husband and I wanted to have a baby. We cannot have a baby right now because we do not have the funds. We are paying off our student debt.

We heard from people who are going into professions they really did not want to go into because they just have to make a whole lot of money to pay off their debt rather than doing what was the love of their life, what they studied to do. So what we have is a bad situation which, if the CBO is correct, will only make that situation worse.

My amendment is not my preferred option. My preferred option would be to do what a majority of the Members in the Senate voted to do, which is to freeze interest rates for another year at 3.4 percent while we come up with a long-term solution. My Republican colleagues, as they do on virtually every piece of major legislation, chose to filibuster that bill, and we needed 60 votes. I think we only got 51. A majority spoke for the American people, for the young people, for working families, but we could not get the 60 votes. That was my preferred option.

But this approach, at least, and what my amendment would do is to say, OK, between 2013 and 2014 we will keep interest rates fairly low—not as low as I would want it—4.6 percent for undergraduate Stafford loans, 6.1 percent for graduate Stafford loans, and 7.1 percent for the PLUS program. It is not ideal by any means, but it is a lot better than what will likely take place in years to come. So we take the best of this bill and sunset it at the end of 2 years.

So if people say there is no option to going forward as opposed to 6.8 percent, I say: Sorry, you are wrong. There is an option. That is what we have done. We have a 2-year sunset on this bill that would be at least a reasonable compromise to give us the opportunity to take a hard look at the higher education bill and figure out two issues: how we create low-interest loans over a long period of time and, second of all, how we, in fact, make college more affordable than it currently is.

Let me be a little bit political, as I finish my remarks, and say this: I respect everybody's point of view, and there are different points of view here. But I think what a lot of Americans are asking themselves—they say: Well, let's see. We just had elections in November, and we were told elections matter. We had a candidate for President of the United States, Barack Obama, who won a very decisive victory, who ran on the platform of saying: Hey, I am going to stand up for the middle class. I am going to stand up for working families.

We had an election in which Democrats, Independents, retained control of the Senate. Now there are 54 votes in the Democratic caucus, and almost without exception Democratic candidates—I ran—Independents stand for working families, stand for the middle class.

So what I do not understand is, when we have a Democratic President, a Democratically-controlled Senate, why we are producing a bill which is basically a Republican bill—very close to what the House Republicans passed.

As most people know, the House Republicans are perhaps the most conservative majority in the House that we have seen maybe ever—the most conservative body. They say: This is a pretty good bill. We will accept it.

Well, if the most rightwing Congress in American history thinks this is a pretty good bill, I would hope that many Democrats would say maybe there is something wrong with this bill; maybe we can do something better than that.

The other point I would make, as I did a moment ago—and people have to understand this—a majority of the Members of the Senate voted to keep interest rates at 3.4 percent for another year. Fifty-one Members voted for that. Most people assume that 51 out of 100 is a majority. But we were unable to pass that legislation because of a Republican filibuster.

What we have seen on virtually every single important piece of legislation is that the majority does not rule in the Senate. We need to have a supermajority of 60 votes. The result is legislation like this, which could well end up raising interest rates for students and their families to an absolutely unacceptable level.

So let me conclude by saying we have a huge crisis in this country. The crisis is that today hundreds of thousands of bright young people who have graduated from high school are now saying—now saying—I would love to go to college. I can do it. I would like to be a professional. I would like to be a doctor. I would like to be a nurse. I would like to do one of many professions. I would love to do it. I am smart enough to do it. I have the drive to do it. I just come from a family that does not have the money to send me to college.

So for those hundreds of thousands of young people whose dream it was to go to college, this legislation only makes that situation worse because it will make college even more unaffordable. Let's be clear: This is a loss not only to those families and to those young people; it is a loss to our country.

A couple months ago I had the Ambassador from Denmark come to the State of Vermont to do some town meetings with me.

The Presiding Officer may or may not know the cost of college education in Denmark in terms of out-of-pocket costs. It is zero. It is zero. It is not just Denmark, there are a number of countries around the world that have the intelligence to understand that the most important thing they can do is invest in their young people. So they say to their young people: You do well in school, regardless of your income, and you are going to be able to go to the best colleges we have. Not only the best colleges but graduate school, medical school, law school, and your cost will be zero.

You know what. I think that is pretty smart. I think investing in our young people is investing in the future of our country. That is what some countries do. They make college education free in terms of out-of-pocket cost. Other countries do not go that far.

I live an hour away from the Canadian border. They heavily subsidize college. So we are seeing many American kids now going off to fine colleges and universities in Canada, where even for people from the United States college costs are less than they are in the United States.

In terms of what we are demanding of young people and parents in out-of-pocket expenses, there is no country in the industrialized world that asks more than we do. The result is that we have seen virtually no gain in the last 30 years in terms of the percentage of our people graduating from college.

We have a crisis. It is a crisis which impacts millions of young people: those who have given up on the dream of college and those who are graduating from college deeply in debt.

It impacts our entire Nation. It is insane to me that we are conceding to other countries around the world and saying: OK, you are graduating large numbers of people. You are allowing them to go to college. But we in this great country, we cannot do that. It makes no sense to me at all. It is bad for the future of this country, bad for our economy, bad for millions of families.

The legislation on the floor today only makes a bad situation worse. It is based on variable interest rates. It is, according to the CBO, likely that those interest rates will rise. In 2018, we are talking about subsidized Stafford loans at 7.25; graduate rates, 8.8; PLUS loans, 9.8. Can anybody really come to the floor and tell me this is where we want to go as a country? So we have a bad situation which we have to address, not make it worse.

Once again, I wish to thank all of the Senators who have cosponsored this legislation: Senators LEAHY, WYDEN, WHITEHOUSE, GILLIBRAND, BLUMENTHAL, SCHATZ, MURPHY, and HIRONO. I want to thank the NEA, the largest educational organization in the country, for their support, and the American Federation of Teachers for their support.

Let's stand tall today for the working families of this country who believe in the American dream, and that dream is significantly about the desire of our young people to do better than we have done. That was the dream my parents had. It is the dream that millions of families have had. An important part of that dream is to work hard as a parent to enable my kid to get a college degree.

We are failing millions of families right now. This legislation will make a bad situation worse. We can do better. We can do better. Let's stand with the working families of our country today. Let's reject the underlying amendment, and let's pass the Sanders amendment.

With that, I ask unanimous consent the time during quorum calls be charged equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SANDERS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. SHAHEEN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. SHAHEEN. Madam President, we all know that on July 1 interest rates for subsidized Stafford loans doubled from 3.4 percent to 6.8 percent. I have twice voted to extend the 3.4-percent rates to protect our Nation's students. Unfortunately, both times we had those votes the extensions were defeated. Without congressional action, the 6.8-percent interest rates will stand as current law.

I think today we are going to vote for a bipartisan compromise to keep student loan interest rates low this year. I plan to vote for that compromise, but I have some concerns about it. I do want to thank my colleagues who have spent many hours coming to an agreement that can pass this body. This is a bipartisan compromise, and I think it is very important we work together to address this issue. While the compromise isn't perfect, our undergrads and our graduate students will be able to go to college this fall with peace of mind knowing the interest rates are well below those they would otherwise face.

In fact, this compromise will save $30 billion in interest debt for students over the next 4 years. Undergraduates borrowing this year will save about $2,000 over the course of their studies, and graduates could save between $4,000 and $9,000.

Today, assuming it is offered, I also plan to vote for the Reed-Warren amendment to lower the cap on interest rates. I would have supported Senator MURRAY's effort to allocate any resulting savings to shore up Pell grants, which would help fund those students who need it the most, but I understand we are not going to be able to vote on that amendment.

While today's vote is important to keep student rates low for this year's students, I wish to be very clear I do not consider this compromise to be a permanent fix for our students. Included in the bill is a requirement for a study to be conducted by the nonpartisan and independent Government Accountability Office which will analyze the cost of running the student loan program. Once we have the results of the study, we should use the information to determine what course of action is best for our students.

One thing is very clear: Any solution should not come at the expense of our students. Affordable higher education is one of the best investments we can make in our country. It is essential to growing this Nation's economy, to creating jobs, and to protecting the middle class. Our businesses need educated workers to compete in the new global knowledge-based economy.

In an immigration bill the Senate recently passed, which I voted for, we increased the number of highly skilled workers businesses could bring in because there is currently a shortage in this country of those highly skilled workers. I supported that, but that is a crutch, a short-term fix. We should be educating American students for these high-skilled jobs.

In my home State of New Hampshire, the student loan debate is a very important one. Last year a survey found our State had the highest average student debt in the Nation, at $31,408 per student. Nearly three-quarters of New Hampshire students have some amount of student loan debt—the second highest percentage of students with debt in the country. We must protect our students. We should not be trying to solve the fiscal challenges facing this country on the backs of our students. We can't afford to price middle-class families out of a college education.

Studies show adults with degrees from 2- and 4-year colleges have far higher family incomes than adults who have high school degrees. In fact, according to a recent study from Georgetown University, people with bachelor's degrees earn about $1 million more over their lifetimes than those who don't have a college degree. We need to get rid of any barrier that stops students who want to pursue degrees.

Recently, I met a woman named Anne, from Manchester, who had been a recipient of student loans. She was able to go to school and get a degree because of Pell grants. Anne will quickly tell you that without aid she would never have even thought about pursuing a college degree. She is now working in a professional capacity and she is contributing to her community in so many ways. Unfortunately, Anne is now worried about her daughter, a single mother who works part-time and who has limited options to pursue her own dream job because of the high cost of education. Anne told me:

These kids are our future. We cannot limit them in this way; student loans should not be an obstacle that is insurmountable.

She is right. We need to make it easier and more affordable for Americans to go to college, not harder and more expensive.

I also heard from a woman named Patricia. She is 45, a single mother with three children under 18 years of age. She is currently a student at Granite State College who is relying on loans to get her degree. For the past 10 years, she and her family have been in and out of homeless shelters. She grew up as the youngest of nine children in a family where the option of college was never even considered or discussed. Patricia has an incredibly tight family budget. Student loans are critical to her getting a degree and ultimately being able to provide for her family. Sadly, any increase in student loan interest rates could limit Patricia's ability to continue her education.

The bottom line is clear. We all know it. We have to make college more affordable. It is essential for our students, it is essential for their futures, and it is essential for the future of this country. If we expect to compete in this global economy, we have to make sure we have the high-skilled workforce we need, and that means making sure those young people who want to go to college can afford to get that degree. It is just too important for our country's future to fail at this.

I thank the Chair, and I would just note that I will be voting for the bill, but as I said, I certainly hope we are all committed to making greater progress and making college education more affordable.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island.

AMENDMENT NO. 1778 TO AMENDMENT NO. 1773

Mr. REED. Madam President, I ask unanimous consent at this time that my amendment, which is at the desk, be called up.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Rhode Island [Mr. REED], for himself and Ms. WARREN, Mrs. MURRAY, Mr. LEAHY, Mrs. GILLIBRAND, Mrs. BOXER, Ms. STABENOW, Mr. WHITEHOUSE, Mr. HEINRICH, Mr. BLUMENTHAL, Mr. FRANKEN, Mr. SCHATZ, Mr. MERKLEY, Ms. HIRONO, Ms. BALDWIN, Mrs. SHAHEEN, Mr. BROWN, Ms. KLOBUCHAR, Mr. WYDEN, and Mr. MURPHY, proposes an amendment numbered 1778 to amendment No. 1773.

Mr. REED. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To provide for interest rate caps for certain Federal student loans)

Beginning on page 3, strike line 9 and all that follows through line 13 on page 5 and insert the following:

''(ii) 6.8 percent.

''(B) RATES FOR GRADUATE AND PROFESSIONAL FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Unsubsidized Stafford Loans issued to graduate or professional students, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed 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 the lesser of—

''(i) a rate equal to the yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 3.6 percent; or

''(ii) 6.8 percent.

''(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct PLUS Loans, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed 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 the lesser of—

''(i) a rate equal to the yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 4.6 percent; or

''(ii) 7.9 percent.

''(D) CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation Loan for which the application is received on or after July 1, 2013, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent.

''(E) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this paragraph after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

''(F) RATE.—The applicable rate of interest determined under this paragraph for a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct PLUS Loan shall be fixed for the period of the loan.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if enacted on July 1, 2013.

SEC. 2A. SURTAX ON MILLIONAIRES.

(a) IN GENERAL.—Subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new part:

''PART VIII—SURTAX ON MILLIONAIRES

''Sec. 59B. Surtax on millionaires.

''SEC. 59B. SURTAX ON MILLIONAIRES.

''(a) GENERAL RULE.—In the case of a taxpayer other than a corporation for any taxable year beginning after 2013, there is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to 0.55 percent of so much of the modified adjusted gross income of the taxpayer for such taxable year as exceeds $1,000,000 ($500,000, in the case of a married individual filing a separate return).

''(b) INFLATION ADJUSTMENT.—

''(1) IN GENERAL.—In the case of any taxable year beginning after 2014, each dollar amount under subsection (a) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2012' for 'calendar year 1992' in subparagraph (B) thereof.

''(2) ROUNDING.—If any amount as adjusted under paragraph (1) is not a multiple of $10,000, such amount shall be rounded to the next highest multiple of $10,000.

''(c) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this section, the term 'modified adjusted gross income' means adjusted gross income reduced by any deduction (not taken into account in determining adjusted gross income) allowed for investment interest (as defined in section 163(d)). In the case of an estate or trust, adjusted gross income shall be determined as provided in section 67(e).

''(d) SPECIAL RULES.—

''(1) NONRESIDENT ALIEN.—In the case of a nonresident alien individual, only amounts taken into account in connection with the tax imposed under section 871(b) shall be taken into account under this section.

''(2) CITIZENS AND RESIDENTS LIVING ABROAD.—The dollar amount in effect under subsection (a) shall be decreased by the excess of—

''(A) the amounts excluded from the taxpayer's gross income under section 911, over

''(B) the amounts of any deductions or exclusions disallowed under section 911(d)(6) with respect to the amounts described in subparagraph (A).

''(3) CHARITABLE TRUSTS.—Subsection (a) shall not apply to a trust all the unexpired interests in which are devoted to one or more of the purposes described in section 170(c)(2)(B).

''(4) NOT TREATED AS TAX IMPOSED BY THIS CHAPTER FOR CERTAIN PURPOSES.—The tax imposed under this section shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this chapter or for purposes of section 55.''.

Mr. REED. Madam President, I am pleased to offer this amendment, along with Senator WARREN and 18 of our colleagues. Our amendment would provide the kind of certainty students deserve and that they will not receive under the proposed bipartisan Student Loan Certainty Act as it is currently drafted.

Simply put, our amendment will ensure that students and parents will not be any worse off than they would be under the current fixed rates of 6.8 percent or 7.9 percent. To illustrate this, let me present a chart.

Under the underlying legislation, Stafford loans for students are essentially subject to the same interest rates, and they are depicted here. These are the undergraduate loans in yellow and the graduate loans in white. We can see in the first year for the undergraduate loans it is just under 4 percent, and that is less than the 6.8-percent current statutory limit. For the graduate loans, they are up roughly about 5½ percent, which, again, is below that. But very quickly, by 2015, the graduate loans exceed this 6.8-percent threshold. That is the current law. Then it keeps going up and up and up.

Actually, this chart does not represent the entire impact because the last bar represents the estimates not just for 1 year but for 5 years. So we can see these increments—the white increments for the graduate loans—keep going up and up and up indefinitely. This is permanent legislation. This is not a 5-year fix or a 10-year fix. It is permanent legislation. A similar process is that the undergraduate Stafford loans go up and up and up and up.

Our legislation will simply say if you want to provide an incentive and a benefit for students who are today going to school, that is commendable, but at some point we are going to have a much worse deal for students than we have just with the current law. So we are proposing, very simply, to cap at 6.8 percent the Stafford loans and then at 7.9 percent for the parent PLUS loans.

This is a projection of the percentage interest rates for parent loans. Again, 2013, it is below the present 7.9-percent statutory limit, but quickly, by 2015, it is above, and then it is indefinite. From 2018 to 2023 and beyond, it goes up and up and up and up and up. Our amendment simply says if we want to give everybody a benefit in the next several years of lower rates, do it, but let us give real certainty that rates will not exceed the current statutory rates.

As I have indicated previously in my remarks, I wish to commend the authors at least for putting in caps on rates.

Some of the original proposals coming from the Senate Republicans and other places had no real caps in place. At least now we have caps.

I want to particularly thank Chairman HARKIN, because he committed himself to ensuring that all these loan programs have a cap. Our point, though, is the caps are so large that effectively students and parents in a very short period of time will be paying much more than they are today. These caps are too high. They could go as high as 8.25 percent for undergraduate Stafford loans, 9.5 percent for graduate Stafford loans, and 10.5 percent for PLUS loans. Those are significantly higher than our threshold. We can do better. We want to protect students from these high interest rates.

In Rhode Island, roughly 49,000 students will borrow for this coming academic year. They would benefit from this approach, but their brothers and sisters, who may be freshmen in high school, will be taking out loans when the interest rates will be exceeding the current rates.

Adopting the Reed-Warren amendment means students can benefit from these low rates initially, but then we will have the existing statutory cap in place for future generations. As it exists now, if you are a senior in high school and you are going to college next year, you are going to get the benefit of the rate, but your younger brother or sister, who may be a freshman or junior in high school, and your parents are paying for it in the future, and will be paying indefinitely.

As my colleague Senator WARREN has pointed out, they are doing it in a situation in which the government is making billions of dollars a year on these loans. This is not a question of putting subsidies in. Contrary to the history and purpose of the student loan programs, we are actually reversing the subsidy. We are saying, No, the students pay.

Education is so important to the future of America, yet we are no longer going to invest in it as a Nation. We are going to let students pay. That is the way this whole approach has been structured. They picked as their benchmark the 10-year Treasury bill. Typically, we use the 91-day Treasury bill. Just in the baseline, there is a higher interest rate. Then they picked a premium to put on top to compensate the government for potential risk of loss. As some of my colleagues suggested, we are not quite sure what the premium should be, and we feel very strongly that premium is much too high for the actual risks and costs of the program. So this proposal has baked in higher interest rates for some students after the first 2 years, and for all students and parents in the long run.

I believe what we are doing in the Reed-Warren amendment makes a great deal of sense. Many people are struggling in many different ways, and particularly students are struggling with student debt. We should ensure that the new rate structure does not leave students worse off—and not just for the first 2 years, but let's be realistic and serious. Let's look down the road. This road is taking us to higher and higher interest rates for students. I think we can do better. I think we must do better.

I would point out that we have paid for this amendment by putting a very small surcharge of 0.55 percent on incomes over $1 million, so this is fully paid for, and it will give students the real certainty that they will not see interest rates go beyond the present statutory limits.

I think what we should be doing as a Nation is not shifting the burden to students but investing through students in our future. We know if students are able to go on to college and to postgraduate education, they are going to make more money, they are going to contribute more to the economy, we are going to be more globally competitive, and we will be in a much better position.

Frankly, that was the wise judgment our parents and grandparents made when, in the 1950s, 1960s, and the 1970s, they decided to invest in the future of America by investing in higher education.

I daresay there are very few people in this Chamber who in one way or another did not directly benefit from that investment. But now we are saying today, No, it is on the students, they are going to pay market rate premiums, and, according to CBO numbers, we will be generating about $184 billion—the difference between our borrowing costs and what the students and families are paying. That is not the way to grow a strong, prosperous America.

Because there have been elaborate studies, we also understand that we have a jobs gap already between highly educated individuals and the jobs. By 2020, there will be about a 5-million-jobs gap between those jobs requiring higher education and the projected graduates in the next several years going forward.

So we have to do much more, and I think we also have to look at the issue in a comprehensive way. We have to build in incentives for lower costs at colleges and universities. That is not being done in this legislation, and I think once we pass it, the likelihood of getting on to that issue is diminished.

We also have to try to come up with ways in which students can refinance loans. A trillion dollars of student debt has surpassed credit card and automobile debt as the second biggest household debt in the country, and that is going to grow. It will particularly grow under the underlying proposal. We have to figure out a creative way to do that. And, by the way, that is going to cost money. So if one of the principles and premises of this whole legislation is we will spend no additional money for higher education support, how are we going to fix that issue of students and families who are deeply in debt—not just those who are carrying the debt today but those who are going to accumulate the debt going forward?

