

119TH CONGRESS
2^D SESSION

H. R. 7810

To amend the Higher Education Act of 1965 to set interest rates for Federal student loans made on or after July 1, 2026, at 2 percent, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 2026

Mr. THOMPSON of California (for himself and Mr. MOYLAN) introduced the following bill; which was referred to the Committee on Education and Workforce

A BILL

To amend the Higher Education Act of 1965 to set interest rates for Federal student loans made on or after July 1, 2026, at 2 percent, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Lowering Student
5 Loans Act”.

6 **SEC. 2. INTEREST RATES FOR FEDERAL STUDENT LOANS.**

7 (a) FEDERAL DIRECT LOANS.—Section 455(b) of the
8 Higher Education Act of 1965 (20 U.S.C. 1087e(b)) is
9 amended—

1 (1) by redesignating paragraphs (9) and (10)
2 as paragraphs (10) and (11), respectively;

3 (2) in paragraph (8)—

4 (A) in the heading of such paragraph, by
5 striking “2013.” and inserting “2013 AND BE-
6 FORE JULY 1, 2026.”; and

7 (B) in subparagraphs (A) through (D), by
8 inserting “and before July 1, 2026,” after
9 “July 1, 2013,”; and

10 (3) by inserting after paragraph (8) the fol-
11 lowing:

12 “(9) INTEREST RATE PROVISIONS FOR LOANS
13 ON OR AFTER JULY 1, 2026.—

14 “(A) RATES FOR DIRECT LOANS OTHER
15 THAN CONSOLIDATION LOANS.—

16 “(i) NEW LOANS.—Notwithstanding
17 the preceding paragraphs of this sub-
18 section, for Federal Direct Stafford Loans,
19 Federal Direct Unsubsidized Stafford
20 Loans, and Federal Direct PLUS Loans
21 (including such a loan made to a parent on
22 behalf of a dependent student) for which
23 the first disbursement is made on or after
24 July 1, 2026, the applicable rate of inter-

1 est shall be 2 percent on the unpaid prin-
2 cipal balance of the loan.

3 “(ii) EXISTING LOANS.—Notwith-
4 standing the preceding paragraphs of this
5 subsection and subject to subparagraphs
6 (C) and (D), with respect to a loan de-
7 scribed in clause (i) for which the first dis-
8 bursement was made before July 1, 2026,
9 and for which the applicable rate of inter-
10 est is greater than 2 percent, beginning on
11 July 1, 2026, the applicable rate of inter-
12 est for such loan shall be 2 percent on the
13 unpaid principal balance of such loan.

14 “(B) RATES FOR CONSOLIDATION
15 LOANS.—

16 “(i) NEW LOANS.—Notwithstanding
17 the preceding paragraphs of this sub-
18 section, any Federal Direct Consolidation
19 Loan for which the application is received
20 on or after July 1, 2026, shall bear inter-
21 est at an annual rate on the unpaid prin-
22 cipal balance of the loan that is 2 percent.

23 “(ii) EXISTING LOANS.—Notwith-
24 standing the preceding paragraphs of this
25 subsection and subject to subparagraphs

1 (C) and (D), any Federal Direct Consoli-
2 dation Loan for which the application was
3 received before July 1, 2026, and which
4 bears interest at an annual rate on the un-
5 paid principal balance of the loan that is
6 greater than 2 percent, shall, beginning on
7 July 1, 2026, bear interest at an annual
8 rate on the unpaid principal balance of the
9 loan that is 2 percent.

10 “(iii) FFEL CONSOLIDATION
11 LOANS.—A borrower of a consolidation
12 loan made, insured, or guaranteed under
13 part B may consolidate such loan into a
14 Federal Direct Consolidation Loan under
15 this part in accordance with section
16 428C(a)(3)(B)(i)(V).

17 “(C) NOTICE AND OPT OUT FOR EXISTING
18 LOANS.—With respect to each borrower with a
19 loan described in subparagraph (A)(ii) or a
20 Federal Direct Consolidation Loan described in
21 subparagraph (B)(ii), the Secretary shall—

22 “(i) not later than the date that is 90
23 days before July 1, 2026, provide to the
24 borrower notice of the adjustment of the
25 applicable rate of interest for such a loan

1 pursuant to this paragraph, which shall in-
2 clude information relating to opting out of
3 such adjustment as described in clause (ii);
4 and

5 “(ii) allow the borrower to, not later
6 than 90 days after receiving such notice,
7 opt out of such adjustment.

8 “(D) TERMS AND CONDITIONS.—Except as
9 expressly provided in subparagraphs (A) and
10 (B), nothing in this paragraph may be con-
11 strued to alter or affect the terms, conditions,
12 or benefits of a loan described in this para-
13 graph.

14 “(E) RATE.—The applicable rate of inter-
15 est under this paragraph for Federal Direct
16 Stafford Loans, Federal Direct Unsubsidized
17 Stafford Loans, Federal Direct PLUS Loans
18 (including such a loan made to a parent on be-
19 half of a dependent student), and Federal Di-
20 rect Consolidation Loans shall be fixed for the
21 period of the loan.

22 “(F) LOAN SERVICERS.—Not later than
23 the date that is 90 days before July 1, 2026,
24 the Secretary shall—

1 “(i) notify student loan servicers of
2 the rate adjustments for all loans pursuant
3 to this paragraph; and

4 “(ii) establish a borrower complaint
5 resolution process with respect to any er-
6 rors or delays relating to such adjust-
7 ments.”.

8 (b) FFEL LOANS.—Section 428C(a)(3)(B)(i)(V) of
9 the Higher Education Act of 1965 (20 U.S.C. 1078–
10 3(a)(3)(B)(i)(V)) is amended—

11 (1) in item (cc), by striking the period at the
12 end and inserting a semicolon;

13 (2) in item (dd), by striking the period at the
14 end and inserting “; and”; and

15 (3) by adding at the end the following:

16 “(ee) for the purpose of
17 being eligible for the annual in-
18 terest rate described in section
19 455(b)(9)(C).”.

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