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June 21, 2012

U.S. Department of Education
400 Maryland Avenue, SW., LBJ
Washington, DC 20202-4537
(sent via email to icdocketmgr@ed.gov)

These comments are in response to the May 22, 2012 *Federal Register* notice (77 FR 30265) seeking public input on the revised draft “Alternative Documentation of Income” form for Direct Loan borrowers in the Income Contingent Repayment (ICR) or Income-Based Repayment (IBR) plans (OMB Control Number 1845–0016).

The Institute for College Access & Success (TICAS) is a national nonprofit, nonpartisan research and policy organization working to make higher education more available and affordable for people of all backgrounds. Our work focuses primarily on financial aid issues, including how communication and processes at every stage – from early awareness through loan repayment – can better support both enrollment and completion. Our initiatives include the Project on Student Debt, which developed the policy framework that formed the basis of IBR and works to increase awareness of and access to IBR, ICR, and related repayment programs. (See, for example, www.IBRinfo.org, and our [comments](#) on the student loan rulemaking process begun in 2011.)

The [alternative documentation of income form currently in use](#) expires on June 30, 2012. We strongly urge the Department to have an interim plan in place if the new form is not finalized by July 1, so that borrowers can continue to provide the income documentation necessary to enter and keep their payments affordable in IBR and ICR.

We appreciate that the Department of Education incorporated in the latest draft form some of the recommendations we submitted on April 12, 2012, which are attached for reference. For example, the form now clarifies that supporting documentation must be no more than 90 days old from the date the form was signed by the borrower, not from the date the form happens to be processed by the lender. Additionally, the revised certification language in Section 4 more accurately reflects the income documentation requirements in IBR and ICR. However, some of the changes to the layout and instructions in this form make it less clear and user-friendly than the prior draft.¹

We support the comments submitted by the National Consumer Law Center (NCLC) and offer the following additional recommendations, both general and specific.

¹ The draft form released for public comment on February 21, 2012.

We strongly recommend three general improvements to reduce borrower confusion and improve the form's effectiveness:

- 1) **Adjust the layout of elements to make this form easier for borrowers to understand and complete.** This revised form makes it more difficult for borrowers to identify where they need to report their income and whether they need to submit income information for their spouse. Simple layout changes, such as reinstating the table format for entering income information and more clearly separating the items in Section 4, would help borrowers better navigate this form and accurately report their income. Adding even a small amount of white space after each section would also make this form easier to read and follow.
- 2) **Place a reference to the instructions (Section 5) more prominently at the top of the first page.** It would be most helpful to place the instructions themselves at the top of the form, as we previously recommended. However, if the instructions remain on the second page, there should at least be a clear and prominent reference to those instructions at the top of the form. We appreciate the cross-reference to Section 5 in the first paragraph of Section 2, but borrowers should be instructed to determine whether it is appropriate or necessary to fill out this form above or in Section 1.
- 3) **Use plain language that most borrowers can read and understand.** Although some of the large blocks of text have been broken up in this revised form, more needs to be done to simplify the language and make the form easier to follow. See our specific recommendations below for more details.

We also recommend several specific changes to this form:

Section 1: Borrower Identification

- 1) Compress or reorganize the contact information fields so that they take up less vertical space, making it easier to add separation and white space in other parts of the form.

Sections 2 and 3: Borrower's Income Information and Spouse's Income Information – *Submitting the income information*

- 1) Restore the table format for entering income information. In the revised form, the table has been replaced by two lines that are buried in inches of text. The table visually directed the borrower's attention to the fields for entering income information and made it easier to fill out that information.
- 2) Restore the check-boxes for "Frequency of Payment." In the revised form, it is not obvious whether borrowers should report the number of times they are paid each year or use a descriptor like "weekly." The check-boxes are a much more self-explanatory way to report this information.

- 3) Reword “Amount of Taxable Income” to “Amount of Taxable Income per Pay Period” to make it clear that borrowers should not enter their total annual income if they are paid multiple times a year. Some pay stubs include the total paid per pay period as well as the cumulative total paid that year.
- 4) Consider adding back the second row that allowed borrowers to report more than one source of income. Some borrowers may work more than one job or otherwise receive multiple sources of income. This would require the field for employer or source of income to be added back to the table as well.