I urge my colleagues to vote yes on the Reed-Warren amendment. This will be the certainty that is proclaimed in the title of the underlying legislation.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Ms. WARREN. Madam President, I want to start by saying to Senator REED how much I appreciate his leadership in putting forth this amendment that takes a bad bill and turns it into something that will be helpful for our students and for our families struggling with student loan debt.

I also want to say how much I appreciate the leadership of Senator HARKIN, Senator DURBIN, Senator MANCHIN, Senator KING, Leader REID, all of whom have worked very hard and made best efforts under very difficult circumstances. We had a better bill that passed the Senate, but it was filibustered by Republicans and, as a result, we are where we are now.

Today the Senate will vote on a plan that would fundamentally change the way government sets interest rates on student loans. My colleagues who support this proposal say it will lower interest rates on loans for this year, and that is all that matters. That is the same thing credit card companies said when they sold zero-interest credit cards, and it is the same thing subprime mortgage lenders said when they sold teaser-rate mortgages. In all these cases, the bill comes due. Nobody disputes the fact that within a few years, according to our best estimates, all students will end up paying far higher interest rates on their loans than they do right now.

I want lower interest rates for students. With more than $1 trillion in existing student loans, our students are drowning in debt. We must find a way to address this crisis by lowering the interest rates, refinancing existing student loan debt, and bringing down the cost of college. But I cannot support a plan that asks tomorrow's students to pay more in order to finance lower rates today. And I cannot support a plan that raises interest rates on students in the long term while the government continues to make a profit off of them.

According to official government estimates, the Federal Government will make $184 billion in profits off student loans over the next 10 years under current law. This is obscene. Students should not be used to generate profits for the government. We should be doing everything we can to invest in students and to offer them the best deal we can on student loans, not find more ways to make money off them.

I am a realist about this. I know that eliminating those $184 billion in profits is going to be hard. The government and our Republican friends liked having that money to spend. I know that it will take time to wring the profits out of the system, and I know it will take compromise. But the plan before the Senate today is not a compromise, and it doesn't remove a single dime of profits from the student loan program. That is not an accident. It was designed that way, on purpose, with the high interest rates in the future, to preserve every penny of that $184 billion in profits. I want a compromise that actually saves some money for our students.

In fact, the plan we will vote on makes even more money off the backs of our students—an additional $715 million over the next 10 years. That is right; the total profits of the plan we will vote on are nearly $185 billion.

Some have sought to minimize these profits. They say this money is only a fraction of what students will borrow in the next decade. But I have spent months talking to families in Massachusetts, and it doesn't look small to them—families who are already squeezed by the economy and who are fighting to put kids through college, young graduates who are struggling to buy a home, buy a car, or to put away a little bit of savings in the future. That money should stay in their pockets, not go to the government. These students don't think that $184 billion in profits is small change. These students don't think adding another $715 million on top of these already huge profits can be ignored as rounding errors. These numbers are not abstractions, they are real dollars coming out of the pockets of hard-working Americans. Middle-class families work hard and pay their taxes, and now they have to pay an extra tax—an extra $184 billion tax to put their kids through college.

Meanwhile, this plan asks for nothing from our biggest corporations which take advantage of loopholes in the Tax Code to avoid paying their fair share. It asks for nothing from millionaires and billionaires who get away with paying less taxes than their secretaries. It asks for nothing from the enormously profitable companies that get billions of dollars in subsidies from the government every year. It is our kids—our kids who are trying to get an education—who will pay more.

Senator JACK REED has introduced an amendment that would change this. His amendment would substantially improve the plan before us today. His idea is a simple one: It would cap interest rates on all Federal loans at their current levels. These caps would allow students to get a good deal right now while the interest rates are low. But the caps would also ensure that when interest rates go up in a few years, as we all expect them to, our students will still be protected.

The Reed amendment is the only way to ensure that no students will be worse off under the new plan than if Congress did nothing at all. It makes sure we don't pit our students against each other, making tomorrow's students pay more so today's students can get a break.

Senator REED's amendment creates these protections for students by taking a chunk of profit out of the student loan system and replacing it with 55/100th of 1 percent—about one-half of 1 percent—surtax on people whose annual income is more than $1 million.

This amendment would turn this bill into a true compromise. It does not come close to taking all the profits out of the student loan system, as I would like to see, but it is a very good first step in that direction.

Like most of the things we do around here, this is a choice. Anyone who says we can't afford this amendment is in effect saying it is more important to keep making profits off the backs of our kids than to ask millionaires to pay a tiny bit more. These dollars have to come from somewhere—college kids or millionaires.

A vote against this amendment is a vote in favor of higher interest rates for our students. A vote against this amendment is a vote in favor of making profits off the backs of our students. I don't believe that is how we build a future. I believe we build it together.

I support Senator REED's amendment, and I urge my colleagues to do the same.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANCHIN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from West Virginia.

Mr. MANCHIN. Madam President, as we know, Congress has trouble with deadlines. That is why we always seem to be missing them. When we have trouble finding a permanent solution, we seem to kick the can down the road, hoping to find a solution later.

We are here today trying to fix the problem we have with the government student loan programs because we kicked the can down the road last year, and if we do not stop and start fixing things, we will continue to do it. That breeds a lot of uncertainty into the minds of the families and the children who are trying to go on and better themselves. The result was that on July 1 rates on government-subsidized undergraduate Stafford loans doubled to 6.8 percent. That is a fact. That is what we know we are dealing with, and we are trying to reverse that.

Not surprisingly, it set off alarms. My goodness, we all got excited about this. What are we going to do? We had a year to do it, but we didn't do anything; we just extended it—3.4 percent and only for the Stafford subsidized loans and nothing for other loans people were taking. When you consider that 11 million students who are trying to better themselves are borrowing money every year, we were only talking about 1 million. That was all we were trying to help. We forgot about everything else.

It is time to fix it today with a ''yes'' vote on the bipartisan compromise we worked out. It is really tripartisan—Democrat, Republican and Independent. That is pretty special around here, if you can get everybody agreeing and moving in the right direction.

Let me explain what the bill does and what this bipartisan compromise will do. We can lower the rate for all undergraduates—all of them—from 6.8 percent, which is where it is right now, to 3.8 percent. So we understand, that means a savings of $2,000 in interest for the average freshman student who starts college this year. Remember, doing nothing and voting against the long-term fix means that the 11 million students who will be borrowing money for this school year will pay a higher rate than they have to.

Let's look at the amount of people we are talking about, and the money. This is what we are actually talking about.

The legislation, the bipartisan plan, has been scored and we know this first year saves $8.1 billion that students will not have to pay in interest. That we know. For the first 4 years of this plan, 2013 through 2016, it is $31.8 billion. By doing nothing, that is what we are leaving. We are making the students pay that much more by doing nothing. Anything else we do other than the bipartisan, this is the type of money they will be paying in higher interest rates and more obligations on the families.

All of us understand the importance of education. It is what has made America the land of opportunity. All of us want to help students go as far as they can with their talent, as far as their talent is going to take them. That is what brought so many of us together to come up with the tripartisan fix, if you will, for the student loan program.

We all understand that the student loan rates are only one piece to the issue of making college more accessible and more affordable for all Americans who want to further their education. We will get to the other pieces when we debate the reauthorization of the Higher Education Act, on which Senator HARKIN has been working so hard. I truly look forward to having those discussions, but today we have to know what we are dealing with. We are dealing today with something that has an immediate impact on the pocketbook of student borrowers and their families—people who need to borrow money to go to school. That is what is in front of us. We talked all over and around it. We are talking about accounting principles. We are talking about everything that needs to be looked at. But it is not going to change what we are dealing with today because this bipartisan agreement truly has savings that families need.

As I said, it is probably more accurate to call our proposal tripartisan, and I am proud to do that with all of us working together. If you think bipartisanship is hard work and hard to get around here, tripartisanship is like hitting the trifecta; that is the megabucks. We are doing something really right when we can get all three sides going in the same direction.

This legislation is a long-term fix that is fair, it is equitable, and it is fiscally responsible. We all agreed on a set of priorities when we began our negotiations—that is everybody: Democrats, Republicans, my colleagues on my side of the aisle, the Democratic side, who have other proposals. What we all agreed on is that the interest rate should be as low as humanly possible. We also agreed that there should be strong front-end caps on interest rates to protect student borrowers in high interest rate environments so that it does not just run wild with them. It has a cap of 8.25 percent, which has been historic for some time. We kept that cap.

We ensured that the government did not profit or lose money on the loans. I think that was a big thing, that we all came to agreement. Some of the bills we had, had anywhere up to $16 billion of profit built into them. That money was going to go to debt reduction. We said basically that every penny we can reduce in the interest, that money should go right back toward education for the student, and we have done that.

I admit there is no legislation that is perfect. I have been around this process for many years, and I have never voted on a perfect piece of legislation. But I tried to get the best we possibly could that made a difference and made sure we can get it passed, and we have that today. It is a good piece of legislation. Anything else that we think needs to be fixed that we have talked about, we can do that when we do the reauthorization of the Higher Education Act under Chairman HARKIN, which will be looking at everything.

Here is how good this bipartisan—tripartisan—compromise is. The undergraduate Stafford loans, both subsidized and unsubsidized, are based around the 10-year T-bill plus 2.05 percent, which would yield a 3.86-percent rate for this year. The current rate is 6.8 percent; now we are at 3.8 percent.

Let me show another chart. Nearly 8 out of 10 undergraduate borrowers will have both sub and un-sub loans, while only 1 out of 10 will have subsidized loans. That is how many students will have just the subsidized loans. That is what we thought we were fixing when we froze it at 3.4—that is all the people we helped. I don't think a lot of us understood. Some people thought it helped everybody, and it did not. Only subsidized is this, the Stafford subsidized. Those who borrow only unsubsidized is this. But if you look at those who needed both, this is what we are talking about—6.5 million more students we are helping and serving through this bipartisan—tripartisan—piece of legislation, the compromise.

This is what we worked to do. How could we help? You want to help the middle class? This is where the middle class is. This is where the people are who need to have the assistance, this is where they come in, and I think we have done a very good job at doing that.

We still have the PLUS loans. We have the graduate unsubsidized loans. Right now the graduate unsubsidized Stafford loans are paying 6.8 percent. Under our legislation they will be paying 5.4 percent. If you look at the PLUS loans today, the PLUS loan current rate is 7.9 percent. Under our bill it is 6.4.

One hundred percent—every student—11 million of them who are borrowing money—will be benefited by the bipartisan agreement. Everybody benefits. That is what we tried to do.

Our plan keeps in place the IBR, which is the income-based repayment plan.

Let's say you graduate after years and you borrowed a lot of money. You have a lot of debt. You get a job that pays $40,000, and you have two kids now. We put in a protection that basically says they can only charge you—you only have to pay 10 percent of your disposable income. With a $40,000 income, with two children, that can be as low as $142 a month. Now, $142 a month—let's say that with the economy, the job you have that is where your heart and desires are—after 20 years it is completely forgiven. After 20 years, you made a good effort and maybe 50 percent of your loan is still owed. The taxpayers are picking up that. When people are saying that we are not helping, that we should be subsidizing higher education, we are doing that and I think with tremendous help.

The Congressional Budget Office said our bipartisan proposal will save the government $715 billion over 10 years with $1.4 trillion of money that will be borrowed, and $700 million—that is over 10 years, and that is $70 million a year. That is about as close as they are able to come. What that really amounts to—let me give it to you this way. It might be better. Over the 10 years, $715 million means that the Federal Government—if someone says: Oh, but they are making a profit, over 10 years the Federal Government will make $2.76 on each loan. If we can get it to zero, we will take it to zero. We don't make a penny. That is about as close as we can get working with the numbers we have.

We should not deny students starting college this fall $2,000 in savings for the sake of a principle. You say we are making $2.76 over 10 years, so they should not have the $2,000 in savings? It doesn't make sense to me.

Chart No. 3. This indicates that the average freshman in 2013 who graduates in 4 years will save over $2,000 on our plan—$22,000 versus current law, $24,000. In the years ahead, the interest rates on newly issued Federal student loans will be tied to the U.S. Treasury 10-year borrowing rates plus add-ons to offset costs associated with defaults, collections, deferments, forgiveness, and delinquencies.

What we are talking about is—what they are saying is that rates are going to go up. CBO projects this. They projected it before. If everything that you are hearing—and they say that rates will go up; that is where the difference of about $500 comes in. That is the difference. That is in the worst-case scenario that the $500 would come in. Setting the rates to the market borrowing costs is fair, and it is equitable and sustainable as long as we have strong borrower protections, and it is fiscally responsible.

This way, Washington doesn't wind up profiting from students or losing money on them. Depending on the methods of accounting that you use—you heard how much money we are making on this and that. Let me explain a little bit about the accounting procedure. The student loan program either generates $184 billion, if you used the Federal Credit Reform Act—and I will say the Federal Credit Reform Act has been the way the CBO has scored for the last 23 years. For 23 years that is the way it has been done. If you use fair value accounting, which some have basically supported and want us to change to—even CBO has pointed toward that—there would be a $95 billion loss. There is a $280 billion swing between what some people say we are making in excess profit; others say we will be losing money, it is not paying for itself, and we are still subsidizing at the $95 billion rate.

That is a tremendous swing. We are not going to fix that. Senator HARKIN will look at all of this, and we will be able to address all of this in the comprehensive bill. We should all agree it is simply not fair to make a profit on the backs of students, and we agree on that, and that is why no matter what happens in the market in the long-term, the Senate compromise—and we fought hard for this—on the front end, the Senate compromise includes an interest rate cap of 8.25 percent. Much of this is important because there will be approximately $140 billion in new loans issued every year, which means $1.4 trillion in loans will be issued over the next 10 years.

In just a few short weeks students will be returning to school, and they will have plenty to worry about: what books to buy, where their classes are, how to haul all their stuff to all the rooms, and much more.

There has been so much discussion and argument. We will be voting on amendments that are based on what will happen after 4 years.

This chart shows what the CBO said the interest rates would be. In 2003, we start at around 4 percent. They felt they would go up to 5.8, to 5.9 percent, and level off for the past decade, which is from 2003 to 2013. This is actually what happened. If we locked into some of the amendments some of my colleagues, whom I respect, are telling us to lock into, no one would ever be able to take advantage of these historic lows. We are able to adjust that based on the market rate rather than just a fixed rate.

These are the things we don't know, but we know we are going to score $31 billion in savings in the first 4 years. We do know that. This is how far they have been off before, so there is no science in this. If anyone thinks this is the gospel, it is not.

With a ''yes'' vote on our legislation today, there is one less thing students and their families will have to worry about: what the interest rate will be this year and how it will be calculated for years to come. We all came here to help our constituents do what we believe is right. We all agree that ensuring college remains affordable and accessible for this generation and future generations of Americans is the right thing to do. There simply is no better investment we can make than the education of our children and grandchildren.

We will count on today's students to be the driving force of American creativity and innovation in the years ahead. Some bedrock values define America, and one of them is pretty fundamental: We believe in opportunity. We believe everyone who wants to work hard and play by the rules should have a shot to succeed. To make good on that American promise—the promise of the American dream—we must do all we can to ensure that students can have an affordable education.

With a vote today on this bipartisan—more appropriately a tripartisan—agreement to lower the interest rates on all student loans, we will take a large step in the right direction. That is why I urge all of my colleagues to support this bipartisan, tripartisan, agreed-upon legislation that helps students in the future.

With that, I yield the floor.

The PRESIDING OFFICER (Mr. HEINRICH). The Senator from Missouri.

Mr. BLUNT. Mr. President, I rise in support of the effort that my friend Senator MANCHIN has done to reach a conclusion. I hope we reach that conclusion today.

I was a university president for 4 years before coming to the Congress. There are 11 million families—between now and the start of the school year—who will be making decisions on how these programs work, so they are very impacted by what we do. Working together to make this happen is important, and I will be supporting that.

I am glad to be a cosponsor of this bill that deals with scholarships, but I wish to talk quickly about one other topic and then I have another topic I came to the floor to talk about.

REMEMBERING OFFICERS CHESTNUT AND GIBSON

Mr. BLUNT. Fifteen years ago this week, we had two of our Capitol Police officers killed in this building. Officer Jacob Chestnut and Detective John Gibson were killed. An intruder came into the building, and these two people, trying to protect and defend others, were killed. Later today there will be a moment of silence in honor of them and at the same time remembering all of those who do this every day for us.

I happened to be working in this building on 9/11. I was one of the last people to leave the building that morning, and I remember the people who were still here when I left were the Capitol Police. I remember one of the policewomen I saw as I was going out the door—Isabelle said: You need to get out of the building as quick as you can. But she was still here.

Officer Gibson actually died in the doorway of an office that was my office for a couple of years in this building. I moved into that office shortly after he and his family both made the sacrifice that all of those who work here to protect us are willing to make.

The other thing I would like to say is that in light of all of that, this building was kept open for people who were not only from the United States but from all over the world to come and see. One of the things Congress appropriately never talked about after that tragedy was: What do we do to keep people out of this building? The discussion was: What do we do to let people continue to be in this building, and we will be remembering that day.

THE ECONOMY

Mr. BLUNT. Mr. President, I rise principally to talk about the fact that today President Obama is pivoting back to jobs and the economy in a series of speeches in Illinois, Florida, and in my State of Missouri.

He will be speaking at the University of Central Missouri at Warrensburg today, and I am glad he is. I was there recently. This campus always hosts Girls State and Boys State. It is one of our great schools. Warrensburg is a great community. I am glad he is there, and I am glad the President is going to get to see that.

These speeches the President is giving sound an awful lot like the 2012 campaign speeches. I think we need to move beyond that. We need to not just pivot to the economy, but we need to stick with the economy. Missourians and all Americans are concerned about the economy and for good reason.

In June, a Gallup poll found Americans continuing to say the economy is the biggest problem facing the country. Certainly, if we look at what we ought to be focused on in our domestic agenda of what we are going to do for America, private sector jobs have to be at the top.

The President has pivoted—and I think usually the press and maybe even the administration were pivoting to jobs and the economy—to the economy and has done that a lot over the last several years. It is sort of like he goes to this issue and then he goes away from it. I believe that when he is there, he is talking about the right thing, but he has to talk about the right thing all the time if he wants the right thing to happen.

There is an old saying that even a stopped clock is right twice a day. The President and the administration's focus seems to be like that. Occasionally, we come around to the right topic, but then we quickly get to other topics.

In May of this year, the President pivoted to jobs during his middle-class jobs and opportunity tour. In February, he pivoted to jobs during a State of the Union Message. In June of last year, he pivoted to jobs during a campaign speech in Cleveland, OH. Aides said he was framing the speech but didn't have any new proposals. That was the way that speech was described that day.

In September of 2011, President Obama pivoted to jobs during a speech before a joint session of Congress that was held to bring attention to jobs, where he said he wanted to vote on a $447 billion jobs package.

In August of 2011, the President pivoted to jobs during a speech at the White House following a Senate debt ceiling vote, and then he had a Midwest bus tour.

In January of 2010, he pivoted to jobs amid news that unemployment reached 10 percent in the wake of what I think was clearly a failed stimulus plan. It was a stimulus plan that didn't work. During the speech, he announced there would be more tax credits for clean energy jobs.

The December before that, he pivoted to jobs during a White House forum for business leaders. I think I read somewhere this morning that we could count as many as 18 pivots to jobs. We need to pivot to jobs and stay with it.

When the President is talking about private sector jobs, he is talking about the right thing, but what he says after pivoting to jobs is what matters. Hopefully, tomorrow the President will still be talking about jobs. Hopefully, the President will talk about jobs every day in the next week and longer until we get this done. We need to stay on the economy until we get it done.

Action speaks louder than words, and unfortunately the record is not as good as we would like it to be. We have lagging job creation and devastating manufacturing loss. The economy is now adding jobs again but barely enough to keep up with the numbers of people going into the workforce. Manufacturing has been particularly hard hit, despite the President's goal of adding 1 million new manufacturing jobs by the end of the second term. I would like to see that happen. If the President stays focused on that as the premier domestic topic every day for the next 3½ years, it might, but it will not if he doesn't.

We have too much debt, and that doesn't help in adding jobs. We have added $6 trillion in debt and saw a stimulus plan that added a lot of that debt and didn't appear to create the jobs it was supposed to create.

