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DOE Responds To Petition

By Judith Earley

In an innovative approach to combat the growing burden of mounting student debt, an broad and surprisingly diverse coalition of student groups, financial institutions, parent associations, and other concerned individuals contacted the U.S. Education Department of Education (DOE) concerning what they consider to be inconsistent, confusing, and contradictory regulations for repaying student loans.

The Project on Student Debt filed a petition last month with the DOE. The eclectic group urged the DOE to make immediate changes in the wording of a number of rules to make it easier for low-income students to repay their outstanding student loans.

Last week, DOE officials responded to the petition, but not in the way the petitioners had hoped. For the time being, the DOE has decided not to begin the process of reviewing current regulations that outline the repayment of student loans.

One section of the petition reads, "To ensure that low-income students meet their full potential through higher education, the secretary has the duty to improve the current regulations so that more students are able to manage debt repayment, and low-income students are not deterred from pursuing higher education."

Concerning a specific point in the petition, the groups are recommending that the DOE revise its current policy to reduce a borrower's payments when they exceed a set proportion of the borrower's discretionary income. They would like to see the rules lower from 25 years to 20 years the period after which the government would discharge the remaining loan balance of a borrower who has regularly made what the regulations refer to as manageable payments.

According to a report posted at <http://www.insidehighered.com>, Acting Assistant Secretary for Postsecondary Education James Manning responded that the DOE is already anticipating a great number of changes to current federal student aid programs. These changes may automatically address many of the issues outlined in the petition.

In a letter that he wrote to the head of the Project on Student Debt, he also said that various legislative changes to the Higher Education Act were already pending before Congress; that the two new grant programs already enacted by Congress had not yet been initiated; and that the fall report of the Commission on the Future of Higher Education has not yet been filed. These legislative actions may also affect the current loan regulations.

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The “petition for rule making” is a little-used tactic and is the latest element in a much broader campaign being conducted by the Project on Student Debt. The Project has spearheaded the attempt to bring to the forefront the issue of the mounting student loan burden on the public. The Project has held conferences and published white papers; and last month, it issued model legislation designed to create a new federal tax credit for borrowers who have made student loan interest payments.

The Project on Student Debt and other coalitions were understandably disappointed over the DOE’s delay in taking action on their petition.