

United States Senate

WASHINGTON, DC 20510-2309

June 6, 2014

The Honorable Barack Obama
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear Mr. President,

College costs have been growing for American families and more and more college students are taking on debt in order to pay for college. Congress has taken important steps to address this crisis in recent years, and Senator Warren and I reintroduced a bill this week to allow student borrowers to refinance their existing public and private debt at lower interest rates. While this legislation is critical in providing relief for students, there are also steps your Administration can take immediately to help Americans who are saddled by student loan debt.

Currently, Pay As You Earn (PAYE), which allows borrowers to cap their loan payments at 10 percent of their income, is not available to borrowers who took out loans before 2007. I urge you to expand PAYE to all federal direct loan borrowers and make this program available to these borrowers by the end of 2015.

Many borrowers are unaware of the various repayment options available to them. The Department of Education will be able to help more borrowers manage their loan debts and avoid default by expanding their outreach efforts. More specifically, I urge the Department of Education to try out new ways to reach borrowers with the greatest risk. Furthermore, the Departments of Treasury and Education could do more in partnering with the private sector to provide personalized information to borrowers about their student loan options at times when they are already thinking about managing their finances for example, during tax season.

Lastly, we must ensure that private loan servicers work in the best interests of students. The Department of Education administers the student loan program through performance-based contracts with private companies. As the Department is reviewing these contracts, it should provide stronger incentives for servicers to do everything they can to keep borrowers out of delinquency and default. Lenders should be encouraged to identify new ways to serve students and taxpayers fairly.

These steps alone will not solve the crisis of student loan debt in America but they will provide some relief to many Americans who are carrying high levels of student debt. The bill I introduced with Senator Warren is another key part of the solution, and I look forward to having it considered in the Senate very soon. We must do everything we can to relieve the burden of student debt. Thank you.

Sincerely,



Al Franken
United States Senator