Section 2: Borrower’s Income Information – *Instructions for reporting income information*

- 1) Reorganize the instructions in this section into two paragraphs: one paragraph describing the types of income to report and one paragraph describing how to attach supporting documentation of income. It is confusing how the list of types of income to report is separated by many blocks of text from the list of types of income to *not* report. The instructions on the types of income to report (and not report) should appear at the top of this section, before the space where borrowers enter their income information.
- 2) Reword “Income includes income from employment, unemployment income, dividend income, interest income, tips, and alimony” to “This taxable income includes income from employment, unemployment income, dividend income, interest income, tips, and alimony.” This change would more clearly differentiate the taxable income borrowers are required to report and the untaxed income that borrowers should not report on this form.
- 3) Clarify whether there is a minimum dollar threshold for the types of taxable income to report. The revised form includes the language, “**Do not report** small sources of income, such as interest from a savings account.” Without a numerical threshold, this note contradicts the instruction to include interest income.
- 4) Clarify how many forms of documentation are required per source of income. The instructions still do not explicitly state that only one form of documentation is required per source of income.
- 5) Clarify the instructions for reporting more than one source of income and move those instructions above the space where borrowers enter their income information. In the revised form, it is not clear that borrowers should submit information on additional sources of income on a separate sheet of paper. Additionally, the instruction should add “to the” to the phrase “provide documentation of that income in addition [to the] information reported above.”
- 6) Restore the instruction that “Copies of the original documentation are acceptable.” In the revised form, it is not clear whether borrowers have to submit original documentation. It is far less burdensome on borrowers to be able to submit copies of their income documentation.

Section 3: Spouse's Income Information

- 1) Separate the check-boxes determining whether borrowers have to fill out this section from the spouse identification and income lines. This section in the revised form is very visually confusing.
- 2) Reword the instructions in the header of Section 3 to "Only complete if you are married and check one or more of the boxes below." The check-boxes are not mutually exclusive.
- 3) Add a reference to the instructions in Section 2 for reporting income information and submitting documentation. We recommend the following language, "If you are required to complete this section, refer to Section 2 for instructions on the income information and documentation to provide."

Section 4: Certification and Signature

- 1) Reword "(1) if I do not provide this information to the Department I will either not be allowed to repay my loan(s) under the ICR or IBR plan or my monthly payment amount will be recalculated and no longer based on my income" to "(1) if I do not provide this information to the Department, my monthly payment amount will not be based on my income." This language would much be easier for borrowers to understand.
- 2) Delete "appropriate" from the second sentence, "determining my ~~appropriate~~ repayment amount under the ICR Plan or IBR Plan."
- 3) Add "(If required)" to "Spouse's Signature" and "Date of Spouse's Signature" to make it more clear that not all married borrowers have to have their spouses sign this form.

Section 5: Instructions

- 1) Increase the font size for this header to be consistent with the other section headers.
- 2) Reword the "You may complete..." and "You are not required to complete..." sections to be parallel to make it easier for borrowers to determine when it is appropriate to use this form. We suggest replacing the language in the current draft with the following:
 - a. YOU MAY complete this form if you are repaying or are applying to repay your Direct Loans under the ICR or IBR Plan and:
 - i. You filed federal taxes during the most recently completed tax year and your Adjusted Gross Income (AGI), as reported on your most recently filed federal tax return, *does not reasonably reflect your current income*, due to, for example, the loss or change in employment by you or your spouse.

- b. YOU ARE NOT REQUIRED to complete the form if you are repaying your Direct Loans under the ICR or IBR Plan and:
 - i. You filed federal taxes during the most recently completed tax year and your Adjusted Gross Income (AGI), as reported on your most recently filed federal tax return, reasonably reflects your current income.

Thank you for the opportunity to comment on this draft form. If you have any questions or concerns regarding our comments, please do not hesitate to contact me by phone at (510) 318-7900, or via email at ljasher@ticas.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'LA', with a long, sweeping horizontal line extending to the right.

Lauren Asher
President
The Institute for College Access & Success

April 12, 2012

U.S. Department of Education
400 Maryland Avenue, SW., LBJ
Washington, DC 20202-4537
(sent via email to icdocketmgr@ed.gov)

These comments are in response to the February 21, 2012 *Federal Register* notice (77 FR 9904) seeking public input on the draft “Alternative Documentation of Income” form for Direct Loan borrowers in the Income Contingent Repayment (ICR) or Income-Based Repayment (IBR) plans (OMB Control Number 1845–0016).

