



TO: SUNY University Faculty Senate
FROM: Student Life Committee and Equity, Inclusion, and Diversity Committee
RE: SUNY Student Loan Service Center's (SLSC) handling of college-held Perkins Loan payments and interest during the pandemic.
DATE: 192nd Plenary, October 20-22, 2022
LOCATION: Purchase
RESOLUTION #: [to be entered after the plenary]
VOTE TALLY: [to be entered after the plenary]

RATIONALE:

1-WHEREAS Perkins loans were federal student loans given to students who could demonstrate exceptional financial need¹;

2-WHEREAS historically underrepresented students struggle disproportionately with student loan payments: one year after graduation, Black and African American and Native American and Native Alaskan graduates owe the highest debt and borrowers in these groups have the highest monthly student loan payments²;

3-WHEREAS SUNY University Faculty Senate is grateful to SUNY Student Loan Service Center (SLSC) for its rapid response to our questions; however, outstanding concerns remain;

4-WHEREAS loan payments and interest on all federally held Federal Perkins Loans are automatically suspended March 13, 2020 through December 31, 2022 and "schools that hold Perkins Loans may choose to provide the same suspension of interest and payments to the loans they hold"³. SUNY SLSC was provided this option in October 2020⁴;

5-WHEREAS borrowers frequently find it hard to navigate the complex federal loans system⁵, and many have a particularly hard time distinguishing between other federal loans and a school-held Perkins loan;

6-WHEREAS only 0.4% of student loan debt in the country is from Perkins loans, SUNY Student Loan Service Center (SLSC) has a fairly large portfolio of these loans (ca. 31,000⁶)⁷;

7-WHEREAS SUNY SLSC "determined that there was no feasible way to implement this provision retroactively, as would have been required"⁸ and therefore chose not to suspend interest and

¹ <https://www.usnews.com/education/blogs/student-loan-ranger/articles/2019-07-24/what-happened-to-the-federal-perkins-loan>

² <https://educationdata.org/student-loan-debt-by-race>

³ <https://askregs.nasfaa.org/article/34748/are-perkins-loan-payments-and-interest-suspended-from-march-13-2020-through-december-31-2022>

⁴ Correspondence with Maria Livolsi, Director of SUNY Student Loan Service Center.

⁵ "I think we have come a long way in educating borrowers about the various categories of student loans, **but there is no denying the confusion and complexity of the federal loan programs.**" (Correspondence with Maria Livolsi, Director of SUNY Student Loan Service Center)

⁶ Correspondence with Maria Livolsi, Director of SUNY Student Loan Service Center

⁷ <https://educationdata.org/student-loan-debt-statistics>

⁸ Correspondence with Maria Livolsi, Director of SUNY Student Loan Service Center

payments of Perkins loans held by SLSC⁹ and has sent unpaid loan payments to collection;

8-WHEREAS “most of the Perkins borrowers in repayment make very small payments (on average \$40 per month)”¹⁰, this amount is a substantial burden to a borrower who, as eligible for a Perkins loan, is likely to have other student debts and is already struggling financially;

9-WHEREAS SUNY SLSC thus puts an undue burden on borrowers who are already most likely to struggle with their student debt and causes them further financial harm by decreasing the borrowers’ credit rating. Moreover, a poor credit report can have a disastrous impact on these borrowers’ lives, harming their ability to find employment and housing, to get a mortgage or a business loan, etc.;

10-WHEREAS the SUNY Diversity Action Plan endorses the statement that “Public institutions should reduce—rather than exacerbate—race-based inequalities,”¹¹ SUNY could set itself apart from the other colleges that have chosen not to suspend the Perkins loan payments and interest by reversing its decision and thus staying true to its goal of “creating a more equitable SUNY.”¹² In doing so, SUNY would build positive relationships with its alumni and prospective donors.

RESOLUTION:

1-THEREFORE BE IT RESOLVED that SUNY University Faculty Senate (UFS) calls on the Interim Chancellor to direct the SUNY Student Loan Service Center (SLSC) to suspend repayment of school-held Perkins loans retroactively from March 13, 2020, continuing until December 31, 2022 or the date of the Federal expiration, unless the borrowers opt out;

2-BE IT FURTHER RESOLVED that SUNY UFS calls on the Interim Chancellor to direct the SUNY SLSC to return all interest and fees accrued since March 13, 2020, unless the borrowers opt out;

3-BE IT FURTHER RESOLVED that SUNY UFS calls on the Interim Chancellor to direct the SUNY SLSC to immediately drop all collection activities and make sure the charges are permanently expunged from the students’ credit report.

⁹ <https://slsc.albany.edu/>

¹⁰ Correspondence with Maria Livolsi, Director of SUNY Student Loan Service Center

¹¹ <https://www.suny.edu/media/suny/content-assets/documents/diversity/suny-dei-final-action-plan.pdf> (p.3)

¹² <https://www.suny.edu/diversity/>