



4000-01-U

DEPARTMENT OF EDUCATION

Annual notice of interest rates of Federal student loans made under the William D. Ford Federal Direct Loan Program prior to July 1, 2013

AGENCY: Federal Student Aid, Department of Education.

ACTION: Notice.

Catalog of Federal Domestic Assistance (CFDA) Number: 84.268.

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

SUMMARY: In accordance with section 455(b)(9) 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 loans made under the William D. Ford Federal Direct Loan (Direct Loan) Program prior to July 1, 2013.

The Chief Operating Officer takes this action to give notice of Direct Loan interest rates to the public.

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, audiotape, or compact disc) on request to the contact person listed under FOR FURTHER INFORMATION CONTACT.

SUPPLEMENTARY INFORMATION: Section 455(b) of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. 1087e(b)), provides formulas for determining the interest rates charged to borrowers for loans made under the Direct Loan Program including: Federal Direct Subsidized Stafford Loans (Direct Subsidized Loans); Federal Direct Unsubsidized Stafford Loans (Direct Unsubsidized Loans); Federal Direct PLUS Loans (Direct PLUS Loans); and Federal Direct Consolidation Loans (Direct Consolidation Loans) (collectively, "Direct Loans").

The Direct Loan Program includes loans with variable interest rates and loans with fixed interest rates. Most loans made under the Direct Loan 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 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 455(b) of the HEA, Direct Loans first disbursed on or after July 1, 2006, have a fixed interest rate.

In the case of some Direct Consolidation Loans, the interest rate is determined by the date on which the Direct Consolidation Loan application was received. Direct Consolidation Loans for which the application was received on or after February 1, 1999, 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. Direct Consolidation Loans for which the application was received on or after February 1, 1999, and prior to July 1, 2013, have a maximum interest rate of 8.25 percent.

Under section 455(b) of the HEA, the Direct Loan variable interest rates are based on formulas that use the bond equivalent rates of the 91-day Treasury bills auctioned at the final auction held before June 1 of each year, plus a statutory add-on percentage. These formulas

apply to: all Direct Subsidized Loans and Direct Unsubsidized Loans; Direct Consolidation Loans for which the application was received on or after July 1, 1998, and before February 1, 1999; and Direct PLUS Loans disbursed on or after July 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.

In addition, under section 455(b)(4) of the HEA, the interest rate for Direct PLUS Loans that were first disbursed on or after July 1, 1994, and before July 1, 1998, 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 the interest rates for loans made under the Direct Loan Program prior to July 1,

2013. We published a separate notice containing the interest rates for Direct Loans made for the current award year on July 17, 2015 (See 80 FR 42488).

Chart 1 contains information on the interest rates for variable-rate Direct Subsidized and Direct Unsubsidized Loans.

Chart 2 contains information on the interest rates for variable-rate Direct PLUS Loans.

Chart 3 contains information on the interest rates for variable-rate Direct Subsidized Consolidation Loans and Direct Unsubsidized Consolidation Loans.

Chart 4 contains information on the interest rates for variable-rate Direct PLUS Consolidation Loans.

Chart 5 contains information on the interest rates for fixed-rate Direct Subsidized, Direct Unsubsidized, and Direct PLUS Loans, and Direct Consolidation Loans.

Chart 1 – Variable-Rate Direct Subsidized and Direct Unsubsidized Loans							
Cohort		Max. Rate	Index Rate	Margin		Total Rate	
First Disbursed On or After	First Disbursed Before		91-Day T-Bill Rate	In-School, Grace, Deferment	All Other Periods	In-School, Grace, Deferment	All Other Periods
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%

Chart 2 – Variable-Rate Direct PLUS Loans				
Cohort	Max.	Index Rate	Margin	Total Rate

First Disbursed On or After	First Disbursed Before	Rate	91-Day T-Bill Rate	1-Year Constant Treasury Maturity		
7/1/1994	7/1/1998	9.00%	-	0.29%	3.10%	3.39%
7/1/1998	7/1/2006	8.25%	0.02%	-	3.10%	3.12%

In Charts 3 through 5, an asterisk following a date in a cohort field indicates that the trigger for the rate to apply is an application for a Direct Consolidation Loan being received either "on or after" or "before" the date in the cohort field. For example, the fourth row in Chart 3 describes the interest rate for Direct Subsidized and Unsubsidized Consolidation Loans for which the application was received before October 1, 1998, and that were first disbursed on or after October 1, 1998.

Chart 3 – Variable-Rate Direct Subsidized and Direct Unsubsidized Consolidation Loans							
Cohort		Max. Rate	Index Rate	Margin		Total Rate	
First Disbursed On or After	First Disbursed Before		91-Day T-Bill Rate	In-School, Grace, Deferment	All Other Periods	In-School, Grace, Deferment	All Other Periods
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	10/1/1998	8.25%	0.02%	1.70%	2.30%	1.72%	2.32%
10/1/1998	10/1/1998*	8.25%	0.02%	1.70%	2.30%	1.72%	2.32%
10/1/1998*	2/1/1999*	8.25%	0.02%	2.30%	2.30%	2.32%	2.32%

Chart 4 – Variable-Rate Direct PLUS Consolidation Loans								
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	In-School, Grace, Deferment	All Other Periods	In-School, Grace, Deferment	All Other Periods
7/1/1994	7/1/1998	9.00%	-	0.29%	3.10%	3.10%	3.39%	3.39%

7/1/1998	10/1/1998	9.00%	0.02%	-	3.10%	3.10%	3.12%	3.13%
10/1/1998	10/1/1998*	9.00%	0.02%	-	3.10%	3.10%	3.12%	3.12%
10/1/1998*	2/1/1999*	8.25%	0.02%	-	2.30%	2.30%	2.32%	2.32%

Chart 5 – Fixed-Rate Direct Subsidized, Direct Unsubsidized, Direct PLUS Loans, and Direct Consolidation Loans				
Loan Type	Student Grade Level	First Disbursed On or After	First Disbursed Before	Rate
Subsidized	Undergraduates	7/1/2006	7/1/2008	6.80%
Subsidized	Undergraduates	7/1/2008	7/1/2009	6.00%
Subsidized	Undergraduates	7/1/2009	7/1/2010	5.60%
Subsidized	Undergraduates	7/1/2010	7/1/2011	4.50%
Subsidized	Undergraduates	7/1/2011	7/1/2013	3.40%
Subsidized	Graduate/Professional Students	7/1/2006	7/1/2012	6.80%
Unsubsidized	All	7/1/2006	7/1/2013	6.80%
PLUS	Parents and Graduate/Professionals	7/1/2006	7/1/2013	7.90%
Consolidation	All	2/1/1999	7/1/2013	Weighted average of rates on the loans included in the consolidation, rounded to 1/8 of 1 percent, up to 8.25 percent.

Note: Interest rates for Direct Loans first disbursed on or after July 1, 2013, are published in a separate Federal Register notices, as follows:

- For Direct Loans first disbursed on or after July 1, 2013, and prior to July 1, 2014, see 78 FR 59011.

- For Direct Loans first disbursed on or after July 1, 2014, and prior to July 1, 2015, see 79 FR 37301.
- For Direct Loans first disbursed on or after July 1, 2015, and prior to July 1, 2016, see 80 FR 42488.

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

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