



February 10, 2023

U.S. Department of Education
400 Maryland Ave. SW
Washington, DC 20202

RE: Docket ED-2023-OPE-0004

On behalf of Latinos for Education, thank you for the opportunity to share our organization's comments in response to proposed rulemaking covering changes to the Income-Driven Repayment program.

Latinos for Education (L4E) is a national, nonprofit guided by the mission to develop, place, and connect essential Latino leadership in the education sector, while mobilizing Latino voices to promote practices and policies that remove barriers to equitable educational opportunity. Through a portfolio of leadership fellowships, a virtual community of practice (known as EdCentro), national and advocacy work, L4E reaches, serves, and engages school and campus leaders, policy makers, parents, families, and students. Given our scope of work and expertise, we are submitting comments on the following priorities: REPAYE programmatic changes.

According to a [2020 report](#) by the Student Borrower Protection Center¹, 72 percent of Latino students take out loans to pay for college, compared to 66 percent of white students. In addition, "twelve years after starting college, the median Latinx borrower still owes 83 percent of their initial student loan balance while the median white borrower owes only 65 percent of their original balance."

L4E supports the Department's efforts to create a process that is simpler and fairer to borrowers. L4E supports the Department's proposed regulations to reduce the cost of federal student loan payments for low- and middle- income borrowers

Revised Pay As You Earn (REPAYE)

As the Department moves forward with streamlining repayment, L4E:

1. Supports the proposal to increase the amount of discretionary income exempted from the calculation of payments to 225 percent (from 150 percent) of the applicable poverty guideline, reduce monthly payment amounts as a percentage of discretionary income from 10 percent to 5 percent for the share of a borrower's total original loan principal volume attributable to outstanding loans received by the borrower to pay for an undergraduate program, not charge any remaining accrued interest after applying a borrower's monthly payment, and reduce the time to



forgiveness under the plan for borrowers to as short as the equivalent of 10 years of qualifying payments for those with original loan balances of \$12,000 or less.

2. Supports the proposal to create a definition of "discretionary income" in Sec. 685.209(b) that would increase the discretionary income threshold, exempting a greater portion of borrowers' incomes from the determination of payment amount, for the REPAYE plan. Discretionary income would be defined as the borrower's AGI minus 225 percent of the Federal poverty guidelines for the borrower's family size. We would support a regional increase of this percentage that considers the significantly higher cost of living in certain regions. This again allows low-income borrowers to not face financial hardship by beginning the repayment process.

3. Supports Proposed Sec. 685.209(m)(3) would provide that any student borrower who is at least 75 days delinquent on their loan payments would be automatically enrolled in the IDR plan that results in the lowest monthly payment based on the borrower's income and family size, if the borrower has provided approval for the disclosure of tax information, the borrower otherwise qualifies for the plan, and that the IDR plan would lower the borrower's payment. First generation, low-income borrowers face challenges in navigating all repayment options, and by providing the lowest payment automatically, it can help borrowers remain current on payments, and prevent negative impacts on their credit scores.

4. Supports the proposed regulations to limit borrowers to this revised REPAYE program, which would have the most generous repayment options. Having one program, which allows students the best possibility of repaying their loans, and remaining current on payments, is in the best interest of the borrower, and the Department/Service with fewer borrowers going into delinquency.

5. Supports proposed rule 685.209(h) which would allow the Department to not charge any remaining accrued interest to a borrower's account each month after applying a borrower's payment, if the IDR payment is insufficient to pay the accrued interest on the borrower's loans.

6. L4E supports the proposal to allow the months a student is in certain categories of forbearance or deferment to count towards loan forgiveness. L4E encourages forbearance caused by obtaining additional higher education to count towards the loan forgiveness count – this would encourage Latino students to obtain additional degrees in an affordable way.



7. Requests the Department revise its proposal to lower the number of payments a graduate student must make to match those made by undergraduate students before they can receive loan forgiveness. While we understand the idea that graduate borrowers usually take out larger amounts for their degrees, this would continue to put a financial hardship on low-income borrowers who must borrow for their teaching program, medical programs, advanced nursing programs, and other critical areas of need where we want to incentivize low-income students to be able to enter the field. While some may end up qualifying for Public Service Loan Forgiveness, not all may, and we do want to encourage low-income students to pursue advanced degrees. The longer they repay loans, the longer the burden that inhibits home buying, marriage, and other important milestones remain.

Sincerely,

Erica M. Romero
Vice President, Education Policy and Advocacy
Latinos for Education
Cell 916-248-9534 (on East Coast Time)