

AMERICAN COUNCIL ON EDUCATION



OFFICE OF THE PRESIDENT

February 24, 2010

The Vice President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. Vice President:

On behalf of the higher education associations listed below, I write to express our strong support for the Obama administration's proposal to expand the Income-Based Repayment (IBR) program. We are pleased that the president's fiscal year 2011 budget request includes an expansion of IBR, which we know has been a priority for you and the Middle Class Task Force.

IBR helps to increase higher education access and affordability for students by lowering the burden of student loan debt. Under this program, student loan payments are based on a percentage of student borrowers' disposable incomes, thereby ensuring that their educational debt remains financially manageable. Currently, IBR payments are 15 percent of the borrower's net income after adjustment for basic living costs and any debt remaining after 25 years is cancelled. Under your budget proposal, borrower payments would be capped at 10 percent of net income and would be forgiven after only 20 years.

We have long supported the IBR program, which was created in part to help low- and middle-income borrowers who take lower-paying but critically important public service jobs after they graduate. We are pleased by your proposal to further expand this program and believe it is particularly timely given the difficult conditions facing many recent graduates in the job market. We also wish to take this opportunity to express our continuing support for changes to tax law to ensure that federal student loan debt forgiven through the IBR and related Income Contingent Repayment (ICR) program is not taxed as income. We hope that this additional feature can be incorporated into the proposal as it moves forward.

Fiscal Year 2011 Budget Proposal to Expand the Income-Based Payment Program

February 24, 2010

Page 2

During the current recession, more Americans than ever are turning to higher education to provide the skills they need to succeed in an increasingly competitive global economy. We thank you for your support of these students through the proposed expansion of the IBR program.

Sincerely,



Molly Corbett Broad
President

MCB/ldw

On behalf of:

ACPA - College Student Educators International

ACT

American Association of Colleges for Teacher Education

American Association of Colleges of Nursing

American Association of Collegiate Registrars and Admissions Officers

American Association of Community Colleges

American Association of State Colleges and Universities

American Association of University Professors

American Council on Education

American Dental Education Association

American Indian Higher Education Consortium

APPA: Leadership in Educational Facilities

Association of American Colleges & Universities

Association of American Law Schools

Association of American Universities

Association of Community College Trustees

Association of Governing Boards of Universities and Colleges

Association of Jesuit Colleges and Universities

Association of Public and Land-grant Universities

Association of Research Libraries

Council for Christian Colleges & Universities

Council for Opportunity in Education

Council of Graduate Schools

Council of Independent Colleges

Hispanic Association of Colleges and Universities

NASPA - Student Affairs Administrators in Higher Education

National Association for College Admission Counseling

Fiscal Year 2011 Budget Proposal to Expand the Income-Based Payment Program

February 24, 2010

Page 3

National Association for Equal Opportunity in Higher Education
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
National Association of Student Financial Aid Administrators
University Continuing Education Association