



October 20, 2006

The Honorable Margaret Spellings, Secretary  
U.S. Department of Education  
P.O. Box 33184  
Washington, D.C. 20033-3184

Attention: Wendy Macias, Negotiated – Regulatory Comments

Dear Secretary Spellings:

The Washington Student Lobby urges you to address and remedy the issue of fair student loan repayment in the ongoing negotiated rulemaking process (as announced in the Federal Register on August 18). Reducing student's debt burden is an issue that your Commission on the Future of Higher Education identified as a priority and would be a huge relief to students across the country.

Students face increasing financial burdens when it comes to paying for their education. With reduced financial aid and the cost of higher education significantly outpacing inflation, students are forced to make up the difference by obligating themselves to loans. On average, students must earn over \$38,000 each to repay debt racked up by the time of graduation.

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.”**

Increases in student debt are a problem for several reasons after acquiring a college education, as well. Borrowers may be deterred from pursuing public service work in teaching, day care, health care, and other essential professions. High loan payments cause students to delay purchasing a home or automobile, get married, or have children. Loan payments may run for twenty or thirty years, affecting a family's financial security by making it more difficult to save for retirement and their own children's college expenses.

Unfortunately, the tools that are supposed to assist borrowers with payments on federal loans are inadequate, confusing, inconsistent, and too often provide the wrong incentives. Without improved options for borrowers, the nation will face an increase in defaults and bankruptcies, or even worse, a decrease in college graduates.

In May, an alliance of student groups, the loan industry, and colleges presented you with a detailed proposal for improving the assistance that is available to struggling borrowers with federal student loans. The five-point plan would:

- Limit student loan payments to a reasonable percentage of income
- Recognize that borrowers with children have less income available for student loan payments
- Prevent added interest from making the problem even worse when borrowers face hardship situations
- Cancel remaining debts when borrowers have made income-based payments for 20 years
- Simplify the process of applying for hardship deferrals

The Washington Student Lobby (representing post-secondary students in Washington State), respectfully urges that you include these five proposals in the upcoming rulemaking. The economic future of our nation is dependant upon the education of our citizenry, and student loans have become a necessary but worrisome component of our higher education system. Given the impacts loans have on students' choice to pursue higher education, it is incumbent upon us to ensure that loan repayment criteria are not unfair or excessive.

Thank you for your kind attention.

Sincerely,

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