

Clarification on Cost of Pro-rating RAP Payments (Submitted by Alex Holt)*

I just want to clarify for the record that I believe that pro-rating the payment in RAP between two married borrowers filing jointly is congressional intent and shouldn't cost anything relative to baseline.

Earlier today when I said legal aid's proposal would be expensive and counter congressional intent, I was under the impression that they were proposing to treat each borrower's *income* as separate even when filing jointly. However, legal aid's actual proposal of pro-rating the payment should not cost anything because RAP is written into the IBR statute and IBR pro-rated repayment at the time of enactment. Since the legislation was silent on pro-ration, the assumption would be that ED would continue to regulate RAP in the same way on pro-ration.

Under OBBBA, there are cases where a borrower's payment will double based on whether they file jointly or separately, specifically, if each borrower's AGI is \$40,000. That is correct. Instead of each borrower paying 4 percent of \$40,000, they would pay 8 percent on \$80,000 *total*. *That is* congressional intent.

However, it was never Congress's intent for *each* of the married borrowers to have to pay 8 percent on \$80,000... that would mean the borrower's payment is quadrupled, and that there would be cases where a household would be paying 20 percent of AGI towards a student loan. Rather, it was understood that the borrowers combined would pay a *total* of 8 percent on \$80,000.

Alex Holt