



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 22-376, Version: 1

Approve a recommendation from the Legislative Committee to support and request that Congressman Jimmy Panetta cosponsor H.R. 4725, No Student Loan Interest Act.

RECOMMENDATION:

It is recommended that the Board of Supervisors approve a recommendation from the Legislative Committee to support and request that Congressman Jimmy Panetta cosponsor H.R. 4725, No Student Loan Interest Act.

SUMMARY:

On April 11, 2022, the Legislative Committee recommended that the Board of Supervisors support federal legislative efforts to lessen the burden of student loan debt and make a college education more accessible and affordable for current and former students in Monterey County and across the country. With the Board's approval the attached letter will be sent to Congressman Jimmy Panetta requesting support and that he cosponsor H.R. 4725, No Student Loan Interest Act.

DISCUSSION:

The student loan debt burden in the United States is a growing crisis. Currently, almost 45 million Americans hold over \$1.7 trillion in student loan debt, and nearly 7.2 million of these borrowers are in default, with more and more borrowers defaulting by the day. Black and Latino Americans face the worst effects of this crisis - with many Black borrowers still owing more than 100% of their loan balance even 12 years after graduating. Stagnant wages, labor market discrimination, and rising costs of living have made it nearly impossible for many individuals to ever fully repay their loans. As millions of American families continue to struggle, the country's massive student debt burden is placing a drag on our entire economy by depressing home ownership rates, preventing people from starting businesses, and making it harder for people to finish college.

The Department of Education found that nation-wide federal borrowers have saved \$5 billion each month since they stopped accruing interest on their federal student loans from the federal student loan payment pause. The current interest rates for Direct Subsidized and Direct Unsubsidized Loans are 3.73 percent for undergraduate students and the average student loan debt for undergraduate students is \$28,950. Maintaining the interest rate at zero percent would save the average borrower \$576 a year, giving borrowers a better chance to pay back their loans and participate in the economy.

Eliminating federal interest would grant borrowers desperately needed relief as we continue to face flat wages and record inflation during the COVID-19 pandemic. Millions of Americans are crushed by student debt, causing them to delay major life decisions, such as starting a family, buying a house or launching a business. In a recent national survey conducted by the Student Borrower Protection Center and Data for Progress, 65 percent of respondents with student debt expected to make "major changes to saving or spending" if payments resume and nearly 4-in-10 borrowers are "not confident at all" in their ability to manage a student loan payment, while just 1-in-5 borrowers are "very confident."

The No Student Loan Interest Act (H.R. 4725) would eliminate and forgive all interest charges on existing

federal student loans, as well as eliminate all interest charges on future federal student loans by enacting a zero percent interest rate. This legislation would codify an important component of President Biden’s recently announced extension of the pause on student loan repayment, interest, and collections through August 31, 2022. The pause on federal student loan payments has been essential for the financial wellbeing of student loan borrowers. However, we cannot continue to rely on this short-term solution to address the student debt crisis.

The text of H.R. 2725 can be found at the following link:

<https://www.congress.gov/117/bills/hr4725/BILLS-117hr4725ih.pdf>

OTHER AGENCY INVOLVMENT:

The County Administrative Office - Intergovernmental & Legislative Affairs Division (CAO-IGLA) prepared this report with assistance from the County’s federal legislative advocate, Brent Heberlee of Ballard Spahr LLP.

FINANCING:

Monterey County’s Legislative Program is funded in County Administrative Office-Department 1050, Intergovernmental & Legislative Affairs Division-Unit 8054. Approval of this recommendation will not result in additional general fund contributions.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: Annette D’Adamo, Legislative Coordinator (MAIII)

Approved by: Nicholas E. Chiulos, Assistant CAO

Date: April 26, 2022

Attachments

EXHIBIT A - H.R. 4725 draft letter to Congressman Panetta