



Examining the Failed Implementation of the Public Service Loan Forgiveness Program

Public Service Loan Forgiveness (PSLF)

Congress created the original Public Service Loan Forgiveness (PSLF) program in 2007 to incentivize students to enter less lucrative public service jobs – particularly in health care and education – in return for loan forgiveness after 10 years of on-time payments. Tens of thousands of dedicated public servants, including our nation's teachers, first responders, service members, and many others, are counting on the loan forgiveness they were promised.

When the first wave of PSLF-eligible student borrowers applied in 2017, only 96 of 28,000 received loan forgiveness – [a 99.6 percent denial rate](#).

Temporary Expanded Public Service Loan Forgiveness (TEPSLF)

In response to the high PSLF denial rates, Congress created the Temporary Expanded Public Service Loan Forgiveness (TEPSLF) in 2018, which gave the Education Department \$700 million and [clear instructions to simplify and expand the program to increase rates of loan forgiveness](#).

This month, a Government Accountability Office (GAO) report found that the Department was denying TEPSLF applicants at the same rate as PSLF applicants. [Of the 53,523 student borrowers who applied, just 661 \(one percent\) were approved](#). Specifically, the GAO report found that the Department had failed to create a simplified process, despite the directive from Congress to make it easier for students to successfully apply.

Despite the importance and widespread benefits of PSLF, Congressional Republicans and the Trump Administration have consistently tried to eliminate the program:

- The *PROSPER Act*, House Republicans' proposal to reauthorize the *Higher Education Act*, ended PSLF.
- The President's 2018, 2019, and 2020 budget proposals have all eliminated funding for PSLF.

Tens of thousands of student borrowers have made life-changing financial decisions based on the promise of Public Service Loan Forgiveness. If implemented properly, this program would be a success.

In order to fix the problems with the PSLF/TEPSLF programs the Department should enact all eight of the GAO's recommendations.

- Over a year ago, in order to improve PSLF, the GAO recommended the Department:
 - Provide the PSLF servicer and borrowers with additional information about qualifying employers;
 - Issue comprehensive guidance and instructions document for the PSLF servicer;
 - Standardize payment information other loan servicers provide to the PSLF servicer; and
 - Ensure borrowers receive sufficiently detailed information to help identify potential payment counting errors.
- More recently, in order to improve TEPSLF, the GAO recommended the Department:
 - Integrate the TEPSLF request into the PSLF application;
 - Provide certain borrowers more information about options to appeal TEPSLF decisions on the TEPSLF website and in their denial letters;
 - Require all loan servicers to include TEPSLF information on their websites; and
 - Include TEPSLF information in its PSLF Online Help Tool.