

Fight for Forgiveness: Massachusetts Public Servants Struggle to Navigate Public Service Loan Forgiveness



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Executive Summary

In 2007, Congress created the Public Service Loan Forgiveness (PSLF) program to encourage students to enter public service and help relieve the burden of their student debt. Under the PSLF program, public sector workers that meet program requirements can receive forgiveness on the remaining balance of their loans after 10 years. But, more than a decade after the program was created – and later amended with the Temporary Expanded Public Service Loan Forgiveness (TEPSLF) program in 2018 – it is clear that it has major structural flaws: 98% of applications for forgiveness under both PSLF and TEPSLF have been denied.¹

Last week, the Department of Education (ED) announced a major overhaul intended to right the wrongs that thousands of public servants have faced in trying to obtain debt relief.² Many borrowers will now be eligible to submit new waivers until October 2022 that will allow prior payments to count toward loan forgiveness. ED also announced that it will review denied PSLF applications to correct errors, create an appeal process for borrowers, and begin negotiating a rulemaking process to rewrite the regulations governing PSLF and other student loan programs that address barriers going forward.³

In order to better understand the effects of the ongoing failures of the PSLF program on Massachusetts public servants – and to inform the planned overhaul of the program – the Office of U.S. Senator Elizabeth Warren worked with 12 Massachusetts public service organizations to conduct a survey of 1,122 Massachusetts public service workers between July and August 2021. The survey sought to determine if these borrowers had success with achieving forgiveness, obtain firsthand accounts of how they are engaging with PSLF and TEPSLF,

and ultimately identify necessary improvements to the program. The survey revealed that:

- **Current rules serve as barriers to qualified individuals.** Overall, nearly nine of ten borrowers (87%) reported at least one circumstance that could lead to problems with qualifying for PSLF. These included periods of deferral or forbearance, overpayments, advance payments, or enrollment in the wrong type of repayment plan. Each of these factors can delay qualifying for forgiveness under current program rules.
- **Loan servicers' failures delay forgiveness.** A significant number of borrowers reported problems and long delays with employer certifications, enrollment processes, and correcting errors. And many borrowers are confused about which loans and repayment plans qualify for PSLF and lack clear instructions from their loan servicers. These findings are consistent with the long track record of the Pennsylvania Higher Education Assistance Agency (PHEAA), the specialty loan servicer for the PSLF program, miscounting payments and delaying processing times.⁴ Other loan servicers, such as the Navient Corporation, also have a track record of failure.⁵
- **Borrowers of color are less likely to know about the program and to seek PSLF loan relief.** People of color were nearly twice as likely as their white counterparts to be unaware of PSLF: 12% of people of color reported that they had not heard of the PSLF program, compared to 7% of white respondents. And while 31% of white respondents indicated that they had not started the PSLF process, nearly half – 45% – of people of color had not taken any steps to seek loan relief.

1 Office of Senator Elizabeth Warren, "At Hearing, Warren Calls Out Giant Student Loan Servicer PHEAA for Public Service Loan Forgiveness Failures," press release, April 13, 2021, <https://www.warren.senate.gov/newsroom/press-releases/at-hearing-warren-calls-out-giant-student-loan-servicer-pheaa-for-public-service-loan-forgiveness-failures>.

2 U.S. Department of Education, "Fact Sheet: Public Service Loan Forgiveness (PSLF) Program Overhaul, press release," October 6, 2021, <https://www.ed.gov/news/press-releases/fact-sheet-public-service-loan-forgiveness-pslf-program-overhaul>.

3 U.S. Department of Education, "Negotiated Rulemaking for Higher Education 2021-22," October 20, 2021, <https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/index.html>.

