

MEMORANDUM

Agenda Item No. 11(A)(12)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: July 16, 2013

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Resolution urging the U.S.
Congress and the U.S.
Department of Education to
reform the current student loan
system; urging the U.S. Congress
to restore the 3.4 percent interest
rate on subsidized federal student
loans

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Chairwoman Rebeca Sosa.



R. A. Cuevas, Jr.
County Attorney

RAC/cp



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(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

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Please note any items checked.

- ☐ "3-Day Rule" for committees applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Ordinance creating a new board requires detailed County Mayor's report for public hearing
- ☒ No committee review
- ☐ Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous ____) to approve
- ☐ Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 11(A)(12)
7-16-13

RESOLUTION NO. _____

RESOLUTION URGING THE U.S. CONGRESS AND THE U.S.
DEPARTMENT OF EDUCATION TO REFORM THE
CURRENT STUDENT LOAN SYSTEM; URGING THE U.S.
CONGRESS TO RESTORE THE 3.4 PERCENT INTEREST
RATE ON SUBSIDIZED FEDERAL STUDENT LOANS

WHEREAS, the cost of a college degree in the United States has increased 1,120 percent since 1978, far outpacing the price inflation of consumer goods, medical expenses and food; and

WHEREAS, the average tuition at a four-year public university increased by 15 percent between 2008 and 2010, and private universities were also found to have had significant price increases; and

WHEREAS, with continued concern regarding the rising costs of higher education, the number of student loan borrowers and their average debt have both increased by over 70 percent from 2004 to 2012; and

WHEREAS, there are approximately 37 million student loan borrowers with outstanding student loans today; and

WHEREAS, the amount of outstanding student loan debt has now reached \$1 trillion, making it the largest category of consumer debt in the U.S. aside from home mortgages; and

WHEREAS, roughly \$864 billion of the \$1 trillion in outstanding student loan debt is from federal student loans, while the remaining \$150 billion is from private student loans; and

WHEREAS, according to a May 2013 report by the U.S. Department of Education, 11 percent of student loans are now at least 90 days past due, a sharp increase from the 6 percent reported in the first quarter of 2003; and

WHEREAS, the student loan repayment burden continues to worsen, as the interest rate on subsidized federal student loans—those federal student loans offered to students with financial need—recently doubled on July 1, 2013 from 3.4 percent to 6.8 percent; and

WHEREAS, absent congressional action in the coming weeks, this increase could spell an extra \$2,600 for an average student returning to campus this fall, according to Congress' Joint Economic Committee; and

WHEREAS, interest rates on unsubsidized federal student loans—those federal student loans available to students regardless of financial need—range from 6.8 to 7.9 percent; and

WHEREAS, the long-term consequences of the student loan repayment burden can include a graduate's choice of jobs, as well as the ability to buy a home; and

WHEREAS, in light of the foregoing, the current student loan system should be reformed—through stemming the rising costs of college, reducing the interest rates on all federal student loans, and alleviating the burden of current student loan debt through refinancing and better consumer protection—so that future generations of students are able to pursue their higher education goals without apprehension of skyrocketing college costs and crushing student loan debt; and

WHEREAS, additionally, the interest rate on subsidized federal student loans should be restored to its pre-July 1 rate of 3.4 percent to protect the more than 7 million undergraduates who are expected to take out one of these loans for the coming school year,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board:

Section 1. Urges the U.S. Congress and U.S. Department of Education to reform the current student loan system, through stemming the rising costs of college, reducing the interest

rates on all federal student loans, and alleviating the burden of current student loan debt through refinancing and better consumer protection.

Section 2. Urges the U.S. Congress to restore the 3.4 percent interest rate on subsidized federal student loans.

Section 3. Directs the Clerk of the Board to transmit a certified copy of this resolution to the members of the Florida Congressional Delegation and the U.S. Secretary of Education.

Section 4. Directs the County's federal lobbyists to advocate for the actions set forth in Sections 1 and 2 above, and authorizes and directs the Office of Intergovernmental Affairs to amend the 2013 Federal Legislative Package to include this item and to include this item in the 2014 Federal Legislative Package when it is presented to the Board.

The Prime Sponsor of the foregoing resolution is Chairwoman Rebeca Sosa. It was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

Rebeca Sosa, Chairwoman
Lynda Bell, Vice Chair

Bruno A. Barreiro
Jose "Pepe" Diaz
Sally A. Heyman
Jean Monestime
Sen. Javier D. Souto
Juan C. Zapata

Esteban L. Bovo, Jr.
Audrey M. Edmonson
Barbara J. Jordan
Dennis C. Moss
Xavier L. Suarez

The Chairperson thereupon declared the resolution duly passed and adopted this 16th day of July, 2013. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

MJM

Michael J. Mastrucci