

October 25, 2006

Dear Secretary Spellings:

On behalf of California Tomorrow I am writing to urge you to address the issue of student loan repayment burdens in the upcoming negotiated rulemaking process, announced in the Federal Register on August 18, 2006. We 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." This is especially true for students in community colleges. In our research on community college students (*California's Gold: Claiming the Promise of Diversity in our Community Colleges*, 2003, California Tomorrow) found that, apart from academic preparation, affordability and the need to work 20-30 hours per week were the largest barriers to student success. We are interested in strategies to make college more affordable to students—in the short and long term and we believe strengthening our student loan repayment system is a critical step.

Our student loan repayment system should give struggling borrowers incentives to pay what they can, to work, and to avoid default. Unfortunately, the tools that are supposed to help borrowers stay in repayment are inadequate, confusing and inconsistent, too often providing the wrong incentives. Without improved protections for borrowers, the nation may see an increase in defaults and bankruptcies rather than an increase in graduates who can contribute fully to our economy and society.

In May, the Project of Student Debt presented you with a detailed proposal for improving the options available to struggling borrowers with federal student loans. The five-point plan developed by the Project on Student Debt would:

1. Limit student loan payments to a reasonable percentage of income;
2. Recognize that borrowers with children have less income available for student loan payments;
3. Protect borrowers from high interest charges when they face hardship situations;
4. Cancel remaining debts when borrowers have made responsible payments for 20 years;
5. Simplify the application process for hardship deferrals and other repayment options.

We urge you to include these proposals in the upcoming rulemaking. For all students, especially those in community colleges, who are more likely to come from low-income households, the impact of high student loan payments can undermine their future economic security and prosperity. Our nation's economic future depends on an educated citizenry. Given the important role of loans in making it possible to attend and complete all forms of postsecondary education and training, it is incumbent upon us to ensure that loan repayments are not excessively burdensome.

At a time when high schools are asked to prepare more students for college, we need to ensure that access not be burdened by the prospect of growing financial debt to cover college expenses.

Sincerely,

Dr. Brian Stanley  
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California Community College Access and Equity Initiative