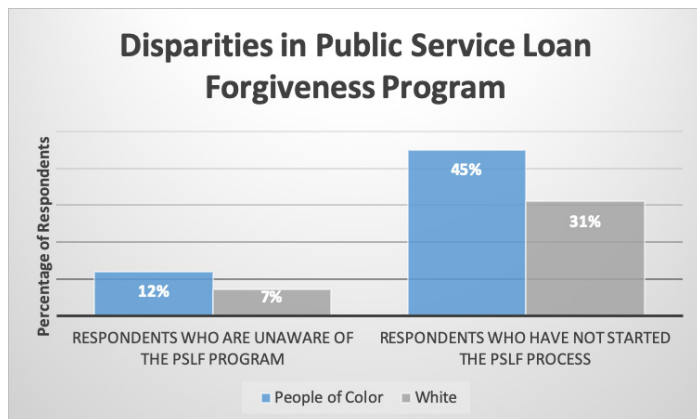
4 The Washington Post, "Watchdog agency blasts government contractor for mishandling student loan forgiveness program," Danielle Douglas-Gabriel, June 22, 2017, <https://www.washingtonpost.com/news/grade-point/wp/2017/06/22/watchdog-agency-blasts-government-contractor-for-mishandling-student-loan-forgiveness-program/>.

5 The Washington Post, "Navient reaches settlement in teachers' loan forgiveness lawsuit," Danielle Douglas-Gabriel, May 5, 2020, <https://www.washingtonpost.com/education/2020/05/05/navient-reaches-settlement-teachers-loan-forgiveness-lawsuit/>.

- * **PSLF's low forgiveness rates may dissuade borrowers from entering public service.** A majority of survey respondents reported that they are losing faith in the PSLF program. More than half of respondents indicated that they never expect to receive forgiveness. Because of these program failures, talented workers may leave public service in pursuit of higher-paying work in the private sector which would allow them to pay off their debt more quickly, and future generations of workers may be less likely to choose careers in public service. The problem of attracting young and talented minds into public service due to the failures of the PSLF program may deepen the disparity in access to vital resources experienced by underserved communities.

The Biden administration's recent improvements to the PSLF program will help millions of public servants receive the student loan relief that they deserve. The survey results also reveal the need for additional reforms to ensure program effectiveness. To address the lower baseline of borrowers of color's awareness about the program, ED should seek creative partnerships with professional organizations, affinity groups, and trusted messengers to spread the word about the limited-time opportunity to obtain relief. In the negotiated rulemaking process that is currently underway to establish new program rules, ED should prioritize changes that simplify PSLF rules and create greater oversight and accountability of loan servicers to ensure that borrowers are supported in navigating PSLF and other repayment and forgiveness programs.

Finally, while streamlining administrative processes and better communication can help to make the PSLF program work better for future public servants, these marginal improvements are unlikely to restore the faith of those who have been repaying their loans for decades and are still stuck with massive student debts.



For these borrowers, broad-based debt cancellation is needed to right the wrongs they have experienced in this broken system.

Canceling \$50,000 of student loan debt would eliminate student debt entirely for 84% of borrowers,⁶ the single most powerful executive action that President Biden could take to help to narrow the racial wealth gap among borrowers, strengthen our economy, and lift a heavy burden off America's working families and public servants.

Introduction and Methodology

Nearly 43 million Americans carry approximately \$1.6 trillion in student loan debt, an average of more than \$37,000 per borrower.⁷ Student loans make up the second largest amount of consumer debt after mortgage debt - more than car loans or credit card debt.⁸ Borrowers have been struggling with this debt for decades, and in 2007, Congress created the PSLF program to encourage students to enter public service and help relieve the burden of their student debt.⁹

Under the PSLF program, public sector workers that meet program requirements can receive forgiveness on the remaining balance of their loans after 10 years. To

6 Office of Senator Elizabeth Warren, "Ahead of Hearing, Warren Releases New Education Dept. Data Showing Widespread Benefits of Student Debt Cancellation," press release, April 13, 2021, <https://www.warren.senate.gov/newsroom/press-releases/ahead-of-hearing-warren-releases-new-education-dept-data-showing-widespread-benefits-of-student-debt-cancellation>.

7 U.S. Department of Education, Office of Federal Student Aid, "Federal Student Loan Portfolio," <https://studentaid.gov/sites/default/files/fsawg/datacenter/library/PortfolioSummary.xls>.

8 Forbes, "Student Loan Debt Statistics In 2021: A Record \$1.7 Trillion," Zach Friedman, February 20, 2021, <https://www.forbes.com/sites/zackfriedman/2021/02/20/student-loan-debt-statistics-in-2021-a-record-17-trillion>.

