Submission to the US Government on Planned Reforms to Income-Driven Student Loans

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1 Introduction and Background

We are pleased to respond to the US Government's invitation for public commentary on planned changes to the income-based repayment student loan scheme, the new version to be known as "income-driven loans" (IDL)[1]. We are not US citizens but we believe that our background qualifies us as expert commentators in this area of US policy; we are very keen to be involved in public discussion concerning US college loans.

We are Professors of Economics, Bruce Chapman from the Australian National University, and Lorraine Dearden from University College London, specialising in the economics of education. Specifically, we are researchers and policy advisors/analysts in the area of higher education financing, and with particular skills and experience related to the design and operation of student loans policy. Bruce Chapman is known to be the main architect of the world's first national income-driven loan (IDL) system (known in Australia as income-contingent loans (ICL)), which began in Australia in 1989. Lorraine Dearden contributed very significantly to the development of the UK version of ICL in the 1990s and later. The new IDL policy is a variant of both the Australian and UK schemes, albeit it with some notable differences.

Beyond our engagement with Australian and UK policy over the last 10 years we have both been very significantly involved in research, policy advice and ICL design for many countries, including the US, Brazil, Colombia, Malaysia, Japan, Ireland and China. Importantly for this submission our work has a practical aspect to it, which has been recognised publicly most recently with our receipt of the 2022 UK Government's Economic and Social Research Centre prize for *Public Policy Impact*, for research and policy analysis which resulted in the transformation of the student loan program in Colombia which saw the introduction of an ICL this year.

Our research and public policy evaluation on student loans has resulted in over 200 publications, with many appearing in highly ranked economics journals. Published output also includes joint editorship of a book with Professor Joseph Stiglitz[2], a recipient of the Nobel Prize in economics and a strong supporter of a comprehensive ICL for the US. He has written several Op-Eds for the New York Times promoting such a policy reform.

Our most significant contribution to the US student loans debate is the paper[3], written with Professors Nicholas Barr (LSE) and Susan Dynarski (Harvard University), and published in 2019 in the world's best economics of education journal, the *Economics of Education Review.* This paper sets out our view of the major concerns with the US college loans system, and

[1] Following Chingos *et al.* (2023) in this submission we refer to the existing arrangements as the "current IDL" and the proposed arrangements as the "new IDL".
[2] Chapman, Higgins and Stiglitz (2014).
[3] Barr, Chapman, Dearden and Dynarski (2019).

outlines in detail potential solutions to these problems with lessons drawn from decades-long experience with ICL in both Australia and the UK. In what follows we draw on evidence and insights from this and other papers.

What follows takes the following form. To begin, in Section 2 we acknowledge the significance of the government suggesting and promoting reforms to US college loans which implicitly recognises the central role of collection of student debt based on income. For reasons explained in detail we argue that there are major problems associated with any loan scheme collected on the basis of time, such as has overwhelmingly been the case with US approaches to higher education financing. This is the case for example with respect to Stafford loans, still the most commonly used debt instrument in US higher education.

Section 3 examines in detail several of the features of the suggested IDL and offers both criticisms and possible solutions for issues we believe are problematic. This exercise is undertaken with respect to: the role of employer with-holding; unintended consequences of loan design concerning IDL loan subsidies; and, the importance of simplicity/complexity of loan policy.

There is a further issue we have not examined in this submission, but seems to us to be very important to higher educational financing, and this is the institutional coverage of US college loans. This is the view, based on sound evidence, that a significant number of colleges are providing educational services which are of unsatisfactory quality[4]. This often means for students that there is little value added from such college experiences and has resulted, and continues to result, in many loan borrowers accumulating debt that is difficult to repay, and for many leads to loan defaults.

Default is a terrible outcome for all parties, being associated with both loss of credit reputation for borrowers and forgone loan repayments for the government. We note in this context that both Best and Best and (2014) and Mitchell (2020) provide compelling evidence on the traumas for borrowers associated with loans being provided to students enrolled in colleges with insufficient educational quality. We note also that the very high levels of default of student debtors enrolled in these programs constitute a major and expensive issue for taxpayer subsidies.

