



H.R. 6889 – To extend the waiver authority for the Secretary of Education under section 105 of subtitle A of title IV of division B of Public Law 109–148 relief

FLOOR SITUATION

H.R. 6889 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative George Miller (D-CA) on September 16, 2008. The bill was referred to the Committee on Education and Labor, but was never considered.

H.R. 6889 is expected to be considered on the floor of the House on September 15, 2008.

SUMMARY

H.R. 6889 amends the Higher Education Act of 1965 (P.L. 109-148) to extend student loan purchase authority for an additional year through 2010. The bill also extends the authority to designate lenders for the lender-of-last-resort program for an additional year.

BACKGROUND

This legislation extends the Department of Education's authority to carry out certain provisions of the Ensuring Access to Student Loans Act (P.L. 110-227). President Bush signed this Act on May 7, 2008. The Act increased the amount of money available to college students for loans, and authorized the Education Department to take a larger role in ensuring their availability. Additionally, the legislation raised the annual cap on federal college loans, gave parent borrowers additional time to defer paying off federal PLUS loans, and allowed the Department to purchase loans from federally-backed lenders.

The federal government provides student loans under the Federal Family Education Loan (FFEL) program and the William D. Ford Direct Loan program. FFEL program loans are originated by private lenders, and the federal government acts as a backstop to protect the private lenders from loss due to borrower default, death, or permanent disability. The program includes subsidized Stafford loans (the federal government pays interest on the loans while the student is enrolled in school); unsubsidized Stafford loans; PLUS loans (loans available to the parents of dependent undergraduate and graduate students); and Consolidation loans. FFEL guaranty agencies may serve as lenders-of-last resort to ensure access to student loans. There are 2,000 lenders in the FFEL programs with the majority of their loans made by the top 25 lenders.

COST

The Congressional Budget Office (CBO) has not produced a cost estimate for this legislation as of September 15, 2008.

STAFF CONTACT

For questions or further information contact Adam Hepburn at 6-2302.