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**MOTION BY SUPERVISORS HILDA L. SOLIS
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Los Angeles County Efforts to Support Residents with Student Loan Debt Relief

Since 1980, the cost of college has almost tripled - leaving more than 40 million Americans in debt for their education. This accounts for \$1.7 trillion cumulatively and leaves Americans on an individual level strapped with financial hardship that can last a lifetime. In fact, a quarter of those in debt, meaning more than 10 million Americans, were in delinquency or default. This is crushing, made even more so by the COVID-19 pandemic and severe inflation Americans now experience. According to a United States Department of Education analysis, the average undergraduate student with loans graduates with nearly \$25,000 in debt.

Unfortunately, the heaviest burden falls on individuals of color. Black women in particular are most severely impacted. According to the ACLU, the median Black borrower owes 95 percent of debt compared with the median white borrower who has paid off 94 percent of debt two decades after taking out student loans. Student loan debt also disproportionately impacts Latino undergraduate students. Excelencia in Education found that 51% of Latino undergraduate students who began their postsecondary education in 2012 borrowed funds. Approximately 36% of Latinos will owe more than the amount they originally owed after starting college 12 years earlier per a Unidos US

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report.

The financial hardship caused by student loan repayment precludes low-and middle-income borrowers from building wealth through starting their own business, purchasing their first home, or saving money for retirement. The individual consequences are severe along with the ramifications on society at large.

President Joseph R. Biden has taken action to ameliorate the financial pain caused by the COVID-19 pandemic. This includes an unprecedented student debt relief providing up to \$20,000 in debt cancellation to Pell Grant recipients with loans held by the United States Department of Education. For non-Pell Grant recipients, \$10,000 in debt cancellation is available. Borrowers are eligible for this relief if their individual income is less than \$125,000 or \$250,000 for married couples.

Additionally, President Biden's Administration is proposing a new repayment plan system that would lower the average annual repayment by more than \$1,000 as well as fix the Public Service Loan Forgiveness program to allow appropriate credit toward loan forgiveness for those who work at a nonprofit, in the military or government. Lastly, President Biden is championing enhancements to Pell Grants by doubling the maximum grant and making community college free.

These efforts can be described as nothing short of historic. And here in Los Angeles County, it is

important to support and amplify these efforts -- ensuring residents and County employees take advantage of the student loan debt relief program now that the federal application is available. These measures will provide an economic opportunity for residents of Los Angeles County to increase spending in our region, support upward mobility, reduce the racial-wealth gap, improve home-ownership rates, improve higher education completion rates, encourage small business formation, and have positive impacts on public health outcomes. It is imperative that Los Angeles County support efforts to ensure that the loan relief is not taxed by the State of California so that California borrowers can recover the full amount the President intends for them to receive.

On January 11, 2022, the County of Los Angeles Board of Supervisors passed a motion to initiate an Awareness Campaign for Federal and State Student Loan Forgiveness Programs. The motion aimed to inform Los Angeles County employees and constituents about programs for student loan borrowers to reduce or eliminate their student debt. The Department of Human Resources (DHR) partnered with the Department of Consumer and Business Affairs (DCBA) and the California Department of Financial Protection and Innovation (DFPI) to plan collaboration efforts to fulfill the motion's directive. As a result, DCBA developed an awareness campaign for County constituents, while DHR designed a campaign strategy targeted specifically for County employees. DHR's awareness campaign was developed to equip County employees with accessible information and tools to determine which student loan forgiveness programs they might qualify for. The Campaign, titled Public Servant? Loan Forgiveness at Your Fingertips,

offers relevant and timely information through multichannel communication platforms that employees can access with the click of a button. The following actions build upon efforts already underway by DHR, DCBA, and DFPI.

I, THEREFORE, MOVE that the Board of Supervisors:

1. Direct all County Departments, leveraging support from the Department of Consumer & Business Affairs, to include information about the student loan debt relief program on their respective websites, electronic newsletters, and other modes of communication for those without internet access to ensure eligible clients apply.
2. Direct the Department of Human Resources to work with all County Departments to inform County employees about the student loan debt relief program.
3. Direct the Chief Executive Office - Legislative Affairs and Intergovernmental Relations Branch to send a letter to President Joseph R. Biden and the U.S. Department of Education Secretary Miguel Cardona:
 - a. commending the Administration on its three-part plan, delivering on the President's promise to cancel student debt for low- to middle-income borrowers.
 - b. supporting the United States Department of Education's proposals to institute a new income-driven repayment plan for student loans, fix the Public Service Loan Forgiveness Program, increase the maximum Pell Grant, and make community college free.
4. Direct the Chief Executive Office - Legislative Affairs and Intergovernmental Relations Branch to commend Governor Gavin Newsom, Senate President pro Tem Toni Atkins and Assembly Speaker Anthony Rendon for their commitment, and support legislation, if needed, to ensure that the student debt loan relief recovered by Californians is not taxed.
5. Direct the Department of Consumer and Business Affairs, in consultation with the Department of Human Resources, County Counsel, and the Chief Executive Office to, within 120 days,

explore all options for the County to purchase unpaid or defaulted student loan debt of County employees earning less than County area median income for the purposes of poverty alleviation and economic mobility. The report back should include recommendations that explore:

- a. Most appropriate type of student loan debt for the County to purchase;
 - b. Method to prioritize the County classifications for which the County could purchase the debt of the employees within those classifications;
 - c. Recommendations for how to track long-term impact of any debt buy-down program, including a mechanism to measure long-term impact;
 - d. Requirements to ensure debt is purchased from employees who have already vested with the Los Angeles County Employees Retirement Association and methods to recoup debt payment should employee leave the County within five years of the debt being purchased;
 - e. Proposed criteria workers would have to meet in order for debt to be purchased; and
 - f. Opportunities for the County to fill critical vacancies by purchasing unpaid student loan debt as an incentive.
6. Direct the Department of Consumer & Business Affairs and its Center for Financial Empowerment to publish and distribute information about possible scams associated with the student debt relief.

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