



4000-01-U

DEPARTMENT OF EDUCATION

Annual notice of interest rates of 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.

Catalog of Federal Domestic Assistance (CFDA) Number: 84.032.

SUMMARY: In accordance with section 427A of the Higher Education Act of 1965, as amended, the Chief Operating Officer for Federal Student Aid announces the interest rates for the period July 1, 2015, through June 30, 2016, for certain loans made under the Federal Family Education Loan (FFEL) Program prior to July 1, 2010. The Chief Operating Officer takes this action to give notice of FFEL Program loan interest rates to the public.

DATES: This notice is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Ian Foss, U.S. Department of Education, 830 First Street, NE., room 11411,

Washington, DC 20202. Telephone: (202) 377-3681 or by email: ian.foss@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.

Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotope, or compact disc) on request to the contact person listed under FOR FURTHER INFORMATION CONTACT.

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 Federal Family Education Loan (FFEL) Program, including Federal Subsidized and Unsubsidized Stafford Loans, Federal PLUS Loans, and Federal Consolidation Loans.

The FFEL Program includes loans with variable interest rates and loans with fixed interest rates. Most loans made under the FFEL Program before July 1, 2006, have variable interest rates that change each year. In most cases, the variable interest rate formula that applies to a particular loan usually depends on the date of the first disbursement of the loan. The variable rates are determined annually

and are effective for each 12-month period beginning July 1 of one year and ending June 30 of the following year.

Under section 427A(k) of the HEA, FFEL Program loans first disbursed on or after July 1, 2006, have a fixed interest rate.

In the case of some Federal Consolidation Loans, the interest rate is determined by the date on which the Federal Consolidation Loan application was received. Federal Consolidation Loans for which the application was received on or after October 1, 1998, have a fixed interest rate. This fixed rate is based on the weighted average of the loans that are consolidated, rounded up to the nearest higher 1/8 of one percent up to a maximum rate of 8.25 percent.

FFEL variable interest rates are based on formulas that use the bond equivalent rate of the 91-day Treasury bills auctioned at the final auction held before June 1 of each year plus a statutorily established add-on. These formulas apply to: all Federal Subsidized and Unsubsidized Stafford Loans first disbursed before October 1, 1992, that have been converted to variable rate loans; all Federal Subsidized and Unsubsidized Stafford Loans first disbursed on or after October 1, 1992, and before July 1, 2006; Federal PLUS Loans first disbursed on or after July 1,

1998, and before July 1, 2006; and Federal Consolidation Loans for which the Federal Consolidation Loan application was received on or after November 13, 1997, and before October 1, 1998. In each case, the calculated rate is capped by a maximum interest rate. The bond equivalent rate of the 91-day Treasury bills auctioned on May 26, 2015, which is used to calculate the interest rates on these loans, is 0.02 percent.

For Federal PLUS loans first disbursed before July 1, 1998, the interest rate is based on the weekly average of the one-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System on the last day of the calendar week ending on or before June 26 of each year, plus a statutory add-on percentage. The calculated rate is capped by a maximum interest rate. The weekly average of the one-year constant maturity Treasury yield published on June 29, 2015, which is used to calculate the interest rate on these loans, is 0.29 percent.

This notice includes five charts containing specific information on the calculation of interest rates for loans made under the FFEL Program:

Chart 1 contains information on the interest rates for Federal Subsidized and Unsubsidized Stafford Loans that

were made as fixed-rate loans, but were subsequently converted to variable-rate loans.

Chart 2 contains information on the interest rates for variable-rate Federal Subsidized and Unsubsidized Stafford Loans.

Chart 3 contains information on the interest rates for variable-rate Federal PLUS Loans.

Chart 4 contains information on the interest rates for fixed-rate Federal Consolidation Loans.

Chart 5 contains information on the interest rates for fixed-rate Federal Subsidized and Unsubsidized Stafford and PLUS Loans.

Chart 1 – “Converted” Variable-Rate Federal Subsidized and Unsubsidized Stafford Loans						
Cohort		Original Fixed Interest Rate	Max. Rate	91-Day T-Bill Rate	Margin	Total Rate
First Disbursed On or After	First Disbursed Before					
7/1/1988	7/23/1992	8.00%, increasing to 10.00%	10.00%	0.02%	3.25%	3.27%
7/23/1992	10/1/1992	8.00%, increasing to 10.00%	10.00%	0.02%	3.25%	3.27%
7/23/1992	7/1/1994	7.00%	7.00%	0.02%	3.10%	3.12%
7/23/1992	7/1/1994	8.00%	8.00%	0.02%	3.10%	3.12%
7/23/1992	7/1/1994	9.00%	9.00%	0.02%	3.10%	3.12%
7/23/1992	7/1/1994	8.00%, increasing to 10.00%	10.00%	0.02%	3.10%	3.12%

Note: The FFEL Program loans represented by the second row of the chart were only made to “new borrowers” on or after July 23, 1992. Whether the FFEL Program loans represented

by the third through sixth rows of the chart were made to a specific borrower depends on the interest rate on a borrower's existing loans at the time that the borrower received the loans on or after July 23, 1992 and prior to July 1, 1994.

