August 10, 2015

To: www.regulations.gov

Thank you for this opportunity to comment on the proposed regulations that would add a new income-contingent repayment plan, called the “Revised Pay As You Earn” repayment plan (REPAYE plan), to §685.209 of the Direct Loan Program regulations. On behalf of the University of Wisconsin (UW) System – a system of 13 four-year campuses and 13 freshman-sophomore campuses serving approximately 180,000 students – we write in strong support of expansion of the “Pay As You Earn” (PAYE) program to help more graduates manage their student debt.

The PAYE program has been available since late 2012 for some borrowers (those who took out their first loan after Sept. 30, 2007, and who were still borrowing after September 2011). This expansion will widen the pool of eligible borrowers to include those with older loans or who stopped borrowing by October 2011. This has the potential to provide welcomed financial assistance to many UW System graduates who would otherwise struggle to repay their loans or those that currently cannot participate in this favorable loan repayment program.

Many University of Wisconsin students are first-generation college students and/or students from families of modest means. In academic year 2013-14, 40 percent of UW new freshmen were the first members of their family to attend an institution of higher education, and 38 percent of undergraduates received a Pell Grant. The median family income of Wisconsin resident undergraduates was $64,112. In academic year 2013-14, the average loan debt for a Wisconsin resident who had loan debt at graduation and received a bachelor’s degree was $30,452.

This expansion would allow more graduates to repay less of their students loans based on income and could potentially shorten their repayment period, which would keep more money in the hands of hardworking graduates and their families. In particular, expanding this program would be a powerful repayment option for recent graduates who are underemployed, struggling to make student loan payments, or working in valuable professions that only offer modest salaries.

Further, we also welcome the expansion of PAYE program as another tool to help reduce student default rates. While the University of Wisconsin System’s three-year default rate of 5.2 percent for students graduating in fiscal year 2011 is substantially lower than the national average of 13.7 percent, the expansion of this program may help further decrease these rates.

In addition to supporting PAYE, we also suggest examining the possibility of collapsing the number of repayment programs to make it easier for students and their families, as well as those
charged with offering guidance in this area, to understand and make good choices in selecting repayment plans. Such an approach could be considered during the reauthorization of the Higher Education Act.

Thank you again for this opportunity to comment on the expansion of the “Pay As You Earn” Repayment Program. The University of Wisconsin System strongly supports the expansion of this program, and thanks the U.S. Department of Education for its efforts to support college affordability and manage student debt.

Sincerely,

Ray Cross
President