9 Federal Student Aid, "Public Service Loan Forgiveness Data," <https://studentaid.gov/data-center/student/loan-forgiveness/pslf-data>.



qualify for PSLF relief, borrowers must work full time at a qualified public service organization for 10 years; have a federal Direct Student Loan; make 120 full, on-time monthly payments on that loan; and repay the loans under an eligible repayment plan.¹⁰

The first borrowers became eligible for forgiveness in 2017, but it immediately became clear that the program was not functioning as anticipated. Nearly all the borrowers who applied for forgiveness were denied.¹¹ Data showed that many borrowers were ineligible because they were in the wrong repayment plan; only standard and income-driven repayment plans are eligible.¹² In response, Congress created the TEPSLF program to help borrowers if they met all other PSLF criteria, but were in the wrong repayment plan.¹³ But despite the creation of the TEPSLF program, many eligible borrowers are still being denied the relief they deserve. PSLF and TEPSLF have failed to live up to their promise, as 98% of applicants for forgiveness under both PSLF and TEPSLF have been denied.¹⁴ It is clear the system is not working.

This is a pivotal time for the PSLF program. Earlier this month, ED announced a major overhaul that is intended

to right the wrongs that thousands of public servants have faced in trying to obtain debt relief.¹⁵ Many borrowers will now be eligible for a limited-time waiver that will allow them to count all prior payments toward PSLF, regardless of loan type, including payments that may have been late or for the wrong amount. ED also announced its intention to review denied PSLF applications and correct errors, and to create an appeal process for borrowers.¹⁶ This major announcement applies primarily to retroactive errors and problems; borrowers will be able to apply for the limited waiver until October 2022.¹⁷ At the same time, ED has begun a negotiated rulemaking process to rewrite the regulations governing PSLF and other student loan programs and address barriers going forward.¹⁸

These steps come in the midst of major transitions in the federal student loan portfolio. First, the vast majority of borrowers have had their student loan payments paused during the COVID-19 pandemic; this pause is currently scheduled to end in January 2022.¹⁹ And over the last few months, several of the largest student loan servicing companies, serving more than 16 million borrowers, have announced their intention to leave the program.²⁰ PSLF

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- 10 Federal Student Aid, “Public Service Loan Forgiveness (PSLF),” <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>.
 - 11 NPR, “Why Public Service Loan Forgiveness Is So Unforgiving,” Cory Turner, October 17, 2018, <https://www.npr.org/2018/10/17/653853227/the-student-loan-whistleblower>.
 - 12 NPR, “Why Public Service Loan Forgiveness Is So Unforgiving,” Cory Turner, October 17, 2018, <https://www.npr.org/2018/10/17/653853227/the-student-loan-whistleblower>; Federal Student Aid, “Public Service Loan Forgiveness (PSLF),” <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>.
 - 13 Federal Student Aid, “If some or all of your payments were not made on a qualifying repayment plan for PSLF, you may be able to receive loan forgiveness under a temporary opportunity,” <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/temporary-expanded-public-service-loan-forgiveness>; Consolidated Appropriations Act, 2018, H.R.1625, <https://www.congress.gov/bill/115th-congress/house-bill/1625/text>.
 - 14 Office of Senator Elizabeth Warren, “At Hearing, Warren Calls Out Giant Student Loan Servicer PHEAA for Public Service Loan Forgiveness Failures,” press release, April 13, 2021, <https://www.warren.senate.gov/newsroom/press-releases/at-hearing-warren-calls-out-giant-student-loan-servicer-pheaa-for-public-service-loan-forgiveness-failures>; Office of Senator Elizabeth Warren, “Warren, Kaine, Colleagues Urge Congressional Negotiators to Ensure Education Department Faithfully Implements Temporary Expanded Public Service Loan Forgiveness Program,” press release, April 17, 2019, <https://www.warren.senate.gov/newsroom/press-releases/warren-kaine-colleagues-urge-congressional-negotiators-to-ensure-education-department-faithfully-implements-temporary-expanded-public-service-loan-forgiveness-program>.
 - 15 U.S. Department of Education, “Fact Sheet: Public Service Loan Forgiveness (PSLF) Program Overhaul,” press release, October 6, 2021, <https://www.ed.gov/news/press-releases/fact-sheet-public-service-loan-forgiveness-pslf-program-overhaul>.
 - 16 *Id.*
 - 17 *Id.*
 - 18 U.S. Department of Education, “Negotiated Rulemaking for Higher Education 2021-22,” October 7, 2021, <https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/index.html>.
 - 19 U.S. Department of Education, “Biden Administration Extends Student Loan Pause Until January 31, 2022,” press release, August 6, 2021, <https://www.ed.gov/news/press-releases/biden-administration-extends-student-loan-pause-until-january-31-2022>.
 - 20 Forbes, “Why 16 Million Student Loan Borrowers Will Get A New Student Loan Servicer,” Zack Friedman, October 3, 2021, <https://www.forbes.com/sites/zackfriedman/2021/10/03/16-million-student-loan-borrowers-will-get-a-new-student-loan-servicer-in-2022/>.