As far as the health care law, the nonpartisan Congressional Budget Office estimates 7 million people will lose their coverage because of the health care law. The Chamber of Commerce said that more than 70 percent of small businesses say the health care law makes it harder and less likely for them to hire new employees. The Congressional Budget Office says the health care law will not reduce the number of uninsured below 30 million Americans, but it is going to cost a lot of money in holding back full-time jobs.

I read articles every day in different papers that people are looking at part-time jobs rather than full-time jobs because of the health care law. Surely that is not what we should be doing.

There are energy policies that don't make sense: the continued blockage of the Keystone Pipeline that would have added tens of thousands of jobs just to build it. After it is built, more American energy equals more American jobs. The President and administration need to embrace that concept of more American energy.

Republicans in the Senate and House are united in calling for progrowth policies such as replacing the President's health care plan with something that will work. Encouraging more American energy of all kinds—from renewables to solar to wind—is important. We need to also understand that traditional sources of energy will be the main source of energy for the foreseeable future and that will grow our economy—approving things such as the Keystone XL Pipeline, stop overregulating in ways that hold our national energy policy back.

Obviously, we need to rein in wasteful government spending, give Americans more economic certainty, and simplify. There is much we can do. We need to simplify the Tax Code. There is a lot we can do.

I say to the President, it is time to keep talking about jobs. I hope today is the first of lots of days in a row when we are talking about jobs but also doing the things that help create private sector jobs, doing the things that help create an environment where people want to take the chance to create an opportunity because our society needs to be about that.

By the way, it is the private sector jobs that do that. The public sector jobs are fine, and I am glad to have one right here, but public sector jobs don't pay the bill. They are the bill. Private sector jobs are where we need to go, and I encourage the President to stick with the pivot this time.

I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senator from Maine.

Mr. KING. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KING. Mr. President, I rise to speak on the student loan issue, and my time should be allocated to the time of Senator ALEXANDER.

The PRESIDING OFFICER. The Senator is recognized.

Mr. KING. Mr. President, we have been hearing really two debates around here the last few days—in fact, over the last few days and months—about student loans. Both are important, but they are separate, and I think they need to be separate and thought of as two separate debates as we consider the issue before us this afternoon.

The first and larger issue is the cost of college. It is too high. Everyone agrees to that. In fact, the cost of college—of higher education—has exploded in the last 30 years.

In a former life, I used to interview people for a living on television. In the 1980s I interviewed the financial aid officer at one of our Maine colleges. He made a very interesting point.

He said: Angus, if you look back over the last 40 or 50 years, the cost of a private college education in the United States has almost exactly tracked the cost of a new Ford automobile. In the 1950s, $1,500 bought a car and a college education. In the 1960s, about $3,000 bought a car and a college education. That relationship continued into the 1990s. Then something happened because today a new Ford is about $18,000 and a private college is approaching $60,000, something like $58,000.

That is a real problem for all of us. It is a problem for parents. It is a problem for students. It is a problem for the government that supplies the loans. It is a problem for Pell grants. It is a problem for all of us. It is one we need to discuss. But that is not the issue before us today.

There has been some discussion in this bigger debate about college costs and what the Federal role should be. Should it be to support and help students go to college? Indeed, we have had this discussion for the last 25 or 30 years, going back to the time of Pell grants, which were designed to help students—particularly low-income students—go to school. We have had various iterations of the student loan program. At first it was lodged in the banks, and it was a guaranteed student loan. Then some years ago it was made exclusively a Federal loan.

I can make the arguments—and we have heard some of them on the floor, including from the Senator from Vermont, who very eloquently made the argument that we need to make college accessible. We should do that, but not in the context of the discussion we are having today about student loans. It is a larger issue. I am sure Senator HARKIN and his committee are going to take that up in the reauthorization of the Higher Education Act later this year.

I can be very passionate and persuasive about the importance of the affordability of college. In fact, I would argue that the GI bill, back in the early 1950s and late 1940s, is one of the most important economic development investments this country ever made because it sent a whole generation of young Americans to college, and it was the mainspring of our great economic growth in the 1950s and 1960s.

The problem now, though, if we are talking about massive new Federal support for higher education—it runs into three problems, it seems to me, that we are going to have to examine and think about as we move forward in this debate. One is financial, another is political, and the final one is economic.

The financial problem is we are broke. Every dollar we spend—in addition to what is being spent now; in fact, including about 30 percent of what we are spending now—is borrowed. So if we are going to significantly increase Federal grants or subsidies to students, they have to come from somewhere else. I heard Senator CARPER speak yesterday about this.

He said: Do we really want to say, OK, we are going to cut Head Start in order to give funds to students? Are we going to cut somewhere else? How are we going to make those kinds of allocations?

Every dollar must be borrowed, and that is just the financial reality we are in today.

The political reality is we are in a situation of divided government. The central reality of our political times is nothing happens in this city without votes from both parties. It is simple arithmetic. We have a President who is a Democrat. We have a House of Representatives that is controlled by Republicans, and we have a Senate with a majority of Democrats but with important powers to the minority party. So the bottom line from all that is nothing happens without bipartisan votes. So as much as we—or any group, whether it is the Democrats, the Republicans, or our two Independents—as much as we might want something, if it doesn't have bipartisan support, it is simply not going to happen. That is the reality.

That is indeed the reality that drove JOE MANCHIN and I to begin these discussions about 6 weeks ago when we were talking about student loans. There was a Democratic proposal which didn't get enough votes, there was a Republican proposal which didn't get enough votes, and everybody walked away. I was haunted by the experience of the sequester, where the same thing happened: Democratic proposal, Republican proposal, everybody hates the sequester, but it is happening.

So we believed we had to open some discussions because we have to find a way to get enough votes to get a proposal through the Congress so students aren't facing way higher interest rates this month than they should be. No action, make no mistake about it, means students will be paying dramatically higher interest rates than they should be, given the current cost of money. Why? Because Congress fixed an interest rate.

I would argue the last thing Congress should ever do is fix an interest rate. It will always be wrong—either wrong for the students as it is now, dramatically, or wrong for the taxpayers at some point in the future. We can't predict what interest rates can or should be, and fixing a rate, which is what we are facing now—6.8 percent—is always—at this point, as I said, is dramatically wrong for students.

In terms of the political realities around here, my dad was a lifelong poker player. One of the things I learned from him—one of the guiding principles of my life—is you have to play the hand that is dealt. The hand that is dealt us right now is that it takes both Republican and Democratic votes to get anything through the Congress. That is the reality, and that defines our ability to get things done. It doesn't mean we can't get things done, it just means we can't always get our way, and compromise has to be part of our lexicon.

The final issue about whether we want to create a massive new support program for college education is economics. I am not saying this is a dispositive argument, but I think it is something we have to think about. The explosion of college costs I talked about that started in the 1990s corresponded, to a large extent, to the availability of additional money for scholarships and loans and grants, and the colleges essentially ate it up. We can go through great effort to find money to increase Pell grants by $1,000, and we will all feel good that we have done something for the students. But if the colleges increase their costs by $1,000, nobody wins. The Federal Government and the taxpayers are out $1,000. The students are in exactly the same position they were in before. They still have to find the difference because the money has just been eaten up by the increases in costs.

I think that is why we have to be thinking about what the implications are of the actions we take. Just saying we want to give more money to students for college—if, indeed, that money immediately turns into higher costs and higher tuition, nobody has gained, least of all the students because they end up with this huge debt burden.

We can and should have this discussion. It is an important one. But it is not the discussion before us today. The discussion before us today is pretty simple: Do we want to continue a program that has fixed rates at 6.8 percent when currently rates are running more in the 3-percent range?

In other words, do we want to balance the Federal budget for the next 4 or 5 years on the backs of our students? I don't think we should do that. I think we have come up with a proposal that doesn't do that—that dramatically benefits students as long as interest rates are where they are, and it protects students on the upside.

I try to always think about problems as if we didn't have all of the history and we simply had a blank sheet of paper and said: How should we go about this? How should we structure a student loan program in the Federal Government if we didn't have all the back-and-forth and the history and the fixed rates and all of those things?

It would seem to me if we sat down in a room with a group of bright people, they would say: Well, No. 1, the government is going to have to borrow this money that it then lends to the students because we are broke. Therefore, in order to be fair to the taxpayers and the students, the students should pay what it costs the government to borrow the money, plus a little bit for the cost of administering the program and the risks of default. That is exactly where we landed in this proposal.

People talk about market rates. Yes, there are market rates, but it is the 10-year Treasury bill, which is one of the lowest rates in the country. This isn't the prime rate. This isn't LIBOR. This is one of the lowest borrowing rates we can ever have. It is the borrowing rate for the U.S. Government, which heretofore anyway has had a pretty good credit rating. Therefore, the students are guaranteed that they will always be below the outside market. If they went to a bank for a loan with no collateral, no cosigning, no job, the rates would be much higher than what we are talking about.

By the way, it is important to understand, because there has been so much discussion about this, that this is not an adjustable rate mortgage. If we can manage to pass this bill and get it through the House and get it to the President in the next week to 10 days, once a student signs up for a loan this fall their rate for that loan will be fixed at 3.86 percent for the term of the loan—for the term of the loan.

It is true that the following year, if they need another loan, that rate will be the T-bill plus 2.05 percent for the term of that loan. In other words, the loan rate doesn't change each year according to the rates. I think that is an important distinction. I think there has been some confusion about that. In addition, there are provisions in current law which this bill doesn't change that allow for forgiveness of student loans under certain circumstances, depending upon how long the loan has been in place and the employment a person has, as well as limits on how much a person has to pay as a percentage of their income.

As I said before, I don't believe Congress should be setting rates.

Let's talk about the effect of this proposal on students. The first effect is that it will cut almost in half the rates students are going to have to pay for their loans this year, from 6.8 percent to 3.86 percent, as this side of the chart shows. So a freshman going to college starting in 2013—this year—this is what they would pay for their total loans under this proposal.

It says "bipartisan"; it should say "nonpartisan." This is what they will pay under current law. That is a dramatic difference. That is money out of the pockets—billions of dollars out of the pockets of students over the next 2 or 3 years.

Everybody says, well, what if rates go up? Rates might go up. They might stay the same. They might go down. But even if they go up, under the projections of the Congressional Budget Office, here is a student starting college in 2017, and they would pay a little bit more under our proposal—it is the difference between $24,800 and 24,295—about $500. This difference is about

$2,000. This is money in hand. This is maybe, depending upon what happens with interest rates—what is worth more, $1 billion in hand or $1 billion in the bush? I think it is $1 billion in hand because these are the rates kids are going to have to face right now.

I think this is a great deal for students. No. 1, it dramatically lowers the rates in the early years. No. 2, thanks to the hard work of TOM HARKIN, who negotiated like a tiger, there is a cap on the upside. So students aren't subjected, if rates happen to go way up—as they have occasionally but not very often in our recent history—into double digits, there is a cap of 8.25 percent.

So the students enjoy the benefit of the low rates, but their exposure to the upper rates, to too-high rates, is capped. I think that is a sensible and prudent and beneficial proposal for students.

The savings to students next year will be something like $8 billion or $9 billion; otherwise, if we do nothing this week, that is the amount they are going to have to pay.

The future is uncertain, but I think it is important to talk about projections of interest rates because a lot of the discussion is that the students are going to have to pay so much more because the CBO projects interest rates to go up. By the way, even on the CBO's projections for undergraduates, the rates would never hit the cap. They would be in the low 7s—very close to where the present rate is.

But let's just talk about CBO interest rate projections because that is what is driving a lot of the anxiety around here. Here is the CBO. Let's pretend it is 2003—10 years ago—and we go to the CBO and say: What are you projecting for interest rates—just as we did a few weeks ago? Here is what they projected. They said: Well, interest rates are at about 4 percent, but we think they are going to go up around 5, 5.5, 6 percent. That is the projection CBO used in 2003. OK.

The good news is, we know what actually happened. Again, starting in 2003, here is the actual cost of interest rates. Look at the difference. If we were basing our decisions on projected interest rates, look at the huge difference that took place, and all of this represents money in the students' pockets as opposed to fixing the rate.

So, yes, the projections are that they will go up, but we do not know that. I would take money in hand anyday against a possibility that there might be a payment later on. And we do not know that. It could go either way.

If interest rates go way up, as I said, the cap kicks in. The cap of 8.25 percent is very close to the 6.8 percent we have now. It results in about—I do not know—$20 a month difference between the cap and the 6.8 percent, if, indeed, we go all the way to the cap.

I think this is a prudent and responsible proposal. It is the best of all worlds for the students because they get low rates now, and they get a cap if rates go up. I think it makes sense for the taxpayers. I am perfectly willing to have the debate, to have the discussion about, A, what do we do about college costs, and, B, should the Federal Government be playing a greater role in terms of support for students? I think that is a very honest discussion.

But this is called the student loan program. It is about loans. And the implication of a loan is that it is to be paid back with some reasonable rate of interest. Pell grants are grants, and we have tax credit programs that are, in effect, grants. This is one part of the student aid puzzle, and what we have before us today is a prudent, sensible, beneficial program for the students.

I will conclude by saying the choice is very clear because if we do not act on this bipartisan proposal that we believe will have a receptive ear in the House of Representatives—we know the President supports it and is ready to sign it tomorrow—if we do not move this bill, nothing happens, nothing happens during August, students are signing up for loans at almost double the rate they should be. I think that is unfair to students, and I think they sent us here to solve problems. This is one I believe we can tackle. We can and have solved it.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. BURR. Mr. President, I would like to be recognized on the student loan bill. The time can come out of the Manchin-Burr amendment. I am not sure exactly how we are allocating time.

Let me take this opportunity to thank the cosponsors of the bill: Senator ALEXANDER, Senator COBURN, Senator CARPER, Senator KING, and Senator MANCHIN. Without this bipartisan approach, we would not be here today. It has not been lost on me that four of the six cosponsors are former Governors. They recognize the importance of education. They recognize the importance of students having access to that education. I think all of them are stalwarts as it relates to good education, and I think they recognize, as do Senator COBURN and I, that this is a good bill. It is good policy, the Manchin-Burr-King-Alexander-Coburn-Carper bill.

Let me take a minute to share with my colleagues or remind my colleagues where we are today. Senator KING just did it. Under current law we are at 6.8 percent for all undergraduate students. It is higher for graduate students. It is higher for PLUS loans. A month ago, we had a bifurcated system where some undergraduates paid 6.8 percent and other undergraduates, who were considered subsidized, paid 3.4 percent. I would suggest that is morally wrong. I think collectively what we did was we said: How can we come up with a system that shows the equity we believe in and that provides a financial benefit to all students who participate?

So I say to my colleagues, I want to point out the single most important part of this bipartisan bill or nonpartisan bill is the fact that for two students seated side by side—one whose parents have a different income level than the other one's parents—we treat them both the same.

For the one who has a lower income level, as Senator KING said, they qualify for Pell grants, for education tax credits, for loan forgiveness, for a lot of different things. But from the standpoint of the rate the Federal Government charges them to borrow money to go to school, we treat them the same. I think that is what we are supposed to do.

If we did not treat them the same—let me back up for a second—and we were treating this one at 3.4 percent and this one at 6.8 percent, understand that this one can only borrow $3,500 at a subsidized rate. Well, you are not going to enter any college today for $3,500. It is not going to happen. So you are going to have to borrow a little more. If you borrowed the maximum you can get, it is $5,500 in your freshman year. So you are going to get $3,500 over here, and you are going to get $2,000 over here but you are going to pay 6.8 percent.

What the bipartisan or nonpartisan bill does is it provides every undergraduate with, this year, 3.86 percent. In the case of the subsidized student, they are not, as before, borrowing at a lower rate for some money and a higher rate for other money, actually subsidizing themselves. And for the undergraduate who is not subsidized, they are not paying way more than they should for their college loan.

So what did we do? We used the 10-year bond, with market forces. I am not sure there is a fairer way to do it—fairer for the student, fairer for the institution, fairer for the American taxpayer. We tied it to the 10-year bond, and we got an add-on which is reflective of the cost to run the program and the risk of the loan. We hope every student pays it back, but that does not always happen. What we tried to be is good fiduciaries for the American taxpayer.

Within that, as Senator KING said, they are capped. If you are an undergraduate, it is capped at 8.25 percent. It came out a little higher than that. But the tradeoff for doing that, in comparison to what my colleagues in the House have done, is that when you take out a loan this year at 3.86 percent, that is your interest rate for the life of the loan. We do not readjust it on an annual basis. This is like getting a 15- or 30-year amortized loan for a home mortgage. We are not going to come in and change the rules on you and say: Well, the United States wants more interest in the future. But it does mean, just like in a home mortgage purchase, if you buy one this year, the likelihood is, the one you buy next year might have a different interest rate because the market has changed.

I think the American people can deal with that because it is predictable. It brings with it some certainty. You can calculate it on your own. As my colleague said, the last to set rates is the Congress of the United States. We should not be in that business. It should be market forces. With this legislation, it will be.

I sat over here trying to think of just the one phrase I would say to my colleagues is the primary reason they should support this bill and provide this benefit for the American people. I wrote down two words: financially sustainable. You see, in 2007, Congress created the current student loan program rate. A year ago—after we had extended the program because it ran out for 2 years—we said: Well, we are going to fix it. We are going to have a long-term solution. Then, all of a sudden, we did a 1-year extension. The Senator from West Virginia was the most vocal person. He said: What happened? We were going to fix it. We did not fix it. Thank goodness that is why, when it came up this year, there was such outcry over the fact that now is the time to fix it if we are going to do it. Let's go ahead and fix it.

Well, what is the test of: Did we fix it? I would suggest to my colleagues, it is financial sustainability. Can this withstand the test of time? Today we need that certainty from the standpoint of Federal spending, from the standpoint of the American taxpayer. But we also need it from the standpoint of America's children.

We are speaking as much to the 10-year-old as we are to the 18-year-old. The 18-year-old may be a freshman next year. The 10-year-old has aspirations, down the road 8 more years, that they are going to have the ability to go to college. We want to provide them with the certainty that there is going to be a student loan program out there that is equitable and fair that they can participate in and not question whether, in fact, it will exist. I think with the option we have on the table, we will be able to say that from one generation to the next.

I know we will consider this afternoon a couple of different options. I want to urge my colleagues. I think there will be two options from the standpoint of plans you can choose. If you believe equitable treatment is right, then the bipartisan bill is the one you need to support. If you believe financial sustainability is important, then the bipartisan bill is the one you need to support.

I think if you tick down all the things you probably ought to look at—what makes it most affordable; what is best for the students—I think what you will find is it is the bipartisan bill.

There has been a lot of work put into making it a long-term solution. I want to urge my colleagues. Congress changes every 2 years. That is the length of ''long term.'' But let's not put into law a sunset on this in 2 years. That is the other amendment. Why would we say we have come up with a great plan, one that sort of passes the test of equitability and sustainability, and then turn around and say: But we are going to sunset it in 2 years? Congress has the ability, with every new Congress, to look at any piece of legislation and change it. Let's make that the function of what we learn from this and not prejudge it and say: Let's cut it off in 2 years.

I am going to conclude because my colleagues are here to speak on the program as well. I thank the cosponsors—the four Governors and Senator COBURN. Without their help we would not be to this point. I thank the leadership on both sides of the institution—the majority leader and the minority leader and those who have brokered the ability for us to be here today. Without them, we would not be considering what I think is the best piece of legislation to address the challenges we have for students in need of loans for college this year and future years.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. HOEVEN. I come to the floor today to speak again in support of the permanent solution to the student loan program. Like my colleague from the great State of North Carolina, I think that is exactly what we have with the bipartisan Student Loan Certainty Act.

I want to acknowledge all of those who worked so hard to come together and support this legislation. It is actually not bipartisan, it is tripartisan. Former Governor King is an Independent, so you have Republicans, Democrats, and Independents all in support of this legislation. That is what it takes. It takes people coming together across the aisle doing good work. That is what they have done here to put this legislation together. I am pleased to be supporting it.

I come today to call on all of our colleagues to support it as well. The plan provides students with dependable low-cost financing on a long-term basis. That is the key. This is a long-term fix. It is called the Student Loan Certainty Act because it provides just that, it provides certainty for students and for families.

Again, let's take a minute to review how the plan works. The plan would tie all student loan rates to the 10-year Treasury note rate to reflect both current market and employment conditions. For this year that rate index would be 1.81 percent. Then both subsidized and unsubsidized Stafford loans would be 2.05 percent over that rate. Graduate student rates would be 3.6 percent over the 10-year Treasury rate, PLUS loans would be 4.6 percent over the Treasury rate.