It is critical to understand that all the risks associated with the non-repayment of student loans are borne by the government, and this is the situation with respect to every student loan system in the world. Accordingly, we ask, but do not answer the key question: when all the fiscal risk of poorly functioning loan arrangements is being taken by US taxpayers why is it the case that higher education institutions with dubious credentials and low graduation rates qualify for all US college loans? When considered in an international context the US higher education system is quite strange to us given the apparent lack of consideration of the costs involved with respect to non-payment of debts given the fact that all student loan costs are ultimately financed by the government; our view is that there just has to be due care given to eligibility for student loan coverage with respect to the credentials of private providers.

[4] See Best and Best (2014), Chapman (2019) and Mitchell (2021).

2 (i) Introduction

A first and key point is that the US government's clear current moves towards the amendment and extension of the current IDL is a very positive indication that important solutions to the major problems are seen to be able to be addressed with a proper functioning ICL. Our view, emphasised in specific ways below, is highly supportive of this position and we believe that the vast majority of the difficulties with the US system lies in the fact that student loans have generally been collected in the wrong way, a critical issue now explained.

There are two types of student loans, defined on the basis of collection. The oldest and still most common approach internationally is for loans to be collected with respect to time, such as is the case for housing mortgages. These are known as time-based repayment loans (TBRL) and until the 1989 Australian ICL innovation were the only way student loans were collected. For example, in the US the first loan scheme, Stafford loans, are TBRL typically repaid over a 10-year period, and different variants of TBRL were the only option available until 1994 when the Clinton Administration introduced a little-used and not well designed income-contingent loan[5].

ICLs differ fundamentally to TBRLs because they involve loans being repaid if and only when debtors are financially able to afford to do so; which is made operational through no repayments being required in any period when a debtor's personal income is less than a given threshold. This threshold is planned to be set at 225 per cent of the poverty line in the new IDL.

ICL now exist with universal coverage in Australia, the UK, New Zealand and Hungary, and many other countries use ICL with partial coverage (such as the US, Brazil, Colombia, Thailand and Japan), with TBRL being by far more dominant internationally. The critical difference in the basis of loan collection has fundamental implications for both students and the government.

2 (ii) TBRL and ICL: The consequences for students

By definition all TBRLs have repayment obligations that are fixed with respect to time and are thus collected without account being taken of a debtor's financial circumstances. This raises the clear prospect that many former students will at some point experience difficulties repaying because of unexpectedly low incomes in those times. For the majority of student loan debtors this will be the result of bad luck, for example, as a result of an accident or poor health, or graduating when the labor market is in recession, or to take a clear contemporary situation, job opportunities for graduates being low due to a pandemic resulting in business lockdowns.

If a former student's low-income situation lasts a little while, it is probable that TBRL will lead to loan deferral and, eventually for many, to default. The experience of defaulting on a student loan is extremely costly for a debtor because it results in damage to or loss of a person's credit reputation and thus eligibility for other loans, such as for the purchase of a car or a home. There is strong evidence based on the National Post-secondary Student Aid Study which shows that experiencing low earnings after leaving higher education is a strong determinant of default,

[5] For a very well documented history of ICL in the US see Shireman (2017).

and it is the borrowers from low-income households, the under-privileged generally, who are more likely to default.

Because of the above it is obvious that the most significant problem for students with TBRLs are the difficulties associated with the loan's fixed repayment requirements. If the expected path of future incomes is variable (as is pretty much always the case for cohorts of young graduates) then a fixed level of debt repayment must increase the variance of disposable income (that is, income available after debt repayment). The essential issue comes down to what is known as the "repayment burden" (RB), which is now explained.

The RB, which is an identity, is the repayment amount of the loan for a debtor relative to his/her personal income in that period, expressed as a percentage. This ratio represents the per period percentage reduction in a debtor's income after repayments of their student debt, and has been an empirical norm used in an understanding the potential impact of TBRLs on debtors' financial well-being in a given period, say for illustration, per month. To help understand this, a RB of 100 per cent means that in a particular month the borrower must repay their loan an amount equal to all their income in that month, which cannot happen without assistance from others; on the other hand, RBs of less than about 20 per cent are generally thought to be manageable[6]. We have done a very considerable amount of research internationally calculating RBs for a large number of countries' TBRLs, including the US[7].

