



Opening Statement

COMMITTEE ON EDUCATION & LABOR

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The Hon. Robert C. "Bobby" Scott • Chairman

Opening Statement Chairwoman Susan Davis (CA-53)

Examining the Failed Implementation of the Public Service Loan Forgiveness Program

Subcommittee on Higher Education and Workforce Investment Hearing

2176 Rayburn House Office Building

Thursday September 19, 2019 at 10:15 a.m.

This morning, we are here to examine just what went wrong with a certain program.

A program many of us on this committee hoped would act as a catalyst for young people to channel their expertise toward serving our nation. This program's goal was to steer talent into the public sector—particularly in healthcare and education—with the reward of loan forgiveness for 10 years of their public service. I am talking, of course, about the Public Service Loan Forgiveness program that we call P-S-L-F.

Again, I would like to first thank all our witnesses who made time to be here today. I must say that we are disappointed that the CEO of the Pennsylvania Higher Education Assistance Agency (PHEAA)—the sole loan servicer charged with implementing these programs—declined our invitation to testify. While I understand that the problems with the P-S-L-F program do not lie with this entity alone, I don't understand why a *taxpayer-funded* loan servicer would turn down a request to present their side of the story. If PHEAA believes the problems with the P-S-L-F program resides with the Education Department, then this would have been their opportunity to state that clearly and publicly.

In 2007, Congress created this loan forgiveness program, the P-S-L-F. And since its inception, we have seen an influx—tens of thousands—of citizens financially able to dedicate their lives to public service. This includes our nation's teachers, first responders, service members, healthcare professionals, and many others. These Americans made life-changing professional and financial decisions based on the promise that we made 12 years ago.

Unfortunately, as a result of the failure to adequately implement this program, thousands of active public servants have been denied the benefits originally promised.

Ten years since the passing of the P-S-L-F, when the first wave of eligible student borrowers applied in 2017, only 96 of 28,000 applicants received loan forgiveness. That's a 99.6 percent denial rate. That doesn't make sense to people.

A 2018 Government Accountability Office report on this program identified a critical breakdown in communication between the Education Department, Loan Servicers, and student borrowers. It recommended the Department make four critical reforms to the program.

- First, the Department should provide loan servicers and borrowers with *comprehensive information* about qualifying employers;
- Second, the Department should issue a standardized manual for loan servicers;
- Third, the Department should *standardize payment information* for loan servicers; and,

- Finally, the Department should ensure borrowers receive *sufficiently detailed information* to help identify potential payment counting errors.

While the Department agreed with all of these recommendations, it has yet to fully implement any of them, nor have they provided a timeline for doing so.

In response to the extremely high P-S-L-F denial rates, and understandably widespread confusion among frustrated borrowers, Congress created the Temporary Expanded Public Service Loan Forgiveness program in 2018. We appropriated \$700 million to the Education Department with clear instructions to simplify and expand the program to increase rates of loan forgiveness.

Earlier this month, however, the GAO released another report. This time, they analyzed the expansion. GAO found, yet again, that ED was denying 99 percent of the new TEPSLF applicants. Of the 53,523 student borrowers who applied, 661 were approved.

So, our goal here today is to collectively make it easier for the public servants of this country to take advantage of a promise made to them back in 2007.

And, as sometimes happens, people are going to search for blame. In fact, there are plenty of folks who actually didn't produce or do what we wanted them to do—what the American people expect them to do. But, we want to solve this problem, and that is why we are delighted you all are here before us today to help us engage in this discussion. We would hope that everyone connected to this has an opportunity to hear what you have to say as well.

The Executive Branch's implementation of this law, which was supported by both Democratic and Republican administrations, have not lived up to its standard. That is why I encourage my colleagues in Congress, from **both** sides of the aisle, to come together today and offer positive solutions.

Today, while we plan to ask tough question on precisely what went wrong, we also wish to present an opportunity for the Department of Education to initiate a publicly good faith effort to finally implement the P-S-L-F program correctly.

The P-S-L-F is a popular, bipartisan program that is critical for ensuring communities everywhere in the United States have access to education, health care, and other fundamental services.

We know that President Trump's *own* Defense Department agrees with this sentiment. It was under Secretary Mattis that the Pentagon stated: "The Public Service Loan Forgiveness program has been an important recruitment and retention tool for the military to compete with the civilian sector predominantly in specialty fields, such as the Judge Advocates General Corps, for whom graduate degrees are required."

That's why we are here today. We are here to look for answers on how we can better support the thousands of public servants who support all of us every day.

Thank you.

I now turn to the Ranking Member for his opening remarks.