



June 23, 2021

Vanessa Gomez  
U.S. Department of Education  
400 Maryland Avenue SW, Room 2C179  
Washington, DC 20202

Re: Docket ID ED-2021-OESE-0077

Good afternoon. My name is Julia Barnard, researcher and student loan team co-lead at the Center for Responsible Lending (CRL), a national advocacy organization focused on fighting predatory lending. I am here to deliver a statement on behalf of the Center for Responsible Lending.

Even before COVID-19, student loan borrowers struggled under the weight of more than \$1.6 trillion in debt. One in four borrowers was in default or serious delinquency, and many worried about their ability to make student loan payments while covering other basic needs. Millions of lives were already stymied by student loan debt before the public health crisis. Extensive research has established that Black borrowers and other borrowers of color tend to have more difficulty in student loan repayment than their white peers because of past and ongoing racial discrimination. They are also among the communities hit hardest by the current pandemics and its effects.

By executive order, President Biden can and should enact broad, universal debt cancellation for all. Cancellation should be provided for all federal student loan borrowers (including PLUS loan borrowers and those with commercially- or institutionally-held loans) prior to rulemaking so that the benefits of cancellation reach the most vulnerable borrowers as soon as possible. Once across-the-board cancellation has relieved millions of borrowers of their entire student loan burdens, we can turn our focus to the existing discharge and income-driven repayment opportunities and the accountability framework with the Department.

The Department has outlined several issues that it hopes to address in the coming months, underscoring just how deeply broken and mismanaged our system has been for years. Given all of this, it is imperative that the Department extend the current student loan payment pause while it undergoes the time- and resource-intensive task of reforming the student loan system. We urge you not to restart payments until you have cancelled debt and provided a real, manageable path forward for the borrowers that remain. Americans and the economy deserve nothing less. While we have specific recommendations and priorities for all of the issues outlined in the Department's notice, due to time constraints we will focus on a few here today: strengthening existing discharge opportunities, streamlining income-driven repayment plans, and ensuring that predatory programs are held accountable.

Current discharge opportunities must be a priority for reform. Discharge options such as Public Service Loan Forgiveness (PSLF), total and permanent disability discharge (TPD), and discharges that occur after decades of repayment in income-driven repayment plans are underutilized and rife with servicing issues.



These programs must be automated, expanded, and reformed to include all eligible borrowers and ensure that they experience minimal delay when they become eligible for discharge. Many issues with these programs could be fixed immediately without a rulemaking process and many borrowers with outstanding discharge applications could be served now.

Income-driven repayment (IDR) plans must be improved, simplified, and automated. IDR is supposed to help borrowers successfully navigate repayment by keeping payments affordable. However, the burdensome processes to get and stay enrolled in IDR, servicer error, and the sheer complexity of the system often make repayment anything but easy. All borrowers on an IDR plan at the end of the COVID-19 pandemic should be auto-enrolled in a new IDR plan that sets monthly payments to no more than 8% of discretionary income above 250% of the poverty line. In addition, all borrowers who are more than 30 days delinquent, including those in default, should be automatically enrolled in this plan. This plan should provide tax-free loan forgiveness and discharge of debt after the borrower has made income-based payments for 15 years (including any payments made on any IDR plan prior to the pandemic). Moving forward, all existing IDR plans should be replaced with one simplified plan, and all federal student loans should be eligible for IDR participation. Furthermore, moving borrowers into a new and improved repayment plan should not restart the clock for PSLF or other forgiveness programs that rely on borrowers having made a certain number of qualifying payments.

Existing structures protecting students from predatory programs and institutions must also be strengthened and enforced. We are eager to see the gainful employment rule restored and strengthened and to improve the mechanisms that ensure quality when institutions undergo changes of ownership or are flagged for heightened financial risk. We also urge the Department to promulgate a revised Borrower Defense to Repayment rule that ensures all harmed students can access relief and that institutions are held accountable for their misconduct.

Finally, we urge the Department to ensure that any and all negotiated rulemaking committees include members that reflect the diversity of this nation as well as individuals directly impacted by this crisis.

We will submit more detailed recommendations and supporting research for the record, and we thank you for the opportunity to participate in this process.

Thank you.