



Statement of Robert Shireman
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October 24, 2008

New Rules on Loan Repayment and Forgiveness Leave Unfinished Business

“Yesterday the U.S. Department of Education published final regulations on the new Public Service Loan Forgiveness program, which took effect a year ago, and Income-Based Repayment, which becomes available July 1, 2009. More than 1500 people and more than a dozen national organizations requested changes to the proposed rules to address unfair treatment of married borrowers and demand greater clarity for employees in public service jobs.

The Department refused to make any change regarding married borrowers, throwing the issue back to Congress. As it stands now, when both partners in a married couple have federal student loans and file their taxes jointly, each would be expected to pay up to double the monthly loan payment of an unmarried borrower in an otherwise identical situation. This “double-counting penalty” occurs because the rules assume each spouse has access to the couple’s total discretionary income, without regard for the fact that the other spouse is also making loan payments from the same discretionary income. This is obviously unfair and inappropriate, and needs to be changed by Congress.

The other major issue is how workers in a wide range of public service professions will know whether their jobs would ultimately qualify them for loan forgiveness after ten years. The Department of Education did commit to developing a form that borrowers could use to seek annual certification of employment from their employer, but the agency stopped short of providing federal confirmation along the way that a particular job would qualify. Borrowers need to know before and during their years of work and repayment that they are on the right track, and shouldn’t be kept in the dark about their eligibility for this important program. We appreciate the agency’s commitment to “examine ways to assist borrowers...to determine and document their eligibility.” We look forward to working with the agency to establish a process that will provide more certainty for borrowers while minimizing the administrative burden on the agency.

Borrowers who are interested in learning more about these programs and the new rules should visit www.IBRinfo.org for updates. Our calculator on that site for estimating eligibility for IBR is being updated to reflect new information from the final regulations.”

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[See the final regulations in the Federal Register.](#)

[See our July 14 letter to the Department of Education requesting changes to the proposed rules.](#)

The Project on Student Debt is supported by The Pew Charitable Trusts, the William and Flora Hewlett Foundation, the Ford Foundation, the BayTree Fund, and individual donors. The Project on Student Debt is an initiative of the Institute for College Access & Success, an independent, nonprofit organization working to make higher education more available and affordable for people of all backgrounds. For more information see www.projectonstudentdebt.org and www.ticas.org.