In Chapman and Doan (2019) and Dearden (2019) RBs are presenting for the US (and other countries) for graduates in the bottom 20 per cent of the income distribution of graduates, based on US CPS data for debtors with an average Stafford Loan. Typically at young ages the low income graduates in the sample have RBs that exceed 90 per cent of their gross earnings. Similar calculations were undertaken by Chapman and Dearden (2017) using stylised examples based again on CPS data. As a comment on the results we wrote: "It is not credible to believe anything other than that the lowest-income graduates will experience consumption hardship and fairly high probabilities of default as a result of their Stafford loan repayment obligations" (Chapman and Dearden, page 260)[8].

The very important point from our research exercises is that RBs with TBRL highlight the likelihood that a significant minority of borrowers will experience substantial hardships in their loan repayments at some point in the future. Given this, let us pose a key question: what then are the RBs associated with the alternative system of ICL? This is the critical issue for the loans policy comparison because ICL are actually defined by having RBs set by law at low levels. To illustrate, in the Australian, UK, New Zealand and Hungarian ICLs no debtor is required to repay their loan at proportions of per period income in excess of 10, 12, 9 and 6 per cent respectively.

[6] There is a useful literature concerning what are "acceptable" RBs, see Baum and Schwartz (2006) and Salmi (2006).

[7] For a summary, see Chapman and Doan (2019). It is reported that RBs are a very significant problem in all countries' TBRLs.

[8] The Stafford loan programme includes a provision that allows debtors in financial stress to defer loan repayments for a short period of time, up to a maximum of several years. However, eligibility for this deferment is neither automatic nor straightforward administratively, and we believe that it is not a useful form of insurance against repayment hardship.

Under the new IDL the repayment proportion figure is suggested to be set at 5 per cent, which is the best news for any student debtor with access to the new system, and hugely more equitable and reasonable than is possible under any alternative TBRL in the US. Indeed, it can be argued, as it is with the Urban Institute's recent important paper (Chingos *et al.* (2023), that this can be described as perhaps more generous than is necessary, and this is certainly true in an international ICL context. The issue is taken up further below.

The substantive point is that having low maximum RBs is the reason that ICLs are so very much fairer and superior to TBRLs for students. They mean that no matter what the future financial circumstances of student debtors are, there can be no hardship associated with the repayment of a student loan, and thus a zero prospect of there being formal defaults resulting in the traumatic loss of credit reputations. The great benefit of ICLs is precisely this type of insurance for borrowers, security which is unavailable by definition with all TBRLs, meaning it is achieved by fixing at a low percentage the proportion of income that is paid each period above a set threshold. ICL consequently mean there are no repayment hardships and accordingly no default prospects for students.

The new IDL in concept will deliver some of the financial insurance aspects of all ICLs, and this is an important plus for the new system. There is an additional potential benefit of ICL which is that, if they are well designed, such loans involve very little administrative burdens for all parties involved. However, as explained below, the new IDL is not in its present form able to fulfil this promise.

