

CITY COUNCIL  
CITY OF NEW YORK

-----X

TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON HIGHER EDUCATION

-----X

June 24, 2013  
Start: 10:29 a.m.  
Recess: 10:49 a.m.

HELD AT: 250 Broadway  
Committee Rm, 14<sup>th</sup> Fl.

B E F O R E:  
YDANIS A. RODRIGUEZ  
Chairperson

COUNCIL MEMBERS:  
Council Member James Vacca  
Council Member Fernando Cabrera  
Council Member Deborah L. Rose  
Council Member Jumaane D. Williams  
Council Member Andy King  
Council Member Melissa Mark-Viverito

## A P P E A R A N C E S (CONTINUED)

Arreles Hernandez Cruz  
Director of Outreach  
Senator Jill Lebrand

Kevin Stump  
Higher Education Program Coordinator  
New York Public Interest Research Group

James Murphy  
University Associate Dean for Enrollment Management  
CUNY

William Martin  
Committee Clerk  
New York City Council

1  
2 CHAIRPERSON RODRIGUEZ: Morning  
3 everyone. Before I start the hearing I would like  
4 to thank everyone - - CUNY for playing an  
5 important role fighting to keep the, among our  
6 resources for the Council that is needed to  
7 support education. So, as you know last night we  
8 approved the budget and I believe that even though  
9 we, always one more, but I think that we did good.  
10 And that's because not only of all it's elected  
11 official but because the advocate that - -  
12 vigilant to be sure that we keep the support to  
13 out students. So, congratulations and thank you  
14 to everyone. Good morning and thank you for  
15 attending this morning hearing. I'm Council  
16 Member Ydanis Rodriguez, the Chair of the Higher  
17 Education Committee. Today Committee will  
18 consider a vote on two resolutions urging Congress  
19 to pass and the President to sign two important  
20 pieces on legislation related to a student loan  
21 interest rate. We will hear testimony from our  
22 representatives from the City University of New  
23 York and the Office of - - BSC and others student  
24 body on this issue. The way we treat student loan  
25 debt in this country is completely backwards. On

1  
2 July 1<sup>st</sup>, Federal student loan rates will double  
3 from the current rate of 3.4 percent to 6.8  
4 percent, doubling the burden on working and middle  
5 class students as they struggle to establish  
6 themselves. Meanwhile, banks are report billions  
7 of dollars in profits each year, able to borrow  
8 money from the Federal Reserve at a preference  
9 rate currently set at just .75 percent. This is  
10 unfair. Today's resolution addresses the short  
11 term and long term problem of the changes in rate  
12 and the fundamental unfairness of the preference  
13 shown to some borrowers over others. To address  
14 the immediate threat of doubling interest rates we  
15 will consider resolution sponsored by Council  
16 Member Melissa Mark-Viverito calling on Congress  
17 to pass and the President to sign the Bank and  
18 Student Loan Unfairness Act. That legislation  
19 sponsored by Senator Elizabeth Warren [phonetic]  
20 in the Senate and Congressman Joan Terney  
21 [phonetic] in the House, bill will reduce the  
22 interest rate of Federal subsidized - - for  
23 student loan for one year from the current 3.4  
24 percent to 0.75 percent rate that the Federal  
25 Reserve offered to the banks. Myself and Council

1  
2 Member Dickens are co sponsoring the second  
3 resolution we are considering today calling upon  
4 Congress to pass and the President to sign Senate  
5 Bill 1066, the Federal Student Loan Refinancing  
6 Act by Senator Jill Lebrand [phonetic]. This  
7 legislation will relieve students of the long term  
8 burden of higher interest rate by allowing the  
9 student a current Federal loans to consolidating  
10 at a fixed rate of four percent. While this  
11 consolidation rate is a slightly higher than the  
12 current 3.4 percent interest rate in the long term  
13 it will amount to a significant saving over the  
14 6.4 percent rate that is looming if Congress does  
15 nothing. I would like to acknowledge the Members  
16 of the, - - they're not here yet, they will keep  
17 coming, but thanks to Jeff Campanak [phonetic] our  
18 Counsel and Tonya Sayers [phonetic] our Policy  
19 Analyst and my Budget Director Carmen de la Rosa  
20 who are part of our team. So, first we will start  
21 calling the first panel, Arreles Hernandez Cruz  
22 [phonetic] from Senator Labrand's office.