loans are currently serviced by PHEAA, which announced in July that it does not intend to renew its federal contract.²¹ Over the coming months, PSLF borrowers will be transferred to new servicers.

In short, we face an important inflection point for PSLF and the broader student loan program. The changes to ED rules and regulations, loan servicers, and end of the COVID-19 payment pause collectively present an opportunity to correct errors, improve processes, and fulfill broken promises. At the same time, these transitions also pose risks to borrowers who have already struggled to navigate a complex and broken system.

In order to better understand the needs of Massachusetts public servants at this critical moment, the Office of U.S. Senator Elizabeth Warren conducted a survey of Massachusetts public service workers between July and August 2021. The survey sought to determine if these borrowers had success with achieving forgiveness, obtain firsthand accounts of how they are engaging with PSLF, and ultimately identify necessary improvements.

To distribute the survey, Senator Warren's office partnered with 12 organizations who represent or work with public service workers in Massachusetts, including public sector unions, professional societies, and advocacy organizations.²² These organizations work with public servants in education, health, government, and other related fields. In total, 1,122 people from across the Commonwealth completed the survey. The survey was available online and asked participants to answer approximately 43 questions, focused on four main areas: information about the borrower's loan(s), such as the type of loan, loan servicer, type of loan repayment plan, and length of repayment; the borrower's awareness of the PSLF and TEPSLF programs; potential problem areas, such as deferment, forbearance, IDR certification and steps in the PSLF or TEPSLF process; and demographic information, such as race, gender, education level, occupation, and industry.

Findings:

The responses from participants suggests that PSLF and TEPSLF are failing hardworking borrowers hoping to receive loan forgiveness. Borrowers are losing faith that they will ever receive relief because of the program's complex rules and inadequate support from loan servicers, creating new barriers to recruiting and retaining public service workers. Key findings of the survey include:

- ♦ **Current PSLF rules create bureaucratic barriers for individuals who should qualify for relief.**

Overly rigid requirements are creating problems for borrowers throughout the process. Overall, nearly nine of ten borrowers (87%) reported at least one circumstance that could lead to problems with qualifying for PSLF. These included periods of deferral or forbearance, overpayments, advance payments, or enrollment in the wrong type of repayment plan. Overall, 706 respondents reported that at least one of these circumstances applied to them. Each of these circumstances can result in payments not being counted toward the required 120 payments needed for forgiveness, or in delaying the 10 year timeframe for relief. A total of 257 borrowers shared they had paid more than required, 313 said they had paid in advance, and 577 noted they had been in deferral or forbearance. More than a quarter of respondents reported that they were concerned that they may not even be in the correct type of repayment plan because they either are in a plan that does not qualify or they are not sure what repayment plan they are in.

Open-ended responses revealed many administrative issues that are frustrating borrowers, delaying forgiveness, and potentially preventing public servants from achieving the relief they deserve. Multiple borrowers reported that problems arose when they tried to get an employer's signature, or due to minor formatting issues. Borrowers' comments are illustrative of the challenges they faced:

- ♦ One survey respondent indicated their loan servicer

21 The Washington Post, "One of the nation's largest student loan servicers plans to cut ties with the Education Department," Danielle Douglas-Gabriel, July 8, 2021, <https://www.washingtonpost.com/education/2021/07/08/pheaa-ending-federal-student-loan-servicing/>.

