



# Student Government

UNIVERSITY OF COLORADO **BOULDER**

## University of Colorado Student Government Legislative Council

Date: 06/03/2013

79LCR03 – Student Loan Interest Rates

Sponsored by: Kelsey Cody Graduate School Co-Senator

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## **A RESOLUTION OUTLINING CUSG'S POSITION ON STUDENT LOAN INTEREST RATES**

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### **Resolution History**

Effective July 1, 2013, contingent on the inaction of the Federal Government, interest rate on subsidized Stafford student loans are set to double from 3.4% to 6.8%. After meeting to discuss the topic of federal student loans, members of the professional lobbying staff for the University of Colorado have asked CUSG to outline their position on federal student loan interest rates and the current proposals in Congress.

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### **Resolution Summary**

This resolution seeks to provide Colorado's Congressional delegation guidance as to what students from the University of Colorado Boulder consider acceptable legislation that creates a solution to this issue without further burdening the student body. This resolution serves to ensure that students from the University of Colorado Boulder have a voice in decisions that will directly impact their cost of attendance and access to higher education.

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**Whereas**, the current interest rate on Stafford subsidized loans is 3.4%;

**Whereas**, inaction from the Federal government before July 1, 2013 would double interest rates to 6.8%;

**Whereas**, the average student borrower owes \$27,000 in student debt;<sup>1</sup>

**Whereas**, student debt is increasingly becoming a barrier for people to attend college, notably students who are low income and students who come from underrepresented communities;

**Whereas**, this issue has been addressed in the past, but not in a manner that has led to a long-term solution;

**Whereas**, 34% of undergraduates in the United States receive Federal loans;<sup>2</sup>

**Whereas**, 60% of graduate students use loans to pay for their graduate education and 1.6 million graduate students took out federal Stafford loans in 2011-2012<sup>3</sup>;

**Whereas**, Tuition at the University of Colorado at Boulder continues to increase with in-state tuition increasing 8.7% for 2013-2014;

**THEREFORE, BE IT RESOLVED by the Legislative Council of the University of Colorado Boulder Student Government, THAT:**

**Section 1:** The Legislative Council and CUSG urge Congress to act before July 1st, 2013 to prevent federal student loan interest rates from doubling with a long-term or short-term solution. We call on congressional leaders from Colorado to fight for students and increased access to higher education.

**Section 2:** We recommend that federal student loan interest rates continue to be fixed for the lifetime of the loan.

**Section 3:** We recommend a fixed-interest rate that does not vary with market rates to provide consistency for students during the lifetime of their college career. Ideally, this rate would remain at 3.4%.

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<sup>1</sup> The Institute for College Access & Success, Project on Student Debt, *Student Debt and the Class of 2011 Report*

<sup>2</sup> U.S. Department of Education, National Center for Education Statistics, *2007-08 National Postsecondary Student Aid Study (NPSAS:08) Student Financial Aid Estimates for 2007-08*

<sup>3</sup> U.S. Department of Education, Office of Postsecondary Education, National Student Loan Data System (NSLDS)

**Section 4:** Although we oppose market-based interest rates, we recommend any solution with a market-based interest rate have an interest rate cap and that cap be no greater than 6.8%.

**Section 5:** We recommend that the interest rates for unsubsidized Stafford loans be decreased and that graduate students with demonstrated financial need gain access to subsidized Stafford loans. This would help ensure graduate students have access to loans with low interest rates to decrease the financial burden of their education and allow more students to pursue graduate education.

**Section 6:** The Legislative Council and CUSG formally endorse the passage of Senate Bills 897 (“Bank on Students Loan Fairness Act”) and 953 (“Student Loan Affordability Act”), which are short-term solutions that maintain current or lower interest rates for the next 1 to 2 years. Specifically, Senate Bill 897 ties the rate of subsidized Stafford loans to the same rates that banks receive for borrowing from the Federal Government for 1 year. Senate Bill 953 continues to extend the current rates for Stafford loans for 2 additional years (3.4% for Subsidized and 6.8% for Unsubsidized).

**Section 7:** The Legislative Council and CUSG formally oppose the passage of House of Representatives Bill 1911 (“Smarter Solutions for Students Act”) and Senate Bills 682 (“Comprehensive Student Loan Protection Act”) and 909 (“Responsible Student Loan Solutions Act”), which are long-term solutions to student loans that do not provide fixed or variable-fixed interest rates and may not address both types of Stafford loans.

**Section 8:** If a short-term solution is adopted or no solution is reached, we urge Congress to continue working on this issue immediately until a long-term solution is reached.

**Section 9:** We recommend that any legislation that addresses federal PLUS loans either maintain or decrease the current interest rate.

**Section 10:** Upon passage, this resolution shall be distributed to the Colorado Congressional delegation, the student body, inter-campus student forum, Board of Regents, CU-Boulder administration, and the media.

**Section 11:** This resolution shall take effect upon passage by the Legislative Council and upon either obtaining the signatures of two Tri-Executives or the lapse of six days without action by the Tri-Executives.

# Vote Count

06/06/2013  
06/06/2013

Friendly amendments  
Passed special order

Acclamation  
Acclamation



Chris Schaeferbauer  
President of Student Affairs



Wesley Montag  
Legislative Council President

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Ellie Roberts  
President of Internal Affairs



Marco Dorado  
President of External Affairs