



Legislation Text

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Res. No. 1348

Resolution in support of S.2051/H.R.3826, the Student Loan Affordability Act, which would prevent the current student loan interest rate of 3.4 percent from doubling to 6.8 percent on July 1, 2012.

By Council Members Jackson, Barron, Brewer, Chin, Ferreras, Fidler, Gonzalez, James, Koppell, Koslowitz, Lander, Mendez, Palma, Rose, Vann, Williams, Wills and Rodriguez

Whereas, Graduating from a four-year post-secondary school has become progressively more desirable by those seeking a steady career in the 21st century job market, evidenced by data released by the United States (U.S.) Census Bureau showing that in 2010, approximately 32 percent of Americans over the age of 25 hold a bachelor's degree or higher, compared to five percent in 1940; and

Whereas, However, rising college costs have made it more challenging for students to pursue a college degree; and

Whereas, The ability of a student to secure a post-secondary education is often heavily dependent upon the use of federal subsidized loans, which provide funds for educational expenses at a fixed interest rate; and

Whereas, The current interest rate on Stafford federal subsidized loans is 3.4 percent and is scheduled to double to 6.8 percent on July 1, 2012; and

Whereas, According to U.S. PIRG, a national non-profit advocacy organization, almost 8 million undergraduate students are Stafford loan recipients and by doubling the interest rate, such students may be subject to an increased financial burden of approximately \$5,000 over a 10-year repayment period; and

Whereas, The qualifications for Stafford subsidized loans are based exclusively on financial need and such a sharp increase in loan interest rates would disproportionately impact low income students, including those from New York City where the cost of living is the highest in the nation, according to a 2011 article in *The*

Huffington Post; and

Whereas, The City University of New York (CUNY) is the nation's largest urban public university, serving 540,000 students, and has experienced record-high enrollment in recent years as more people seek higher education, especially in a slow economy; and

Whereas, According to data provided by CUNY, 54 percent of its undergraduate students come from households with an annual income of less than \$30,000; and

Whereas, CUNY students represent a significant number of New Yorkers who are seeking an affordable college education, but are confronted with many financial issues such as increased tuition, rising transit fares, finding affordable childcare, and other living expenses; and

Whereas, S.2051/H.R.3826, sponsored by U.S. Senator Jack Reed and Congressman Joe Courtney, also known as the "Student Loan Affordability Act," was introduced in January 2012; and

Whereas, The Student Loan Affordability Act would prohibit the interest rate from doubling, while maintaining the effectiveness of Stafford loans in providing tuition payments at a reasonable rate, thus, protecting students living in New York City and across the nation from an increased financial burden; and

Whereas, According to the College Board, annual public and private tuition costs are increasing at a rate between 4 and 8 percent annually in the United States; and

Whereas, Federal student loans are a critical resource in helping students cope with rising tuition costs, and keeping student loan interest rates low is essential to obtaining a college degree; and

Whereas, According to the Federal Reserve Bank of New York, total accumulated student loan debt has increased by over 511 percent since 1999, compared to a 44 percent increase in credit card debt; and

Whereas, According to a recent report by *The New York Times*, the total accumulated student loan debt recently reached \$1 trillion in the United States and continues to rise; and

Whereas, According to a 2011 report by the U.S. Department of Education, student loan borrower

default rates have sharply increased since 2007 as more college graduates struggle to pay off their loans; and

Whereas, If the Student Loan Affordability Act is not passed, the heavy financial burden of student loan debt and staggering default rates will only exponentially increase in the coming years; now, therefore, be it

Resolved, That the Council of the City of New York supports S.2051/H.R.3826, the Student Loan Affordability Act, which would prevent the current student loan interest rate of 3.4 percent from doubling to 6.8 percent on July 1, 2012.

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