22 Boston Teachers Union, American Federation of Teachers Massachusetts, Mass Medical Society, Massachusetts Association of Community Colleges, University of Massachusetts, Association of Independent Colleges and Universities in Massachusetts, Mass League of Community Health Centers, Massachusetts Public Health Association, United Auto Workers, AFGE Local 2617, AFSCME Council 93, and Professional Fire Fighters of Massachusetts.



“rejected my paperwork once because dates were not in the correct format.”

“I had my initial employment certification denied because the wrong person within my hospital employment office signed my application. This was resolved relatively quickly but caused some delay and some payments not to be counted towards my PSLF total.”

- “Tiny form issues like “missing signature” or was sent the wrong form to email back. Takes 1-2 months to resolve.”
- “Often times I submit my forms and have all the correct signatures needed to verify employment and it gets denied. I am then told they need to speak with someone to verify my employment and it never gets taken care of because they are unable to get someone on the phone.”
- “After getting married and having my name legally change[d] I had to submit snail mail paperwork to my loan company resulting in a many month delay in qualifying for income driven repayment.”
- “Just this year I tried to recertify in May during a less busy hospital rotation but this was two months too early and I was denied. So I had to wait two months and remind myself to do this process again when my schedule is very hectic in the hospital.”

The Department’s recent announcement that more types of loans and payments can be counted toward the required 120 payments should help many of these borrowers to overcome these bureaucratic barriers and correct the broken administrative process that has prevented many borrowers from qualifying for relief.²³ However, some of these flexibilities are a temporary, one-time opportunity. Going forward, regulatory changes are needed to ensure that borrowers are not punished for failing to meet arbitrary technical requirements.

- **Loan servicers’ failure to process paperwork in a timely manner is delaying forgiveness.**

Loan servicers have a history of preventing borrowers from receiving relief because of a variety of administrative failures and problems. PHEAA, the specialty loan servicer for the PSLF program, has a long track record of miscounting payments and delaying processing times, which has been documented by the Consumer Financial Protection Bureau, the New York Attorney General, and ED.²⁴ Other loan servicers, such as Navient, also have a track record of failing to inform borrowers of their eligibility for income driven repayment (IDR) and other programs.²⁵

Borrowers identified both the employment certification form and the IDR recertification as steps that are creating barriers to their loan forgiveness. Employment certification is an optional process that borrowers can complete each year to ensure that their employer is eligible and indicate that they plan to pursue PSLF.²⁶ Borrowers who are on IDR plans make payments based on a percentage of their income, which can make their student loan burden more

23 U.S. Department of Education, “Fact Sheet: Public Service Loan Forgiveness (PSLF) Program Overhaul, press release,” October 6, 2021, <https://www.ed.gov/news/press-releases/fact-sheet-public-service-loan-forgiveness-pslf-program-overhaul>.

24 The Washington Post, “Watchdog agency blasts government contractor for mishandling student loan forgiveness program,” Danielle Douglas-Gabriel, June 22, 2017, <https://www.washingtonpost.com/news/grade-point/wp/2017/06/22/watchdog-agency-blasts-government-contractor-for-mishandling-student-loan-forgiveness-program/>; New York State Attorney General, “AG James Sues Student Loan Servicer For Mismanaging Loan Forgiveness Program,” press release, October 3, 2019, <https://ag.ny.gov/press-release/2019/ag-james-sues-student-loan-servicer-mismanaging-loan-forgiveness-program>; Letter from Richard Cordray, Chief Operating Officer, Federal Student Aid, U.S. Department of Education, to Senator Elizabeth Warren, May 10, 2021, <https://www.warren.senate.gov/imo/media/doc/Warren%20response%20FINAL%205.10.21%20signed.pdf>.

25 The Washington Post, “Navient reaches settlement in teachers’ loan forgiveness lawsuit,” Danielle Douglas-Gabriel, May 5, 2020, <https://www.washingtonpost.com/education/2020/05/05/navient-reaches-settlement-teachers-loan-forgiveness-lawsuit/>.

26 Federal Student Aid, “Public Service Loan Forgiveness Form,” <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/public-service-loan-forgiveness-application>.

manageable. These plans require the borrower to re-certify their income each year.²⁷ When this process is delayed, borrowers can lose months of qualifying payments while they wait for their servicer to process their paperwork.

