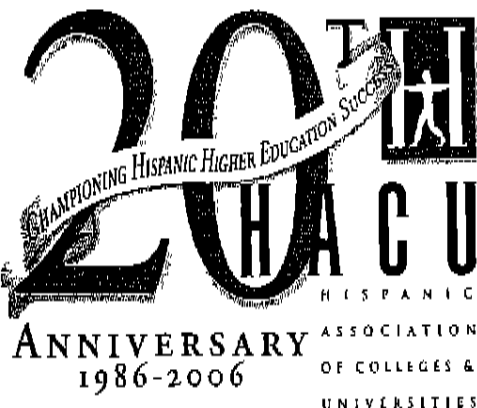


F A X C O V E R S H E E T



20th Annual Conference
October 28-31, 2006

"20 Years of Championing Hispanic
Higher Education Success"

Hyatt Regency Riverwalk Hotel
Henry B. Gonzalez Convention Center
San Antonio, Texas

12th Annual National Capitol Forum
March 25-27, 2007

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7th International Conference
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"Hispanic Culture: Celebrating Our
Heritage"

Universidad de Alcalá de Henares
Madrid, Spain

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November 3, 2006

The Honorable Margaret M. Spellings
 Office of the Secretary
 400 Maryland Avenue, SW
 Washington D.C. 20202-0100

Dear Secretary Spellings:

On behalf of the Hispanic Association of Colleges and Universities and the more than 450 Hispanic-Serving Institutions and partner institutions which educate almost 1.2 million Hispanics, 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. Reducing debt burden is both an area in which you have clear regulatory authority and an issue that your Commission on the Future of Higher Education has identified as a priority.

How students and their families pay for college has changed dramatically during the past twenty years. Two-thirds of graduates from four-year institutions now have loans, and their average debt has increased 50 percent over the last ten years (after accounting for inflation). Many Hispanics are first generation college students from working class backgrounds forced to rely on loans to cover the rising costs of college. Their need for loans is exacerbated by the steady decrease in the "buying power" of Pell grants since the inception of that program.

Millions of other students also have to rely on loans to fill the gap between available grant aid and total college costs. Many students find themselves having to work longer hours in order to pay for costs not covered by grants and loans. Hispanic students especially tend to find themselves in this situation, with work and school competing for their time. For even the most diligent and responsible students, loans have become a burden that impedes success.

HACU concurs 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."

Rising student debt is problematic for several reasons. Borrowers may be deterred from careers as teachers, health care and child care workers, and other essential public service roles. High student loan payments may cause borrowers to delay buying a home, getting married and having children, or starting new businesses. Finally, student loan debt burdens extending to 20 or even 30 years can threaten American families' financial security by making it harder to save for retirement and for children's college expenses.

While many graduates are able to repay their loans comfortably, an increasing number of borrowers face unmanageable repayment burdens. 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, a unique alliance of student groups, major lenders, and colleges presented you with a detailed proposal for improving the options available to borrowers struggling 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 make responsible payments for 20 years; and
5. simplify the application process for hardship deferrals and other repayment options.

On behalf of the many HACU member students and their families, I urge you to include these proposals in the upcoming rulemaking. Our nation's economic future and security depend on an educated citizenry. Given the important role of loans in making it possible to attend and complete a postsecondary education, it is incumbent upon us to ensure that loan repayments are not excessively burdensome.

Sincerely,



Antonio R. Flores
President and CEO
HACU