

November 9, 2018

The Honorable Betsy DeVos
Secretary of Education
U.S. Department of Education
400 Maryland Ave. SW
Washington, DC 20202

RE: Docket ID: ED-2018-FSA-0065, Proposed Re-establishment of the New Matching Program between the Department of Education (Department) and the Department of Veterans Affairs (VA)

Dear Secretary DeVos:

The undersigned organizations, collectively representing hundreds of thousands of service members, veterans, military families, and survivors, urge that the re-establishment of the matching program between the Department of Education and the Department of Veterans Affairs (VA) go further and automatically forgive the federal student loans of veterans who have been determined by VA to be 100 percent disabled or deemed Individually Unemployable (IU). We appreciate the Department's collaboration with VA to identify eligible veterans, but we believe it is unfair to ask severely disabled veterans to fill out paperwork to receive their statutorily-protected right to student loan forgiveness.

In the Department's response to a recent Freedom of Information Act request by Veterans Education Success, the Department estimated that more half (25,023) of the 42,000 veterans who are eligible for student loan forgiveness are currently in default, out of a total of more than \$1 billion in outstanding student loans.¹ The 25,023 who are currently in default have \$168 million in outstanding loans.² The vast majority of these veterans should be eligible for student loan forgiveness because of either a 100 percent disability rating or having been determined to be Individually Unemployable (IU) by the VA. This loan burden has caused substantial financial stress to veterans who are already facing serious health-related challenges.

Under the proposed matching program, the VA will provide the Department with information about veterans who have received a 100 percent rating or an IU designation on their VA rating. The Department would then determine which of these veterans have federal student loan debt and would alert those veterans of the opportunity to apply for student loan relief.

¹ U.S. Department of Education, FOIA Request No. 18-0015-F Final Response to VES, November 9, 2018, available [here](#)

²Patrick Cambell and Brian Lavin, *Check your mailbox: Veterans with severe disabilities and student loans should keep an eye out for this*, Consumer Financial Protection Bureau Blog, <https://www.consumerfinance.gov/about-us/blog/check-your-mailbox-veterans-severe-disabilities-and-student-loans-should-keep-eye-out/>, (last visited November 7, 2018)

While we applaud the fact that federal departments are working together, we believe that they should go farther. Veterans who have a 100 percent disability rating or are designated IU should automatically have their student loans discharged, while being given the opportunity to opt out. It is not fair to ask severely disabled veterans to have to complete paperwork, especially given that some catastrophic disabilities will interfere with their ability to complete the paperwork. Further, the fact that more than half of veterans eligible for student loan forgiveness are currently in default is absolutely egregious – the government needs to do more to help those who have sacrificed so much for our country.

An opt-out for veterans would resolve any concerns about the handful of states that may tax student loan discharges. Currently, 40 out of 50 states already follow the federal government’s lead when it comes to taxing the discharge of indebtedness for student loans, meaning that roughly 80 percent of veterans would face no unexpected income tax from a loan discharge.³ Veterans who do live in one of the few states with a tax burden would be covered by being given the opportunity to opt-out, along with a disclosure about the handful of states where there is the possibility of an income tax implication.

The Department could easily identify veterans who live in those few states and alert them that they may face adverse tax consequences should they not opt out of automatic student loan forgiveness.

The automatic forgiveness of student loans should take place for veterans who have a 100 percent information match. For veterans whose data is not 100 percent matched between Department and VA information, such as insufficient match on social security numbers or names, likely due to typos, they should be informed that they *may* be eligible for student loan forgiveness.

Unfortunately, there are struggling veterans with 100 percent disability ratings or who have been designated by the VA as IU that are unaware of the possibility of having their student loans forgiven. The Department is to be applauded for working with VA to notify severely disabled veterans of the possibility of loan forgiveness but must take the additional step of making such loan forgiveness automatic so that veterans who have served our country and are unable to work because of their disability will no longer have to face the burden of payments on debt that is eligible to be forgiven.

Sincerely,

³ Internal Revenue Code Conformity to I.R.C. § 1008, *Bloomberg Law*, available at www.bna.com/statetax/requires a subscription; compilation of all fifty states’ treatment of income from discharge of indebtedness compared to I.R.C. § 1008)



Ivy League Veterans Council



High Ground Advocacy



The Retired Enlisted Association



Veterans Education Success



Vietnam Veterans of America



US Army Warrant Officers Assn.