

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:

- 1) 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.
- 2) 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

- 1) 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).”
- 2) 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?
- 3) Clarify how many forms of documentation are required per source of income.
- 4) 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

- 1) 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.
- 2) 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

- 1) 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.
- 2) Add the word “to” to the certification’s third sentence: “I understand that (1) if I do not provide this information [to] the Department...”
 - 3) 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