



Legislation Text

File #: Res 1840-2013, **Version:** *

Preconsidered Res. No. 1840

Resolution calling upon Congress to pass and the President to sign S.1066, the Federal Student Loan Refinancing Act by Senator Gillibrand, which would help reduce student debt.

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

Whereas, The United States Department of Education (“U.S. DOE”) indicated that millions of students will continue to pursue secondary education with the assistance of student loans; and

Whereas, However, many borrowers are struggling or unable to meet their financial obligations, some before they even complete their degrees; and

Whereas, The amount of outstanding student debt nationwide surpasses \$1 trillion dollars, with \$864 billion attributed to federal government loans and \$150 billion to private loans, according to the Consumer Protection Financial Bureau; and

Whereas, In the first quarter of 2012, the outstanding student debt for New York State residents totaled \$66.8 billion, according to the latest data by the Federal Reserve Bank of New York; and

Whereas, As of 2010, the average student loan debt for public and private college graduates in New York was the tenth highest in the nation, according to the Project on Student Debt, which is administered by the Institute for College Access and Success; and

Whereas, The U.S. DOE cites that nearly 11 percent of New York State graduates, or 24,800 borrowers, have defaulted on their student loans between 2009 and 2012; and

Whereas, Interest rates on Federal Stafford Loans are scheduled to double from the current rate of 3.4 percent to 6.8 percent on July 1, 2013 due to the expiration of the one-year extension of the 3.4 percent rate

contained in the Moving Ahead for Progress in the 21st Century Act; and

Whereas, Like other students across the country, there are approximately 422,000 individuals in New York State who will be impacted by the rate increase, according to New York State Comptroller Thomas DiNapoli; and

Whereas, Moreover, the average New York student would have to pay an estimated \$993 more in Stafford Loans if Congress does not act to prevent this devastating hike before July 1, 2013; and

Whereas, Students in New York City are significantly impacted by student loan debt; and

Whereas, In New York City, the average debt of graduates with federal loans from the 2010-2011 school year was more than \$20,000, according to Senator Kirsten Gillibrand; and

Whereas, Senator Gillibrand stated that “more [C]ity graduates and middle class families are burdened by student loans than ever before and are struggling to repay a higher amount of debt than ever before”; and

Whereas, Senator Gillibrand also stated that “our young people should be able to refinance in that same way that our businesses and homeowners do”; and

Whereas, To address the burden faced by graduates struggling to repay their federal student loans, Senator Gillibrand introduced S.1066, also known as the “Federal Student Loan Refinancing Act,” on May 23, 2013; and

Whereas, The Federal Student Loan Refinancing Act would enable individuals who have an interest rate above 4 percent to refinance for a lower, fixed interest rate of 4 percent; and

Whereas, During a time of high unemployment, tuition hikes, and exorbitant textbook costs, New Yorkers are forced to turn to loans to pay for a college education; and

Whereas, Doubling the interest rate of federal Stafford loans will add an additional burden to students which puts them at greater risk of falling behind in their payments or going into default on their loans; and

Whereas, Senator Gillibrand’s legislation would bring much needed relief to many New Yorkers and students nationwide; now, therefore, be it

Resolved, That the Council of the City of New York supports the Federal Student Loan Refinancing Act by Senator Gillibrand to help reduce student debt.

LS# 4800
6/4/13
12:45 p.m.
TC