



Legislation Text

File #: Res 1834-2013, **Version:** *

Preconsidered Res. No. 1834

Resolution calling upon Congress to pass and the President to sign S.897/H.R.1979, the Bank on Students Loan Fairness Act, which would reduce the interest rate of federal subsidized Stafford student loans for one year from the current 3.4% to 0.75%.

By Council Members Mark-Viverito, Arroyo, Brewer, Chin, Comrie, Eugene, Gennaro, Gentile, Jackson, James, King, Koppell, Lander, Lappin, Mendez, Palma, Recchia, Reyna, Richards, Rose and Vann

Whereas, Student loan debt is a growing crisis in the United States; and

Whereas, Outstanding student loan debt now total more than \$1 trillion, surpassing total credit card debt, according to the Federal Reserve Bank of New York; and

Whereas, To relieve some of the burden of student loan debt, the College Cost Reduction and Access Act of 2007 (CCRAA; P.L. 110-84) reauthorized a portion of the Higher Education Act of 1965 (20 U.S.C. 1001 et seq.) to set lower interest rates on subsidized Stafford Loans made to undergraduate students from July 1, 2008 through June 30, 2012; and

Whereas, Under the CCRAA, the interest rates on subsidized Stafford loans decreased each year from 6% in 2008-09, to 5.6% in 2009-10, to 4.5% in 2010-11, to finally 3.4% in 2011-12; and

Whereas, The interest rate was scheduled to increase to 6.8% on July 1, 2012, however, in 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141) extended the fixed interest rate of 3.4% for one year on subsidized Stafford Loans made between July 1, 2012 and June 30, 2013; and

Whereas, Under the current law, all new subsidized Stafford Loans made on or after July 1, 2013 will have a fixed interest rate of 6.8%; and

Whereas, Congress is now confronted with the issue of whether to allow the 6.8% interest rate take to effect July 1, 2013, or to enact legislation that would establish a different interest rate; and

Whereas, Increasing the federal student loan interest rate will put more of a financial burden on students at a time when they are already squeezed by the tight job market and confronted with significantly high debt; and

Whereas, As students struggle to pay for their college education, banks receive federal government loans at a rate of 0.75%; and

Whereas, S.897, sponsored by Senator Elizabeth Warren and H.R.1979, sponsored by Congressman John Tierney, introduced in May 2013, also known as the “Bank on Students Loan Fairness Act,” would prevent the impending interest rate hike for the 2013-2014 academic year by setting the rate for federal subsidized Stafford loans at the same level of 0.75% offered to banks through the Federal Reserve discount window; and

Whereas, This legislation has received support from students and their families, higher education institutions and organizations such as the American Federation of Teachers and Student Debt Crisis; and

Whereas, Giving students the same low interest rate as banks would help to decrease student loan debt and strengthen the economy; now, therefore, be it

Resolved, That the Council of the City of New York calls upon Congress to pass and the President to sign S.897/H.R.1979, the Bank on Students Loan Fairness Act, which would reduce the interest rate of federal subsidized Stafford student loans for one year from the current 3.4% to 0.75%.

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TC