More than two in five respondents (41%) noted they had trouble with their annual employer certification or IDR re-enrollment process. About 25% of borrowers noted they have not been able to recertify their income for their IDR plan each year or were not sure if they recertified. Moreover, borrowers reported that correcting errors was a frustrating and time-consuming process. One borrower commented,

“This year I noticed gaps that should have counted. To solve the problem I made 19 different phone calls and had to resubmit my certification 3 separate times to solve a problem I identified. If I wasn’t paying attention I would have missed it.”

The survey respondents also shared disappointing experiences of months-long processing times and losing out on eligible PSLF payments. One borrower reported being left in limbo after submitting their recertification: “It takes months to find out if it was accepted.” Another tried to contact their loan servicer about an issue and described how it impacted their progress towards loan forgiveness: “I spoke with multiple people and each of them had a different answer or would say they’d flag it to be looked at so nothing happened. In the mean time I was told it be best to defer my loan while they got it fixed. It took almost 6 months for the problem to be fixed and in the meantime my loan was deferred for some of those months so I missed out on several months I could have earned towards PSLF for an issue that was never my fault.” Another respondent shared, “I attempted to submit documentation of income since my AGI did not reflect my current income, but Fedloan was unable to respond in time despite my early submission, and I had to go on forbearance until it was straightened out.” These problems undermine borrowers’ confidence in the program and add up over the years, delaying the debt relief to which they are entitled.

- ♦ **Many public servants were unclear on eligibility requirements and loan servicers have failed to provide information about the steps necessary to receive PSLF.**

Borrowers are confused about what loans and repayment plans qualify for PSLF and lack clear instructions from their loan servicers. Loan servicers should be a resource for borrowers who have questions about qualifying payments, but of the 349 borrowers who requested “information or clarification regarding PSLF from your loan servicer” 269 people (77%) shared negative experiences. The majority of respondents were unclear about how many qualifying payments they have made towards forgiveness. There were common themes across their responses: 16 borrowers described their experience as “poor;” 17 borrowers used the word “terrible;” 24 used the word “difficult;” and 25 used the word “confusing.” Again, their comments are illuminating:

- ♦ “This information is confusing to gather, as I am unsure as to what qualifies as a qualifying payment.”
- ♦ “Told three different things by three different people. Got frustrated and gave up for the time being.”
- ♦ “I get the run around with no straight answers.”

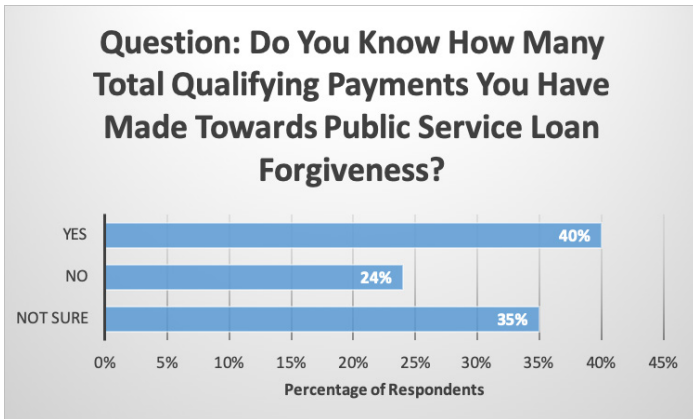
“It was a lengthy process (months) to get clarity on why the first two years after grad school my loans were not counted toward my PSLF. I was never told I was on the wrong repayment plan at the start, and as a result I missed almost 2 years worth of payments to count towards loan forgiveness.”

- ♦ “I’ve been quite confused with PSLF...When I called a few years ago, they told me I had only made 19 qualifying payments through income-driven repayment, and that my 51 payments on the standard plan did not qualify (I would have preferred to be on IDR throughout the life of my loan, but I wasn’t initially aware of it).”

27 Federal Student Aid, “Income-Driven Repayment (IDR) Plan Request,” <https://studentaid.gov/app/ibrInstructions.action>.



