To: The Student Loan Debt Relief Negotiating Committee

From: Richard Haase, Primary Negotiator for Graduate Loan Borrowers

Date: December 11, 2023

Subject: Proposed Amendment to 34 C.F.R. § 30.81

Proposed Changes

§ 30.81 Waiver when the current balance exceeds the original principal balance for low-income borrowers on an IDR plan. (a) Pursuant to the authority to waive debt that the Secretary is unable to collect in full under the standards prescribed in 31 U.S.C. 3711(d), and subject to paragraphs (b) and (c) of this section, the Secretary may waive the lesser of $20,000 or the amount by which a borrower's loans cumulatively have a total outstanding balance that exceeds—

(1) The original principal balance of the loans for loans disbursed before January 1, 2005;

(2) The balance of the loans on the final day of their grace period for loans disbursed on or after January 1, 2005; or

(3) The total original principal balance of all loans repaid by a Federal Consolidation Loan or a Direct Consolidation Loan.

(b) A borrower is eligible for the waiver described in paragraph (a) of this section if-

~~(1)~~ The borrower is enrolled in an IDR plan under §§ 682.215, 685.209, or 685.221 as of a date determined by the Secretary.~~; And~~

~~(2) The borrower's adjusted gross income or other documentation of income acceptable to the Secretary demonstrates that the borrower's annual income is equal to or less than 225 percent of the applicable Federal Poverty Guideline as described in § 685.209.~~

Rationale

It's well established that cost of living varies significantly across the country. The Federal Poverty Guideline for a family of four, for example, is $27,750. According to a recent study conducted by the Suffolk County Legislature's Welfare to Work Commission, however, the poverty line for a family of similar size living on Long Island is $55,500, literally *twice* the Federal standard.

The shortcomings of applying national statistics to all localities only increases as the Department metric is scaled up to set the proposed benchmarks. Using the 225% standard proposed in the Regulations provided would require a family of four on Long Island to bring in only $62,437.50, when the same 225% applied to regionally adjusted salaries would render families earning less than $124,875 eligible.

The effect of using the Federal Poverty Guideline to determine eligibility will have the effect of ensuring that almost no borrowers in the most expensive parts of the country – where assistance is highly needed – will see any form of relief.