

United States Senate

WASHINGTON, DC 20510

February 15, 2024

The Honorable Miguel Cardona
Secretary of Education
U.S. Department of Education
400 Maryland Ave, SW
Washington, D.C. 20202

Dear Secretary Cardona:

Thank you for your Department's diligent work to expand federal student loan relief to millions of Americans. From long-awaited discharges due to total or permanent disability to meeting the promise of the Public Service Loan Forgiveness program, we applaud the Administration's transformative measures to address the past failures of the federal student loan relief programs and our country's student loan debt crisis. We are also encouraged by the Department of Education's efforts to provide additional student debt relief to borrowers through the negotiated rulemaking process, including to those who are experiencing hardship.

Despite these meaningful steps, we write to you out of deep concern that Parent PLUS borrowers have been left out of key student loan actions the Administration has taken. We applaud the Department's decision to ensure these borrowers qualify for the one-time Income-Driven Repayment (IDR) account adjustment, through which those Parent PLUS borrowers that have been in repayment for at least 25 years will have the balance of their loans forgiven. This is a promising step forward. However, overall, options for relief for Parent PLUS borrowers remain extremely limited.

There are currently 3.8 million Parent PLUS borrowers owing more than \$112 billion, accounting for 13% of the total outstanding federal student loan debt.¹ Established in 1980 under the Higher Education Act reauthorization, the Parent Loans for Undergraduate Students (PLUS) program was initially intended to assist higher-asset families with meeting the difference between financial aid, student's own loans, and the cost of attendance. However, as borrowing terms have changed, tuition has skyrocketed, and the purchasing power of the Pell Grant has fallen, families with limited resources, particularly families of color, have increasingly turned to Parent PLUS loans to help finance their children's education.² According to a 2022 report from the Century Foundation, the percent of Latino Parent PLUS borrowers with an expected family contribution (ECF) of zero nearly doubled and the percent of Black Parent PLUS borrowers with an ECF of zero quadrupled between 2000 and 2018.³

¹ The Office of Federal Student Aid. "Portfolio by Loan Type." United States Department of Education. Retrieved from <https://studentaid.gov/sites/default/files/fsawg/datacenter/library/PortfoliobyLoanType.xls>.

² Jackson, V., Williams, B. & Mustaffa, J. (2023, June 7) "Parent PLUS Loans Are a Double-Edged Sword for Black Borrowers." The Education Trust. Retrieved from <https://edtrust.org/>

³ Granville, P. (2022, May 31). "Parent PLUS Borrowers: The Hidden Casualties of the Student Debt Crisis." The Century Foundation. Retrieved from <https://www.tcf.org/>

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In 2020, the average Parent PLUS loan debt held by a student's family member was \$37,970,⁴ a 40 percent increase since 2000.⁵ This growing debt burden is increasingly carried by low-income borrowers. In recent years, debt relative to income for Parent PLUS borrowers in the lowest income bracket has surpassed those in every other income bracket.⁶ The high initial loan amounts these borrowers face coupled with exorbitant interest rates contribute to ballooning balances during repayment and higher risk of default.⁷

While the Department of Education's newest income-driven repayment plan, the Savings on a Valuable Education (SAVE) Plan, promises to be transformative for many borrowers by reducing monthly and lifetime payments, Parent PLUS borrowers are not eligible. NPR has reported that borrowers can unofficially access this program through a process called "double-consolidation."⁸ However, this process is cumbersome, and under the new regulations, the Department of Education will eliminate this option in 2025.⁹ Neither the exclusion of consolidated Parent PLUS loans from SAVE nor the elimination of the "double consolidation" option is required by the statute. The only IDR plan available to Parent PLUS borrowers is the income-contingent repayment plan, which requires borrowers to pay the highest share of discretionary income of all the IDR plans. We urge the Department of Education to revise its existing regulations to expand Parent PLUS borrower eligibility to more generous income-driven repayment plans, including the new SAVE program.

Furthermore, we urge the Department of Education to ensure Parent PLUS borrowers are included in the forthcoming regulations resulting from last year's negotiated rulemaking sessions on student debt relief for those borrowers whose balances exceed what they originally borrowed, first entered repayment long ago, are eligible for relief but have not applied for it, or whose children attended programs or institutions that failed to provide sufficient financial value. We are pleased to learn of the Department of Education's plans to hold a fourth negotiated rulemaking session on student debt to address borrowers experiencing hardship and underscore that Parent PLUS borrowers must be included in this category of relief.

Without addressing the intergenerational debt experienced by families with Parent PLUS loans, the Biden Administration will fall short of its commitments to fix our nation's broken student loan system and to advance affordable access to higher education for all. We again thank

⁴ National Center for Education Statistics. "Table 331.95." Institute of Education Sciences. Retrieved from https://nces.ed.gov/programs/digest/d22/tables/dt22_331.95.asp

⁵ Granville, P. (2022, May 31). "Parent PLUS Borrowers: The Hidden Casualties of the Student Debt Crisis." The Century Foundation. Retrieved from <https://www.tcf.org/>

⁶ Goldvale, C., Goran, A., Zuzunaga, E, Spilka, N., & Tesfaselassie, A. (2022, September 15) "Unrepayable Debt: How Economic, Racial, Geographic Inequality Shape the Distribution of Parent PLUS Loans." Georgetown Center on Poverty and Inequality. Retrieved from <https://www.georgetownpoverty.org/issues/unrepayable-debt>.

⁷ Note: *The fixed interest rate for Parent PLUS borrowers for loans disbursed for the 2023-2024 school year is 8.05%.* The Office of Federal Student Aid. "Interest Rates for Direct Loans First Disbursed Between July 1, 2023 and June 30, 2024." United States Department of Education. Retrieved from <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2023-05-16/interest-rates-direct-loans-first-disbursed-between-july-1-2023-and-june-30-2024>.

⁸ Turner, C. (2023, October 4). "Student loans for parents can be a debt trap. But there's a loophole." NPR. Retrieved from <https://www.npr.org/>.

⁹ 88 Fed. Reg. 43901 (July 11, 2023).

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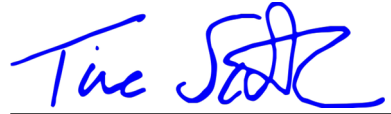
you for the important progress made so far and look forward to working with you in partnership to deliver on these promises.

Thank you for your consideration of this request.

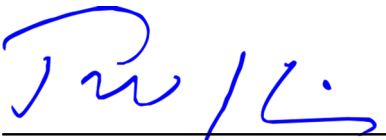
Sincerely,



Chris Van Hollen
United States Senator



Tina Smith
United States Senator



Tim Kaine
United States Senator



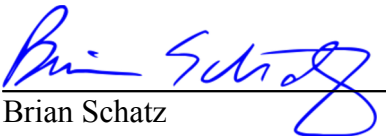
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