



April 21, 2006

Mr. Robert Shireman  
Executive Director  
The Project on Student Debt  
2150 Shattuck Ave. Suite 800  
Berkeley, CA 94704

Dear Bob:

Thank you for sharing a draft of your petition to the U.S. Department of Education for rulemaking to amend the economic hardship and income-contingent repayment regulations. The undersigned organizations represent participants in the FFEL Program, which has helped open the door to postsecondary education to millions of students over the past 40 years. Last year alone, over 10 million Stafford and PLUS loans were made to students and parents under the FFEL Program.

We write to express appreciation for the efforts you have put forward in identifying the needs of low income borrowers in managing their student loan debt. We are in full agreement that postsecondary education is a valuable investment with long term benefits to the student as well as the community and the economy. This is the reason why most students are able to repay their low cost student loans. We do recognize however that even successful programs can be improved. In this regard, we agree there is more that could be done to help those borrowers who are having real difficulty in managing their student loan payments and believe that, conceptually, many of the proposals in the draft petition merit further consideration.

FFELP participants currently use a number of tools to assist individual borrowers. One of these tools is the economic hardship deferment. Unfortunately, this tool is not used as frequently as it could be due to the complexity of the application process. For example, the official request form is three pages long, with an additional five page worksheet. We believe simplification of application process is needed. The petition also recommends additional improvements to this deferment. Among the proposed concepts we find intriguing are the proposals to establish a partial economic hardship deferment to avoid the "all or nothing" nature of the current benefit, consideration of family size in establishing hardship, and use of alternative methods of income verification.

Your petition also calls for several changes to the income contingent repayment (ICR) plan currently available in the Direct Loan Program. One proposal would make ICR available in the FFELP as well as direct lending. While we do not believe the implementing text accomplishes the stated objective, this is a concept that we would like to pursue further. We would be happy to work with you on this and other concepts in your petition.

Our support for the concepts outlined above is qualified by the recognition that there may be budgetary impediments to their implementation. While the budget considerations may not all be negative, we need to gain a better understanding of these issues.

Once again, thank you for sharing the draft petition with us.

Sincerely,

Consumer Bankers Association  
Education Finance Council  
National Council of Higher Education Loan Programs  
Nelnet  
Sallie Mae  
Student Loan Servicing Alliance