It is important to note that the rate on those loans is then fixed, so you have that certainty when you take out the loan. You know what the rate on that loan is going to be for the life of the loan. It is important for our borrowers.

Let's take a minute to compare this program with the existing student loan program. Subsidized Stafford loans right now are charged at 6.8 percent. It was 3.4 percent, but now it is 6.8 percent, because as my colleague identified the program had expired.

We are in this situation where we are going with short-term extensions. So we faced these periods like right now where the program has expired, so the rate for Stafford loans is 6.8 percent. Under this program, that goes to 3.86 percent this year—3.86 percent compared to 6.8 percent.

The same thing for unsubsidized Stafford loans. Now 60 percent of the borrowers, the undergraduate borrowers, borrow unsubsidized Stafford loans. A lot of the lower income students who borrow subsidized loans also borrow unsubsidized loans. They were paying that 6.8 percent even before the program expired. For all of those undergraduate students, the rate goes down to 3.68 percent. That is a big-time savings for undergraduate students. Furthermore, the program is capped at 8.25 percent, so they have the certainty of a cap as well. They save money now. As was pointed out by my colleagues, they save money now and they have the certainty of a cap as well.

There are caps for both the graduate students and for the PLUS loans that parents take out as well. In addition to the caps, there is another safety net in the program. The other safety net in the bill is the income-based repayment level. Under the income-based repayment level provisions, student loan payments are limited to 15 percent of income. Any balance remaining on the loan after 25 years is forgiven. So you have both safety nets. You have the caps and you have the repayment limit provision to protect borrowers.

This program is designed solely for students and their families. Let me repeat that. This program is designed solely for students and their families. Unlike the existing student loan program, it does not subsidize Federal health care or any other program. It is for the students and their families alone, period. Again, as my colleagues noted, a year ago we extended the student loan program. I was actually a member of the conference committee for MAP–21, the Department of Transportation reauthorization legislation. In that legislation we not only reauthorized the DOT budget, we also reauthorized Federal flood insurance as well.

In addition, we extended for 1 year the reauthorization of the student loan program. The reason we extended the student loan program for 1 year was so we could come up with a permanent solution, not so we could come up with another short-term extension but specifically so we could come up with a permanent solution. That is exactly what this is.

The bipartisan Student Loan Certainty Act provides that certainty for students, for families. It is a long-term permanent fix for our students. So I join with my colleagues and I call on both sides of the aisle, all of us, to come together. Let's fix this for our students. Let's get it in place. Let's get it over to the House. I believe they will pass it as well. Let's have this ready for our students as they are preparing to enter college this fall.

With that, again, I thank everyone who has worked so hard on this legislation.

I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. I ask unanimous consent that after I speak for about 10 minutes, the Senator from California be recognized for up to 30 minutes, and following her, the Senator from Oregon be recognized, Mr. MERKLEY.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALEXANDER. Mr. President, I think the Senator from Maine, the Independent Senator from Maine, probably said it best when he observed on the floor and in private conversation that if you took four or five of us and said forget that you are elected to public office, here is a problem to be solved, we would have come up with something similar to the solution that the President, the House of Representatives, and the bipartisan proposal on the floor today. This is a very good solution on a very big problem that affects millions of families and about 9 million undergraduate students who are headed to college this year.

The bipartisan proposal makes it cheaper, simpler, and fairer for students going to college. It makes their loans more certain, because it locks in a rate for the life of the loan. It ends the political football game which we play every other year, it seems, on student interest rates and solves the problem permanently.

It is based upon an idea recommended by President Obama, passed by the House of Representatives, and endorsed by the bipartisan group that has been working on it. I wish all of the major problems that came before us could be solved in this way. As far as cost goes, it is a big difference. Two-thirds of all federal loans are undergraduate loans. There are about 11 million borrowers who will take out about 18 million loans, because students take out more than one loan.

For all of the undergraduate loans, about two-thirds of the loans, the rate of the loan will be cut about in half, which means if you get a loan this year at a 3.86-percent rate, that is the rate that is locked in for the entire life of the loan. It is simpler and fairer because there is a single rate for all undergraduates. Before, we had one rate for a subsidized loan and another rate for the unsubsidized loan. That is confusing. It was unfair, because 80 percent of the lower income students who had the subsidized loan also had an unsubsidized loan. So now everybody who shows up at the University of Tennessee and borrows money, if they are undergraduates, all of their loans will have the same rate.

It is fair to taxpayers because we asked the Congressional Budget Office to comment on what it costs the government to borrow the money and administer the loan, take into account the cost, and try to come as close to zero as possible to the cost of issuing loans for the taxpayers. They have done that.

It is fair to students because we also asked the Congressional Budget Office to do the same thing for students. They said, we are loaning more than $100 billion a year over $1 trillion over 10 years, so help us find a formula that comes as close to zero as practical so we do not overcharge students and make money on the backs of students. They came within seven-tenths of 1 percent in their estimates, which is only an estimate, and for all practical purposes that is a rounding error. That is a good-faith effort to get to zero in terms of fairness to the taxpayers and students.

But I would want to say to those who suggest it is not fair to students, let's keep in mind a few things. First, thanks to Senator HARKIN and many of the Democratic Members of the Senate, there are caps on the loans. So if rates go up too high, there is a limit on how high they can go.

Second, there is, as has been mentioned, the income repayment plan which means that under the existing law today, if you take out a student loan and then you get a job, you only have to pay back about 10 percent of your disposable income. That is not all of your income, that is after you subtract your living expenses and your taxes, about 10 percent of what is left. If that is not enough, after paying it back over 10 or 20 years, depending on whether you have a public or private sector job, the government forgives it. So there is that cap on there as well.

Then there is the interest subsidy. About 40 percent of the loans are subsidized for lower income students, which means the government, the taxpayer, pays the interest while you are in college. So if you are a low-income student at the University of Tennessee, you take out a loan, the government will pay your interest the whole time you are in college.

Then there is the Pell grant. We spend about $35 billion a year of taxpayer money on Pell grants which go to low-income students. So a student at the University of Tennessee may have a Pell grant of up to about $5,500 or so. They might have a Hope scholarship in the State another $3,000. The tuition at the University of Tennessee is about $8,000 or $9,000. At the community college it is about $3,000 or $4,000. So you can see there is relatively a lot of financial aid out there before students borrow these low-rate student loans that taxpayers are making available to 9 million students at a rate of 3.86 percent for undergraduates.

Then there is one other aspect in which this is favorable to students; that is, the accounting system that we use. I have heard some say the government is making money on the backs of students. Let me try to put that in the simplest form I can. All we are doing with the proposal today is resetting the rates, a very simple bill with a few pages. It is on top of a student loan system with a lot of cash going in and out of it, $100 billion going out this year in new loans, maybe about as much coming back in, being repaid from old loans. There are two ways of accounting for that cash back and forth to determine whether it benefits the taxpayers or whether it benefits the students.

Under the law, we have something called the Federal Credit Reform Act, which says the taxpayers are benefiting to the tune of about $185 billion over 10 years. That is correct. That is exactly what it says. Not from what we are voting on today but for the underlying system that already exists.

But the Congressional Budget Office has said that is not the way they recommend measuring how we count the cost to the government of loaning money. To be specific, the Congressional Budget Office says the Federal Credit Reform Act estimates do not provide a comprehensive measure of what Federal programs actually cost the government, because they do not take into consideration the market risk.

CBO says that adopting a fair value approach would provide a more comprehensive way to measure the cost to the Federal credit programs and would permit more level comparisons between those costs and the costs of other forms of Federal assistance. The Congressional Budget Office says: We already use that fair value approach, which includes taking into account the market risk with such things as the International Monetary Fund, the IMF, the Troubled Asset Relief Program, the bailouts, as we called them in 2008. CBO uses those with Fannie Mae and Freddie Mac.

In other words, the nonpartisan group we rely on to advise us about money says that if we actually use the right accounting tools, the current student loan system benefits students to the tune of about $95 billion over the next 10 years, not taxpayers. So there is another benefit to students. It is not true that under the recommended form of evaluating the cost to the government that taxpayers come out better than students.

One other thing I would like to say—or two other things. One is, I would like to compliment those who have worked on this. My colleague Senator HARKIN, who is chairman of the Education Committee here in the Senate, argued forcefully for caps. I congratulate the President for including this idea in the budget and forcefully supporting it.

I congratulate the House of Representatives. I suppose it is not lost on anyone the Senate is run by Democrats and the House is run by Republicans.

This is a bipartisan proposal. I like the sound of that. I think that shows we can get results done when we keep our eye on the ball.

I especially compliment Senator BURR, Senator COBURN, Senator MANCHIN, Senator KING, and Senator CARPER for working carefully on this, and Senator DURBIN for his leadership in putting this together.

As most speakers have said, it is true that we have a larger question before us. Do we need to make some changes in student loans? It is a lot of money—$100 billion a year. That is a lot of money. We need to make sure that it is available in the right way and that students aren't borrowing too much.

Right now, if you are 20-year-old and you show up at the University of Tennessee in Knoxville and you want $5,500, you get it. The university can't say to you: I am sorry, Lamar, we don't think given your circumstances you are going to be able to pay that back in 10 years. I can say: Give me my money.

This is what the law says. Maybe we need to take a look at that and we need to be careful about our facts.

The Federal Reserve, for example, says that 70 percent of borrowers with student loans today—we are in the year 2012, in the fourth quarter—have a balance of less than $25,000. Seventy percent of all student loans at the end of last year had a balance of less than $25,000. Forty percent had a balance of less than $10,000.

The trend is going in the wrong direction. Some students are borrowing too much money. But the average undergraduate loan debt is about $25,000—that is the average debt—and the undergraduate student can't really borrow more than $31,000, and that is two-thirds of the loans.

So while there may be some problems with the student loan program—and I, for one, think some students borrow more than they should—we have 6,000 institutions out there, from the Nashville Diesel College, to Harvard, to Notre Dame, to the University of Tennessee, and we need to be careful that we understand exactly what the problem is, that we focus in on it, we don't apply a lot of mandates from Washington, and that we work with the colleges and universities. We need to find those universities, such as Tennessee Tech University, where they have a very low level of student loans and others where they may have loan rates that are too high. We need to make sure students don't saddle themselves with too much debt.

But when we have a 20-year-old in Knoxville showing up who is entitled to $5,500 in loans for a community college tuition that only costs $3,000 and he or she can put the other $2,500 in his or her pocket and the community college can't say no, well, that is one of the reasons many community colleges have gotten out of the loan business—because they think that is wrong for the student. If this is the case, then we in the Senate ought to look at that. Senator HARKIN and I are committed to looking at student loans in the reauthorization of the Higher Education Act.

For today, if the Senate does what I hope it does, this will be a victory for students. It makes loans cheaper, simpler, fairer, and more certain. It stops this annual business of political football with the student interest rates. It gives students a low interest rate that they can lock in over time and a cap at the top so that if rates spiral through the roof, student loans won't spiral through the roof. It is done in the context of a larger system that includes Pell grants and interest subsidies for low-income students. If it were based upon an accounting system that is recommended by the Congressional Budget Office, it would tilt the whole program to the advantage of students to the tune of an additional $95 billion over the next 10 years.

I congratulate all those who have worked on it, from the bipartisan sponsors, to the Republican leadership in the House, to the Democratic President of the United States.

I hope that we adopt it by a big vote and that the 9 million students going to college this fall will have the advantage of planning their long-term futures with the lowest possible interest rate on 18 million student loans.

I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I rise in opposition to the so-called bipartisan deal. I have very strong reasons for opposing it and supporting the alternative, which is the Reed-Warren alternative.

The Senator from Tennessee said he likes the sound of bipartisan deals. So do I. It feels good to get things done around here in a bipartisan way. But that doesn't mean, because it is called bipartisan, it is the right thing to do. Sometimes Democrats will have the right idea, sometimes Republicans will have the right idea, and we debate it.

I think it was interesting to hear Senator ALEXANDER's comments. It was a very interesting speech because it was part of—you know, saying that it is wonderful and we are going to help students on the one hand; on the other hand, he talks about changing the way we are doing our accounting to crack down on students; and then he says that in his State a student can get a $5,500 loan even though it only costs $3,000. What about the books they have to buy? What about transportation? What about all the other out-of-pocket expenses?

So I listened to my friend from Tennessee, and I know he is a leader on education, but I think he had kind of a dual message: On the one hand, it is wonderful to help our students. Well, maybe it is just too much of a risk.

I have to say that according to the information I have from my experts, it is pretty tough when you take out a student loan. The Federal Government, if you don't pay it back, can garnish your wages and it can do lots of other things.

I am opposed to this bipartisan deal and strongly support the Reed-Warren measure.

I am pleased that a lot of people are listening to this debate because it is very important. I am going to read some of the criticisms of this bipartisan deal that come from outside groups.

The first is the National Association of Graduate-Professional Students. This is what they said:

> This bill falls short in preventing higher student loan interest rates, especially for graduate and professional students. A cap of 9.5 percent for graduate and professional students offers no guarantees that our rates won't significantly increase in the future. We should be encouraging students to enter higher education to help keep our economy growing, not deterring them with higher interest rates.

The Young Invincibles also oppose this bill, writing:

> Even as the Federal Government makes $184 billion off the Federal loan program, students and families will be forced to pay more under this bill than current law.

If you let the current law exist, at the end of the day, because of the difference in caps, students will be better off in the outyears and into the future. For anyone who says this is temporary, make no mistake about it—Republicans have said this is permanent. We may revisit other things, and I hope we do because there is a lot we should look at, such as the ability of students to refinance their loans. There are many other things I hope we can work on. But this particular deal, if you look at the Republicans' own words, is a permanent deal.

U.S. Public Interest Group says:

> We oppose S. 1334, the Bipartisan Student Loan Certainty Act, because it is worse than current student loan policy. Current law includes an unjustifiable 10-year revenue stream of $184 billion flowing directly from student borrowers to the Federal Government. [This bill] does not address this problem. Instead, it exacerbates it, generating an additional $715 million in new revenue off the backs of student loan borrowers to pay down the deficit.

They close their comments by saying, ''Enough is enough.''

I am sure people listening to this debate could be a bit confused about exactly what we are talking about. I am going to try to go through some of the facts surrounding this debate. I think it is important that we understand what students are feeling out there. I am going to read a few.

In California, Amy and Christian Diede owe over $82,000 in student loans. Amy, who has a master's degree in psychology, and Christian, a cardiovascular nurse, say:

> It's like carrying a big backpack filled with bricks all over the place, and I can't ever let it go. It's always there. I may get rid of a few bricks, but there's always going to be more. I don't see the student loans going away.

I have met people who are still paying off their student loans and they are on Social Security.

Last year, Tammy Brown of Redding, CA, said the government has been taking $179 out of her Social Security disability check each month for the past 5 years. Brown, 52, became disabled in 1986 after being involved in a car accident. Unable to work, she fell behind on her student loan payments. She said the Social Security check is too small to cover her food and medical bills, so she quit taking prescription pain pills. She said, ''It's kind of hard to live on this amount of money.'' This is a woman on Social Security disability, and what are we doing in the bipartisan deal? We are laying on top of what we already make from student loans an additional $715 million.

Joseph Luka of Portland, ME, started college as a pre-med student, but he switched to mechanical engineering because the thought of graduating with more than $100,000 in student loans after medical school was too daunting.

I will return to some of the comments at the close of my time.

We have to ask a few questions. Why are we piling another $715 million of debt on the backs of our students—so we could stand here and say we did a bipartisan deal? And I know how hard it was. Yes, there are great improvements from where it started. I appreciate that, but we have a better deal. It is called Reed-Warren. It matches those low rates you see in the bipartisan deal for the first 3 years. It matches them, and then it keeps the rates down. I am going to show just how much money we save students in the Reed-Warren legislation because it keeps the rates down.

Did students put two wars on a credit card? Is that why they have to be punished? Were students running the banks that placed huge bets on Wall Street, leading up to the crash? Did students create a drug benefit in the Medicare Program without paying for it? Did students create and sell toxic mortgages, swaps, and securities? Oh, no, they didn't do any of that, but apparently we are forcing students to pay for that by tacking another $715 million on their backs.

I have to say, when it comes to the banks, oh, hundreds of billions of dollars, no problem; too big to fail. It is very hard to explain to people and to students. We say we love our children and we want them to succeed. And yes, we do, but we don't follow our words with actions because if we followed our words with actions, we would embrace the Reed-Warren solution. But the handwriting is clearly on the wall, and we are not going to have the votes to do that, so we are going to ask our students to continue to pay more and more.

We ought to look at what past Presidents have said about the importance of education.

I feel I must point out that Americans have always said that our values include valuing our students. So let's go back.

George H.W. Bush:

> Think about every problem, every challenge, we face. The solution to each starts with education.

How right he was when he said that.

Bill Clinton:

> When we make college more affordable, we make the American Dream more achievable.

How right he was to say that.

George W. Bush:

> Our country must focus our education system on helping workers learn the new skills of the 21st century so we can increase the job base of this country.

And Barack Obama:

> The jobs of the future are increasingly going to be those with more than a high school degree. We all want Americans getting those jobs in the future. So we are going to have to make sure that they're getting the education they need.

OK. So how about charging our students $715 million more? That really helps us do what these Presidents have called us to do, which is to value our children, to value education. Two Democrats, two Republicans. A clear message. And, believe me, that is hard to find on a lot of issues. Education is key. Our students are important. They need the education to get the jobs.

I am going to show exactly what this bipartisan bill is going to cost. I already said it is $715 million over the course of time to the government. Let's look at how much more each family will have to pay under this so-called ''deal'' compared with the Reed-Warren substitute.

First, let's take a look at the 10-year loan. Now, what we do on all these charts is we go out to the cap because we know the caps will all be reached. All one has to do is look to the experts. They have told us the caps will be reached. Take the 30-year average rate of the 10-year note, add on the surcharge, and, bingo, the caps will be reached in a few years.

Let's look at the Reed amendment versus the deal. If you have a $15,000 loan for 10 years, under the deal you pay $1,363 more than you would under the Reed amendment. If you have a $25,000 loan, over 10 years you pay $2,271 more under the bipartisan deal. If you have a $50,000 loan—and you can get those, by the way—for 10 years, you pay $4,500 more.

So let's say you decided you wanted to take 25 years to pay back that undergraduate loan. Let's say you have decided you want to take 25 years. You will pay, for a $30,000 loan amount, $8,400 more under this so-called bipartisan deal than you would under the Reed-Warren amendment. You will pay $14,000 more over the course of a 25-year loan if you have a $50,000 loan amount.

So I am saying to the American people who might be watching this, the bad deal is the bipartisan deal and the good deal is the Reed deal. Look at how much more money an individual has to pay for a $50,000 loan over 25 years—$14,000 more. Some people don't even make $14,000 in half a year.

Let's look at what happens to graduate students, and this is why the graduate students are speaking out against this. Look at this: If you pay back your graduate loan in 10 years—and we all know the caps are going to be reached—you pay $2,500 more for a $15,000 loan, $4,200 more for a $25,000 loan, $8,500 more with a $50,000 loan, and for a $100,000 loan you pay $17,000 more under the so-called bipartisan deal compared to the Reed amendment.

So what we are seeing now is a breakdown of why we say it is going to mean $715 million more in debt on the backs of our students. I am showing how it breaks down for a family.

This is worth looking at. If you are a graduate student—and I know the Presiding Officer probably has a doctorate—and you had to go borrow money under this bipartisan deal, if your loan amount was $30,000, you would pay $16,000 more than you would under the Reed-Warren amendment. If you had a $50,000 loan, you would pay $26,000.

Look at this: If you have a $100,000 loan, which many people have—you hear about what the cost is, and many people who go to graduate school have this—you will pay $53,000 more under the so-called bipartisan deal.

Let's take a look at the parents—the parents who will have the misfortune of having to live under this. Look at the cap. Under the Reed-Warren cap it is a 7.9-percent cap for the parent loan. Under the so-called bipartisan deal it is a 10.5-percent cap. So what does this mean? The additional money for a 10-year loan would be $2,500 for a $15,000 loan, $4,200 for a $25,000 loan, $8,400 for a $50,000 loan, and $16,000 for a $100,000 loan. That is how much more the parents of the students would pay.

