

DEPARTMENT OF EDUCATION**Annual Notice of Interest Rates for Variable-Rate Federal Student Loans Made Under the Federal Family Education Loan Program Prior to July 1, 2010**

AGENCY: Federal Student Aid, Department of Education.

ACTION: Notice.

SUMMARY: The Chief Operating Officer for Federal Student Aid announces the interest rates for loans made under the Federal Family Education Loan (FFEL) Program that have variable interest rates. The rates announced in this notice are in effect for the period July 1, 2019, through June 30, 2020. Catalog of Federal Domestic Assistance (CFDA) Number: 84.032.

FOR FURTHER INFORMATION CONTACT: Jon Utz, U.S. Department of Education, 830 First Street NE, 11th Floor, Washington, DC 20202. Telephone: (202) 377-4040 or by email: Jon.Utz@ed.gov.

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

SUPPLEMENTARY INFORMATION: Section 427A of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. 1077a), provides formulas for determining the interest rates charged to borrowers on loans made under the FFEL Program, including Federal Subsidized and Unsubsidized Stafford Loans (Stafford Loans), Federal PLUS Loans (PLUS Loans), Federal Consolidation Loans (Consolidation Loans), and Federal Supplemental Loans for Students (SLS Loans). No new loans have been made under the FFEL Program since June 30, 2010.

The FFEL Program includes loans with variable interest rates that change each year and loans with fixed interest rates that remain the same for the life of the loan. For loans with a variable interest rate, the specific interest rate formula that applies to a particular loan depends on the date of the first disbursement of the loan or, in the case of a Consolidation Loan, the date the application for the loan was received. If a loan has a variable interest rate, a new

rate is determined annually and is in effect during the period from July 1 of one year through June 30 of the following year.

This notice announces the interest rates for variable-rate FFEL Program loans that will be in effect during the period from July 1, 2019, through June 30, 2020. Interest rates for fixed-rate FFEL Program loans may be found in a **Federal Register** notice published on September 15, 2015 (80 FR 55342).

For the majority of variable-rate FFEL Program loans, the annual interest rate is equal to the lesser of—

- (1) The bond equivalent rate of the 91-day Treasury bills auctioned at the final auction held before June 1 of each year, plus a statutory add-on percentage; or
- (2) A statutorily established maximum interest rate.

The bond equivalent rate of the 91-day Treasury bills auctioned on May 28, 2019, is 2.362 percent, rounded to 2.36 percent.

For PLUS Loans first disbursed before July 1, 1998, and for all SLS Loans, the annual interest rate is equal to the lesser of—

- (1) The weekly average of the one-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the last calendar week ending on or before June 26 of each year, plus a statutory add-on percentage; or
- (2) A statutorily established maximum interest rate.

The weekly average of the one-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the last calendar week ending on or before June 26, 2019, is 1.98 percent.

For Consolidation Loans that have a variable interest rate, the annual interest rate for the portion of a Consolidation Loan that repaid loans other than loans made under the Health Education Assistance Loans (HEAL) Program is equal to—

- (1) The bond equivalent rate of the 91-day Treasury bill auctioned at the final auction held before June 1 of each year, plus a statutory add-on percentage; or
- (2) A statutorily established maximum interest rate.

If a Consolidation Loan (whether a variable-rate loan or a fixed-rate loan) repaid loans made under the HEAL

Program, the interest rate on the portion of the Consolidation Loan that repaid HEAL loans is a variable rate that is equal to the average of the bond equivalent rates of the 91-day Treasury bills auctioned for the quarter ending June 30, plus a statutory add-on percentage. For the portion of a Consolidation Loan that repaid HEAL loans, there is no maximum interest rate.

The average of the bond equivalent rates of the 91-day Treasury bills auctioned for the quarter ending on June 30, 2019, is 2.37 percent.

The statutory add-on percentages and maximum interest rates vary depending on loan type and when the loan was first disbursed. In addition, the add-on percentage for certain Stafford Loans is different depending on whether the loan is in an in-school, grace, or deferment status, or in any other status. If the interest rate calculated in accordance with the applicable formula exceeds the statutory maximum interest rate, the statutory maximum rate applies.

