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United States Senate
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April 27, 2016

The Honorable John B. King Jr.
Secretary
United States Department of Education
400 Maryland Avenue Southwest
Washington, DC 20202

Dear Secretary King:

I am writing to urge the Department of Education (“the Department”) to reconsider its policy of prohibiting colleges and universities from requiring student borrowers to complete personalized debt calculators, like the Financial Awareness Calculation Tool, as part of entrance counseling. Student borrowers are struggling to understand their student loan debt, and Department policies are tying the hands of school administrators who want to help them.

Recently, I went on a tour across Missouri where I spoke with students, families, educators, and administrators about college affordability and student financial aid. Repeatedly, I heard from students and counselors about how difficult it can be for first-time borrowers to understand the real world implications of student loan debt. One counselor described the difficulty she has with entrance counseling restrictions that permit “strongly encouraging, but not requiring” student borrowers to complete the student loan calculation sheet, which provides a more personal estimation of the repayment process.

According to these counselors, the policy contained in the April 6, 2015 letter on Loan Counseling Requirements and Flexibilities prohibiting schools from requiring students to utilize the FAST tool is not in the best interest of students or institutions. Allowing schools to impose these requirements should not impede access to federal financial aid and it will allow schools to better educate and serve their student borrowers. And, the policy simply does not appear to make sense given the goals of the Department’s letter. As state in the letter, the Department has an interest in enabling colleges and universities to “help ensure that students’ borrowing decisions are well-informed and carefully considered.” Entrance counseling and education can certainly plan an important role in that, but counselors tell me that requiring students to actually calculate an estimate of their loans is the most effective way to make this clear.

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As you know, we are facing a student debt crisis in this country. Over 80 percent of first-year, full-time undergraduate students rely on some form of financial aid to afford college. However, too often financial aid awards are difficult to fully comprehend and too many student borrowers are unaware of the fact that they have federal debt – let alone the amounts. According to one survey, roughly half of all first-year students underestimate their student debt and more than a quarter of students with federal loans state that they have no federal debt.¹ It is clear that more needs to be done to enable counselors to do their jobs.

I respectfully request that the Department reexamine its policy of prohibiting institutions from requiring borrowers to utilize personalized loan calculation tools as part of the entrance counseling process and brief my staff on the Department's conclusions after reexamination. Please reach out to Janelle McClure in my personal office at Janelle_McClure@mccaskill.senate.gov or 202-224-6154 to schedule the briefing.

Sincerely,

A handwritten signature in blue ink that reads "Gene McCasill". The signature is written in a cursive, flowing style.

¹ Elizabeth J. Akers & Matthew M. Chingos, Are College Students Borrowing Blindly, Brown Center on Education Policy at Brookings (2014), 3.