The last chart, to bring it home to everyone, is the parents who are going to live with this bipartisan deal unless we pass Reed-Warren are going to have to pay, over 25 years—because their cap is 10.5 percent under this great bipartisan deal—$16,000 more on a $30,000 loan, $26,000 more on a $50,000 loan, and—hold on to your pocketbook—$53,000 more on a $100,000 loan.

Why would we not support the Reed-Warren bill? Did it cost us a few bucks? Yes. So we paid for the few bucks it cost us by putting in a millionaire's surtax of ½ percent. OK? But because the bipartisan deal expects students to pay, and is putting the deficit burden on the students, their cap ranges up to over 10 percent for the parent loans.

So you might hear: Oh, Senator BOXER, it will never reach the cap. We will not get to the cap. Well, I will use a—well, I will not go there. That is simply not true. We will get to the cap. Why? I said before, the average for the 10-year Treasury bond over the past 30 years is 6.22 percent. That is what it is. The bipartisan deal plugs us into the 10-year Treasury bond and adds a few dollars, a few percentage points for handling fees, and we will get all the way up to the cap in every case. It is just going to happen.

If you don't learn from past interest rates, you can't predict the future. CBO predicts the future. They are using the past. We have to use the past. The cap will be hit. The cap will be hit.

So where does this leave us? We have a stark choice to make. We can go with a bipartisan deal that people worked very hard on—and I compliment them for all the work they put into it, believe me. We can go with that deal that puts debt on the backs of our students—an additional $715 million worth of debt—or we can go with the Reed-Warren alternative that says to students: You are already paying enough. We are not going to lay this on you. We figured out a way to do it so that you are capped at a much lower rate.

This is what we are talking about. This is what we are talking about. The deal will take $715 million out of our students' pockets over the next 10 years, and anyone who thinks that is fair should vote for the deal. Anyone who can look into the eyes of a student who is already struggling, who is already working, who is already asking their parents for help and trying to put it all together in a package, anyone who thinks that is fair, then vote for the deal. But don't kid yourself. This $715 million is going right onto the backs of our families. I have shown the charts. This is a permanent deal.

Senator COBURN: I am pleased Senators agreed on a permanent principled solution. On Friday, the Republican leader called this bill a permanent reform that ties interest rates to market rates. From the Republican HELP Committee, Senator ALEXANDER called this a long-term market-based solution. They are not going to revisit this issue.

I have to compliment Senators REED and WARREN. They deserve praise because they have come up with a plan that works, that is fair, and that will give solace to our students. For the undergraduate and graduate loans, we will see them capped out at 6.8, and for the parent loans the cap is 7.9 compared to over 10 percent in the so-called bipartisan deal.

Now, I promised I was going to revisit some of the stories, and I am going to close with those stories.

Sandy Barnett, 58 years old, of Illinois took out a $21,000 loan to pay for graduate school in the late 1980s. But even after earning her master's degree, Barnett struggled to find a job that paid more than $25,000 a year. She fell behind on her payments. She suffered through a layoff, a stretch of unemployment, and the death of her husband while her student loan ballooned to $54,000.

So what are we saying to Sandy Barnett? Oh, great news, we had a bipartisan breakthrough and now we are going to add $715 million to student debt.

When Michelle Bisutti, a 41-year-old family practitioner in Columbus, OH, finished medical school in 2003, her student loan debt amounted to $250,000. By 2010 it had ballooned to $555,000. The entire balance of her Federal loans—over $200,000—will be paid off over 351 months, when she will be 70 years old.

What are we doing? Who are we fighting for? How can we make one more speech on the floor of the Senate saying our students are our future? We have an immigration bill that is letting in high-tech workers because we don't have enough trained American workers to fill the jobs. Yet we are going to make it easier on students by piling on another $715 million of debt on their backs and on the backs of their families?

Emmanuel Tellez's mother is a laid-off factory worker, and $120 from her $300 unemployment check is garnished to pay the Federal PLUS student loan she took out for her son.

Aren't we proud, Federal Government? This is great. We are garnishing Emmanuel Tellez's mother, her unemployment check, because she took out a Federal PLUS student loan for her son. Why don't we talk about refinancing these loans? Why don't we talk about making it easier for people to pay back these loans instead of having a so-called bipartisan deal that adds $715 million to students; that puts it on their backs?

Deanne Loonin, a staff attorney at the National Consumer Law Center in Boston, said she has been working with an 83-year-old veteran—Mr. President, an 83-year-old veteran—whose Social Security benefits have been reduced for the past 5 years.

The client fell behind on a Federal loan that he signed up for in the 1990s to help his son with tuition costs. Loonin said the government's cuts have left the client without enough cash to pay for medicine for his heart problems.

This is a national problem, and part of it is a national disgrace. So what is the solution? A so-called deal that makes it worse.

Last year, the Federal Reserve Bank of New York reported that Americans 60 and older still owe $36 billion in student loans. Social Security checks are being garnished and debt collectors are harassing borrowers in their eighties over decades-old student loans. We can't do this.

There was a recession, the worst one since the Great Depression. Yes, people lost their jobs. Yes, people had problems. So why aren't we dealing with the underlying issues and making it easier for our families, instead of having a deal that is cut—I wasn't part of it, that is for sure—that hurts our students and their families.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. COONS). The Senator from Oregon.

REMEMBERING OFFICERS CHESTNUT AND GIBSON

Mr. MERKLEY. Mr. President, in approximately 8 minutes from now we are going to have a moment of silence for Officer Jacob Chestnut and Detective John Gibson in recognition of the sacrifice they made in defending the Capitol against an armed intruder.

I want to say how much we appreciate the forces deployed to protect us in our ability to share our thoughts on a host of issues that we speak to on the floor. If somewhere across America someone violently disagrees with us, if they decide they want to not engage in democracy but engage in violence, they might come to the Capitol, and our wonderful force protects us and gives us the ability to speak our hearts and minds on this floor on behalf of our constituents every single day.

So not only are we paying respect today to the officer and detective, but we are also paying respect to the entire delegation of security forces who work at the Capitol.

I am going to be brief in order to pause appropriately for that moment of silence and tell you that the conversation we are having today is part of a broader conversation about how to build the middle class in America.

There are some core pathways to the middle class, and one of those is fair mortgages. Indeed, when we were having a debate on Dodd-Frank in 2009 and 2010, we decided to put an end to payments in which mortgage originators were steering people from fair loans into predatory loans and getting big bonuses for doing so.

Today, the Director of the Consumer Financial Protection Bureau announced that they are bringing a case against a company that was doing exactly this, paying $6,000 to $8,000 per mortgage to an originator so they would betray their customer and not put them in the best mortgage they qualified for but into a much higher interest mortgage.

I am delighted that in this Chamber we decided to end such practices. I am delighted we proceeded to confirm the first Senate-confirmed Director just last week so that this agency can do its job. Its announcement today shows it is hard at work in this critical area of fair home mortgages.

Another key pathway to the middle class is living-wage jobs. We are going to have a lot of debate about what creates and destroys those jobs in America because there is no program that substitutes in terms of a foundation for a family more than a living-wage job.

Another key pathway is education. Now, this is very personal to me. I grew up in a working-class community. My dad was a mechanic. I still live in that same community today, and I am surrounded by families that are struggling with near minimum wage jobs with often no benefits, hoping and praying that their children will be able to get the education necessary to have one of those remaining living-wage jobs. They are hoping we will do our job in Congress to help steer the economics of this Nation so there will be more of those living-wage jobs. But the viewpoint from the street is it doesn't look as though there are going to be a lot of jobs for those folks graduating from college.

They are also concerned if they send their child to college and their son or daughter ends up with a school loan the size of a mortgage, that is going to hang like a millstone around their neck and haunt them the rest of their life.

My colleague from California has just spoken eloquently to this issue. She has just been sharing stories of people on the ground and what they are facing in the context of how these big massive loans for school are weighting down the opportunities for our children.

In addition, it is discouraging our children from believing that they can even get that education. If they don't believe that, then they don't put in the work in high school to prepare themselves to get that higher education to fulfill their potential.

I grew up from a small child with President Kennedy speaking of a vision in which we could aspire to great things, of fulfilling the maximum opportunity for ourselves and for our families and for our Nation. But right now, on the ground there is an undercurrent of deep discouragement, almost desperation, not seeing a broad boulevard into the middle class but seeing a cooked, broken path complete with tricks and traps. That is what this conversation is about: How do we create that broad path into the middle class?

I am going to stop here, and I will come back later and talk specifically about the loan program.

Mr. President, I yield the floor.

MOMENT OF SILENCE

The PRESIDING OFFICER. Under the previous order, the Senate will now observe a moment of silence in memory of Officer Jacob J. Chestnut and Detective John M. Gibson of the United States Capitol Police.

(Moment of silence.)

The PRESIDING OFFICER. The Senator from Oregon.

Mr. MERKLEY. Mr. President, on behalf of so many of my colleagues, I want to thank the security forces at the Capitol for the incredible job they do in protecting these rooms where debates and democracy take place.

The debate that we are engaged in right now is about how to create a broad path to access education, as education is one of the key factors in developing and realizing the dream of middle-class jobs in America.

I was starting to share that this is very personal to me because I come from a working-class family. My parents and my grandparents had not gone to college. I didn't know people on my street who had gone to college. I didn't have siblings who had gone to college. I didn't know anything about college. But it was a scholarship, a loan, and jobs that enabled me to attend a university and pursue an education that took me into this realm of public policy, the realm that we are still in right now.

My first deep interest was Third World economic development, and I was blessed with a chance to work in Central America and India and to live as an exchange student in West Africa. Then that same education gave me a chance to go to graduate school, and there I was able to prepare for working here on strategic nuclear policy.

Education took me into realms that matter to our Nation, to our world, and matter in terms of creating the foundation to be able to have a living wage. So this is critically important to our children.

The proposal we have before us is that we are going to set up a loan program, and the loan program is going to take the cost of funds that are lent out and put on an additional 2.05-percent cap or add-on in interest for those who are getting undergraduate loans. For those who are getting graduate loans, it is going to add a 3.6-percent spread, as it is called. And for parents who are getting loans to help finance their kids' education, it is going to add on a 4.6-percent spread.

This 2-percent spread on undergraduates, 3.6-percent spread on graduates, and 4.6-percent spread on parents produces a lot of profits. I had my team consult with CBO to make sure the net profits of this program over the next 10 years are going to be $185 billion, and make sure we understand that they are taking the profits that come from those spreads, the higher interest charged over the cost of money, and they are subtracting out the fact that some loans will be defaulted on. They are subtracting out the cost of administering the program, and they end up with a net profit. How much is that net profit? It is $185 billion.

That means we are providing a service to our students, not at cost, but we are building in an equivalent of a massive $185 billion fee on the children of working families who are aspiring to get an education. That is not a great deal. In fact, it is a terrible framework.

My colleagues who have worked to put this together point out that right now this may be the only option compared to locking in the 6.8 percent for the next 10 years. In the first few years it produces a lower interest for our undergraduates than they would otherwise get. That is an important point to observe, that for a couple of years the loans our students will be getting will be at a significantly lower rate under the deal that is being proposed today. But over the course of the 10 years, the best estimate from CBO of the profits generated is still $185 billion, in fact $1 billion more, rounding off, than it is under the existing program.

To those who believe this is a great long-term solution, I disagree. Is it better in the next couple of years? Yes, it is. But I ask you, exactly why do we believe that adding on $185 billion in fees as a profit center for the U.S. Government is a great idea if our goal is to create an affordable pathway to higher education? I have yet to have anyone explain that. In fact, I often hear: Well, you know, built into the existing law, which doubles to 6.8 from the 3.4 percent right now—that has profits built into that too.

That is a fair point. But let's step back and ask ourselves, sustaining the situation when we are charging extravagant fees to generate extravagant profits and lock them in for 10 years, is that a good idea?

There are a couple of proposals that would make this a much better program. One is to say, no, we are not going to have this big spread with a high cap of 8.25 percent on undergraduate loans and 9.5 percent on graduate loans and 10.5 on parent loans. But we are going to cap it at 6.8 percent. That makes a lot of sense. I applaud my colleague from Rhode Island who has come to the floor to speak for that proposal, and certainly I will be supporting that proposal.

Senator SANDERS has said: You know what. This is a pretty good solution for a 2-year period, so let's sunset this after 2 years so we can have this debate again. Because if we lock this in for 10 years and if we maintain the pay-for rules of the Senate in which if you eliminate the profit margin in one area you have to increase the profit margin in another, we might never be able to unlock this and we will continue treating college loans as a profit center for the U.S. Government, so let's terminate this after 2 years. Let's sunset this and rethink this.

That is a pretty good idea too. I encourage my colleagues to consider doing that. I certainly will be supporting that.

Nick writes to me from Oregon. He says:

After receiving paperwork the other day from DoE servicer "Direct Loans," I dove into my student loan [application] to see what I was filling out an application for.

I took out $5,500 my Freshman year of college, $6,500 my second year, $7,500 in my third, and $7,500 to finish my senior year. So in total I borrowed $27,000.

In January I deferred payment on my loan because I had not found full time employment.

With a stroke of luck, in February I landed two part-time jobs making a whopping $12 per hour doing manual labor to supplement my $10 per hour part time gig in the health care field.

Since March I've been full-time with the healthcare company, and earned a $1 raise. I've gained a lot of experience on the job, but from a monetary perspective, I wish I could be earning more so I could pay off my loans.

My loans are currently at 6.8 percent with a total owed as of today: $32,266.

That is up from the $27,000 he had owed before. He continues, saying:

At 6.8 percent my loans are accruing over $1,800 in interest each year. That's about $150 per month.

That is just the interest. Then when he is able to stop deferring and start making payments and include the capital being paid off it will be much more, and on a near minimum wage job that is extraordinarily difficult.

Here is a letter from a mother in Oregon, Melissa.

I graduated with a Master's degree in 1993. My loans have been paid off for over 10 years.

My husband enrolled in college when he was 36, 3 year ago. He will graduate next year with over $60,000 in debt for a Bachelor's degree.

At this rate of increase in what it costs to get a college degree, I don't see how it is possible for our son, who is now 2, to ever have a college experience.

Please do the right thing and help make education accessible to everyone.

That is the plea of Melissa, to do the right thing. The right thing would be to cap the interest in this program so it doesn't go over 6.8 percent. The right thing to do would be to sunset this program after 2 years. Both of those amendments will be available to all of us here on the floor. I encourage my colleagues to support those amendments.

Our students already face $1 trillion in debt. It is weighing them down. It means they are postponing getting married, they are postponing having children, they are perhaps postponing moving out on their own because they cannot afford an apartment with this debt. It is hurting the economy and it is hurting our future because children are discouraged about the possibility of going to college.

That is not the vision we want to have for America, where our children do not believe there is a path to the American dream for them. Today, if these amendments fail, it will be a very difficult choice, a very difficult choice between a couple of years of interest that is better than the status quo but a program that locks in a profit center for college loans, and we will have a very uncertain prospect about whether we can unlock that program a couple of years from now. I hope we pass those amendments.

I am not sure, frankly, which side I will come out on if we fail in that effort. But I will tell you this. If this deal becomes law we must return to this floor time and time again because adding $185 billion in fees so we can have a profit off working-class students trying to find a pathway to the middle class is wrong and deeply damaging to the American dream.

I yield the floor.

● Mrs. McCASKILL. Mr. President, on Wednesday, the Senate will take votes in relation to the Manchin amendment in the nature of a substitute to H.R. 1911, the Smarter Solutions for Students Act. I was unable to be present for this vote, due to a pre-scheduled commitment in my home State for which my attendance was confirmed before the timing of these votes was set. Because my presence would not have changed the outcome of either vote, I honored my previous commitment. Had I been present I would have voted in support of Senator MANCHIN's amendment.

We are facing a crisis. On July 1, interest rates on new subsidized Stafford student loans doubled, from 3.4 to 6.8 percent. Already, officials at the Federal Reserve, the Department of the Treasury, and the Consumer Financial Protection Bureau have all warned that student borrowing threatens to dampen consumption, depress the economy, limit credit creation, and pose a threat to our Nation's financial stability. Students and graduates in my State are already heavily in student loan debt. Two out of every three Missouri students will leave college with student loan debt. At a time when a higher education is vital to expanded opportunity for so many young people and with a 21st Century economy that increasingly demands workers with the skills earned as part of a college education, we cannot make it even more difficult for young people to financially achieve a college education. We need to act.

While not perfect, the Manchin amendment is the product of bipartisan compromise, forged and supported by Members from both sides of the aisle. I am proud to be a cosponsor of this legislation because it will provide relief to our Nation's students by lowering interest rates for America's student loan borrowers. This relief will not only apply to subsidized Stafford loans; it will apply to loans to undergraduates, graduate students, and the parents of students seeking to pay for their education. Importantly, this legislation also includes interest rate caps; without this feature, I would not have been able to support this bill.

I would have also supported the second-degree amendment put forth by Senators REED and WARREN because it is consistent with my commitment to keeping rates low. The Reed-Warren amendment would provide certainty to students and families by ensuring that interest rates will go no higher than they would under the fixed rates in current law without adding to our deficit. I believe this is a responsible measure that deserves bipartisan support.

To be clear, addressing the issue of student loan interest rates is only one piece of the puzzle of ensuring that higher education is affordable and attainable to those who seek it. We must also examine the issues of the rising costs of college attendance and the rapid growth of the proprietary college sector, where the share of Federal student aid payments and loan defaults is disproportionately and alarmingly high.

I will continue to work with my colleagues on all of these issues. Congress has an important role in helping American students attain the higher education opportunities they seek, to ensure that our Nation remain a global leader in the 21st century economy.●

Ms. HIRONO. Mr. President, I appreciate the hard work of my colleagues who reached today's compromise student loan plan. However, I will oppose this bill, and I want to explain my reasoning.

The bill before us may be a good deal for current students in the short term, but it hurts their younger brothers and sisters in just a few years.

We must find a way to make college affordable for students and families—not just for those who are attending college in the fall or over the next few years, but also for those who will attend college in the future.

In Hawaii in the 2013–2014 academic year, the U.S. Department of Education predicts that over 20,000 undergraduate students, over 3,300 graduate students, and over 2,300 parent borrowers will take out Federal student loans.

Today's bill changes Federal student loans to variable interest rates, and raises caps above current law. While this bill will keep student loan interest rates low in 2013, the Congressional Budget Office—CBO—projects that by 2017, the rates for undergraduate student loans will rise above current law.

The American Association of State Colleges and Universities—AASCU—American Association of University Women—AAUW; Education Trust, The Institute for College Access and Success—TICAS; United States Public Interest Research Group, Young Invincibles, and other groups oppose this bill.

Under today's bill, undergraduates would see their student loan interest rate caps increase from 6.8 percent today to the higher cap of 7.25 percent by 2018. Graduate students would see their rate caps increase from 6.8 percent in 2013 to a new, higher cap of 9.5 percent. Parents using Federal PLUS loans would see their rates increase from 7.9 percent in 2012 to a new, higher cap of 10.5 percent. At these levels, future students will pay thousands of dollars more over the life of their loans.

I am a cosponsor of two of my colleagues' amendments that would improve this bill. To avoid hurting future students, I support an amendment by Senators JACK REED and ELIZABETH WARREN that would allow students to take advantage of the benefits of today's short-term low interest rates, but would keep the same cap as current law. This amendment is fully offset by a surcharge on millionaires. I also support Senator SANDERS' amendment to sunset today's bill in 2 years to prevent interest rates from exceeding current law and to foster a better long-term solution to college affordability.

Government should not be making money on the backs of students. Under current law, the Federal government already overcharges students for their student loans, to the tune of over $180 billion over the next 10 years. This bill locks in that profit, plus it brings an extra $715 million to the Treasury. It is encouraging that today's bill requires the Government Accountability Office to study the actual cost of the Federal Student Loan Program. However, only after getting this information can Congress make an informed decision to set student loan interest rates with just enough markup to make the program self sufficient. Without knowing the true costs of the student loan program, it is premature to lock in the arbitrary rates in today's bill for 19 years.

Instead, a few weeks ago I voted for both S. 953, the Student Loan Affordability Act, and S. 1238, the Keep Student Loans Affordable Act. Each of these would provide a temporary extension of a 3.4 percent interest rate on subsidized Stafford loans, completely paid for by closing tax loopholes. Such an extension would give Congress time to work toward a broader reauthorization of the Higher Education Act that can address many other important aspects of college affordability and completion all at once, beyond just this interest rate debate.