The Institute for College Access & Success (TICAS) is a national nonprofit, nonpartisan research and policy organization working to make higher education more available and affordable for people of all backgrounds. Our work focuses primarily on financial aid issues, including how communication and processes at every stage – from early awareness through loan repayment – can better support both enrollment and completion. Our initiatives include the Project on Student Debt, which developed the policy framework that formed the basis of IBR and works to increase awareness of and access to IBR, ICR, and related repayment programs. (See, for example, www.IBRinfo.org, and our [comments](#) on the most recent student loan rulemaking process.)

To accurately and efficiently capture the income information needed to determine borrowers’ payments in IBR and ICR, this form must be as easy as possible for them to understand and use.

We recommend two general improvements to reduce borrower confusion and improve the form’s effectiveness:

- 4) **Place instructions and crucial information at the top of the form.** Currently, the instructions (Section 5) are located on the second page of the form, *after* all the questions borrowers must answer, and it is not clear from the first page that there even is a second page. Moving the instructions to the top of the form will ensure that borrowers know up front whether it is appropriate or necessary for them to provide alternative documentation of income and how to do so.
- 5) **Use plain language that most borrowers can read and understand.** The density of the text and highly technical language used in this form can leave borrowers confused about what information they need to provide. For example, the large block of text in Section 2 makes it difficult to differentiate what kind of income documentation is and is not

required. To increase clarity and accuracy, the language in this form should be simplified and the large blocks of text broken up into more readable sections.

We also recommend several specific changes to this form:

Section 2: Borrower's Income Information

- 2) Replace “i.e.,” with “such as,” or “including,” in the first line of text, which currently reads: “You must list all taxable income you are currently receiving (i.e., income from employment, unemployment income, dividend income, interest income, tips, alimony).”
- 3) Clarify whether there is a minimum dollar threshold for the types of taxable income to include. For example, are borrowers required to report less than \$10 of interest from a savings account with a small balance and a low interest rate?
- 4) Clarify how many forms of documentation are required per source of income.
- 5) This section states, in bold, that “all supporting documentation must be no more than 90 days old.” The language should clarify that the supporting documentation must be no more than 90 days old *when submitted*. Borrowers who submit timely data may need to refer to this language if their lender takes longer than expected to process this form and claims the paperwork is out of date.

Sections 2 and 3: Borrower's Income Information and Spouse's Income Information

- 5) Add another row to the tables in these sections so borrowers and their spouses (if applicable) can more easily report their sources of income without needing to attach a separate sheet of paper.
- 6) The “Frequency of Payment” section is very confusing, leaving borrowers unclear about whether to report their annual income or some smaller increment under “Amount of Income.” Specifying what time period should be reflected under “Amount of Income” and clarifying its relationship to “Frequency of Payment” would improve the consistency and accuracy of borrowers’ responses.

Section 4: Certification and Signature

- 4) The certification misrepresents the income documentation requirements in IBR and ICR.
 - a. The language, “I agree to provide to the U.S. Department of Education (the Department) on an annual basis (or as required by the Department) alternative documentation of my income...” suggests that once borrowers provide alternative documentation of income, they must keep submitting alternative documentation in future years. However, borrowers are not required to continue submitting this form if, in a future year, their AGI from their federal income tax return does

accurately reflect their income.

- b. The language, “(1) if I do not provide this information [to] the Department I will not be allowed to repay my loan(s) under the ICR or IBR plan” misrepresents what happens if borrowers do not provide alternative documentation of their income.
 - i. Borrowers who are not required by their lenders to provide alternative documentation of income do not experience any negative consequences if they fail to submit this form, as long as they instead provide access to their adjusted gross income (AGI). These borrowers are not forced out of IBR or ICR.
 - ii. Borrowers who are required by their lenders to provide alternative documentation of their income and fail to do so are not forced out of IBR or ICR. Instead, their monthly payments can increase up to the “permanent standard” amount – the monthly amount borrowers would have paid had they entered a 10-year repayment plan when they entered IBR – until they do provide income documentation and their new IBR or ICR payment is determined.
- 5) Add the word “to” to the certification’s third sentence: “I understand that (1) if I do not provide this information [to] the Department...”
- 6) Clarify that the spouse’s signature is only required in certain cases, just as Section 3 already specifies in which cases it is necessary to report the spouse’s income information.

Thank you for the opportunity to comment on this draft form. If you have any questions or concerns regarding our comments, please do not hesitate to contact me by phone at (510) 318-7900, or via email at ljasher@ticas.org.

Sincerely,



Lauren Asher
President
The Institute for College Access & Success