



STATEMENT OF LAUREN ASHER
President of the Institute for College Access & Success

CONTACT: Edie Irons
510/883-7302
Gretchen Wright
202/371-1999

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Obama Proposes More Affordable Student Loan Payments

“The student loan proposal announced by the President today could not come at a better time, as the weak economy and high unemployment are making it harder than ever for people to make monthly payments on their student loans. It improves upon the Income-Based Repayment (IBR) program created by Congress in 2007, which was supported by a broad coalition of student, parent, loan industry, and higher education groups to make college more affordable and accessible.

“President Obama’s plan would improve IBR by lowering the cap on federal student loan payments from 15 to 10 percent of discretionary income, and forgiving any remaining debt after 20 years of payments, rather than the current 25 years. Two-thirds of four-year college graduates in 2008 left school with an average of more than \$23,000 in student loan debt.

“IBR is targeted to those with high student debt burdens relative to their income and can lower monthly payments by hundreds of dollars in many cases, helping borrowers avoid default and pay down their debt in a manageable way. For example, a single person who owes \$33,000 in federal loans and makes \$30,000 a year would pay about \$110 a month under the president’s proposal, compared with about \$380 a month under a standard 10-year repayment plan. Under the current IBR formula, this person would owe \$170 a month.

“Nonprofit and government employees, as well as others who work in public service, can get their remaining debt forgiven after just 10 years in Income-Based Repayment.

“As an early proponent of IBR, we strongly support this proposal as a way to make the program even more helpful to responsible borrowers. This is a well-targeted and well-timed change that would help people who are struggling to stay afloat financially.”

For more information about IBR or Public Service Loan Forgiveness, go to www.IBRinfo.org.

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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.