February 10, 2023

Mr. Richard Blasen
U.S. Department of Education
400 Maryland Avenue SW
Washington, DC 20202

Dear Mr. Blasen,

The American Association of Community Colleges (AACC) is pleased to submit comments on the Department of Education's January 10, 2023, Notice of Proposed Rulemaking outlining changes to the REPAY regulations. AACC represents the nation's 1,039 community colleges and their students.

Community college students do not generally rely on federal loans to finance their education. This is by design and derives from extremely low community college tuitions—in the fall of 2022, a full-time, full-year community college student paid on average just $3,860 in tuition and fees. At a time of widespread anxiety about the cost of college, community colleges are extraordinarily affordable and provide great value.

Because of Pell Grants, other federal work and grant assistance, state grant programs, private sources of aid, and work income (67 percent of community college students are employed), only about 15 percent of community college students participate in the federal loan programs. Some students choose to finance their educations with debt, as borrowing can enable them to devote additional time to their studies or relieve other financial pressures. Nevertheless, community college graduates who borrow average less than $10,000 in total debt.

The NPRM is far-reaching and will certainly make it much easier for borrowers across higher education to manage their federal student loans. It will particularly benefit low-income students, or those for whom post-college earnings are not sufficient to retire student debts.

AACC wishes to emphasize a feature of the NPRM that particularly benefits community college borrowers: limiting the repayment period to 10 years for those who have $12,000 or less of student loans. This policy will greatly reduce repayment periods for the bulk of community college borrowers. Furthermore, it is common sense to limit the repayment span to those with smaller cumulative debts. It simply does not serve the public interest to keep a borrower with debt of this magnitude under the burden of loan repayments more than a decade after leaving college, though the vast majority of community college students with loans will retire them in this period. Those who don't fully repay will then be able to devote their resources to providing for their families, investing in homes, saving for retirement, starting businesses, and meeting other needs. The resulting economic benefits to society will likely outweigh the forgiven loan amounts over time. Any amounts that may ultimately be forgiven in these cases will be small in comparison to those for students who attended college longer, enrolled in more expensive institutions, and borrowed amounts that dwarf the debts assumed by community college students.

AACC has long emphasized that federal policy should focus on low-balance borrowers, whose circumstances have often been overlooked because of the eye-popping amounts of debt taken on by students who attend other types of institutions. However, despite the relatively small debts of community college students, they tend to have the most difficulty retiring them, frequently because they did not complete their programs, or sometimes because of a challenging economy or career field that is low-paying. The Department's proposed policy reflects the fact that student debt should not impinge upon the lives and opportunities of these low-income individuals beyond a certain point. The NPRM gradually scales up the required repayment period as federal student debts exceeds $12,000, and AACC also endorses this sliding scale approach.

Again, the Department's far-reaching revised repayment policies will dramatically alter the higher education financing landscape. We commend the Department for making low-income, low-balance community college borrowers a focus.

For further information, please contact David Baime, Senior Vice President for Government Relations, dbaime@aacc.nche.edu, 202.416.4500.

Sincerely,

Walter G. Bumphus

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