In Charts 2 and 3, a dagger following a date in a cohort field indicates that the trigger for the rate to apply is a period of enrollment for which the loan was intended either "ending before" or "beginning on or after" the date in the cohort field.

Chart 2 –Variable-Rate Federal Subsidized and Unsubsidized Stafford Loans							
Cohort		Max. Rate	91-Day T-Bill Rate	Margin		Total Rate	
First Disbursed On or After	First Disbursed Before			In-School, Grace, Deferment	All Other Periods	In-School, Grace, Deferment	All Other Periods
10/1/1992	7/1/1994	9.00%	0.02%	3.10%	3.10%	3.12%	3.12%
7/1/1994	7/1/1994 [†]	9.00%	0.02%	3.10%	3.10%	3.12%	3.12%
7/1/1994	7/1/1995	8.25%	0.02%	3.10%	3.10%	3.12%	3.12%
7/1/1995	7/1/1998	8.25%	0.02%	2.50%	3.10%	2.52%	3.12%
7/1/1998	7/1/2006	8.25%	0.02%	1.70%	2.30%	1.72%	2.32%

Note: The FFEL Program loans represented in the first row in Chart 2 were only made to "new borrowers" on or after October 1, 1992. The FFEL Program loans represented in the second row in Chart 2 were only made to "new borrowers" on or after July 1, 1994. The FFEL Program loans represented in the third row in Chart 2 must--in addition to having been first disbursed on or after July 1, 1994, and before

July 1, 1995--have been made for a period of enrollment that began on or included July 1, 1994.

In Charts 3 and 4, an asterisk following a date in a cohort field indicates that the relevant trigger is an application for a Federal Consolidation Loan being received either "on or after" or "before" the date in the cohort field. For example, the sixth row in Chart 3 describes the interest rate for a Federal Consolidation Loan for which the application was received on or after November 13, 1997, but before October 1, 1998.

Chart 3 – Variable-Rate Federal PLUS, SLS, and Consolidation Loans							
Loan Type	Cohort		Max. Rate	Index Rate		Margin	Total Rate
	First Disbursed On or After	First Disbursed Before		91-Day T-Bill Rate	1-Year Constant Treasury Maturity		
PLUS and SLS	-	10/1/1992	12.00%	-	0.29%	3.25%	3.54%
SLS	10/1/1992	7/1/1994 [†]	11.00%	-	0.29%	3.10%	3.39%
PLUS	10/1/1992	7/1/1994	10.00%	-	0.29%	3.10%	3.39%
PLUS	7/1/1994	7/1/1998	9.00%	-	0.29%	3.10%	3.39%
PLUS	7/1/1998	7/1/2006	9.00%	0.02%	-	3.10%	3.12%
Consolidation	11/13/1997*	10/1/1998*	8.25%	0.02%	-	3.10%	3.12%
HHS Portion of Consolidation	-	-	-	0.02%	-	3.00%	3.02%

The last row in Chart 3 refers to portions of Federal Consolidation Loans attributable to loans made by the U.S. Department of Health and Human Services under subpart I of part A of title VII of the Public Health Service Act.

Chart 4 – Fixed-Rate Consolidation Loans

First Disbursed On or After	First Disbursed Before	Max. Rate	Rate
-	7/1/1994	-	Weighted average of rates on the loans included in the consolidation, rounded to nearest whole percent, but not less than 9.00%.
7/1/1994	11/13/1997*	-	Weighted average of rates on the loans included in the consolidation, rounded upward to nearest whole percent.
10/1/1998	7/1/2010	8.25%	Weighted average of rates on the loans included in the consolidation, rounded to the nearest higher 1/8 of 1 percent.

Chart 5 – Fixed-Rate Federal Subsidized and Unsubsidized Stafford and PLUS Loans				
Loan Type	Student Grade Level	First Disbursed On or After	First Disbursed Before	Rate
Subsidized	Undergraduate Students	7/1/2006	7/1/2008	6.80%
Subsidized	Undergraduate Students	7/1/2008	7/1/2009	6.00%
Subsidized	Undergraduate Students	7/1/2009	7/1/2010	5.60%
Subsidized	Graduate/Professional Students	7/1/2006	7/1/2010	6.80%
Unsubsidized	All Students	7/1/2006	7/1/2010	6.80%
PLUS	Parents and Graduate/Professional Students	7/1/2006	7/1/2010	8.50%

Note: No new loans have been made under the FFEL Program since June 30, 2010.

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James W. Runcie,
Chief Operating Officer
Federal Student Aid.
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