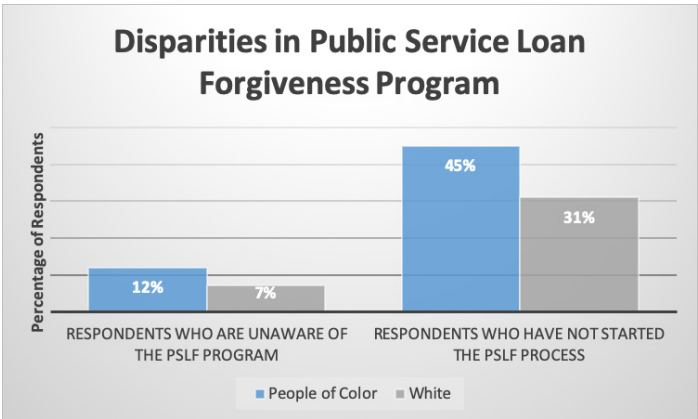
Realizing I needed 120 repayments, I got discouraged with pursuing PSLF further.” [In fact, payments made under a standard repayment plan do count toward PSLF.]



The complexity of the PSLF program makes it even more important for servicers to provide clear and accurate information to borrowers. As PHEAA leaves the federal loan servicing program and PSLF borrowers are transferred to a new servicer, it is especially important for staff to be well-trained and consistently able to provide accurate information, as many borrowers may be confused about the status of their loans. The survey results reveal that loan servicers must take a more proactive approach in explaining repayment options to borrowers and provide clear PSLF eligibility information.

• **Borrowers of color are less likely to know about PSLF and to take steps to enroll in the program.**

Although more than 90% of respondents overall were aware of the PSLF program, people of color were almost two times more likely than their white counterparts to be unaware of PSLF. Of the 193 respondents who identify as people of color in the survey,²⁸ 12% reported that they had not heard of the PSLF program, compared to 7% of white respondents who were unaware. This means that respondents of color were significantly more unaware about the PSLF program and its benefits compared to their white counterparts. It also means that these borrowers were less likely to be able to take advantage of the new rules put in place by the Biden administration to ensure that deserving borrowers received PSLF relief.



There is also a significant racial disparity among those respondents that have taken steps in the PSLF process. Respondents of color were less likely to have started the PSLF process compared to white respondents. While 31% of white respondents indicated that they had not started the PSLF process, nearly half – 45% – of people of color had not started the process to seek loan relief. Overall, only one third of respondents – all of whom were public service workers – who are aware of the program reported that they had not taken any steps towards attaining PSLF loan forgiveness. This suggests that there may be other barriers to beginning the process besides awareness.

• **The PSLF program’s shortcomings and low forgiveness rates could dissuade people from entering public service.**

In creating the PSLF program, Congress made a promise that workers in our nation who serve their communities would not face a lifetime of student loan debt, and that students from underserved communities would be able to serve their communities without concerns about debt. The failure of the PSLF program for the past decade jeopardizes these promises, as low forgiveness rates and an overly bureaucratic process have left public servants who fulfilled their end of the bargain still struggling under enormous debt burdens.

A majority of survey respondents reported that they are losing faith in the PSLF program. When asked if they ever expect to receive forgiveness, only 43% of respondents replied “Yes.” The longer a borrower has been in repayment,

28 Specifically, this included 49 Black, 56 Latino, 52 Asian American Pacific Islander, 1 American Indian Alaskan Native, and 26 Biracial respondents.

the less likely they are to have faith that they will receive forgiveness. Only 30% of respondents who have been in repayment for more than 15 years expected forgiveness, compared to 46% of those who have been in repayment for less than 9 years. One Massachusetts public servant commented, “It was not a good experience. I gave up and just continue to pay my loan.” Others wrote,

“I have had NO colleagues have success with PSLF at the 10 year mark of teaching. All of their applications have been denied.” and “It’s very confusing and honestly seems easier to just pay them than try to jump through hoops.”



This reality of public servants who have been in repayment for at least 10 years despite the program’s promises may have real consequences for younger and future public servants. Talented workers may leave public service in pursuit of higher-paying work in the private sector which would allow them to pay off their debt more quickly. And there is a risk that future generations of workers, who will have even higher levels of student debt due to soaring college costs,²⁹ will be less likely to choose careers in public service. The problem of attracting young and talented minds into public service due to the failures of the PSLF program will deepen the disparity in access to vital resources experienced by underserved communities.