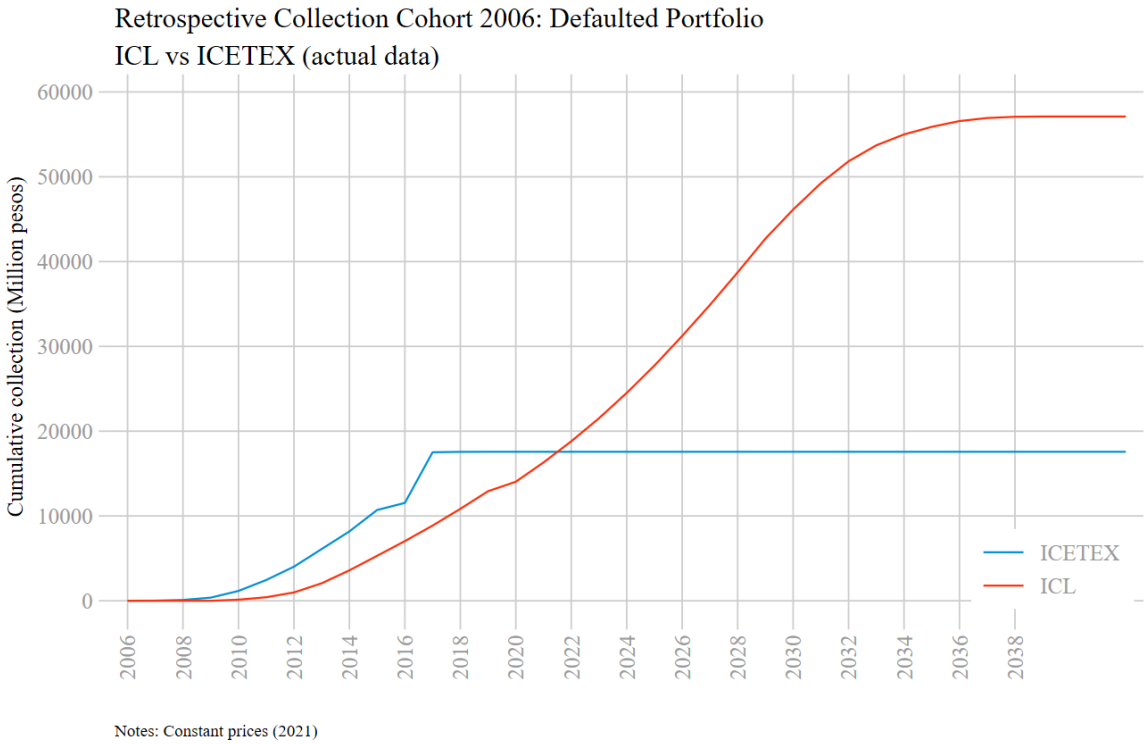
2 (iii) TBRL and ICL: The consequences for government

Student borrowers are not the only parties to benefit from the insurance aspects of ICL. The system is also capable of and likely to generate additional revenue for the government, and thus can be seen to take fiscal pressure off the budget thus helping all taxpayers. The reason is that in most cases once a person is declared to be in default of a TBRL many future repayments to the lender (the government) will decline substantially and, in some countries, to very low levels.

However, it is prospectively the case that having borrowers remain in the repayment system by not declaring default after debtors are not repaying due to low incomes (which is how ICLs operate) can have important benefits in terms of future loan revenue streams. How important is this likely to be, is a key question.

From Aragon *et al.* (2023) we now have, for the first time, information on this important issue. In the exercise reported the authors had access to data concerning loan repayments as well as the monthly incomes of all borrowers in the Colombian student loan system, known as ICETEX, on a longitudinal basis after 2005. These data allowed an important study which involved comparing the actual stream of repayments from former students who eventually defaulted with simulations of what would have happened if instead they had been subject to the repayment rules of the ICL system which was introduced for a subset of borrowers in Colombia in 2023. The results are shown in Figure 1.

Figure 1



The data from the figure should be interpreted as follows. For all students enrolling in Colombian universities after 2005 with an ICETEX loan who eventually defaulted on the loan the blue line shows the time stream of cumulative repayments under the TBRL. Loan repayments begin promisingly enough, but by 2016, 10 years after members of the cohort of defaulting borrowers first enrolled, repayments have plateaued at a total of about 19 thousand million Colombian pesos, because there are no further repayments from any of the debtors. The jump just before the flat blue line represents the money received by the government for selling the defaulters' loans to a private collector.

This blue line needs to be compared with the red line, which shows the cumulative repayment stream of the same group of borrowers but now subject to the ICL repayment rules. This means that the majority of members of this group will be contributing repayments in periods in which under the TBRL they had been defaulted out of the system and thus not able to return any further loan amounts. Under this simulation ICL cumulative repayments overtake TBRL government receipts in 2022 with the revenue benefit of the government continuing and growing strongly after that time[9].

Eventually the cumulative discounted ICL repayments also plateau, but at the level of nearly 60 thousand million Colombian pesos, which is a factor of three higher than what actually happened under the TBRL. These are profound findings for the loan repayment comparison, with major positive implications for the Colombian government and taxpayers.

