

S 2557

Student Loan Interest Elimination Act

Congress: 118 (2023–2025, Ended)

Chamber: Senate

Policy Area: Education

Introduced: Jul 27, 2023

Current Status: Read twice and referred to the Committee on Health, Education, Labor, and Pensions.

Latest Action: Read twice and referred to the Committee on Health, Education, Labor, and Pensions. (Jul 27, 2023)

Official Text: <https://www.congress.gov/bill/118th-congress/senate-bill/2557>

Sponsor

Name: Sen. Welch, Peter [D-VT]

Party: Democratic • **State:** VT • **Chamber:** Senate

Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Fetterman, John [D-PA]	D · PA		Nov 14, 2023

Committee Activity

Committee	Chamber	Activity	Date
Health, Education, Labor, and Pensions Committee	Senate	Referred To	Jul 27, 2023

Subjects & Policy Tags

Policy Area:

Education

Related Bills

Bill	Relationship	Last Action
118 HR 4986	Related bill	Jul 27, 2023: Referred to the Committee on Education and the Workforce, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

Student Loan Interest Elimination Act

This bill makes changes to federal student loans, including to interest rates.

Specifically, the bill directs the Department of Education (ED) to establish and implement procedures to (1) modify the terms of Federal Direct Loans so that beginning on July 1, 2024, no interest shall accrue on such a loan; and (2) allow a borrower to opt out of this loan modification.

Additionally, ED must establish and implement procedures to (1) refinance eligible loans that are not Federal Direct Loans (e.g., privately held Federal Family Education Loans and Perkins Loans), and (2) allow a borrower to opt out of this loan refinancing. The bill outlines the terms and conditions of these refinanced loans, including by prohibiting ED from charging origination fees and specifying that no interest shall accrue on these loans.

Next, the bill creates a tiered interest rate (based on the borrower's total adjusted available income) for federal student loans made on or after July 1, 2024. The bill caps this interest rate at 4%.

The bill establishes the Education Affordability Trust Fund. ED must deposit all payments made on federal student loans into this trust fund. The Trust Fund Board, as established by this bill, must transfer the profits from investments of this trust fund to ED to pay for the administrative costs of carrying out federal student loan programs.

The bill allows ED to use excess amounts of funds in the trust fund to carry out a Supplemental Pell Grant Program.

Actions Timeline

- **Jul 27, 2023:** Introduced in Senate
- **Jul 27, 2023:** Read twice and referred to the Committee on Health, Education, Labor, and Pensions.