23 MS. ARRELES HERNANDEZ CRUZ: Okay,  
24 thank you. Good morning, everyone. My name is  
25 Arreles Hernandez Cruz. I'm the Director of

1  
2 Outreach for Senator Jill Lebrand [phonetic] and  
3 she's sorry she couldn't be here today but asked  
4 that I come here to read a statement for the  
5 record. I want to thank Council Member Ydanis  
6 Rodriguez for introducing this resolution. We  
7 face a student debt crisis in New York City and  
8 across the nation. Student loan debt has  
9 surpassed \$1.2 trillion nationwide holding back  
10 our economic growth. According to the Federal  
11 Reserve Bank of New York a New York student who  
12 borrows to pay for college now graduates with an  
13 average of more than \$27,000 in student loan debt.  
14 The Department of Education cites nearly 11  
15 percent of New York State graduates defaulted on  
16 their student loans between 2009 and 2012. With  
17 rising college tuition costs and a difficult job  
18 market more city graduate and middle class  
19 families are being burdened by student loans and  
20 are struggling to repay a higher amount of debt  
21 than ever before. At a time when corporations,  
22 homeowners and even local governments are  
23 refinancing at historically low interest rates and  
24 saving millions of dollars, students and families  
25 who take out loans to pay for college are getting

1 left behind. We must keep student loan interest  
2 rates low and manageable so that our hardworking  
3 New Yorkers can get ahead instead of further  
4 behind from a spiral of debt. I introduced  
5 legislation in the US Senate called the Federal  
6 Student Loan Refinancing Act which would bring  
7 needed relief for millions of New Yorkers. My  
8 bill would enable graduates who have student loan  
9 rates over four percent to refinance at a fixed  
10 rate of four percent and lower. The interest  
11 rates for nearly nine of ten federal student loans  
12 nationwide. The Education Secretary would have a  
13 six month window to lower all Federally owned  
14 loans, interest rates allowing an individual to  
15 save thousands of dollars. I am greatly concerned  
16 about a looming deadline before us. We must  
17 prevent the doubling of interest rates on Stafford  
18 Loans that will happen on July 1<sup>st</sup> unless Congress  
19 acts. We cannot turn our backs on more than  
20 420,000 young New Yorkers who will be forced to  
21 pay nearly \$420 million in extra interest payments  
22 or almost \$1,000 per individual each year. They  
23 deserve a better future. Passing the student loan  
24 affordability act would freeze interest rates on  
25

1  
2 these need based subsidized Stafford loans at 3.4  
3 percent for two years while Congress works toward  
4 a long term solution. This is not a Republican or  
5 Democratic idea. It is just the right idea. A  
6 higher education remains the clearest path into  
7 the middle class. When we price young people out  
8 of a college education we all pay a price.  
9 Keeping a high quality higher education in New  
10 York affordable is the right thing to do. Thank  
11 you.

12 CHAIRPERSON RODRIGUEZ: Before I  
13 just have a question about, before I ask the  
14 question I would like to recognize Council Member  
15 Vacca, Council Member Melissa Mark-Viverito. My  
16 question is, like, with the, if currently the rate  
17 of which a student can consolidate their loan is  
18 variable. So, if we, if this is go through and  
19 it's passed and its established in the four  
20 percent.

21 MS. HERNANDEZ CRUZ: Mm-hmm.

22 CHAIRPERSON RODRIGUEZ: Will also,  
23 will the student have the ability to get, look for  
24 a reduced percent if the percents go down?

25 MS. HERNANDEZ CRUZ: I think,



1 [crosstalk] I'm not sure how often they'll get to  
2 refinance but the, when they do get to refinance  
3 they'll be able to do it at a rate lower than four  
4 percent. Just not sure how low, at what time, it  
5 all kind of depends on what the market is doing at  
6 that moment.  
7

8 CHAIRPERSON RODRIGUEZ: Okay.

9 Great. So, thank you very much.

10 MS. HERNANDEZ CRUZ: Thank you.

11 CHAIRPERSON RODRIGUEZ: I would  
12 like to call Kevin Stump from NYPIRG [phonetic].

13 MR. KEVIN STUMP: Good morning and  
14 thank you, Council Member Rodriguez and other  
15 Members of the Higher Ed Committee for being here  
16 today. This is a really important issue that, you  
17 know, NYPIRG's been working on for many years.  
18 Again, my name is Kevin Stump. I'm the Higher  
19 Education Program Coordinator with the New York  
20 Public Interest Research Group. College access  
21 and affordability have been a growing concern for  
22 many, especially low and middle income families  
23 since the economic downturn in 2008, funding for  
24 higher education has been dramatically cut and  
25 financial aid programs have remained inadequate.

