Dr. Daniel A. Collier's Public Comment on the U.S. Department of Education's Proposed Title IV Regulations

Daniel A. Collier, University of Memphis

Greetings, I am Dr. Daniel A. Collier, an Assistant Professor of Higher and Adult Education at the University of Memphis and a nationally recognized expert on Income Driven Repayment and Public Service Loan Forgiveness programs.

Millions of working and middle-class Americans pursue higher education to advance their socioeconomic standing and contribute to a more educated workforce and society, but often incur debt that cannot be repaid under a traditional mortgage-like repayment.

Income-Driven Repayment plans provide critical relief, adjusting payments based on income and family size. These plans are a lifeline for borrowers with significant debt and moderate incomes, including graduate students, women, and people of color, groups disproportionately affected by systemic wage and employment inequities.

However, IDR remains problematic. Borrowers often face negative amortization, causing balances to grow, which increases financial burden and drives psychological distress, even suicidal ideation, as borrowers feel trapped.

Moreover, individuals cannot control wider economic shocks, such as those we are currently experiencing. Although the prices of goods may be on the rise due to either inflation or trade-related scarcity, IDR policies are not responsive to those shocks, only to income.

In uncertain economic times, current policies force borrowers to choose between loan repayment and basic needs, worsening hardship for families on the financial edge. This concern drove the Trump Administration's decision to pause student loan repayment during COVID and several extensions.

The lack of clear communication from loan servicers leaves borrowers confused and dependent on online communities. Scaling back tools like IDR visual trackers has further eroded trust and increased uncertainty.

The Public Service Loan Forgiveness program has faced administrative challenges and low approval rates. Restricting who may be eligible right now would upend the lives of millions of borrowers and students planning on this benefit.

Any redesign or future policy must consider factors associated with well-being. It's not merely about balancing financial inputs and outputs; this issue deeply affects broader factors like family planning and workplace productivity, ultimately imposing significant financial and non-financial costs on society.

Borrowers suggest that addressing negative amortization and offering incremental forgiveness could help reduce their distress. Current policy grants forgiveness only after decades of repayment. Implementing this approach would reduce loan balances over time while maintaining the same degree of forgiveness, easing both financial and emotional burdens.

Another valuable path forward is to treat borrowers in IDR as if they were paying taxes. Remove loan balances from credit reports and structure repayments as a percentage of income over a set number of years, like Milton Friedman's original proposal for student loans. Such a policy would bolster borrowers' abilities to buy durable goods and likely help ease financial and mental distress as the balance is truly abstract, translating into lower financial and non-financial costs more widely, as I previously pointed out.

In conclusion, while IDR and PSLF programs offer pathways to manage and alleviate student debt, systemic reforms are necessary to address their shortcomings.