

United States Senate

WASHINGTON, DC 20510

January 25, 2019

The Honorable Betsy DeVos
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202

Dear Secretary DeVos:

We write to you on behalf of the federal workers and their families affected by President Trump and Congressional Republicans' inexcusable and harmful government shutdown. Among the 800,000 federal workers that are furloughed, or working without pay, are thousands of student loan borrowers. Many of these borrowers and their families are struggling to make rent and mortgage payments, pay for child care and medical treatment, afford food, and meet other basic needs—all while their student loan bills come due. Committed public servants who have federal student loans deserve better assistance from the U.S. Department of Education ("Department") during the shutdown. We urge you to improve advice that the Department is providing to impacted student loan borrowers, immediately conduct proactive outreach to borrowers, prioritize requests for student loan assistance from all federal workers, and explore other ways to assist impacted student loan borrowers.

We recognize and appreciate that the Department recently attempted to increase awareness about repayment options for federal workers in a January 11, 2019, blog post which directs impacted federal student loan borrowers to seek loan forbearance or deferment, or enroll in—or recertify income early for—an income-driven repayment (IDR) plan.¹ As the blog post mentions, interest on a loan in deferment or forbearance will accrue and such interest may capitalize if left unpaid, which results in more debt for borrowers in the long-run. However, we are concerned that the Department's advice to borrowers does not help them effectively navigate their options, may cause them to experience further difficulties navigating student loan forgiveness, and could lead to financially unwise decisions.

The Department's advice only briefly describes a few options without helping borrowers make fully informed choices or proceed to obtain relief. For example, while the blog post mentions Public Service Loan Forgiveness (PSLF) and correctly notes that periods of deferment or forbearance do not count towards the 120 qualifying payments for forgiveness, the post does not help impacted student loan borrowers determine whether the trade-off between the administrative ease of deferment or forbearance is better than the more involved process of entering—or recertifying income for—an income-driven repayment plan. The blog post also fails to discuss tradeoffs between deferment and forbearance, including the option for interest subsidies under deferment. Especially in an era when irresponsible government shutdowns are increasingly frequent, the Department should develop a fact sheet or guidance document for its

¹ U.S. Department of Education, Home Room, the Official Blog of the ¹ U.S. Department of Education. January 11, 2019. <https://blog.ed.gov/2019/01/federal-employees-manage-student-loans-government-shutdown/>

website, loan servicers, and borrowers that helps affected borrowers decide which type of benefit to pursue, directs them on how to apply for and receive such benefits, and lists the administrative steps to improve relief that we are requesting and that the Department has agreed to.

IDR is a beneficial option for many borrowers, and particularly for federal workers interested in PSLF. These repayment plans can provide federal workers who are student loan borrowers, and who are furloughed or working without pay, with a \$0 “payment” amount, interest subsidies, and a lower risk of substantial interest capitalization. Borrowers who enroll in IDR may be entitled to a subsidized interest rate effective the moment their enrollment is processed. Borrowers with subsidized student loans are allowed up to three years of interest subsidy if their student loan payment under any IDR plan is insufficient to cover accruing interest charges—a certainty for borrowers with a \$0 payment. In addition to this benefit, borrowers with unsubsidized student loans are entitled to have 50 percent of unpaid interest charges waived if they enrolled in the IDR plan known as “Revised Pay As You Earn” (REPAYE), a substantial benefit that is unavailable to borrowers under any other payment arrangement.

Revising IDR payment amounts to \$0, along with interest subsidies, is certainly a more beneficial option than deferment or forbearance for all federal workers who are already seeking PSLF and who are now not currently receiving any income. Additionally, enrollment in IDR is not time-limited, unlike the three year limitation on deferment. Since eligible borrowers already have the opportunity to qualify for short-term interest subsidies in IDR, and they run the risk of forgoing qualifying payments for PSLF and accruing interest at the end of deferment or forbearance, we ask that the Department ensure the guidance we are requesting more fairly and prominently discusses the benefits of IDR compared to deferment or forbearance. And for borrowers who miss payments or end up in deferment or forbearance during the shutdown, the Department should use its settlement and compromise authority to waive all interest that accrues on these loans during the shutdown.²

One reason that some borrowers are reluctant to pursue IDR as a temporary relief option, despite its potential benefit, is the Department’s extended processing time that occurs with contracted federal student loan servicers. However, IDR applications need not take weeks to process—and this customer service level is fully within the Department’s control. This is especially the case for furloughed federal workers or those working without pay, who have the option to self-certify that they are not currently receiving any income, which would result in a \$0 monthly payment amount. The Department can and must ask its contracted servicers to process IDR applications from federal workers, including any adjustments of payment amounts from existing IDR borrowers, on a timeline of days—not weeks or months. For example, the Department should direct its contractors to prioritize all applications for borrowers whose applications are easier to process because they applied online and have self-certified that they have no income.

