

..Number

1110

..Version

SUBSTITUTE 1

..Reference

..Sponsor

MEMBER KOMES

..Title

Substitute resolution supporting federal legislation limiting Student Loan interest rates, creating new loan forgiveness provisions, and converting some borrowers' private loans to federal loans.

..Analysis

This resolution expresses the support of the Youth Council of the City of Milwaukee for federal legislation S. 2343: Stop the Student Loan Interest Rate Hike Act, sponsored by Sen. Harry Reid and for H.R. 4170: Student Loan Forgiveness Act of 2012, sponsored by Rep. Hansen Clarke. S. 2343 extends 3.4% interest rates on Stafford loans to July 1, 2013. H.R. 4170 permanently caps the interest rates at 3.4%, creates new loan forgiveness provisions and allows some borrowers to convert private loans to federal loans.

..Body

Whereas, The Youth Council of the City of Milwaukee recognizes the importance of student loans for those pursuing college educations; and

Whereas, The expiration of 3.4% interest rates on Stafford loans would affect approximately 6 million undergraduate students, with a potential loss of at least \$1000 for each student; and

Whereas, U.S. student loan debt surpassed total credit card debt in 2010 and is projected to exceed \$1 trillion during 2012; and

Whereas, 2012 college graduates with loans owe an average of more than \$25,000, up 5% from the year before; and

Whereas, Approximately 85% of student loan debt is owed to the federal government, and those loans typically carry lower rates and borrower protections such as income-based repayment maximums; and

Whereas, Federal legislation S. 2343: Stop the Student Loan Interest Rate Hike Act, sponsored by Sen. Harry Reid, extends 3.4% interest rates on Stafford loans to July 1, 2013 and funds the extension through the closing of a loophole involving S-corporations that are not usually taxed by the Internal Revenue Service; and

Whereas, Federal legislation H.R. 4170: Student Loan Forgiveness Act of 2012, sponsored by Rep. Hansen Clarke, permanently caps the interest rates at 3.4%, creates new loan forgiveness provisions and allows some borrowers to convert private loans to federal loans; now, therefore, be it

Resolved, By the Youth Council of the City of Milwaukee, that the Youth Council urges U.S. Congress to pass S. 2343 before the July deadline to extend 3.4% interest rate; and, be it

Further Resolved, That the Youth Council further urges U.S. Congress to pass H.R. 4170; and, be it

Further Resolved, That the Youth Council does not support the use of any funding mechanisms to maintain student loan interest rates that cut social programs that affect young people, including the repeal of provisions of the Affordable Care Act; and, be it

Further Resolved, That the City Clerk shall send copies of this resolution to each member of Wisconsin's U.S. Congressional delegation; and, be it

Further Resolved, That the Youth Council urges community members to contact their federal representatives concerning these two pieces of legislation.

..Requestor

..Drafter

LRB139089-2

Rich Watt

5/7/12