In sum, I do not support today's bill because it makes future students worse off than current law. Instead, I look forward to working on other initiatives to improve college accessibility and affordability for our young people.

BIPARTISAN STUDENT LOAN CERTAINTY ACT

Mr. LEAHY. Mr. President, more than 3 weeks have passed since interest rates on subsidized Stafford loans have doubled for students next year. Unfortunately, this rate increase has taken effect despite numerous attempts by the Senate to extend the lower rates while we debate a comprehensive solution to the high cost of college, including student loan interest rates. Few if any bills that make their arduous way through the legislative process are perfect, but the legislation we are considering today is, in too many ways, too imperfect. Even after our attempts to win approval of better options, this legislation, in its final form, does not offer enough to protect our future students from needlessly paying higher interest rates.

Education is a path out of poverty, a road to personal growth, and an access ramp to professional accomplishment and economic security. No student should be denied the benefits of a college education because of the cost, but unfortunately that is happening all too often. In recent years, average college tuition rates have been increasing faster than inflation and outpacing student financial aid. Tuition rates today are going beyond the ability of most families to pay. As a result, students and their parents take on significant student loan debt in order to have the opportunity at a college education.

I believe that the Federal Government has an obligation to support these students by subsidizing loans for the lowest income students and offering programs like Pell Grants to help students who never thought they could afford college. While the bill lowers interest rates for 11 million students in the near term, students and their parents by as soon as 2015 will likely pay higher interest than they pay under current law. Debt from student loans is climbing to new heights and outstanding student loan debt in the United States has reached nearly $1 trillion.

This debate has included consideration of two amendments that I am pleased to cosponsor that would greatly improve the underlying legislation. Senators REED and WARREN filed an amendment to reduce the caps on interest rates to current levels, ensuring that students are no worse off under this legislation than they are today. We also have considered an amendment by Senator SANDERS, which will sunset this agreement after 2 years, ensuring that Congress continues the important conversation at how best to reduce college costs for students and their families. I very much hoped that these amendments could have been adopted.

This legislation is a mere patch on a much larger problem. We must have a comprehensive debate at lowering college costs through the Higher Education Act reauthorization this fall. As part of that debate I dearly hope we address the abuses of for-profit colleges and the raw deal they are giving to far too many students. While these schools are turning a profit and filling the airwaves with paid advertising, many of their students are defaulting on their federal loans because these schools by and large do not offer an adequate education that prepares students for the working world. Some of these schools are swindling our students, and we cannot adequately address college affordability without better regulating for-profit schools.

This legislation is not what I would have drafted. Under the new student loan bill, the Federal Government will make an additional $715 million in profits over the next decade, and all of the profit is coming from the pocketbooks of students and their families. While I am pleased the legislation includes a GAO study within 4 months to help us better understand the costs to the government of running the student loan program, so that we can better set appropriate student loan interest rates that do not generate revenue for the Federal Government, it does not go far enough to protect our students.

This conversation is not completed. The challenge and the obligation of making college affordable certainly remains. We have a responsibility to families across America to not only keep student loan interest rates low in the years ahead, as they plan their finances and manage their households, but to make fundamental reforms to help students and their families manage college costs. I am counting on that debate, and I know America's students are, too.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. I ask unanimous consent at the conclusion of Senator CARPER's remarks I be recognized to use the time allotted to me under the motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Delaware.

Mr. CARPER. Mr. President, I think what I would like to do is try to set this discussion this afternoon in context if I can. One of the things I focus on a lot—I know the Presiding Officer does as well back in Delaware—is how do we create a nurturing environment for job creation and job preservation. I think that is one of the most important aspects of government. That is not the only one. One of the best things you can do to help people is make sure they have a job.

One of the ways to strengthen our economy is to make sure we are making smart investments with Federal, State, and local moneys as well as public funds. One of the ways we create that nurturing environment is to make sure we have a world-class workforce; that folks coming out of our high schools can read, write, think, do math, have science skills, technology skills, a good work ethic.

Other parts of the nurturing environment include access to capital; that is, to money, commonsense regulations, some certainty with respect to the Tax Code—a Tax Code that makes sense, is not burdensome—access to elected officials, modern infrastructure, broadly defined. Those are some of the elements.

But if we are going to be successful as a country in this century, we need to invest, among other places, in a world-class workforce, those kinds of skill sets. That is not just college, not just in postsecondary, it is almost from the cradle well into their lives.

A second area where it is important for us to invest is infrastructure, broadly defined: roads, highways, bridges, rail, ports, airports, water, wastewater, broadband deployed all across the country—those are the kinds of investments that will pay great dividends in the form of a stronger economy.

A third area we need to invest in is research and development. We were reminded by Dr. Francis Collins, head of the National Institutes of Health, of the kind of impact sequestration is having on our abilities to invest in all kinds of health-related areas and pharmaceutical areas, medical areas. They are finding it difficult to make the kind of investments needed to be made. Part of what we need to do is invest in the kind of research that can be commercialized and turned into goods and products we can sell not just in America but all over the world.

That is sort of the context. In my view, in the end this is how we strengthen our economy, how do we grow the economic pie for our country and citizens.

Going back to the first item I mentioned is a world-class workforce. It doesn't start when people graduate from high school and go off to college, whether junior college or whether it is a certificate program. It is what we do before they ever go the to first grade, the kinds of investments that are made before kids ever go into kindergarten, at the age of 5 in most States.

But today's debate is on college loans. I will focus on that. Let me remind us, the investments we do not make in the lives of children when they are young, before they ever go to kindergarten, can be demonstrated in Head Start. We only fund about half the kids in this country who are eligible for Head Start, only half. We fund roughly half the kids who are eligible for what is called title I, special education programs in our schools to make sure that, if they are way behind, they have a chance to at least catch up a little bit. We fund half the kids eligible.

Some of my colleagues said we should provide free college education for people; that should be our policy. We are not even meeting our obligation to fund Head Start for half the kids in the country, fund special education title I for half the kids in the country who are eligible. We have a $750 billion budget deficit this year. It is down from $1.4 trillion a couple of years ago, but it is large. It is going to come down for a while and then jump back up a number of years down the line.

I think for us the question is how do we get a better result for less money in almost everything we do. In a way college loans are the symptom of the problem but not the underlying problem. The underlying problem is less the Federal student loan program, it is more the cost of education, what we are spending. My wife and I put two boys through college in the last half dozen or so years and we have a pretty good idea of what it costs to go to school these days. They got a good education but, boy, it costs a whole lot. One of the things we need to be focused on when we have this debate is what can we do to make sure our young people get a good education but how do we make sure it is done in a cost-effective way.

There is some interesting work going on in places such as MIT, Harvard, Stanford, that I think is informing us all in that discussion.

Let's talk about the program before us today, the student loan program. For a number of years we set the rate cap at 6.8 percent and then during the great recession we lowered that cap so the top rate students would pay on their student loans, Federal student loans, was 3.4 percent. That period of time expired more than a year ago, June 30 of last year, and so the rate was supposed to pop back up to 6.8 percent where it had been previously as a cap on what could be charged to students.

June 30 a year ago we were not sure what to do and we said let's kick the can down the road and put it off a year, the date of decision, and we will decide by June 30, 2013, what the new policy should be. We got here on June 30, 2013, and some were willing to kick the can down the road for another year and deal with it then.

The President said we cannot do that. We can't keep doing that. The President said we need to put in place a policy, a commonsense policy that is fiscally responsible but also that is morally responsible to the least of these in our society. I think we have both a fiscal imperative here, given the large deficits we face, and we have a moral imperative here to make sure the least of those in our society have a chance to have the ability to go to college and get a college education—be more productive in our society.

A lot is being said about the different rates.

There are two numbers we ought to keep in mind. People have said that in years to come interest rates will go up. I suspect they probably will go up since they are pretty low at this time, but we don't know. We have had Senators come to the floor and say the interest rates will be this amount or that amount. Who knows. We don't know.

What we do know is that under the current law right now and unless we pass something and get bipartisan support as well as the support of the President, the interest rate is going to be 6.8 percent for some time. If we adopt the bipartisan proposal that a number of us are offering—it is a tripartisan proposal, actually, with the support of the President—the rate for the student loans this year will not be 6.8 percent, it will be 3.86 percent.

If the student takes a loan this year, that rate doesn't go up. Even if interest rates go up, they will owe 3.86 percent on the loan that students take out this year. If they take out another loan in the following school year and the rate is 4.1 percent, or whatever that rate is, that is what they will pay on that second loan for the balance of the loan, whether it is 5 years, 10 years, 15 years, or 20 years.

As interest accrues on these student loans over the next 2, 3, and 4 years while someone is in school, a reasonable question to ask is: Who pays for the accrued interest? If the student is in school, as most of us have been, the interest accrues. In the past, we have had subsidized loans for low-income students and unsubsidized loans for those who have a higher income. For a number of years, the student who had the subsidized loan—the lower income student—would accrue interest on their loan for year 1, year 2, year 3, year 4, and year 5.

As for the subsidized student, the Federal Government has paid the accrued interest. Then when they graduate from school and walk away, they don't owe that interest. It has been paid for—forgiven, if you will.

For the unsubsidized higher income student, the Federal Government defers the interest, but eventually interest—eventually it has to be paid by the higher income student. We don't change that. We leave that in effect.

Who pays the accrued interest for the lower income students? The Federal Government. When they graduate school, then they have an obligation to pay that interest and the principal on their own.

As I have talked to my colleagues, I find that not everybody knows what I just mentioned about the lower rate. As far as the example I just gave, if the rate for the student loan taken out this fall is 3.86 percent and the next year the rate is 5 percent or 6 percent, the House let's the rate go up each year. A permanent, assigned rate would not be in effect when the loan is taken out.

Somebody graduates and they go to work. In this example, they find a job that pays $25,000. That is one person who has no spouse or kids. Let's say that person has $45,000 worth of debt. How much can they be compelled to pay in interest starting the year after they graduate? The answer is not $1,000 a month or $500 a month. The answer is $97 a month, and that is it. There is a mathematical formula where we take their income, less what the poverty level is for that person, multiplied by 0.15 percent. In this case it is $97 a month.

Then we have this example. Let's say Sally gets married, has a child, and has a family of three. Let's say the family of three is making $40,000 a year and they have $45,000 worth of loans. How much can they be compelled to pay in interest? Again, there are three people in the family with $45,000 in loans. How much can they be compelled to pay? It turns out to be about $120 a month. Not many people realize this is the law, and it is going to stay the law under the tripartisan proposal.

How about if somebody goes to work for the Federal Government or State government or local government or they go to work for a nonprofit and they do so at some sacrifice. Maybe they could make more money in the private sector, but they have this urge or compulsion for public service. After 10 years, their loan will be forgiven. If they are current on their loan, their loan will be forgiven after 10 years of public service. That has been the law and that would remain the law.

How about if they don't work in public service? What if they don't work for the State, local or Federal Government? What if they don't work for a nonprofit with a 501(c) designation? Let's say they are current on their loan. After 25 years, their loan is forgiven as well.

We can argue about the rate we use to determine what graduates, undergraduates or families would pay on their loan after the student graduates and whether it makes sense to peg or key that rate off the 10-year Treasury note. I think the 10-year Treasury the President has recommended is a reasonable place to begin.

Some have said we should use the Fed funds rate. What is the Fed funds rate? That is the rate that is charged overnight when one bank loans money to another bank overnight. Some people say that should be the rate. This is not an overnight loan from one financial institution to another, so I don't think the Fed funds rate is appropriate.

Some people said we should use a 90-day T-bill rate. This is not a 9-day loan. A 90-day T-bill rate may make sense for credit card interest rates, but a 5-year, 10-year, 15-year, 25-year student loan, I don't know that a 90-day T-bill rate makes a lot of sense as the interest rate for us to use.

Some people have said: Why don't we use a rate that might be charged for a 3- or 4-year car loan? This is not a car loan that is collateralized with a car. This is not a 20-, 25-, or 30-year mortgage that is collateralized with a house. This is a long-term loan that is not collateralized.

What the President has said—and I and our bipartisan group agree—is that it makes sense to use a 10-year Treasury note and peg the rate off of that and add to that a modest fee—in this case close to 1.5 points—to make sure the program is soundly run and doesn't make the deficit larger.

We have heard about some large numbers assigned as to what this amounts to in terms of a transfer from students to the Federal Government. The President's original proposal had a very large amount, under his initial proposal, going from students to the Treasury, and he was going to use that money to pay for Pell grants. We would actually cover the cost of the Pell grant increases. We don't do that in our program.

What we tried to do is to take the very large transfer of money in the President's proposal to the Treasury and to change that and scale that down and come as close as we could to eliminating it. This is about a $1.2 trillion college loan program, and that is about as close as we could come to eliminating the transfer, if you will, from students to the government to about $600 million to $700 million. That is a lot of money, but out of $1.2 trillion, somebody told me it works out to $2.50 per student who is getting a loan. If we can bring it down to zero from $600 million or $700 million, that would be great.

Let me conclude with these thoughts: Should we have a Federal student loan program? I am sure some people think we shouldn't, but I think we should. Should it be one where we use the Government's purchasing power to make it possible for people to access credit so they can go to school? I think we should. Should we allow people to use the Federal money the Government borrows—should we let them have that money at below Government cost? When we do that, it makes the deficit go up and it makes us squeeze programs such as Head Start and the Title I Program. It is like robbing Peter to pay Paul.

I think this is a good proposal. This proposal will use the Government's borrowing power and will be able to provide a lower-than-market rate for a lot of students. Students will be able to lock in the lower rate. It will then provide some help—with the Federal Government paying for the accrued interest—for the lower income students who have the subsidized loans. During the time they are in school, the Government picks it up, and they don't have to pay it back. It is covered by the Government.

This will make sure that when students graduate and get a job that doesn't pay a lot of money, there are significant limits on how much interest they can be compelled to pay in a year.

If somebody goes to work for the Federal Government, State government, local government, nonprofit or public service, after 10 years—if they are current on their loan—it is forgiven. For a person who doesn't go into public service but is current on their loan and still owes a ton of money after 25 years, their loan is forgiven. That is not heartless or unfair. I think it is pragmatic and reasonable. I think it makes sure we meet our fiscal obligation for the taxpayers. At the same time, we are meeting our moral obligation for those who need to borrow money to go to college.

I think there was a UC request—as I was beginning to speak—from a Senator from a State smaller than Delaware. I believe he had a unanimous consent request to speak immediately following my remarks.

I yield with great pleasure for my Army buddy, the Senator from Rhode Island, JACK REED.

The PRESIDING OFFICER (Mr. BROWN). The senior Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I recognize it is a much larger State. The nice thing about the Senate is that we all have two Senators.

There has been a great deal of work put together by so many people here: Senator CARPER, Senator MANCHIN, Senator ALEXANDER, Senator HARKIN, Senator KING, and Senator BURR. I could go on. They have been trying—in a principled way—to help students. They provided short-term help, but the major criticism I have of the legislation is that it locks us into the long-run, predictable rate increases and will add further to the burden that students and families are bearing to send their children, and themselves, to college and beyond.

Despite these great efforts, I just do not believe this approach, if unamended, is going to be the way we want to move forward.

Mark Kantrowitz is a well-known expert on student aid. His comments are particularly telling.

> It's still going to be, effectively, an interest rate increase masquerading as a decrease. Students currently enrolled will benefit from the low interest rates, but as the economy recovers and rates rise, today's high school students could end up paying more than 6.8 percent. It's far from a permanent solution.

I think he is right. I wish to emphasize the fact that as the economy recovers and rates rise, one of the fallacies of the CBO projections is that back in early 2000s they suggested that interest rates would stay very high. They did not anticipate the collapse in 2008 and 2009 of our economy.

Honestly, I don't think we want to premise our student lending on an economic collapse. I think what we want to do is assume and hope that the economy recovers, which will invariably increase interest rates. We are starting at the low point of interest rates, and then inevitably we are moving up. We are moving up as the economy recovers. We will also move up as the Federal Reserve limits their very aggressive quantitative easing program, where they have been buying securities to depress the rates.

If we look at the CBO projections, parents and graduate students will begin paying more than the current fixed rate of 6.8 percent and 7.9 percent by 2015. That is not a long time. That means the young freshman who is going into college next year might benefit from this proposal, but the younger brother or sister who is a freshman in high school will be paying much more. I think collectively, over time, since this is a permanent proposal, the debts that will accumulate to American families and American students will be significant.

We are essentially adopting a new approach to Federal policy on higher education. We are not subsidizing it; we are not making it below market rates. We are shifting the costs on to students. That is because one of the premises in this proposal, quite obviously, is that there will be no cost to the government, and we are starting with the principle of a rate of 6.8 percent over time. So as we decrease rates for the first few years, just simple arithmetic tells us we have to raise rates going forward.

Also, I think the way this is structured has to be considered. We have chosen not a short-term T-bill rate—a 91-day rate—which is low; we have chosen a 10-year rate which, in itself, is higher. So we have begun our reconstruction of the rate structure by picking a much higher baseline than has been consistent in the past, even with variable rates, and we have had variable rates in the past. Then we have added a premium to that to cover our costs—the cost of default, the cost of the administration of the program.

Interestingly enough, in this proposal, there is a study the GAO is ordered to do to tell us if our cost estimates are in any way close to the real cost to the Federal Government. I think the factor is significantly sufficient that the premium—the delta, if you will—we are charging students is much higher than the real cost, even including default rates, to the Federal Government.

I think this is a proposal that, again, was generated with great sincerity and great diligence, but over time it does not meet the test of consistency with our previous support for higher education. We actually subsidized higher education, and we did it at below-market rates. We did it because we believed we had to give students a chance to educate themselves not only for their benefit but, just as importantly, for the benefit of this Nation.

I would suggest—and around this Chamber I have said this before—directly or indirectly, every one of my colleagues who is of a certain age has benefited from subsidized student loans. If they didn't, then a brother or a sister or someone did. Yet we are saying that was good for us, but it is not good for this generation of students. They should bear the risk of interest rate increases.

They should bear the full cost. This is at a time when we have to be much more cognizant of the centrality of higher education in terms of the lifetime wages and earnings of individuals and in terms of our economic competitiveness across the globe.

We all have reached a point that unless we adopt the amendment I propose, we are locking ourselves into increasing rates that go way beyond the current statutory rate of 6.8 percent for Stafford loans and 7.9 percent for PLUS loans. Even with these rates—the current rates—6.8 and 7.9 percent—CBO has estimated that the government will generate about $184 million in revenues. That is the difference between the cost of funding and the return. It is just what it costs the government to borrow and what they are getting in revenue from students, accounting for defaults and borrower benefits. So instead of investing in students, we are basically profiting from them, and that point has been made by my colleagues, particularly Senator WARREN, over time.

As we move to this new form of rate structure—10-year Treasury bills plus a premium; they are capped, but they are capped at high rates—the government will, in fact, be making even more money.

What I would like to do and what we have tried to do is to propose that we initially freeze rates at 3.4 percent and then spend the time to fix this problem as best we can completely. We need to develop a rate structure that does not provide a huge profit, as defined between the cost of funding and the revenue to the Federal Government, incentivize colleges to lower tuition—and that will be a very difficult and challenging endeavor—and think seriously about refinancing because right now we have students and families facing $1 trillion in debt, and they are suffering under this situation.

We want to take a comprehensive approach, but this is not the approach. This is simply fixing rates. The one certainty in this legislation is that the rates will go up—not right away, but they will go up—and they could go up very quickly, and they could reach the limits very quickly, and that is an additional burden on students. As a result, it will begin to make college more expensive, less affordable, less of an option for many families and youngsters, and it will hurt us in the long run in terms of our economic competitiveness and our ability to grow our economy.

We have had experience with market-based rates in the student loan program before. This is not new. Most recently, the market-based rates for student loans from July 1, 1998, and June 30, 2006, was yield on a 91-day Treasury bill plus 1.7 percent while the student was in school and plus 2.3 percent while the student was in repayment. This rate was capped at 8.25 percent, and it applied to all Stafford loans—subsidized, unsubsidized, and graduate. For parent PLUS loans, the rate was the yield on the 91-day Treasury bill plus 3.1 percent, capped at 9 percent.

Those rates were a good deal for borrowers. Students who are repaying their loans under this system have a rate of 2.35 percent this year and parents are paying 3.15 percent. That is because interest rates have come down dramatically. One of the reasons for that—perhaps the primary reason—is because we faced an economic potential catastrophe in 2008 and 2009. Economic activity shrunk, rates fell, and the Federal Reserve took a very aggressive program of quantitative easing to deliberately lower interest rates.

