



Legislation Text

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Res. No. 1559

Resolution calling upon the New York State Legislature to pass and the Governor to sign A.6811/S.5120, an act to establish a private student loan refinance task force.

By Council Members Barron, Kallos, Dromm, Rodriguez and Menchaca

Whereas, In the first quarter of 2017, the Federal Reserve Bank of New York (FRBNY) reported that national outstanding student loan balances totaled \$1.34 trillion, of which 11 percent of aggregate debt was delinquent or in default; and

Whereas, However, that \$1.34 trillion in outstanding student loan balances does not account for private student loans, credit cards, and home equity loans used to finance a college education so that, according to the Federal Reserve System, outstanding student debt actually amounts to more than \$1.4 trillion; and

Whereas, In New York, according to a 2016 report by the New York State Comptroller, from 2006 to 2015, student loan debt more than doubled to \$82 billion and the number of student loan borrowers rose by more than 41 percent to 2.8 million; and

Whereas, In New York City (NYC), according to the FRBNY, 16.2 percent of consumers had a student loan with an average balance of \$35,300, and 14 percent of those borrowers were at least 90 days late on their payment in the fourth quarter of 2016; and

Whereas, On July 10, 2015, in an attempt to mitigate the burden of growing student debt, President Barack Obama issued a directive that capped borrowers' federal loan repayments to 10 percent of their income and would have forgiven debt after 20 years of payment; and

Whereas, Although United States Education Secretary Betsy DeVos reversed the directive on March 16, 2017, which had been an expansion of a program offered to borrowers with especially low income, the former

directive was expected to benefit nearly six million more Americans; and

Whereas, In order to similarly address the debt burden associated with private student loans, A.6811, sponsored by State Assembly Member Marcos Crespo, and companion bill S.5120, sponsored by State Senator Jesse Hamilton, seek to establish a private student loan refinance task force; and

Whereas, The task force will bring together the State Comptroller, the Higher Education Services Corporation and lending institutions in New York that offer private student loans, to study and report on ways those lending institutions can be incentivized to establish student loan refinancing programs; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass and the Governor to sign A.6811/S.5120, an act to establish a private student loan refinance task force.

LS #11005
6/2/2017
CGR