



January 20, 2015

The Honorable Richard Burr
The Honorable Angus King
United States Senate
Washington, DC 20510

Dear Senators Burr and King:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), I write to express support for the Repay Act of 2015. NASFAA represents more than 20,000 financial aid professionals at nearly 3,000 colleges, universities, and career schools across the country. NASFAA's members serve nine out of every ten undergraduates.

There is growing and warranted concern about levels of student debt in this country, and the commensurate impact it has on the economic growth and development of an entire generation of Americans. We commend you for addressing this issue by making our student loan repayment system more streamlined. Consolidating the various income-contingent repayment plans into a single plan will help borrowers understand the benefits and protections inherent in our federal student loan system while also protecting the federal investment in higher education.

Despite the many protections in these repayment plans, such as income-contingent repayment, a frustrating number of student loan borrowers continue to default. This is due in part to the fact that income-contingent repayment options are optional and require borrowers to take proactive and cumbersome steps to enroll. Borrowers must: know about the plans; assess which plan, if any, will benefit them; determine which plan or plans they are eligible for; complete an application and income verification; and provide annual documentation of income. The proposal to collapse the different income-related repayment plans into one single income-based repayment plan should help to ease the enrollment process for borrowers.

We look forward to working with you on some of the bill's specific provisions, particularly the stipulation that the new repayment plan is available to new borrowers only. These provisions often work against students by creating additional qualification criteria. Additionally, we'd encourage you to consider making loan forgiveness a non-taxable event, as the resulting lump-sum payment to the IRS can often be more burdensome than the debt that is being forgiven.

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We thank you for introducing this important legislation and for your commitment to our nation's students through simplifying this aspect of the federal student aid programs that they rely on to achieve higher education access and success.

Sincerely,

A handwritten signature in blue ink, appearing to read "JDraeger", with a long horizontal flourish extending to the right.

Justin Draeger
President & CEO

cc: Hon. Lamar Alexander, Chairman, Committee on Health, Education, Labor & Pensions
Hon. Patty Murray, Ranking Member, Committee on Health, Education, Labor & Pensions