Instead of using the 91-day Treasury bill, what this underlying proposal uses is the 10-year Treasury bill. This decision results in a rate that in and of itself is 1.76 percentage points higher for this year alone. If we use the 91-day T-bill rate, we could lower rates even further, but we are using the 10-year rate, so we are already building in almost 2 percentage points of interest for students who will be subject to this legislation.

Since May 1 we have already seen the rates on the 10-year Treasury bill climb nearly 1 percent. Those rates are headed upward, and the CBO has projected them to rise. That is consistent, by the way, with an economic recovery. So the good news is if the economy recovers, interest rates will rise except it is not good news for students because their interest payments will rise. If CBO is wrong, that means we will probably have an economic shock ahead of us which will be bad news for everyone.

So I think we have to be very cognizant of the fact that there is a much better way to do this, and there should be a comprehensive approach.

What we are suggesting, and in the amendment Senator WARREN and I are proposing, is that we at least cap the interest rates for the Stafford loans—for the undergraduate loans—at 6.8 percent, which is the current rate, and for the PLUS loans at 7.9 percent so no one, regardless of whether one starts college next fall or 4 years from now, will be worse off than the current situation with the fixed interest rate. I think that would be an improvement. I think, if we don't adopt such an approach, then we are locking students and families into a very costly and predictably increasingly costly structure. We are not making any reforms with respect to the cost of college. We are not dealing with the issue of refinancing.

Honestly, I also think to say, well, if it gets really bad, if we really start hitting those caps—to say we will go back and fix it fundamentally ignores one of the principles that underlies this proposed legislation—that there be no further costs to the government. To fix the interest rate several years from now, when it is 8 percent, again, will cost a lot more than staying with the current 6.8 percent fixed rate and 7.9 percent fixed rate.

So for that reason, I will be opposing the underlying legislation unless we can make significant progress with respect to at least capping the rates at 6.8 percent and 7.9 percent.

With that, I reserve the remainder of my time, and I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, I wish to speak for a few minutes about the loan program and concerns I have about it, particularly the scoring conventions used by the Congressional Budget Office in its cost analysis of these student loans. It is something I have looked at for some time as the ranking member of the Budget Committee. We have asked CBO to analyze these issues and have offered the honest Budget Act, which deals with all kinds of loans, and the improper way CBO scores them—not that they do it on their own, but because we require them to score it that way.

In sum, I would say the loans that have been referred to today do not make money for the government. They just do not. They are going to cost money. It is simply—and that would be a subsidy to the borrower. We are talking about 2.05 percent above the 10-year Treasury note, and that is a good way to figure what the interest rates are. When they rise, the cost of money rises. It rises for the U.S. Treasury as well as for the people who borrow from the U.S. Treasury.

But the Federal Credit Reform Act, or FCRA, requires CBO to score these loans in a way that gives the impression that they do, in fact, make money. In a recent report on student loans, the CBO wrote to us that FCRA—this is the law that tells them how they analyze the cost:

> FCRA accounting does not consider some costs borne by the government. In particular, it omits risks taxpayers face because federal receipts from interest and principal payments on student loans tend to be low when economic and financial conditions are poor and resources therefore are more valuable. Fair-value accounting methods account for such risk. . . .

Fair value accounting methods aren't being used with these loans. In fact, CBO utilized a fair value accounting system—please get this, colleagues: They used that system to analyze these loans in addition to the system required by law, and that would show that student loans actually lose money for the American taxpayer. So often around here we have scores that indicate one thing, and Senators advocate that they say one thing, when the truth is it costs us money.

As the Senate moves forward in this debate, it is important that it consider the real costs associated with the Federal student loan program.

The budgetary costs of the Federal Direct Student Loan Program are determined based on accounting rules specified by the Federal Credit Reform Act. Under the guidelines set forth there, the cost of Federal loans are recorded in the year in which the loans are made. The net cost of a student loan includes the estimated future repayment of principal and interest—the estimate of what would be repaid. The value of these future repayments are adjusted to reflect certain risks—the risk of default and the risk of inflation. CBO cannot, however, include an adjustment for market risk, such as if the country has a bad financial crisis, which periodically happens.

Examples of market risk include the current fiscal situation: Our Nation's current unemployment rate is 7.6 percent with 11.8 million people unemployed. Some want to continue to bring in millions of people to take those jobs from abroad while we have 11 million people unemployed, and it is time for us to reevaluate that policy, in my opinion.

According to the Bureau of Labor Statistics, June 2013 figures, the unemployment rate among college students shows about 1.9 million unemployed college students. All of these factors lead to lower loan repayment rates and higher collection costs for the government. With an interest rate well over 7 percent and college students struggling to find work, default rates are going to increase.

Because the FCRA method of accounting for student loans does not take into account all of the risks that are associated with making a loan, the government should require that CBO adopt the fair-value accounting method. As I said, unrelated specifically to this legislation, I offered legislation 2 years ago to do just that because the American people need to know what the cost to the Treasury will be when we make loans, and we know, and CBO acknowledges, that this method they are using required by law is not accurate.

According to a June 2013 CBO report made for the Senate Budget Committee entitled ''Options to Change Interest Rates and Other Terms on Student Loans'' that I requested in my capacity as ranking member of the Budget Committee, CBO admitted and acknowledged that its current scoring rules failed to adequately account for the cost of these loans.

That is just a fact. I wish it were not so. I wish we could cut these rates even lower than they are. But I have to say, it is not accurate to say the Federal Government is going to make a bunch of money off of it.

It goes on to say:

> [U]sing fair-value methodology represents a broader measure of cost that includes the cost of market risk.

So CBO has explicitly stated it would be better to use the fair-value methodology and not the other.

Well, does that make a difference? Does it change what the score and the analysis would be? They have their official analysis based on the requirements that Congress gave them, but they acknowledge the market risk is a better analysis. What did they say that would do?

The methodological difference between FCRA—the current system—and the fair-value accounting system produces alarmingly different results—alarmingly different. Under the FCRA, CBO estimates that the student loan program will reduce the deficit by $37 billion in fiscal year 2013 and save $184 billion over 10 years. With those results, of course, the program looks good.

But under the fair-value accounting procedure that CBO says is preferable, CBO estimates that direct student loans issued between 2013 and 2023 would cost the government $95 billion—cost the government $95 billion. Suddenly, the student loan program, when adjusted more accurately for market risk, is a deficit creator rather than an income producer.

As I say, I wish that were not so. I hate to report that. But we have been looking at these numbers for some time. I urge my colleagues. I know we need to do something about student loans. We need to get it done now. I am not here to try to say we should not pass anything. But what I am saying is, colleagues, we have to end this fooling ourselves system. We have to go to an honest system that the private markets utilize and the Federal Government should be utilizing. I am going to continue to push for that.

We will continue to work on this issue. I know we have a situation that is very painful for students, many of whom have overborrowed. They did not understand the significance of what they were doing and they ran up more debt than they should have. As a result, they are in a painful circumstance, for sure. But when we do our policy for the future, and we analyze what it costs to make a loan program—what it costs the taxpayers—we need to have accurate accounting.

If the matter is accurately accounted, using best accounting procedures, this bill, as now presented, would actually cost the taxpayers money rather than make them money.

I thank the Presiding Officer and yield the floor.

The PRESIDING OFFICER. The assistant majority leader is recognized.

Mr. DURBIN. Mr. President, I ask unanimous consent to speak for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURBIN. Mr. President, we are debating student loans. We are here having this debate because of Russia. How did that happen? It was October of 1957. The Russians launched a satellite called Sputnik. We did not have any satellites. We knew they had the bomb, and then they had the satellite. It scared us. It frightened Congress enough that they created the first student loan program. Oh, there were loans given to GIs coming back from the war, but this was a program available to those who were not veterans. They called it the National Defense Education Act. It was all about Americas defense. What they said was: We will loan money to students across America to go to college. I think their rationale was sound. If more Americans went to college and got educated, we would have the engineers and scientists we need to make this a strong nation from a defense point of view and from our economy point of view.

So I thank the Russians for launching Sputnik, and I thank the Congress for creating the National Defense Education Act because a kid from East St. Louis, IL, whose parents had eighth grade educations, got a chance to go to college, and he is standing here today in the Senate.

It was a pretty good deal too. The National Defense Education Act said: You can borrow money to go to school, and you do not have to pay it back until a year after you graduate—10 equal payments at 3-percent interest. I remember these because I was frightened to death in 1969, when I finished law school and added up all my student loans, and they said to me: You owe $8,500. I went home to my wife, and I said: We are doomed. We can't pay that back—$850 a year. It is impossible. It was not impossible. We did it. And many others did too.

What happened as a result of that satellite and that student loan program was a dramatic change in higher education in America in the 1960s and ever since. We democratized higher education. It used to be the only folks who went to college were the sons and daughters of alumni and those who were supersmart and rich. Well, kids like myself got a chance all across America.

So now here we are today, many years later—some 50 years later—and we are talking about student loans for this generation of students. We have many choices before us. I happen to like the National Defense Education Act. I like holding interest rates at 3 percent. I like the payback terms. But the number of students taking out loans and the cost of higher education have reached a point where we cannot do that without some serious commitment of resources at the Federal level at a time when our budget problems do not give us much latitude and much opportunity.

So I sat down with a number of my colleagues—ANGUS KING, a new Senator from Maine, an Independent who sits on the Democratic side; JOE MANCHIN, a Democrat from West Virginia; TOM CARPER, a Democrat from Delaware; and TOM HARKIN, who is the chairman of the Health, Education, Labor, and

Pensions Committee, and is in charge of this subject matter. That was the Democratic side. On the Republican side: LAMAR ALEXANDER of Tennessee, RICHARD BURR of North Carolina, TOM COBURN of Oklahoma. It is a pretty diverse group.

We hammered out a bipartisan answer to dealing with student loans that will be the last vote today. We will have a series of votes. That, I think, is the right answer because I think we have struck the right balance. There are many of my colleagues in the Democratic caucus who are still opposed to this bipartisan approach. Some of them believe—and I do not quarrel with it—we should go back to the old days of the National Defense Education Act. We should be subsidizing the interest rates. We ought to be putting a substantial amount of money into keeping the cost of higher education low in terms of interest rates.

I do not quarrel with that. I am a beneficiary of that type of approach and philosophy. But we have tried to pass that in the Senate several times with the leadership of JACK REED of Rhode Island, and we cannot come up with 60 votes. We cannot come up with the supermajority we need to make this a viable alternative.

So now we have to ask ourselves a very basic question: What will we do if we cannot have a subsidized Federal program? Well, I think what we have come up with is a good approach. What we have come up with says basically we are capping the interest rate any student will ever have to pay in undergraduate loans at 8.25 percent—8.25 percent—capped, no matter what happens to interest rates. And we are saying we are going to start at an interest rate that is even dramatically lower than the interest rate paid by students as of this moment. So if you vote against the bipartisan alternative on student loans, you are voting against an effort to bring student loan interest rates down from 6.8 percent to 3.8 percent and you are voting against the cap on interest rates at 8.25 percent. I do not see how that is going to benefit students. If you were offered a new home mortgage, reducing your interest rate by 3 percent, you could not wait to go to closing—right?—because the interest you are going to pay on your home goes down dramatically.

Our bipartisan approach is going to reduce the interest rates paid by 11 million students and for about two-thirds of them by 3 percent. And those who vote no, those who vote no to that approach, are saying: Keep it at 6.8 percent. How can that be good for students or their families? A cap of 8.25 percent on student loans for 10 years is a protection that says to students in the future: The highest interest rate you face is 8.25 percent.

What does it mean in terms of savings? Our approach in the bipartisan bill means if you are an undergraduate student in America, over the next 4 years of your education, you will save between $2,189 and $3,191 in interest not paid—interest not paid.

So those who are going to vote against the bipartisan bill are saying to students: Keep the rate at 6.8 percent. Do not lower it. And pay between $2,000 and $3,000 more in interest over the next 4 years. With friends like that, students and their families—I will not finish the sentence. But people ought to think twice about this. We are giving students a lower interest rate and a guaranteed cap.

It is not just for undergraduates. In the next 4 years, those who are in the graduate loan programs will save over $4,000 in interest with the bipartisan approach; and those in the parent loans will save over $2,000 in interest paid. So for 4 years this is a solid winner.

In the effort of full disclosure and honesty, after 4 years, in the second 4 years, interest rates, we project, will be going up, and the cost of these loans go up.

My position is, let's vote for this now, roll up our sleeves and make sure that 4 years from now we can replace it with something that is as good or better. But why stick people with 6.8 percent, when we can bring the loan rate down to 3.8 percent?

At the end of the day, the groups that are supporting this bill are substantial: the American Council on Education, the American Association of Community Colleges, the National Association of Independent Colleges and Universities, Rock the Vote, the United States Student Association, and the Committee for a Responsible Federal Budget, because, you see, we are not adding to our budgetary woes here.

We found out this program actually generates about $715 million more than the actual cost of loans, as we project them. I wish it were zero. But put it in perspective: $715 million over 10 years against the student loan program that will cost us $1.4 trillion.

My colleague Senator KING did an analysis, and I think he calculated it at .005 percent or somewhere in that range.

Mr. KING. Three zeroes.

Mr. DURBIN. So .0005 percent. Do you know what it means to the cost of a student loan—that $715 million I am talking about? Mr. President, on average $2.76 for each loan over the ten year period. So if you borrow $2,000 or $3,000, over the life of the loan you will pay $2.76 more, but you will save $2,000 to $3,000 in interest.

For those who argue that $715 million is a deal killer, it is not. I wish it were zero, but it should not stop us. If you are frustrated with the current situation, if you think there ought to be a different student loan program, work to change it. But do not be supporting a position which raises interest rates on the students who are struggling to get by. Do not be voting against the bipartisan bill that puts a cap on these student loan interest rates.

Let's roll up our sleeves in the next 4 years. Let's make sure we continue affordable interest rates for students.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DURBIN. Mr. President, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I spoke on the floor earlier today about the proposal that is before us. I wish to reiterate what I said then: I cannot stress enough that this bill represents a number of compromises made on both sides to come to a solution on how to keep interest rates low for students in the coming years. The compromise we will be voting on shortly is the closest we have gotten to a deal that represents two core Democratic principles related to student loan interest rates: No. 1, the inclusion of hard, upfront caps for students, so should we experience high interest rates in the future, they will be protected from those high rates.

Let me repeat. Under this plan, undergraduates in this country will never pay more than 8.25 percent. That is what we had in the 1990s, and five times we bumped up against that in the 1990s. History could well repeat itself in that regard.

We have a hard cap. Graduate students will pay no more than 9.5 percent; parents and graduate students taking out PLUS loans, no more than 10.5 percent—hard cap.

Secondly, we wanted this to come as close to deficit neutral as possible, and this is what we have done.

To show how we made compromises around here, I will say that the Republicans' initial proposal that we had voted on here—and it went down, as well as the initial Democratic Senate proposal went down—the Senate Republicans' initial proposal raised $15.6 billion in deficit reduction over 10 years. We negotiated down to $715 million over 10 years. Put that in context. Over the next 10 years the student loan program will probably loan out somewhere in the neighborhood of $1.4 to $1.5 trillion. What we are talking about is only $715 million over the next 10 years. That is the closest we could come to zero and at the same time have hard caps and keep interest rates low.

I can't stress enough that this is a true compromise. If I were to write it, I would write it differently, and I have expressed myself in votes on the Senate floor in the past. But we have to deal with the art of the possible and reach compromises that answers both what the Republicans sought to do and what we sought to do.

I would also reiterate that this is not the end of the conversation. It is the beginning.

As important as student loans are—Stafford loans so students are able to get an education and their parents being able to afford it—as important as that is, it is only one part of the jigsaw puzzle that is college affordability.

In 4 months, when the GAO report comes back—and I will again repeat that one of the elements we got in this compromise was a requirement that the GAO do a study on student loans, what the real cost is to the government, what the real cost is to administer that, and get that back to us in 4 months. When we are in our committee reauthorizing the Higher Education Act, we can take that into account.

My good friend from Maine, who has been so instrumental in working out this agreement, has said many times that the rule book we have to go on is CBO estimates. I have been here long enough to see how many mistakes CBO has made in the past. We don't know if they are right. We have no way of knowing that. We also don't know what those interest rates are going to be in the future, and we don't know if a 2.05 add-on or 3.6 add-on is the right thing. We don't know. That is why we have required the GAO to give us an in-depth study so we can have a better handle on the cost to the government, what it costs to administer the program and all of its elements. We will take that into account.

I was pleased to hear, again, Senator ALEXANDER, my good friend and ranking member on our committee, earlier today on the floor. He expressed the same commitment he has expressed to me personally that I mentioned today; that is, working together to get a reauthorization of the Higher Education Act done in this Congress. Senator ALEXANDER is committed to that, and so am I.

I might also add that I am pleased that President Obama has also said he is personally committed to working with us to get a Higher Education Act through and working with us to look at all of the college affordability issues. This was displayed in his speech today.

This is just one element—an important element but only one element.

I look forward to working with Senator ALEXANDER, the White House, Secretary Duncan, the Department of Education, and members of my committee on the Democratic side to really look at all aspects of college affordability and how we are going to address this issue comprehensively.

I again want to point out for the Record—because soon we will be voting—that there are two amendments that will be voted on. I think one is by Senator REED of Rhode Island and the other is by Senator SANDERS of Vermont, and then we will have our final passage, if I am not mistaken. I know the two amendments that have been offered—one by Senator SANDERS and one by Senator REID—look very nice, and I know many on my side will be tempted to vote for them, but I will not be voting for them. They look nice, they sound nice, they would be nice in a perfect world, but we have to deal with CBO estimates. Quite frankly, the cost of those amendments, as judged by CBO, is something we can't do. Again, they sound nice, they look nice, they might feel nice, but we can't do it. So I will be opposing those amendments. I will be opposing them because we can't do that at this time.

What we can do is do the compromise we have reached. That is what we can do. And don't let anyone tell you this is a bad deal for students. This is not a bad deal for students. If we don't pass this, undergraduate students this year will pay 6.8 percent on their loans. With this bill, they will pay 3.86 percent. Tell me which is the best deal. Next year it is 4.26 percent, the year after that it is 5.4 percent, and the year after that it is 6.29 percent. It doesn't get up to 7 percent for 4 years, if CBO is right. In any case, for the next 4 years it is going to be lower than 6.8 percent for every undergraduate student in college.

Don't let anybody tell you this isn't a good deal for students. It is a good deal for students. This is why today we received an endorsement by the United States Student Association endorsing this bill, endorsing the compromise. They are not walking away from it. The Leadership Conference on Civil and Human Rights has endorsed this bill. Any way you look at it, this is a good deal for students, and it is a good deal for their families. Don't let anybody tell you otherwise.

Could there be a better deal? Well, I suppose. How about free money? That is always a good deal, free money. There is always something better out there. I say to my friends on the Democratic side, don't let the perfect be the enemy of the good. Yes, there is probably a more perfect thing we could do. We can't afford it. We don't have the CBO scoring that would allow us to do that. Plus, we need the votes of our colleagues on the Republican side, so that is why we have to have a compromise. That is the way this place should run—on compromises. Legitimate, yes, hard-fought-out, but good compromises.

What Senator MANCHIN and Senator BURR have offered is that compromise—a good bill, a good, solid compromise, one that will make sure interest rates for undergraduate students will be lower for the next 4 years and under 6.8 percent. As Senator ALEXANDER worked so hard to make sure we got into this compromise, when students get these loans at 3.68 percent this year, that is it for the life of the loan—that is a good deal—or next year at 4.26 percent or the next year at 5.24 percent. That is a good deal. So don't let what you might think would be more perfect take you away from voting for this bill. This is a good bill.

Again, I thank so many who are responsible for putting this together. I thank Senator DURBIN, Senator MANCHIN, Senator KING, and Senator CARPER, who worked so hard through so many days and weeks to get this pulled together. Of course, I thank my ranking member and good friend Senator ALEXANDER, who has been here from day one trying to find that sweet spot that we could all agree on and vote on. I thank Senator COBURN, Senator BURR, and all their staffs for all of their hard work and diligence in putting this proposal together. I thank President Obama and his team and Secretary Duncan and his team for working together, and all of our staffs.

