June 15, 2015

Jacob J. Lew, Secretary
United States Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

John Koskinen, Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, DC 20224

Dear Secretary Lew and Commissioner Koskinen:

As representatives of the constituencies listed below, we urge the IRS to work with the Department of Education (ED) to quickly develop and implement a process to allow borrowers to provide preemptive, multi-year consent for ED and FFELP loan holders to access their tax information for the limited purpose of determining eligibility and/or monthly payment amounts for income-driven repayment plans. We recently served as non-federal negotiators in the negotiated rulemaking for the new Revised Pay as You Earn (REPAYE) repayment plan for Federal Direct Student Loans, where we learned that the current process for updating income documentation in income-driven repayment plans leaves many borrowers at risk of facing unmanageable monthly payments.

Borrowers repaying their Federal Direct Loans under the Pay As You Earn (PAYE), Income-Based Repayment (IBR), Income-Contingent Repayment (ICR) and proposed REPAYE plans, and borrowers repaying their FFELP loans under IBR must provide tax or other income information each year of their repayment period to continue to be permitted to make monthly payments based on their income. Repayment periods under these plans last as long as twenty or twenty-five years. If borrowers miss the annual deadline to provide updated income information, any unpaid interest capitalizes, potentially increasing the cost of the loan, and borrowers' monthly payments are recalculated to a level that may be higher than they can afford. For example, a borrower with $25,000 debt (6.8% interest rate) who earns $25,000 in adjusted gross income (AGI) would make $61/month payments under PAYE, but those payments would increase more than fourfold to $288/month if the borrower fails to recertify income.

The Department of Education (ED) recently shared that a startling 57% of borrowers in PAYE and IBR missed the deadline to update their income information. ED also estimated that 15% of borrowers who missed the deadline and did not update their income information within six months had become delinquent on their loans. These data underscore the urgency of improving the process of updating income information in these repayment plans.

Rather than requiring borrowers to proactively submit their income information each year, we strongly urge the Internal Revenue Service (IRS) and Department of Education (ED) to set up a process through which borrowers can provide advance permission for ED and FFELP loan holders to access their tax information for the limited purpose of determining eligibility and/or monthly payment amounts for income-driven repayment plans. There is precedent for this multi-year consent process; an ED form, which expired in 2012, allowed borrowers repaying Direct Loans under IBR and Income Contingent Repayment (ICR) to authorize the IRS to provide their income information for five years (see http://loanconsolidation.ed.gov/forms/icr.pdf).

Implementing multi-year consent for loans in income-driven repayment plans would help ensure that struggling borrowers are able to keep their monthly loan payments manageable and avoid delinquency and default, while also reducing the administrative burden on borrowers and servicers. We believe the best approach for borrowers would be to let them grant permission for the entire term of their repayment while allowing them to opt out at any time.

We applaud the IRS for working with ED to allow certain borrowers in income-driven repayment plans to electronically transfer their tax information via the IRS Data Retrieval Tool. That tool has greatly streamlined the application and income recertification process in those repayment plans, as well as the process for applying for federal financial aid. However, the tool is not available to all borrowers (e.g., due to their tax filing status) and does not eliminate the requirement for borrowers to proactively submit information every year. Thus, there is still a pressing need for multi-year consent.

Preventing delinquency and default on student loans is key to ensuring borrowers are able to be productive consumers and add positively to the United States economy. Therefore, we strongly urge the IRS to continue its working relationship with ED to implement multi-year consent as soon as possible.

Sincerely,

Students	**Devon Graves** Chair California State Student Association	**Jessi Morales** Policy Advocate Generation Progress
Legal assistance organizations that represent students	**Toby Merrill** Predatory Lending Practice The Legal Services Center of Harvard Law School	
Consumer advocacy organizations	**Jennifer Wang** Policy Director Young Invincibles	**Suzanne Martindale** Staff Attorney Consumers Union
State attorneys general and other appropriate State officials	**Samuel Levine** Assistant Attorney General Consumer Fraud Bureau Office of the Attorney General of Illinois	
Groups representing U.S. military servicemembers or veterans	**Matthew Randle** Chief Operating Officer Student Veterans of America	**D. Wayne Robinson** President and CEO Student Veterans of America
Financial aid administrators	**Scott Cline** Director of Financial Aid California College of the Arts	**Clair Jacobi** Concerned Financial Aid Professional
Minority serving institutions	**Patricia Hurley** Associate Dean/Financial Aid Director Glendale Community College	
Two-year public institutions	**Shannon Sheaff** Director of Financial Aid Mohave Community College	**Helen Faith** Director of Financial Aid Lane Community College

Four-year public institutions	**Craig Fennell** Director, Student Financial Services Temple University	**Rachelle Feldman** Assistant Vice Chancellor and Director of Financial Aid University of California-Berkeley
Private, non-profit institutions	**David DeBoer** Executive Director of Financial Aid Davenport University	
Private, for-profit institutions	**Melvina Johnson** Associate Director Financial Aid Global Products and Services Laureate Education, Inc.	
FFEL Program lenders and loan servicers	**William Shaffner** Director Business Development & Government Relations, MOHELA Higher Education Loan Authority of Missouri	**Darin Katzberg** Senior Policy Analyst in Regulatory Affairs Nelnet
FFEL Program guaranty agencies and guaranty agency servicers (including collection agencies)	**Nancy Masten** Manager of Policy and Regulatory Administration Great Lakes Higher Educational Guaranty Corporation	**Diane Freundel** Compliance Manager American Education Services/Pennsylvania Higher Education Assistance Agency