Charts 1 through 4 show the interest rate formulas that are used to determine the interest rates for all variable-rate FFEL Program loans and the interest rates that are in effect during the 12-month period from July 1, 2019, through June 30, 2020. Unless otherwise indicated, the cohorts shown in each chart include all borrowers, regardless of prior borrowing.

Chart 1 shows the interest rates for loans with rates based on the 91-day Treasury bill, with the exception of “converted” variable-rate Federal Stafford Loans and certain Federal Consolidation Loans.

Chart 2 shows the interest rates for loans with rates based on the weekly average of the one-year constant maturity Treasury yield.

Chart 3 shows the interest rates for “converted” variable-rate Federal Stafford Loans. These are loans that originally had varying fixed interest rates.

Finally, Chart 4 shows the interest rates for variable-rate Federal Consolidation Loans, and for the portion of any Federal Consolidation Loan that repaid loans made under the HEAL Program.

CHART 1—SUBSIDIZED FEDERAL STAFFORD LOANS, UNSUBSIDIZED FEDERAL STAFFORD LOANS, AND FEDERAL PLUS LOANS

[Interest rate based on 91-day Treasury bill]

Loan type	Cohort	91-Day T-bill rate 05/28/19 (%)	Add-on (%)		Maximum rate (%)	Interest rate 07/01/19 through 06/30/20 (%)	
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on/after 07/01/98 and before 07/01/06.	2.36	*1.70	†2.30	8.25	*4.06	†4.66
PLUS	First disbursed on/after 07/01/98 and before 07/01/06.	2.36	3.10		9.00	5.46	
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on/after 07/01/95 and before 07/01/98.	2.36	*2.50	†3.10	8.25	*4.86	†5.46
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on/after 07/01/94 and before 07/01/95, for a period of enrollment that included or began on or after 07/01/94.	2.36	3.10		8.25	5.46	
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on/after 10/01/92 and before 07/01/94; and First disbursed on/after 07/01/94, for a period of enrollment ending before 07/01/94 (new borrowers).	2.36	3.10		9.00	5.46	

* (in-school, grace, deferment).
 † (any other status).

CHART 2—FEDERAL PLUS LOANS AND SLS LOANS

[Interest rate based on weekly average of one-year constant maturity Treasury yield]

Loan type	Cohort	Weekly average of 1-year constant maturity treasury yield for last calendar week ending on or before 06/26/19 (%)	Add-on (%)	Maximum rate (%)	Interest rate 07/01/19 through 06/30/20 (%)
PLUS	First disbursed on/after 07/01/94 and before 07/01/98.	1.98	3.10	9.00	5.08
PLUS	First disbursed on/after 10/01/92 and before 07/01/94.	1.98	3.10	10.00	5.08
SLS	First disbursed on/after 10/01/92, for a period of enrollment beginning before 07/01/94.	1.98	3.10	11.00	5.08
PLUS SLS	First disbursed before 10/01/92	1.98	3.25	12.00	5.23

CHART 3—“CONVERTED” VARIABLE-RATE SUBSIDIZED AND UNSUBSIDIZED FEDERAL STAFFORD LOANS

[Interest rate based on 91-day Treasury bill]

Loan type	Cohort	Original fixed interest rate (later converted to variable rate) (%)	91-Day T-bill rate 05/28/19 (%)	Add-on (%)	Maximum rate (%)	Interest rate 07/01/19 through 06/30/20 (%)
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on or after 07/23/92 and before 07/01/94 (prior borrowers).	8.00, increasing to 10.00.	2.36	3.10	10.00	5.46
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on or after 07/23/92 and before 07/01/94 (prior borrowers).	9.00	2.36	3.10	9.00	5.46
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on or after 07/23/92 and before 07/01/94 (prior borrowers).	8.00	2.36	3.10	8.00	5.46
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on or after 07/23/92 and before 07/01/94 (prior borrowers).	7.00	2.36	3.10	7.00	5.46
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on or after 07/23/92 and before 10/01/92 (new borrowers).	8.00, increasing to 10.00.	2.36	3.25	10.00	5.61
Subsidized Stafford, Unsubsidized Stafford.	First disbursed on or after 07/01/88 and before 07/23/92.	8.00, increasing to 10.00.	2.36	3.25	10.00	5.61