This is the best we could do on a compromise for students given all the various priorities of this side, that side, the White House, and everybody else. This is a good deal. We shouldn't turn it down.

I will vote against the amendments offered by Senator REED and Senator SANDERS, well meaning though they are. As I said, they sound nice and they look pretty, but don't be lured into thinking that somehow that is going to happen. It is not. We have to stick with this compromise and get a good deal for the students, even though you may not think it is perfect. It is a good deal.

I support the Bipartisan Student Loan Certainty Act. I encourage all of my colleagues to vote in favor of its passing and against amendments that would detract from it.

Mr. President, I ask unanimous consent that all time be yielded back with the exception of 2 minutes equally divided prior to each vote.

The PRESIDING OFFICER (Mr. BLUMENTHAL). Without objection, it is so ordered.

AMENDMENT NO. 1778

The PRESIDING OFFICER. Under the previous order, there will be 2 minutes of debate equally divided prior to the vote in relation to amendment No. 1778, offered by the Senator from Rhode Island, Mr. REED.

The Senator from Rhode Island.

Mr. REED. The Reed-Warren amendment would provide students and families with certainty by ensuring that interest rates will go no higher than they would under the current fixed rates in present law—6.8 percent for student loans and 7.9 percent for PLUS loans. The amendment is fully paid for by a very small—about one-half of 1 percent—surcharge on income over $1 million.

We should do this for students all across the country, and we should do it not only for the students who might be going to college next year but for those who are in high school today and will face, as we know, predictably higher rates.

A young man from Rhode Island wrote a letter to me. He said:

> My brother, who is in college, will be paying a lot of money for college and he's worried he will have a hard time paying the loan. I'm afraid that by the time I go to college, loans will be so expensive that I will not be able to pay it off. My parents help with paying for college but they might not be able to help with a loan that big. I really want to be able to go to college.

For those young men and women who are in high school today or who are going to high school, we have to at least vote for this Reed-Warren amendment to make sure interest rates stay at least within the present bounds.

With that, I urge a ''yes'' vote.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. The Senator from Rhode Island knows I have the highest respect and affection for him. I might say that he makes excellent points.

As I said earlier, this amendment looks good, looks pretty, sounds pretty, and might be nice in a perfect world, but that is not where we are. Like my colleagues, like Senator REED, I want to make sure we are only asking students and families to pay as much interest as needed in order to properly administer the program and no more. Student loans should not be a profit center for the Federal Government. As I said earlier, that is why we put into our underlying bill, the Manchin-Burr bill, a requirement that GAO report back to us in 4 months as to what it actually costs. My good friend from Rhode Island doesn't know what it costs. I don't know what it costs. No one really knows what the cost of this is.

As Senator ALEXANDER said earlier, we are going to be looking at all of this in the Higher Education Act, what college affordability is.

Let me repeat. Under the bill before us, students pay less interest rates than 6.8 percent until 2017.

While the Reed bill may sound good, we are not there. We are not there to move on the Reed bill yet or anything like it. Plus, the offset he has for that, even though he has fully paid for it, is not acceptable to a lot of people here in the Senate Chamber.

Stick with the underlying bill and defeat the Reed amendment.

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the Reed-Warren amendment.

Mr. REED. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The legislative clerk called roll.

Mr. DURBIN. I announce that the Senator from Missouri (Mrs. MCCASKILL) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 46, nays 53, as follows:

[Rollcall Vote No. 183 Leg.]

YEAS—46

Baldwin	Cantwell	Gillibrand
Baucus	Cardin	Hagan
Begich	Casey	Heinrich
Bennet	Coons	Heitkamp
Blumenthal	Durbin	Hirono
Boxer	Feinstein	Johnson (SD)
Brown	Franken	Klobuchar
Landrieu	Nelson	Tester
Leahy	Reed	Udall (CO)
Levin	Reid	Udall (NM)
Markey	Rockefeller	Warner
Menendez	Sanders	Warren
Merkley	Schatz	Whitehouse
Mikulski	Schumer	Wyden
Murphy	Shaheen	
Murray	Stabenow	

NAYS—53

Alexander	Enzi	McCain
Ayotte	Fischer	McConnell
Barrasso	Flake	Moran
Blunt	Graham	Murkowski
Boozman	Grassley	Paul
Burr	Harkin	Portman
Carper	Hatch	Pryor
Chambliss	Heller	Risch
Chiesa	Hoeven	Roberts
Coats	Inhofe	Rubio
Coburn	Isakson	Scott
Cochran	Johanns	Sessions
Collins	Johnson (WI)	Shelby
Corker	Kaine	Thune
Cornyn	King	Toomey
Crapo	Kirk	Vitter
Cruz	Lee	Wicker
Donnelly	Manchin	

NOT VOTING—1

McCaskill

The PRESIDING OFFICER. Under the previous order requiring 60 votes for the adoption of this amendment, the amendment is rejected.

AMENDMENT NO. 1774

Under the previous order, there will now be 2 minutes of debate equally divided prior to a vote on amendment No. 1774, offered by the Senator from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. President, I want to thank Senators LEAHY, WYDEN, BROWN, WHITEHOUSE, GILLIBRAND, MERKLEY, BLUMENTHAL, SCHATZ, MURPHY, and HIRONO for supporting this amendment. I also wish to thank the NEA and the AFT, the two largest teachers organizations in the country, for supporting this amendment.

This amendment is very simple. It sunsets this legislation after 2 years, takes advantage of current, relatively low interest rates, and gives us the time to reauthorize the Higher Education Act and come up with sensible long-term solutions to the crisis of student indebtedness and college affordability.

According to the CBO, by the year 2018, under this legislation undergraduate Stafford loans will be 7.25 percent, graduate Stafford loans will be 8.8 percent, and parent loans will be 9.7 percent. We have a crisis right now in student indebtedness. We need to solve that crisis, not make it worse.

I ask for support of this amendment.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I can't support this amendment. By sunsetting this effort 2 years because CBO uses a 10-year window, the amendment would cost an estimated above $20 billion, and there is no offset to pay for it. So, again, the lack of that offset would violate the agreement we made under our bipartisan agreement of trying to get as close to deficit neutrality as possible.

Like Senator SANDERS, I also want to make sure we make any needed changes to student loan interest rates before they become too high. Let me remind everyone, in the 1990s we had an 8.25-percent cap. We hit it five times. We got back in this agreement an 8.25-percent absolute cap.

Beyond that, for the next 4 years every student—subsidized and unsubsidized—in college will have a lower interest rate than 6.8 percent. In the outyears, who knows what the interest rates are going to be. We don't know that, and neither does CBO. But we do know what they are going to be this year and probably next year, and the students get a much better deal under the compromise.

So I say, don't support the Sanders amendment. Let's vote and let's keep the compromise in place and give our students a good deal, this year and next year and the year after and keep that 8.25-percent cap that we negotiated.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. SANDERS. I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

There appears to be a sufficient second.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Missouri (Mrs. MCCASKILL) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 34, nays 65, as follows:

[Rollcall Vote No. 184 Leg.]

YEAS—34

Baldwin	Johnson (SD)	Rockefeller
Baucus	Klobuchar	Sanders
Begich	Leahy	Schatz
Blumenthal	Levin	Schumer
Boxer	Markey	Shaheen
Brown	Menendez	Stabenow
Cantwell	Merkley	Udall (NM)
Cardin	Mikulski	Warren
Coons	Murphy	Whitehouse
Franken	Nelson	Wyden
Gillibrand	Reed	
Hirono	Reid	

NAYS—65

Alexander	Feinstein	McCain
Ayotte	Fischer	McConnell
Barrasso	Flake	Moran
Bennet	Graham	Murkowski
Blunt	Grassley	Murray
Boozman	Hagan	Paul
Burr	Harkin	Portman
Carper	Hatch	Pryor
Casey	Heinrich	Risch
Chambliss	Heitkamp	Roberts
Chiesa	Heller	Rubio
Coats	Hoeven	Scott
Coburn	Inhofe	Sessions
Cochran	Isakson	Shelby
Collins	Johanns	Tester
Corker	Johnson (WI)	Thune
Cornyn	Kaine	Toomey
Crapo	King	Udall (CO)
Cruz	Kirk	Vitter
Donnelly	Landrieu	Warner
Durbin	Lee	Wicker
Enzi	Manchin	

NOT VOTING—1

McCaskill

The PRESIDING OFFICER. Under the previous order requiring 60 votes for the adoption of this amendment, the amendment is rejected.

The majority leader.

Mr. REID. We will likely have one more vote tonight, and then Senator MURRAY and Senator COLLINS will determine what is going to happen on the appropriations bill that is before us.

ORRIN HATCH'S 13,000TH VOTE

Mr. President, I rise now to honor our colleague ORRIN HATCH. The next vote cast will be ORRIN HATCH's 13,000th vote. This is a tremendous accomplishment. It speaks to his dedication to the State of Utah, his constituents, the Senate, and our country. He is the Republicans' most senior Member. He is now serving in his seventh term in the Senate. Before running for the Senate, Senator HATCH received a bachelor's degree from Brigham Young University, a law degree from the University of Pittsburgh, and was in private practice for a number of years.

He is the ranking member on the Finance Committee today. As we know, he made a reputation for himself when he was chair of the Judiciary Committee. We worked together with him for those many years. He serves on the HELP Committee and the Joint Committee on Taxation. He has truly had a significant impact on the Senate.

He is a dedicated member of the board of directors of the Holocaust Memorial Museum. He has done amazing work throughout his career.

His No. 1 accomplishment for me is not how many terms he has served in the Senate but his accomplishment for his wonderful family. His wife Elaine has been a great helpmate for him for these many decades. He has 23 grandchildren, 6 children, and now 10 great-grandchildren.

Although ORRIN and I occasionally disagree on substantive issues, I have great respect for him. I am so grateful to him over the years for always expressing concern about me personally and his kindness and concern to my family, especially to Landra.

Congratulations.

The PRESIDING OFFICER. The Republican leader.

Mr. McCONNELL. The senior Senator from Utah will not be known for the quantity of his votes but for the quality of his work. He is a man of extraordinary character. We are happy to have this intermission to congratulate him on yet another accomplishment in a long and outstanding career in the Senate.

ORRIN HATCH'S 13,000TH VOTE IN THE SENATE

Mr. HATCH. Mr. President, I have just cast 13,000th vote here in the Senate. I have to admit that I never thought I would cast so many votes, but I'm grateful that I have had the opportunity to serve the good people of Utah long enough to reach this milestone.

That said, I am not really one to dwell on the past. I have a lot more work here to do and a lot more votes to cast before I am done.

But, I do want to thank both the distinguished majority and minority leaders for their kind words this evening and for being gracious enough to take the time to mark this occasion. I have known these good Senators a long time and I am proud to call both of them my friends.

I am grateful for all of the friends and colleague I have made here in the Senate. They make it a great place to work.

AMENDMENT NO. 1773

The PRESIDING OFFICER. Under the previous order, there will be 2 minutes of debate prior to a vote in relation to amendment No. 1773, offered by the Senator from Iowa, Mr. HARKIN.

The Senator from Rhode Island.

Mr. REED. Mr. President, a point of order. I believe we are prepared to voice vote this, and at the proper time I ask that such a motion be made.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. MANCHIN. Mr. President, we can fix our student loan program with a ''yes'' vote on the bipartisan legislation to lower interest rates for all student borrowers. The bipartisan Student Loan Certainty Act is a long-term fix that is fair, equitable, financially sustainable, and fiscally responsible.

This compromise will save students $8 billion in interest this school year which translates to $31 billion in savings over the next 4 years. That means a savings of $2,000 in interest for the average freshman student who starts college this year. A ''no'' vote will prevent our students from realizing this savings.

There is simply no better investment we can make than the education of our children and grandchildren. I urge my colleagues to make that investment and vote to support this long-term bipartisan fix.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Mr. President, I oppose the proposed amendment. It is short-term rate relief, but it is long-term rate pain for thousands of students and families across the country. We can do much better than that. In a few moments, we will have an opportunity after the voice vote to have another small discussion prior to final passage.

Again, I believe this amendment is not—despite the best work and best intentions and great effort by my colleagues—the best work we can do with respect to students and families.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. MANCHIN. First of all, I respect my colleague, and we just have a difference of opinion, but we are still going to work together on everything we possibly can to make it better.

It is my understanding that we will be able to adopt the amendment by a voice vote since we will be having a rollcall vote on passage of the bill as amended with this language.

I ask unanimous consent to extinguish the previous order requiring a 60-vote threshold for this amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment (No. 1773) was agreed to.

The PRESIDING OFFICER. Under the previous order, there will be 2 minutes of debate equally divided prior to a vote on passage of H.R. 1911, as amended.

Who yields time?

The Senator from Iowa.

Mr. HARKIN. Mr. President, the vote comes on what we are going to do and that is—as my good friend Senator MANCHIN said—to keep interest rates low for students.

What this means for our students is that the student loans for all undergraduate students will be reduced from 6.8 percent to 3.86 percent this year. It will be lower than 6.8 percent for the next 4½—almost 5—years.

Do our students and our families a favor. Vote for final passage. Keep the interest rates low and make sure our students are not paying a 6.8-percent interest rate this year, next year, and the year beyond.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. REED. Mr. President, as I indicated previously with respect to the amendment proposed by Senator MANCHIN, this proposal will provide short-term rate relief but lock in long-term rate pain for thousands of families and students across the country. It also represents the fundamental shift in our approach to student lending. It goes from investing in students and in our future economy to making those students be profit centers for the Federal Government. There is an estimated $184 billion over 10 years of profit in the current baseline. It is the difference between the cost of funding and the revenue paid by the students to the Federal Government. This proposal adds $715 million to that.

Also, we have done nothing to address the $1 trillion of outstanding debt that students face today. This measure will add to that debt.

Education has always been the engine of opportunity in this country. With this legislation, that engine will leave the station with many fewer students aboard.

I urge a ''no'' vote.

The PRESIDING OFFICER. Under the previous order, the clerk will read the title of the bill for a third time.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, under the previous order the question is, Shall the bill pass?

Mr. REID. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The bill clerk called the roll.

Mr. DURBIN. I announce that the Senator from Missouri (Mrs. MCCASKILL) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 81, nays 18, as follows:

[Rollcall Vote No. 185 Leg.]

YEAS—81

Alexander	Fischer	Mikulski
Ayotte	Flake	Moran
Barrasso	Franken	Murkowski
Baucus	Graham	Murray
Begich	Grassley	Nelson
Bennet	Hagan	Paul
Blunt	Harkin	Portman
Boozman	Hatch	Pryor
Burr	Heinrich	Reid
Cantwell	Heitkamp	Risch
Carper	Heller	Roberts
Casey	Hoeven	Rockefeller
Chambliss	Inhofe	Rubio
Chiesa	Isakson	Schatz
Coats	Johanns	Schumer
Coburn	Johnson (SD)	Scott
Cochran	Johnson (WI)	Sessions
Collins	Kaine	Shaheen
Coons	King	Shelby
Corker	Kirk	Tester
Cornyn	Klobuchar	Thune
Crapo	Landrieu	Toomey
Cruz	Levin	Udall (CO)
Donnelly	Manchin	Vitter
Durbin	McCain	Warner
Enzi	McConnell	Wicker
Feinstein	Merkley	Wyden

NAYS—18

Baldwin	Hirono	Reed
Blumenthal	Leahy	Sanders
Boxer	Lee	Stabenow
Brown	Markey	Udall (NM)
Cardin	Menendez	Warren
Gillibrand	Murphy	Whitehouse

NOT VOTING—1

McCaskill

The PRESIDING OFFICER. The 60-vote threshold having been achieved on this bill, the bill, as amended, is passed.

The bill (H.R. 1911), as amended, is as follows:

H.R. 1911

Resolved, That the bill from the House of Representatives (H.R. 1911) entitled ''An Act to amend the Higher Education Act of 1965 to establish interest rates for new loans made on or after July 1, 2013, to direct the Secretary of Education to convene the Advisory Committee on Improving Postsecondary Education Data to conduct a study on improvements to postsecondary education transparency at the Federal level, and for other purposes.'', do pass with the following amendment:

Strike all after the first word and insert the following:

1. SHORT TITLE.

This Act may be cited as the ''Bipartisan Student Loan Certainty Act of 2013''.

SEC. 2. INTEREST RATES.

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

(1) in paragraph (7)—

(A) in the paragraph heading, by inserting ''AND BEFORE JULY 1, 2013'' after ''ON OR AFTER JULY 1, 2006'';

(B) in subparagraph (A), by inserting ''and before July 1, 2013,'' after ''on or after July 1, 2006,'';

(C) in subparagraph (B), by inserting ''and before July 1, 2013,'' after ''on or after July 1, 2006,''; and

(D) in subparagraph (C), by inserting ''and before July 1, 2013,'' after ''on or after July 1, 2006,'';

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

(3) by inserting after paragraph (7) the following:

''(8) INTEREST RATE PROVISIONS FOR NEW LOANS ON OR AFTER JULY 1, 2013.—

''(A) RATES FOR UNDERGRADUATE FDSL AND FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans issued to undergraduate students, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed 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 the lesser of—

''(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 2.05 percent; or

''(ii) 8.25 percent.

''(B) RATES FOR GRADUATE AND PROFESSIONAL FDUSL.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct Unsubsidized Stafford Loans issued to graduate or professional students, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed 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 the lesser of—

''(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 3.6 percent; or

''(ii) 9.5 percent.

''(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, for Federal Direct PLUS Loans, for which the first disbursement is made on or after July 1, 2013, the applicable rate of interest shall, for loans disbursed 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 the lesser of—

''(i) a rate equal to the high yield of the 10-year Treasury note auctioned at the final auction held prior to such June 1 plus 4.6 percent; or

''(ii) 10.5 percent.

''(D) CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation Loan for which the application is received on or after July 1, 2013, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of one percent.

''(E) CONSULTATION.—The Secretary shall determine the applicable rate of interest under this paragraph after consultation with the Secretary of the Treasury and shall publish such rate in the Federal Register as soon as practicable after the date of determination.

''(F) RATE.—The applicable rate of interest determined under this paragraph for a Federal Direct Stafford Loan, a Federal Direct Unsubsidized Stafford Loan, or a Federal Direct PLUS Loan shall be fixed for the period of the loan.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if enacted on July 1, 2013.

SEC. 3. BUDGETARY EFFECTS.

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

(b) SENATE PAYGO SCORECARD.—The budgetary effects of this Act shall not be entered on any PAYGO scorecard maintained for purposes of section 201 of S. Con. Res. 21 (110th Congress).

SEC. 4. STUDY ON THE ACTUAL COST OF ADMINISTERING THE FEDERAL STUDENT LOAN PROGRAMS.

Not later than 120 days after the date of enactment of this Act, the Comptroller General of the United States shall—

(1) complete a study that determines the actual cost to the Federal Government of carrying out the Federal student loan programs authorized under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), which shall—

(A) provide estimates relying on accurate information based on past, current, and projected data as to the appropriate index and mark-up rate for the Federal Government's cost of borrowing that would allow the Federal Government to effectively administer and cover the cost of the Federal student programs authorized under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) under the scoring rules outlined in the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.);

(B) provide the information described in this section in a way that separates out administrative costs, interest rate, and other loan terms and conditions; and

(C) set forth clear recommendations to the relevant authorizing committees of Congress as to how future legislation can incorporate the results of the study described in this section to allow for the administration of the Federal student loan programs authorized under title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) without generating any additional revenue to the Federal Government except revenue that is needed to carry out such programs; and

(2) prepare and submit a report to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Education and the Workforce of the House of Representatives setting forth the conclusions of the study described in this section in such a manner that the recommendations included in the report can inform future reauthorizations of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.).

The PRESIDING OFFICER. The Senator from Arkansas.

MORNING BUSINESS

Mr. PRYOR. Mr. President, if it is in order, I ask unanimous consent that the Senate proceed to a period of morning business, with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Arkansas.

THUD APPROPRIATIONS

Mr. PRYOR. Mr. President, I rise today to speak in favor of the THUD appropriations bill that is on the floor this week. I know all of us have listened to the speeches and the commentators, and we hear a lot of people around Washington say: Cut, cut, cut.

Well, I am for cutting our spending, and I think we need to tighten our belt, but we need to do it in a smart way, and we need to do things such as cut programs that do not work. We need to also make smart and targeted investments in our future. The question is, how do we do that?

Well, one of the ways we do that is by supporting this legislation today. By