29 US News, “20 Years of Tuition Growth at National Universities,” Briana Boyington, Emma Kerr, and Sarah Wood, September 2021, <https://www.usnews.com/education/best-colleges/paying-for-college/articles/2017-09-20/see-20-years-of-tuition-growth-at-national-universities>.

30 U.S. Department of Education, “Issue Paper #4: Improving the Public Service Loan Forgiveness (PSLF) Application Process,” September 29, 2021, <https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/4improvpplfappprocess.pdf>.

Conclusion and Recommendations

Nearly 15 years after it was created by Congress to help reduce the student loan debts of public service workers, the PSLF program has not fulfilled its promise. The results of this survey of over 1,100 Massachusetts public service workers reveal that too many borrowers – particularly borrowers of color – continue to struggle to navigate the program. For those who are enrolled, a series of problems with program structure and the student loan servicers that administer the program have left borrowers facing confusion, delay, and a sense of growing hopelessness that they will ever get relief from their massive student loan debts.

The Biden administration’s recently announced executive actions have the potential to help many borrowers overcome these barriers and begin to restore faith in the program. This survey’s results show that targeted outreach will be needed to ensure that borrowers are able to access these flexibilities equitably. Borrowers of color have a lower baseline level of awareness of the PSLF program and are less likely to already be engaged in the steps needed to apply. ED should seek creative partnerships with professional organizations, affinity groups, and trusted messengers to spread the word about the limited-time opportunity to obtain relief.

In the negotiated rulemaking process that is currently underway, ED should prioritize changes that simplify PSLF rules. For example, Massachusetts borrowers reported ongoing challenges with their annual employer certification and IDR re-enrollment processes. Clarifying the rules for qualifying employers, aligning PSLF and IDR requirements, and simplifying the process of recertifying income to determine payments under IDR plans can all help to reduce frustration and delays.³⁰

This survey’s results also underline the need for greater accountability for the loan servicer (or servicers) who will take over administration of the PSLF program upon PHEAA’s departure. Massachusetts respondents shared stories of receiving inaccurate information from their loan

servicer, a frustrating lack of follow-through, and failures to perform basic functions, which delayed their ability to apply for forgiveness. Greater oversight and accountability of loan servicers is needed to ensure that borrowers are supported in navigating PSLF and other repayment and forgiveness programs.

ED's announced actions and these recommendations are all important and necessary improvements. However, they do not change the underlying reality of a student loan system that has failed millions of borrowers, widened the racial wealth gap, and dragged down our entire economy.³¹ While streamlining administrative processes and better communication can help to make the PSLF program work better for future public servants, these marginal improvements are unlikely to restore the faith of those who have been repaying their loans for decades and are still stuck with massive student debts. For these borrowers, broad-based debt cancellation is needed to right the wrongs they have experienced in this broken system.

Canceling \$50,000 of student loan debt would eliminate student debt entirely for 84% of borrowers.³² This would allow many more people – including millions of public servants – to buy homes and cars, save for retirement, and invest in their children. Public sector unions such as the American Federation of Teachers and the National Education Association, which have spent years trying to help their members navigate debt relief programs, strongly support broad-based cancellation, because they have seen the failures of the current system up close.³³ Canceling student debt is the single most powerful executive action that President Biden could take to help to narrow the racial wealth gap among borrowers, strengthen our economy, and lift a heavy burden off America's working families and public servants.

31 Letter from Professor Raphaël Charron-Chénier, Professor Thomas Shapiro, Louise Seamster, and Laura Sullivan to Senator Warren, April 18, 2019, <https://www.warren.senate.gov/imo/media/doc/Experts-Letter-to-Senator-Warren-.pdf>.

32 Office of Senator Elizabeth Warren, "Ahead of Hearing, Warren Releases New Education Dept. Data Showing Widespread Benefits of Student Debt Cancellation," press release, April 13, 2021, <https://www.warren.senate.gov/newsroom/press-releases/ahead-of-hearing-warren-releases-new-education-dept-data-showing-widespread-benefits-of-student-debt-cancellation>.

33 Forbes, "Here's Everyone Who Wants Biden To Cancel Student Loan Debt (It's A Big List)," Adam S. Minsky, February 23, 2021, <https://www.forbes.com/sites/adamminsky/2021/02/23/heres-everyone-who-wants-biden-to-cancel-student-loan-debt-its-popular/>.