[9] Note that these figures are in real prices and are discounted (using a discount rate) to reflect that money received in the future is worth less to the government than money received earlier.

We are aware that the US TBRLs are different from the system used in Colombia, because in the US when a former student defaults the government puts the loan in "collections" and will continue to contact the borrower while also pursuing collection through other means such as wage garnishment (contacting the employer and demanding they remit payments to the government) or taking income tax refunds. This means that the advantages to taxpayers of continuing repayments as demonstrated with the example from Colombia will exaggerate the likely fiscal benefits to the US of universal ICL reform. While this is the case, the types of actions taken in the US to recover debts can be characterised as administratively costly and unable to deliver efficiently the amounts that would be forthcoming from a proper functioning ICL. The issue is taken up further below.

2 (iv) Conclusion

The emphasis placed by the government on reforms based on extensions to the existing IDL system is a very desirable policy reorientation for the future of US college loans. It is to be hoped that this signals the beginning of the demise of all TBRLs in the US, with the goal being the eventual establishment of a universal ICL. We have used research and analyses of higher education financing both in concept and with respect to many empirical applications concerning a very large number of countries to demonstrate the unequivocal superiority of ICL.

To reiterate, the major reason behind the failure of student loans to provide equitable, progressive and efficient financing lies in the nature of time-based collection of debt. This is the case because of the clear insurance advantages to students of ICL, benefits unavailable with TBRL. For government revenue moving to ICL likely has fiscal benefits for taxpayers which have been illustrated, we hope cautiously, with reference to Colombian student loans reform. Our bottom line is that we are of the strong view that the evidence and information, particularly concerning the insurance aspects for borrowers, promotes strongly that it is time for the elimination of TBRL everywhere and their replacement with the best possible designed ICL.

3 Issues Concerning the Design of IDL

3 (i) Introduction

While the government's plans to extend and redesign student loans through IDL reform is highly commendable there are features of the planned IDL which we thing require attention and revision. It is in these areas that we now provide both a critique and suggestions for improvement. Much of this discussion follows Barr *et al.* (2019) which should be consulted for more detailed analysis.

3 (ii) The Desirability for Loan Collection of Employer Withholding

The new IDL scheme is to operate via the collection of debt through the use of borrowers' income tax declaration of the previous year, the way in which all ICL options in the US have operated since first proposed in 1994. We believe that this is an important mistake with substantial negative implications for borrowers and the government, and a key contribution of this submission. We wish to promote an alternative approach which is much fairer, better targeted and more efficient for government, and involves instead the use of employer withholding, the way ICL is collected in Australia, the UK and New Zealand.

As background let us define what is meant by the term "employer withholding" (EW). EW is the process involving a worker's employer in which sums of money owed to the government, such as with respect to personal income taxes, are taken ("withheld") and remitted to the government. It is the way that all countries in the OECD operate with respect to income taxes and the way that many countries collect contributions to social security (such as the UK and the US) and public medical insurance (such as in Australia). A form of employer withholding used in the US for the recovery of some student debt and other personal obligations involves what is known as wage garnishment (DeFusco, Enriquez and Yellen, 2022).

In the countries with the most efficient collection of ICL, Australia, the UK and New Zealand, automatic collection of student loans occurs through EW. Recent evidence made available from the Australian government testifies as to just how inexpensive it is to collect the ICL there. Taking into account the administrative, recording and reporting of the ICL has been estimated in 2023 to cost the government about $(A)3 million annually, involving the equivalent of about 17 employees in total. This is about 0.15 of 1 per cent of the annual ICL revenue collected; in other words, the costs to the government of running the Australian ICL are pretty close to zero. There are some costs for employers in collecting and remitting ICL contributions, but at the margin these are trivial because employers are already doing this with respect to income taxes and medical insurance contributions.

Joseph Stiglitz was the first person to draw formal attention to this feature of the Australian ICL system, in 2014, an quality he has labelled "transactional efficiency". He has described this aspect as perhaps the most important ICL attribute as it operates in Australia, the UK and New Zealand[10]. The key point that if collected in the right way - through EW - ICL has the potential to deliver the major advantages to student debtors of consumption-smoothing and default insurance at almost no cost to society. We think this is a profound point for the policy debate.