1  
2 In the meantime, tuition and other costs  
3 associated with getting a college degree have  
4 skyrocketed across the country further threatening  
5 access to affordable higher education. However,  
6 despite increased challenges college enrollment  
7 has increased because American's realize that  
8 education and workforce training help to nurture  
9 the recovery and growth of our economy and  
10 individual prosperity. Consequently, decreased  
11 investment, rising tuition and increased  
12 enrollment have helped to drive student loan debt  
13 to an all time high. That's why NYPIRG supports  
14 the resolution calling upon Congress to pass and  
15 the President to sign S1066, the Federal Student  
16 Loan Refinancing Act which NYPIRG joined Senator  
17 Jill Labrand in introducing the bill. NYPIRG also  
18 supports the resolution calling upon Congress to  
19 pass and the President to sign S897 and HR1979,  
20 the Bank on Student Loans Fairness Act which would  
21 reduce the interest rates of Federal subsidized  
22 Stafford student loans for one year from the  
23 current 3.4 to 7.5 percent. However, it should be  
24 noted that, and this is laid out in NYPIRG's  
25 student loan position paper, a more long term and

1  
2 sustainable solution with low interest rates on  
3 all student loans is needed to secure the economic  
4 future of our economy and our society. Although  
5 New York City Council does, you know, is not  
6 responsible for the high student loan interest  
7 rates there is still a major role that this body  
8 can play in protecting access and affordability.  
9 We look forward to having more conversations about  
10 creative ways to lower tuition and to increase  
11 real financial aid programs that help New Yorkers  
12 reach their full potential. And attached to this  
13 cover letter is NYPIRG's student loan position  
14 paper that you have before you that kind of lays  
15 out all the reasons why we feel a two year  
16 extension to the current plan is appropriate. So,  
17 as Congress is talking about the reauthorization  
18 of the Higher Education Act of 1965 and the State  
19 is going to be talking about evaluating the  
20 tuition assistance program. It also makes sense  
21 during that same time for maybe the City to start  
22 having conversations on how we can reevaluate our  
23 financial aid programs to best meet the needs of  
24 New Yorkers. So, thank you again.

25 CHAIRPERSON RODRIGUEZ: Thank you,

1  
2 thanks a lot. Before we take a, - - resolution to  
3 a vote I would like to recognize Council Member  
4 Debbie Rose and Council Member Melissa Mark-  
5 Viverito also will share opening statements. She  
6 was, as I said before, the main responsible one on  
7 the resolution.

8 COUNCIL MEMBER MARK-VIVERITO:

9 Thank you Chair Rodriguez--

10 CHAIRPERSON RODRIGUEZ:

11 [interposing] Yeah.

12 COUNCIL MEMBER MARK-VIVERITO:

13 --for having this hearing and on these two  
14 resolutions which are incredibly important. I'm  
15 the proud sponsor of the Resolution which calls on  
16 the Congress to pass and the President to sign  
17 S897 and HR1979 which is a, as indicated by the  
18 two that testified, a temporary situation for one  
19 year. But it would call, reduce the interest rate  
20 of Federally subsidized Stafford Loans for one  
21 year from the current 3.4 percent to .75 percent,  
22 which is the interest rate at which banks borrow.  
23 And I really do want to thank Senator Warren for  
24 her leadership. She's been a really, really  
25 strong voice in the Senate as Senator Jill Lebrand

1 on speaking up on behalf of our constituents.

2 And, you know, some of the statistics, as we all

3 know, have been alarming that about 37 million

4 Americans have student loan debt and that as of

5 July 1<sup>st</sup> of this year if the Congress and the

6 Senate don't act that those rates right now which

7 are 3.4 percent will rise to 6.8 percent. And

8 that is just incredible for students who we are

9 trying to encourage in this country to seek a

10 higher education and to further themselves because

11 it is definitely an asset to your country to have

12 an educated workforce and for people to pursue

13 higher education. And we all know also that the

14 past 25 years the cost of going to college has

15 spiked about 440 percent and that the student loan

16 debt since 2004 has tripled and it's close to \$1

17 trillion. These are just alarming, alarming facts

18 that really need to be addressed. 60 percent of

19 students have to take out loans to finance their

20 education and they're borrowing now more than

21 ever. And we've also seen the issue of how

22 students are preyed upon by a lot of these credit

23 card companies, et cetera, which address to their

24 burden. So, we know that the main piece of

25

1  
2 legislation that's going to effect higher  
3 education is set to expire next year and we are  
4 looking for a long term solution. I know that  
5 that's what is being encouraged and we do hope  
6 that that would be seriously considered. In the  
7 meantime, if that has not arrived that obviously  
8 being able to lower the student interest or the  
9 loans, the loan rates to .75 percent would be  
10 extremely helpful as we seek to provide that long  
11 term solution. So, Senator Warren's year long  
12 fixed proposal would lower the rates the most. It  
13 would cut need based on the grad loan interest  
14 rates to some .75 interest rate that the, which is  
15 the rate that the banks pay to the Federal Reserve  
16 for short term loans. And so, I really hope that  
17 that is seriously considered. I think a  
18 resolution from the City Council in support of  
19 these measures is a strong statement that we're  
20 sending as well to Congress and I really do hope  
21 that common sense will prevail and that we not  
22 continue to be held as a country hostage to these  
23 larger interests. And so, with that I thank you,  
24 Chair Rodriguez, for having this hearing and I  
25 look forward to this Council being supportive of

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

both resolutions.