We also ask that the Department do everything in its power to reach out directly to borrowers who, due to the submission of a PSLF form or enrollment in a federal loan repayment assistance program, have a record of federal employment. Such outreach should include emailing, calling, and texting every borrower employed in federal service to ensure that they are aware of their repayment options and the ability to receive a \$0 payment under IDR. The Department should

² 20 U.S.C. § 1082(a)(6); 34 C.F.R. § 30.70

also explore the possibility of a secure data match to identify other federal workers with federal student loans who are not in the PSLF program. Such outreach could be easily paid for with funds set aside for outreach about PSLF in the *Consolidated Appropriations Act, 2018*, as well as the *Department of Education Appropriations Act, 2019*. Finally, the Department should issue a change request to student loan servicers that covers IDR processing times, training for customer service agents to respond to all inquiries and requests from impacted student loan borrowers, and instruction to conduct the necessary outreach to affected borrowers.

Despite President Trump and Congressional Republicans' decision to continue this unnecessary government shutdown, federal workers should not bear the consequences of their obstinance and irresponsibility. In this case, there is a clear path to allow federal workers who are temporarily without income to pay nothing toward their loans under IDR. Federal workers who serve their country deserve a federal student loan program that supports their needs during this time. We urge you to deploy the resources of your Department to provide the assistance we have requested as soon as possible.

Sincerely,



Tim Kaine
United States Senator



Mark R. Warner
United States Senator



Elizabeth Warren
United States Senator



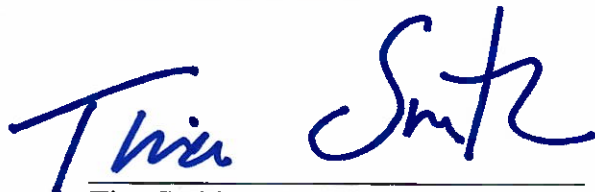
Patty Murray
United States Senator



Richard Blumenthal
United States Senator



Tammy Baldwin
United States Senator



Tina Smith
United States Senator



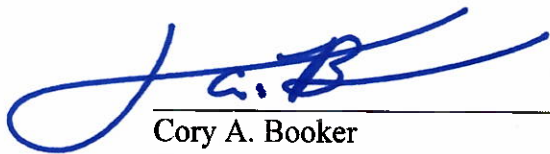
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United States Senator



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United States Senator



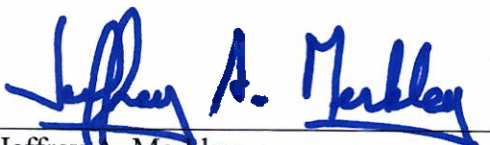
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United States Senator



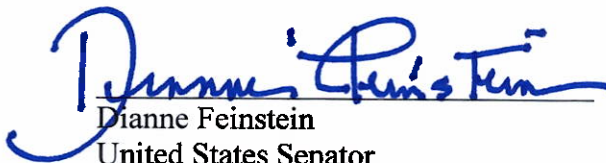
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Sheldon Whitehouse
United States Senator



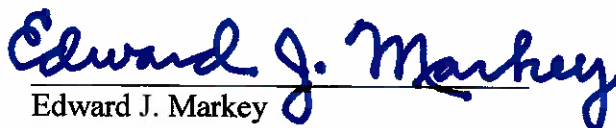
Jeffrey A. Merkley
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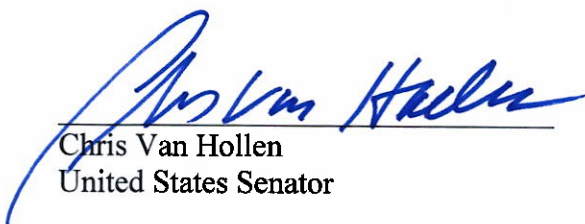
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Sherrod Brown
United States Senator



Edward J. Markey
United States Senator



Chris Van Hollen
United States Senator



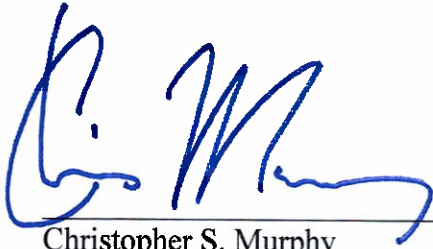
Margaret Wood Hassan
United States Senator



Michael F. Bennet
United States Senator



Ron Wyden
United States Senator



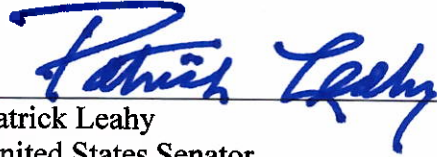
Christopher S. Murphy
United States Senator



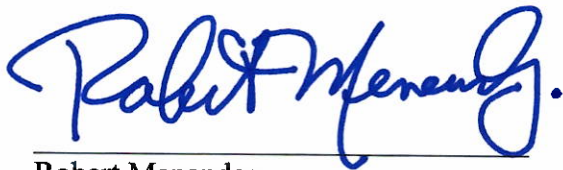
Brian Schatz
United States Senator



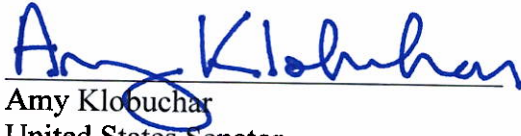
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