But just as importantly, EW ensures that there are never repayment hardships for loan holders because loan repayments truly reflect debtors' current circumstances and not what was going on in the past. If a person is not in a job, then they pay nothing on their student loan, and if a person who has been out of work moves into a well-paying job, they immediately make a loan repayment. Thus ICL repayments in the UK, Australia and New Zealand accurately reflect a borrower's *current* capacity to repay, since repayments are collected on the basis of the borrower's weekly, fortnightly or monthly income at the point of collection, and this aspect of the best designed ICL is critical for the delivery of the insurance elements of ICLs. This is not the case in the new (or the previous) IDL since repayments are based instead on the previous year's income rather than their contemporary situation (Dynarski, 2016).

The distinction between past and current income would be immaterial with stable and predictable incomes, but that is not the way the world works for student loan borrowers. The incomes of young people are relatively unstable, and depend significantly on the state of the labour market when they are first seeking full-time employment. Thus the new IDL is not truly income-contingent, an issue that is of most importance to the least advantaged subset of borrowers, those with less stable employment (or hours of work) and thus irregular income. We note that other US economic policies, for example involving unemployment benefits and

[10] See Stiglitz (2014).

tax credits, are rightly based on assessments of up-to-date circumstances; for the same reasons, the insurance element in ICLs requires repayments based on current not past earnings.

An important and related issue is that due to the proper targeting of income the Australian, UK and New Zealand ICL systems did not require any emergency responses or changes with respect to their student loan repayment systems as a result of COVID-19, because the use of EW made this unnecessary. COVID-19 had similar impacts on the graduate labor markets of these three countries as happened in the US, but the only consequence for these student loans was that aggregate loan repayments received by government were lower than normal; there was no student debt crisis in these countries because their ICLs are properly targeted. In short, there are huge advantages in the use of EW for ICL collection, which are threefold: simplicity, transactional efficiency, and pin-point accuracy concerning debtors' true financial situation at the time of collection.

We make two further points about the new IDL collection issue. The first is that in some countries there can be public aversion to having the internal revenue service (IRS) involved in citizen's lives. While we do not know if this is the case in the US, it should be pointed out that for EW there is no need to have the IRS involved, the key point being that loans are collected from employers withholding with the revenue then being passed on to the government. This is exactly how the scheme operates in the UK, which established a student loan office, independent of the IRS, to facilitate these transfers. The IRS is not needed, an issue well recognised in the Petrie student loan reform bill presented to Congress in 2013.

Second, it is of interest that some of the unpaid debt from US student loan borrowers in so-called default is currently being collected through wage garnishing, a point given factual and empirical content in DeFusco, Enriquez and Yellen (2022). We are confused that such an arrangement would co-exist with the inaccurate targeting associated with the new IDL when policy could be redesigned to mirror the current wage garnishing activities.

3 (iii) Avoiding Excessive Subsidies

All student loan systems involve government subsidies, which can take several forms. Most obviously is the subsidy involved when a former student does not repay their debt in full. The other major subsidy arises because the interest rate regime(s) on the debt are lower than the government costs of borrowing, known as interest rate subsidies.

We commend to the government the paper by Matthew Chingos, Jason Delisle, and Jason Cohn of the Urban Institute which presents rigorous calculations of the effect of the new IDL on both types of subsidies. We have been involved in similar exercises with respect to a large number of countries' student loan systems and we are confident that the Chingos *et al.* (2023) modelling is technically faultless and produces results that are worthy of close attention.

Specifically, the paper reports as follows:

"If all certificate and associate's degree recipients were enrolled in current IDR, we would expect 62 percent to fully repay their loans (assuming typical debt levels). Under the Biden plan, only 11 percent would fully repay before reaching forgiveness. Sixty-nine percent of borrowers would repay no more than half, rather than 20 percent of borrowers. The Biden plan would have a similar effect for bachelor's degree recipients. The share fully paying off their loans would fall from 59 percent under current IDR to 22 percent, and the share repaying no more than half of what they borrowed would increase from 22 percent to 49 percent."

