February 2, 2010

Dear President DiPasquale:

As the New Year begins, I want to take the opportunity to thank you for sharing your thoughts and ideas with me over the last few months. Your responses to my last letter included information about some of the challenges and struggles your colleges are facing as well as some impressive success stories, including innovative job training programs and high graduation rates. Your experiences are tremendously helpful to the Administration, and I encourage you to keep me posted by writing to me at communitycollegecorner@ed.gov.

It has been a busy year at many of your institutions as enrollment has climbed to meet the high demand for education in your communities. I am continuing to highlight the important role of community colleges in preparing our students for the workforce. As I visit your schools, I learn from your students and faculty about the many ways you are responding to the needs of your communities. Last October, I visited Coastal Carolina Community College in North Carolina where veterans, active duty Marines, and military spouses are benefiting from an innovative teacher education program that includes preparation at both two and four-year colleges. The community college and Marine Corps Base Camp Lejeune have a virtually seamless relationship that makes it possible for more Marines and their spouses to access higher education. In November I saw students training for health careers using some of the latest classroom and laboratory technology at Gateway Community College in Phoenix. While there, I also spent some time with students who attend a high school on the community college campus. The relationship between these two schools gives students a head-start on their post-secondary education.

In December, President Obama delivered a speech at Lehigh Carbon Community College in Allentown, Pennsylvania, about the Administration’s efforts to strengthen the economy. Holding this event at a community college sent a powerful message about the importance of community colleges in training for new jobs and getting the American workforce back on its feet.

Last month, Secretary Duncan and I met with students at Banneker High School in Washington, D.C., to demonstrate improvements in the federal financial aid forms. These changes, in addition to moving to direct lending for federal student loans, increasing Pell grants, and improving consumer protection practices, will help lift financial burdens so more students can concentrate on their studies. I have enclosed a fact sheet prepared by the Department of Education that contains information about our
Administration's efforts to make college more affordable. Please feel free to share this fact sheet with colleagues who may be interested in these issues.

Again, thank you for everything you are doing for your students and faculty. I wish you all the best in the coming months and hope you will continue to provide me with your informed advice and ideas as we work together to increase student success.

Sincerely,

Jill T. Biden, Ed.D.

Enclosure
COLLEGE AFFORDABILITY FACT SHEET

Prepared by U.S. Department of Education

Private student loans vs. public student loans

Many community college students take out high interest private loans, including credit card loans, with less-than-gracious repayment terms and almost no ability to be discharged during bankruptcy. Students often do this before they have exhausted their entire federal loan eligibility. The Department of Education has started a campaign to encourage students to take out “Federal Aid First” (see: http://federalstudentaid.ed.gov/federalaidfirst/index.html). Federal student loans offer borrowers many benefits not typically found in private loans or credit cards. These include low fixed interest rates, income-based repayment plans, and loan forgiveness and deferment options, including deferment of loan payments when a student returns to school. For these reasons, students and parents should always exhaust federal student loan options before turning to a private loan or credit cards.

Unfortunately, students have little choice but to use private loans if their institution does not participate in the Federal Student Loan Programs. Many community colleges leaders do not participate in the Federal Student Loan program because they are worried about the penalties imposed on colleges with consistently high student default rates—of possibly becoming completely ineligible for Pell Grants or other Title IV aid. However, there are protections for institutions with low rates of borrowing. The team at Federal Student Aid can assist in answering questions about how eligibility works and can discuss the pros and cons of the decision to enroll. You can assist students by helping to lead the “Federal Aid First” campaign on your campus and by talking with your financial aid director to make sure your school is participating in these loan programs.

Income based Repayment and Public Service Loan Forgiveness

In 2007, through the College Cost Reduction and Access Act, Congress created the Income Based Repayment and Public Service Loan Forgiveness programs. The Income-Based Repayment plan (IBR) was launched by Secretary Duncan on July 1, 2009 for federal loan recipients; this plan protects borrowers by linking payments to income and family size so that those with a high debt-to-income ratio are likely to have reduced payments. Any debt remaining after 25 years of repayment will be forgiven. Additionally, some borrowers working in public service jobs will be eligible to have their entire remaining balance canceled after 10 years, through the Public Service Loan Forgiveness Program. More background on IBR can be found here: http://studentaid.ed.gov/PORTALSWebApp/students/english/IBRPlan.jsp. The Public Service Loan Forgiveness Program was created to encourage individuals to enter and continue to work full-time in public service jobs. Coupled with Income-Based Repayment, this program has the capacity to help students affordably pursue their interests in public service or public sector employment, including as teachers. For more information, see: http://studentaid.ed.gov/students/attachments/siteresources/LoanForgivenessv4.pdf.

We are confident more students will responsibly take advantage of low-cost public student loans if they know about the federal student loan programs and the flexible repayment and forgiveness options associated with them. Your leadership will make a major difference here.