

THE PROJECT ON STUDENT DEBT

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As Reform Plan Stalls at Education Department, Student Loan Expert Says Congress Needs to Act

Washington, D.C.

“At a regulatory session held today, U.S. Department of Education confirmed that they would not further consider implementing the borrower protections developed by the Project on Student Debt and others. We are disappointed by this development, particularly given the broad support from students, parents, colleges and the loan industry for making student loan payments more fair and manageable.

“While the regulatory avenue for reform has closed for now, we are pleased that a new avenue has opened in Congress. The Fair Payment Assurance plan, recently introduced as part of S. 359, parallels the recommendations we made to the Department. Fair Payment Assurance would help current and future borrowers by capping student loan payments at a reasonable percentage of income, taking family size into account when setting payment levels, keeping interest costs down, and forgiving certain loans after 25 years of repayment.

“In an era of stagnant grant aid and rising student debt, these reforms would help ensure that student loan payments are truly fair and that college graduates can still afford to work as teachers, raise families, buy homes, and save for retirement.”

An analysis of S. 359 is available at http://projectonstudentdebt.org/files/File/S.359_analysis.pdf.

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