The important policy point from the modelling emphasises that there is always a trade-off involved in the design of student loans between making sure that sufficient protections is provided, but in a way that minimises contributions from taxpayers. Implicitly this means that if the design of IDL involves total subsidies that are in some sense overly generous, these must involve burdens on all taxpayers that can be seen to be unreasonable and could, in a lifetime sense, even be regressive.

Chingos *et al.* (2023) put it as follows: "The Biden plan will transform IDR from a safety net that supports borrowers with low incomes into a substantial subsidy for most undergraduate students who take on debt. Under current IDR plans, most borrowers can expect to repay some or all their debt. If the Biden plan is implemented as proposed, fully repaying a student loan will be the exception rather than the rule."

This assessment can be given an international ICL context and we record that at least in the Australian and New Zealand cases total student loan subsidies are far less than would be the case as evidenced in Chingos *et al* (2023). Several loan parameter choices determine total subsidies and we note that one of them, the collection rate, is to be set at of 5 per cent of discretionary income, which is a far lower rate than that operating in the UK and New Zealand of 9 and 12 per cent respectively. As well, the forgiveness periods suggested for the new IDL, in some instances of the order of 10 years, are very short indeed. In the UK the forgiveness period now occurs after 40 years, which essentially means there is no forgiveness period in the UK, as is the case in both the Australian and New Zealand ICLs.

3 (iv) The Importance of Policy Simplicity and the Restriction of Student Loan Choices

The new IDL has two further features that we believe need to be revisited. The first relates to policy simplicity, an issue which has been taken up in the case offered for reform of the system. The point is made many times in the notes accompanying the suggested policy reforms that previous IDL arrangements were far too complicated, and that movements towards simplicity are highly desirable. While we concur strongly with this point of view, in our view the movement towards policy clarity is still far less than is needed.

We have spent many hours trying to understand the (still) very many complexities of the current proposals, and confess that even after this amount of time and energy, and consulting with US student colleagues, there are significant aspects to the proposals that remain beyond our understanding. Our view about public policy, informed by around 60 person-years of experience with student loans policy, is that simplicity is necessary for the success of all public policy. We note that if we find the plans in some aspects impenetrable - and we are experts – what must it be like for young inexperienced college students, or even for college financial advisors? Chapman and Shavit (2010) and Dynarski (2016) expand on this issue with respect to previous incarnations of IDLs in the US.

The critical point comes back again to transactional efficiency, but in this instance the issue is not about simplicity for government, it instead concerns the importance of simplicity for students. One of the major reasons that the ICLs in Australia, the UK and New Zealand are so successful is that they are so easy for students to understand and to be involved in. Everyone knows what is involved, there are no forms to fill in, and there is no need for students' involvement with the process apart from turning up and agreeing to repay later.

As currently set out we don't think that this will be the case with the new IDL, even if it is a major advance over the existing arrangements. For example, in Australia, the UK and New Zealand there are no adjustments to ICL repayment obligations made for the presence and age of children, and the reason is that the ICL parameters have been chosen to accommodate just about all significant likely exigencies. The result is complete clarity while at the same time these ICL systems ensure that all debtors face acceptable conditions of repayment, no matter what their demographic circumstances are. The new IDL does not achieve this, but it easily could.

Second, we are surprised that students will be offered choices with the new IDL. Allowing students freedom to choose their particular new IDL route raises the acute problem of adverse selection, which is a basic issue in the design of all public policy. Students, if they are able to understand what the different choices mean, will surely choose the path that delivers to them the most subsidy, with attendant poor but unintended consequences for taxpayer costs. No other countries' ICL systems allow choice because of this fundamental issue.

4 Brief Conclusion

We are very pleased to have been given the opportunity to comment on US government aspirations for student loan reform along the lines of the new IDL. The most pleasing aspect of the plans is the weight given to extensions of ICL, and we think that this is a thoroughly desirable development. We do have concerns with important issues of design however, and have done our best to offer constructive suggestions informed by our long careers in the area of college loans.

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