

**DEPARTMENT OF DEFENSE
INFORMATION PAPER**

SERVICE/AGENCY: U. S. NAVY

SUBJECT: Public Service Loan Forgiveness Impact

DATE: November 14, 2017

BACKGROUND: Rep. John P. Sarbanes (D-MD-03) requests additional information regarding Navy's use of the Public Service Loan Forgiveness (PSLF) referenced in a recent U.S. Naval Institute (USNI) News article entitled, "*Navy Recruiting Could be Hurt if Popular School Loan Forgiveness Program is Canceled*," in light of the article's discussion of the program's usefulness in recruiting and retaining military officers.

1. QUESTION/REQUEST: What is the Navy's position regarding the Public Service Loan Forgiveness Program?

RESPONSE: The Public Service Loan Forgiveness (PSLF) program was implemented in 2007 to encourage people earning expensive college degrees to work for the federal government. After working continuously for ten years in public service jobs, such as active-duty military service, and making regular monthly federal loan payments, borrowers could apply to the U.S. Department of Education to have any remaining federal school loan balances forgiven.

The PSLF Program provides a powerful incentive for public service-minded people to pursue a career in the Armed Forces of the United States, including the Navy. By forgiving the remaining balance on eligible federal student loans after 120 qualifying payments (approximately 10 years of public service), the PSLF Program affords a financially viable alternative to employment in the private sector to not just Naval officers, but also to all members of our Armed Forces who are burdened by the steadily increasing costs of higher education.

The elimination or restriction of the PSLF Program would affect anyone currently in public service who financed his or her own education – both undergraduate and graduate degrees – and would disproportionately impact those in specialty fields for whom graduate degrees are required.

One community – the Navy Judge Advocate General's Corps (JAGC) – is particularly concerned, and has assembled information regarding the PSLF Program's impact. In its annual survey of Navy Judge Advocates regarding student loans, 85 percent of respondents reported having law school loan debt. The average debt reported by Navy Judge Advocates in the entry pay grade of O-2 is increasing annually, and currently averages \$167,999. In some discrete cases, total student debt, which may include undergraduate education, exceeds \$250,000. Over 67 percent of respondents intend to take advantage of PSLF; a significant number of those officers (100% of O-2s, 96% of O-3s, and 79% of O-4s) report they would be more likely to leave active duty if PSLF were eliminated.

A recent JAGC data call also highlighted that Judge Advocates are not the only people who intend to avail themselves of the PSLF Program's benefits. Anecdotal evidence revealed that

some enlisted personnel and Navy civilians pursuing advanced degrees also intend to utilize the PSLF Program. Additionally, the Naval Nuclear Propulsion Program, Chaplain Corps, and Health Professions communities have each reported some level of participation, although the extent of which is not recorded or tracked.

Eliminating or restricting the PSLF Program would have a significant impact on recruiting and retention – certainly within the JAGC, but likely more broadly than that – at a time when the services are vying with an expanding and robust private sector to recruit and retain our most capable people. Further, in considering the future of the PSLF Program, it is also important to note that eligibility for the program is not limited to naval officers. If retained, it will continue to operate to the benefit of officer, enlisted, and civilian personnel throughout the Navy, Army, Marine Corps, Air Force, and Coast Guard.

Should the U.S. Government ultimately proceed with discontinuing the PSLF Program, the commitment made to individuals who previously entered into agreements under the program, and who are fulfilling the obligations they incurred as a condition of having their federal school loan balances forgiven, should be honored, by grandfathering the program for those currently enrolled.

2. QUESTION/REQUEST: How many active-duty Navy officers rely on this program to pay off student debt?

RESPONSE: The Department of the Navy does not formally track participation in the PSLF Program and any attempt to do so would rely upon voluntary responses by members. The recent USNI article, *“Navy Recruiting Could be Hurt if Popular School Loan Forgiveness Program is Canceled,”* cites Department of Education data in support of the assertion that more than 2,500 Navy and Marine Corps individuals have signed up for the PSLF Program. Because the Department of Education must verify public service employment before approving an application under the Program, we have no reason to challenge the validity of those statistics.