



COMPLIANCE UPDATE
By Kim Slote, policy analyst

PRESIDENTIAL MEMORANDUM

President Barack Obama issued a [Presidential Memorandum-Federal Student Loan Repayments](#) on June 9, 2014. With a focus on helping struggling federal student loan borrowers manage their debt, the President has directed the Secretary of Education and the Secretary of Treasury to take action in certain key areas.

- Expanding the President's Pay As You Earn Plan to more Federal Direct Loan borrowers. The Secretary of Education is to propose regulations allowing additional students with Federal Direct Loans to cap their Federal student loan payments at 10 percent of their income. Final regulations will be issued with a goal of making the repayment option available to borrowers by Dec. 31, 2015
- Improving communication strategies to help vulnerable borrowers. By Dec. 31, 2014, new targeted strategies are to be developed, evaluated and implemented by the Secretary of Education to reach borrowers that may be struggling to repay their Federal student loans. This will help ensure borrowers have the information they need to select the best repayment plan and avoid default.
- Encouraging support and awareness of repayment options for borrowers during tax filing season. The Secretary of the Treasury and the Secretary of Education will invite private-sector entities to enter into partnerships by Sep. 30, 2014, to better educate borrowers about income-based repayment plans during the 2015 tax filing season. This information will also be shared with borrowers through personalized financial management tools.
- Promoting stronger collaboration to ensure students and their families have the information they need to make informed borrowing decisions. By Sep. 30, 2014, the Secretary of Education and the Secretary of the Treasury are to develop a pilot project for testing the effectiveness of loan counseling resources. This will include the Department of Education's Financial Awareness Counseling Tool. Higher education experts and student-debt researchers will be called together to identify ways to evaluate and strengthen loan counseling for Federal student loan borrowers. The Secretaries will also collaborate with organizations representing students, teachers, nurses, social workers, entrepreneurs, business owners and others, to inform borrowers of the repayment options available to them.



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- General Provisions are as written in the memorandum.
 - (a) Nothing in this memorandum shall be construed to impair or otherwise affect:
 - (i) the authority granted by law to an agency, or the head thereof; or
 - (ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.
 - (b) This memorandum shall be implemented consistent with applicable law and subject to the availability of appropriations.
 - (c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.
 - (d) The Secretary of Education is hereby authorized and directed to publish this memorandum in the Federal Register.

In conjunction with the Presidential Memorandum, the President further outlined his goals with this executive action in the [Fact Sheet: Making Student Loans More Affordable](#). In addition to information on expanding the Pay As You Earn plan, the fact sheet discusses specific actions President Obama is directing the Secretary of Education and Secretary of the Treasury to take in assisting borrowers to manage their student loan debts. This includes the following.

- Strengthen incentives for loan contractors to serve students well
- Ensure active-duty military get the relief they are entitled to
- Work with the private sector to promote awareness of repayment options
- Use innovative communication strategies to help vulnerable borrowers
- Promote stronger collaborations to improve information for students and families
- Help students and families access education tax benefits

Watch for the Federal Register to be published by the Secretary of Education related to this Presidential Memorandum in the future.