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GRADUATE, UNDERGRADUATE AND EQUITY AFFAIRS

OFFICE OF THE PRESIDENT
1111 Franklin Street
Oakland, California 94607-5200

February 9, 2023

Secretary Miguel Cardona, EdD

U.S. Department of Education
400 Maryland Ave. SW
Washington, DC 20202.

Re: Improving Income-Driven Repayment for the William D. Ford Federal Direct Loan Program

Docket ID ED-2023-OPE-0004

Dear Secretary Cardona:

On behalf of the University of California (UC), one of the country's premier public research university systems, serving more than 280,000 students, we appreciate the opportunity to comment on the draft text for proposed rulemaking for the Income-Driven Repayment (IDR) for the William D. Ford Federal Direct Loan Program.

UC has reviewed the draft and we appreciate the inclusion of provisions which assist low-income borrowers. A few highlights include 1) accounting for periods of deferment and forbearance towards forgiveness; 2) stopping the payment count reset at time of consolidation; and, 3) auto-enrolling delinquent borrowers into IDR plans for which they are eligible. These are important steps to addressing the complexity of the loan repayment process.

Streamlining payment counts for periods of deferment and forbearance is a positive step to addressing past inconsistencies in information on the payment types that were attributable to forgiveness. It is also important to ensure that the final rule addresses the issue holistically, including providing timely and easily digestible guidance to current servicers. In the 2018 GAO report on the implementation of Public Service Loan Forgiveness, for example, servicer officials noted that the fragmented and piecemeal guidance issued by the Department of Education (ED) resulted in staff being "unaware of important policy clarification." Though these IDR improvements are aimed at simplifying the process for borrowers, this must translate to all touch points, including servicers, through transparent and complete guidance with sufficient time for adoption, training and implementation.

UC appreciates consideration for holding borrowers accountable for recertifying their income. However, the limit on the number of payments made under a standard repayment plan may result in undue harm to borrowers with challenging life circumstances that prevent their recertification of income. Instead, we would recommend there be no limit on payments made under the standard repayment plan which are counted toward forgiveness, since the standard repayment plan would, by default, resolve the debt before the opportunity for forgiveness.

As an instutition of higher education focused on equity and access, we srecommend that the Department consider allowing IDR and these provisions be opened to parent PLUS loan borrowers who face similar financial challenges. Studies have suggested that parent PLUS loan default and repayment rates are a concern, which may exacerbate intergenerational and racial wealth gaps.The IDR proposed rule outlines how payment rates will be weighted if a borrower has both undergraduate and graduate loans. UC encourages the Department to extend the lower 5 percent repayment rate for all debt if a student was a Pell recipient. Students who were Pell recipients are likely to come from under resourced families and may be first generation college students.

UC is encouraged by the Department's recognition of social and economic disparity in the development of this rule, of which several provisions will provide much needed relief to low-income borrowers during the pandemic.UC applauds the Department's efforts to streamline, standardize, and make transparent rules for Income Driven Repayment plans and supports efforts to ease the administrative burden for those most at risk. We also appreciate the opportunity to comment on the proposed draft and welcome additional engagement.

Sincerely,

Shawn Brick, M.P.P.
Executive Director, Student Financial Support
University of California, Office of the President

cc: Associate Vice President Chris Harrington