

United States Senate

WASHINGTON, DC 20510

July 26, 2023

The Honorable Miguel Cardona
Secretary
United States Department of Education
400 Maryland Ave., SW
Washington, D.C. 20202

Dear Secretary Cardona:

We write to urge the Department of Education (Department) to take steps to improve student loan outcomes for incarcerated borrowers given the Department's commitment to providing relief to student borrowers and supporting educational opportunities for incarcerated individuals. We applaud the Department's recent actions to update the Income-Driven Repayment (IDR) regulations and eliminate the negative effects of default through the Fresh Start initiative. We also support the Department's reimplementation of Pell Grant eligibility for incarcerated students, which could impact an estimated 760,000 individuals participating in prison education programs.

The student debt and incarceration systems have devastating impacts on communities of color and low-income communities, and their harms are amplified and worsened when compounded by each other. While poor student loan servicer communication has been an issue for all borrowers, a report by the Student Borrower Protection Center (SBPC) and National Consumer Law Center found that incarcerated borrowers face unique servicing issues.¹ For example, these individuals earn low or no income. According to the American Civil Liberties Union and the University of Chicago Law School's Global Human Rights Clinic, people in prison earn \$0.13 to \$0.52 per hour on average, making it nearly impossible to afford monthly loan payments.

Incarcerated borrowers also face financial and logistical restrictions when contacting student loan servicing companies, such as expensive rates to place phone calls, short time limits for calls, bans on making calls to toll-free numbers, and lists of pre-approved phone numbers. Incarcerated borrowers also lack the regular internet and computer access required for most student loan servicing. Those who are unable to repay their student loans may watch their loan balance balloon as interest accrues. In many cases, incarcerated borrowers default, which hurts their credit scores and makes securing housing, employment, and transportation even more difficult after release. Another report by SBPC found that in a case study, 100 percent of borrowers participating in the Higher Education in Prison program had defaulted on their federal student loans, compared to only 18 percent of all student loan borrowers before the COVID-19 pandemic.² These challenges further harm incarcerated borrowers' post-release finances by increasing their debt and putting them at risk of wage garnishment and benefit offset.

¹ <https://protectborrowers.org/collection-at-all-costs-examining-the-intersection-of-mass-incarceration-and-the-student-debt-crisis/>

² <https://protectborrowers.org/wp-content/uploads/2023/06/Incarcerated-Borrowers-Report-June-2023.pdf>

The Department can work to improve outcomes for incarcerated borrowers by cross-referencing federal student loan borrowers with databases that compile incarceration information to provide targeted assistance to these borrowers. Since incarcerated borrowers face distinctive challenges, we encourage the Department to use this data to enroll those borrowers automatically into an IDR plan with a zero-dollar monthly payment, relieve borrowers of recertifying their IDR eligibility while they are incarcerated, and keep these borrowers enrolled in IDR with zero-dollar payments for a year after their release. We also urge the Department to count all of borrowers' IDR payments while they are incarcerated toward cancellation after 20 years of IDR payments. Further, we encourage the Department to allow incarcerated borrowers seeking relief from a defaulted loan to make zero-dollar monthly payments during their nine-month rehabilitation period.

Public information about student loan servicing for incarcerated borrowers currently is limited. We encourage the Department to launch a public, easily accessible Frequently Asked Questions webpage focused on resolving common student loan servicing concerns faced by incarcerated borrowers and detailing the full range of student loan relief options available to them. We also urge the Department and its loan servicers to include a non-toll-free phone number on their websites for incarcerated borrowers to call with servicing questions. Further, we urge the Department to work with its contractors to ensure these numbers are included on facilities' lists of pre-approved phone numbers. Finally, the Department should educate jail and prison administrators on student loan servicing policies that impact incarcerated borrowers to ensure effective implementation.

It is within the Department's authority to remove many barriers that incarcerated borrowers face. We appreciate your timely attention to this matter.

Sincerely,



Richard J. Durbin
United States Senator



Elizabeth Warren
United States Senator



John Fetterman
United States Senator



Raphael Warnock
United States Senator



Alex Padilla
United States Senator



Cory A. Booker
United States Senator

cc: The Honorable Merrick Garland, Attorney General, Department of Justice