

Kriss Worthington

Councilmember, City of Berkeley, District 7
2180 Milvia Street, 5th Floor, Berkeley, CA 94704
PHONE 510-981-7170 FAX 510-981-7177 kworthington@ci.berkeley.ca.us

CONSENT CALENDAR

June 11, 2013

To: Honorable Mayor and Members of the City Council

From: Councilmember Kriss Worthington

Subject: Support Bank on Student Loan Fairness Act

RECOMMENDATION:

Support the Bank on Student Loan Fairness Act by US Senator Elizabeth Warren and send letters to Congresswoman Barbara Lee, Senator Dianne Feinstein, and Senator Barbara Boxer.

BACKGROUND:

About 37 million people in the United States, both old and young, are repaying a total of over \$1 trillion in outstanding student debt, and an increasing number are struggling to make these payments. Fending off the doubling of student loan interest rates set for July 1st, and recognizing what many predict will be the next debt "bubble" to burst in our economy, the recently elected Senator Elizabeth Warren proposed the Bank on Students Loan Act.

The Bank on Students Loan Fairness Act lets students take advantage of the same low interest rates offered to national banks. The Act would direct the Federal Reserve to make money available to the Education Department for one year at the discount window rate to fund federally subsidized Stafford student loans. Student loan debt is a growing problem, and it could threaten our economic recovery. The burden of loans keeps borrowers from buying homes, saving for retirement, and engaging in consumption that will keep our economy on the road to recovery. Keeping interest rates low is essential.

For more information please see:

Bill- http://www.warren.senate.gov/documents/BankonStudentsBillText.pdf
Fact Sheet - http://www.warren.senate.gov/documents/BankonStudentsFactSheet.pdf

FINANCIAL IMPLICATIONS:

None.

CONTACT PERSON:

Councilmember Kriss Worthington 510-981-7170

Attached:

1. Letter to Senators Dianne Feinstein and Barbara Boxer and Congresswoman Barbara Lee

Dear Senator Dianne Feinstein,

We urge you to support the Bank on Students Loan Fairness Act introduced by Senator Elizabeth Warren. What we have now is a national fiscal crisis in the making. America is in ever-mounting student debt, fewer and lower-paying jobs for college graduates, and an entire generation with far less disposable income than the last. We cannot afford the doubling of the student loan interest rate set to hit on July 1st, 2013. Elizabeth Warren's proposal would allow the interest rate for Stafford loans to be cut from 3.75 percent to 0.75 percent for one year. This will give Congress the time to come to an agreement on a long-term solution to interest rates. Our students and nation need this bill to pass.

Sincerely, The Berkeley City Council Dear Senator Barbara Boxer,

We urge you to support the Bank on Students Loan Fairness Act introduced by Senator Elizabeth Warren. What we have now is a national fiscal crisis in the making. America is in ever-mounting student debt, fewer and lower-paying jobs for college graduates, and an entire generation with far less disposable income than the last. We cannot afford the doubling of the student loan interest rate set to hit on July 1st, 2013. Elizabeth Warren's proposal would allow the interest rate for Stafford loans to be cut from 3.75 percent to 0.75 percent for one year. This will give Congress the time to come to an agreement on a long-term solution to interest rates. Our students and nation need this bill to pass.

Sincerely, The Berkeley City Council

Dear Congresswoman Barbara Lee,

We urge you to support the Bank on Students Loan Fairness Act introduced by Senator Elizabeth Warren. What we have now is a national fiscal crisis in the making. America is in ever-mounting student debt, fewer and lower-paying jobs for college graduates, and an entire generation with far less disposable income than the last. We cannot afford the doubling of the student loan interest rate set to hit on July 1st, 2013. Elizabeth Warren's proposal would allow the interest rate for Stafford loans to be cut from 3.75 percent to 0.75 percent for one year. This will give Congress the time to come to an agreement on a long-term solution to interest rates. Our students and nation need this bill to pass.

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