CHART 4—FEDERAL CONSOLIDATION LOANS

Consolidation loan component	Cohort	91-Day T-bill rate 05/28/19 (%)	Average of the bond equivalent rates of the 91-day T-bills auctioned for the quarter ending 06/30/19 (%)	Add-on (%)	Maximum rate (%)	Interest rate 07/01/19 through 06/30/20 (%)
Portion of loan that repaid loans other than HEAL loans.	Application received on/after 11/13/97 and before 10/01/98.	2.36	N/A	3.10	8.25	5.46
Portion of the loan that repaid HEAL loans.	Application received on/after 11/13/97 ...	N/A	2.37	3.00	None	5.37

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Program Authority: 20 U.S.C. 1071 *et seq.*

Dated: January 9, 2020.

Mark A. Brown,

Chief Operating Officer, Federal Student Aid.

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DEPARTMENT OF EDUCATION

Annual Notice of Interest Rates for Fixed-Rate Federal Student Loans Made Under the William D. Ford Federal Direct Loan Program

AGENCY: Federal Student Aid, Department of Education.

ACTION: Notice.

SUMMARY: The Chief Operating Officer for Federal Student Aid announces the interest rates for Federal Direct Stafford/Ford Loans (Direct Subsidized Loans),

Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans), and Federal Direct PLUS Loans (Direct PLUS Loans) made under the William D. Ford Federal Direct Loan (Direct Loan) Program with first disbursement dates on or after July 1, 2019, and before July 1, 2020. Catalog of Federal Domestic Assistance (CFDA) Number: 84.268.

FOR FURTHER INFORMATION CONTACT: Jon Utz, U.S. Department of Education, 830 First Street NE, 11th Floor, Washington, DC 20202. Telephone: (202) 377-4040 or by email: Jon.Utz@ed.gov.

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service (FRS), toll free, at 1-800-877-8339.

SUPPLEMENTARY INFORMATION: Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans (collectively referred to as “Direct Loans”) may have either fixed or variable interest rates, depending on when the loan was first disbursed or, in the case of a Direct Consolidation Loan, when the application for the loan was received. Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2006, and Direct Consolidation Loans for which the application was received on or after February 1, 1999, have fixed interest rates that apply for the life of the loan. Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed before July 1, 2006, and Direct Consolidation Loans for which the application was received before February 1, 1999, have variable interest rates that are determined annually and are in effect during the period from July 1 of one year through June 30 of the following year.

This notice announces the fixed interest rates for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans with first disbursement dates on or after July 1,

2019, and before July 1, 2020, and provides interest rate information for other fixed-rate Direct Loans. Interest rate information for variable-rate Direct Loans is announced in a separate **Federal Register** notice.

Fixed-Rate Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans First Disbursed on or After July 1, 2013

Section 455(b) of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. 1087e(b)) includes formulas for determining the interest rates for all Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2013. The interest rate for these loans is a fixed rate that is determined annually for all loans first disbursed during any 12-month period beginning on July 1 and ending on June 30. The rate is equal to the high yield of the 10-year Treasury notes auctioned at the final auction held before June 1 of that 12-month period, plus a statutory add-on percentage that varies depending on the loan type and, for Direct Unsubsidized Loans, whether the loan was made to an undergraduate or graduate student. The calculated interest rate may not exceed a maximum rate specified in the HEA. If the interest rate formula results in a rate that exceeds the statutory maximum rate, the rate is the statutory maximum rate. Loans first disbursed during different 12-month periods that begin on July 1 and end on June 30 may have different interest rates, but the rate determined for any loan is a fixed interest rate for the life of the loan.

On May 8, 2019, the United States Treasury Department held a 10-year Treasury note auction that resulted in a high yield of 2.479 percent.

Chart 1 shows the fixed interest rates for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2019, and before July 1, 2020.