CHAIRPERSON RODRIGUEZ: Okay. So, we got - - from CUNY, right? Ready to testify? Mr. Murphy is coming right now, so, after him we take a vote. And I also like to recognize Council Member King, I recognized Rose, right Debbie? Did I?

MR. JAMES MURPHY: Okay, let's keep I mind I just came from the dentist, okay? So... [laughter] Good morning, Chairman Rodriguez and Members of the Higher Education Committee. My name is James Murphy. I am CUNY's University Associate Dean for Enrollment Management which oversees financial aid as well as admission and registrar activities. Our office works diligently to make sure that students can access a top notch education without being overburdened by debt and we're proud that CUNY remains a national model for affordable higher education. Financing a college education is a growing concern for the students and their families. Many students did not explore alternatives such as attending a community college for their first two years. at CUNY we have seen increased community college enrollments which

1 works to the financial advantage of students who  
2 pay lower tuition at the associate degree level  
3 and may subsequently transfer within CUNY systems  
4 to a senior college. Students often believe the  
5 answer to alleviating the burden of increasing  
6 college costs is through increased borrowing. It  
7 is not uncommon for individuals to borrow \$20,000  
8 or more from multiple lenders to finance one year  
9 of college resulting in a student loan debt of  
10 over \$80,000 when they graduate. According to  
11 report released by a congressional joint economic  
12 committee the causes and consequence of student  
13 loan debt, student loan debt has risen nearly two  
14 fold in the last five years. A growing dependency  
15 on student loans to fund college education is long  
16 been a concern of CUNY. Although Federal Title  
17 Four regulations prohibit the colleges from  
18 denying Federal direct loans which are an  
19 entitlement colleges counsel students against  
20 borrowing have implemented policies designed to  
21 curtail student debt. Currently only about 15  
22 percent of our undergraduate students use loans to  
23 finance their education. This includes students  
24 who have their tuition fees covered by grants and  
25



1  
2 scholarships and use the fund for living expenses  
3 such as food and rent. The interest on student  
4 loans is scheduled to double from 4.3 to 6.8  
5 percent on July 1<sup>st</sup>, 2013 unless Congress acts.  
6 The raised interest rates will further increase  
7 the loan debt resulting in higher monthly payments  
8 and potentially increase the number of students in  
9 default. CUNY is supportive of both the Bank on  
10 Student Loan Fairness Act, which would reduce the  
11 interest on Federal subsidized loans for one year  
12 from the current 3.4 percent to 0.75 percent and  
13 the Federal Student Loan Financing Act which would  
14 help reduce student loan debt by allowing students  
15 to consolidate loans at a lower interest rate. We  
16 encourage the City Council to move forward with  
17 resolutions supporting both acts. Thank you.

18 CHAIRPERSON RODRIGUEZ: Thank you.

19 With that testimony then we going to be calling  
20 for the vote. Before I would also like to  
21 recognize my colleague, Council Member Cabrera and  
22 so we're ready to take a vote.

23 MR. WILLIAM MARTIN: Item coupled,  
24 William Martin, Committee Clerk, roll call vote on  
25 Committee of Higher Education, preconsidered

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

resolutions. Council Member Rodriguez?

CHAIRPERSON RODRIGUEZ: Aye.

MR. MARTIN: Vacca?

COUNCIL MEMBER VACCA: Aye.

MR. MARTIN: Cabrera?

COUNCIL MEMBER CABRERA: Aye.

MR. MARTIN: Rose?

COUNCIL MEMBER ROSE: Aye.

MR. MARTIN: King?

COUNCIL MEMBER KING: Aye.

MR. MARTIN: By a vote of five in the affirmative, zero in the negative and no abstentions, items are adopted. Members, please sign the Committee Reports.

CHAIRPERSON RODRIGUEZ: Sorry, and we will leave it open for another, the vote for the next 15 minutes so the other colleague who are across this building will have the opportunity to vote. Thank you. Thank you, everyone. [pause]

MR. MARTIN: Williams?

COUNCIL MEMBER WILLIAMS: I vote aye.

MR. MARTIN: The vote stands at six in the affirmative. [pause]

1

2

CHAIRPERSON RODRIGUEZ: Thank you,

3

everyone for voting on this important resolution.

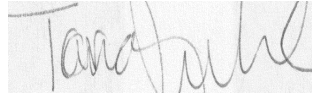
4

And this meeting is adjourned. [off mic]

C E R T I F I C A T E

I, Tara Juhl certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

Signature

A rectangular box containing a handwritten signature in cursive script that reads "Tara Juhl".

Date 7/17/13