



STATE OF CONNECTICUT
DEPARTMENT OF HIGHER EDUCATION

October 25, 2006

The Honorable Margaret Spellings
U.S. Department of Education
1990 K Street, NW
Washington, D.C. 20006

Dear Secretary Spellings:

I am writing to ask your consideration of several proposals aimed at easing the debt burden of student borrowers. It is my understanding that following the findings and recommendations of your Commission on the Future of Higher Education, your Department will soon be considering rule changes pertaining to student financial aid. As the Commission noted, higher education is becoming increasingly unaffordable for students, and the growing level debt we are asking our children to bear is simply unacceptable. In particular, I agree with the Commission's conclusion: "Too many students are either discouraged from attending college by rising costs, or take on worrisome debt burdens in order to do so."

As you hold your hearings, I would recommend particular attention be given to revising the student loan repayment system. This is one area where some immediate relief for students can be accomplished by giving struggling borrowers incentives to pay what they can, to be gainfully employed, and to avoid default. The current system, while well-intentioned, often deters graduates with student debt from pursuing critical public service careers, causes them to defer life choices such as marriage, home purchase, having children, and all too frequently, threatens a family's future financial security.

A coalition of student groups, representatives from the loan industry, and colleges and universities has assembled to develop a five-point proposal that is certainly worthy of careful review, cost analysis, and consideration. The proposal would:

- I. Limit student loan payments to a reasonable percentage of income (less than 10% for most borrowers and never more than 15%)
- II. Recognize that borrowers with children have less income available for student loan payments
- III. Prevent added interest from making the problem even worse when borrowers face genuine hardship situations
- IV. Cancel remaining debts when borrowers have made income-based payments for 20 years
- V. Simplify the process of applying for hardship deferrals.

I would appreciate your serious considerations of these and other ideas which align directly with the spirit of the Commission's work.

Yours sincerely,

Valerie F. Lewis
Commissioner

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