

May 4, 2006

The Honorable Margaret Spellings
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

**RE: ADMINISTRATIVE PETITION TO THE DEPARTMENT OF EDUCATION REGARDING
PROPOSED AMENDMENTS TO STUDENT LOAN REPAYMENT REGULATIONS**

Dear Secretary Spellings:

We write to support the goals of the administrative petition submitted to the Department today by the petitioners and to urge the Department to consider the petition's recommendations to (a) establish required payment levels on federal student loans that are more likely to be manageable for borrowers and (b) increase the accessibility of federal repayment assistance.

As you have said "[i]n today's global economy, about 80 percent of the fastest-growing jobs require postsecondary education...[Yet] less than a third of Americans have bachelor's degrees."¹ While student loans enable many to attend college, the prospect of high student debt may be deterring low- and moderate-income students from seeking higher education.² Even students who attend college despite the fear of unmanageable loan burden encounter barriers because of their debt. High-debt borrowers may be deterred from pursuing public service careers as teachers, day care and health care workers, and other essential public service professionals to meet our country's needs. Also, borrowers may be delaying numerous life choices because of their loan burden such as buying a home, buying a car, getting married, and having children.³

Finally, while some students are able to comfortably repay their loans, an increasing number of borrowers confronted with unanticipated circumstances are facing unmanageable repayment burdens. Our student loan repayment system should incentivize struggling borrowers to avoid default and instead to continue to pay off their loans. Without improved protections for borrowers, the nation may see an increase in defaults and bankruptcies rather than an increase in more productive graduates who can contribute more fully to society.

Congress has acknowledged the importance of education opportunities by creating a federal student loan system that includes a number of provisions designed to ease repayment burdens. However,

¹ Press Release, Margaret Spellings, Secretary Spellings Convenes First Meeting of Commission to Examine Future of Higher Education (Oct. 17, 2005), *available at* <http://www.ed.gov/news/pressreleases/2005/10/10172005.html>.

² According to data from the National Center for Education Statistics, in 2002, 406,000 college-qualified high school graduates from low- and moderate-income families would be prevented from enrolling in a four-year college, and 168,000 of them would be unable to enroll in any college at all because of finances. *Empty Promises: The Myth of College Access in America*, Advisory Committee on Student Financial Assistance, at 27 (2002).

³ Dr. Sandy Baum and Marie O'Malley *College on Credit: How Borrowers Perceive their Education Debt Results of the 2002 National Student Loan Survey*, Nellie Mae, at 27 (2003)

the intensifying reality of high student debt⁴ has left many borrowers without adequate protection. As described above, the disturbing trends caused by high student debt will have a significant impact on the health of our economy and the well-being of our people. We urge the Secretary to respond to the current reality of high student debt burden and petitioners' recommendations by opening a rulemaking with the purpose of improving student debt manageability.

Sincerely,

American Association of Collegiate
Registrars and Admissions Officers
(AACRAO)

National Legal Aid & Defender
Association (NLADA)

American Medical Student Association
(AMSA)

Oregon Student Association

Associated Students of Massachusetts

United Council of UW Students
(Wisconsin)

Associated Students of Michigan

United Negro College Fund (UNCF)

Florida Student Association

University of California Student
Association

National Council Community and
Education Partnerships (GEAR UP)

University of North Carolina
Association of Student Governments

National Association of Bilingual
Educators (NABE)

⁴ About two-thirds of baccalaureate recipients now graduate with education debt, and their average debt has increased by more than 50 percent over the past decade after accounting for inflation. *2003–04 National Postsecondary Student Aid Study: Undergraduate Data Analysis System*, National Center for Education Statistics (NCES) (2005) (calculations by the Project on Student Debt using the Data Analysis System to compare 1993 and 2004 undergraduates), available at <http://nces.ed.gov/index.asp>.