

TO: State and Territorial Health Department Staff
 FR: Jeffrey Ekoma, senior director government affairs, ASTHO
 Date: Nov. 9, 2021
 RE: Temporary Waiver to Public Service Loan Forgiveness Program

Overview: In response to overwhelming concerns and calls to reform the Public Service Loan Forgiveness (PSLF) Program, the Department of Education (DOE) [announced](#) several measures to provide temporary relief to current or future program participants. The PSLF provides debt relief to public sector employees by canceling their student loans after they make 120 qualifying monthly payments (10 years). These provisions could significantly help public health department staff:

- **A limited PSLF waiver that allows all payments by student borrowers to count toward PSLF, regardless of loan program or payment plan.** This waiver will allow student borrowers to count all payments made on loans from the Federal Family Education Loan (FFEL) Program or Perkins Loan Program. It will also waive restrictions on the type of repayment plan and the requirement that payments be made in the full amount and on time for all borrowers. To receive these benefits, borrowers must submit the PSLF form— a single application that certifies employment and evaluates a borrower for forgiveness—by Oct. 31, 2022. Borrowers who currently have FFEL, Perkins, or other non-Direct Loans, will get the benefit of this limited waiver if they apply to consolidate into the Direct Loan program and submit a PSLF form by October 31, 2022.
- **Reviewing denied PSLF applications for errors and giving borrowers the ability to have their PSLF determinations reconsidered.** These actions will help identify and address servicing errors and other issues that have prevented borrowers from getting the PSLF credit they deserve.
- **Automatically providing credit toward PSLF for military service members and federal employees using federal data matches.** The Department will implement data matches in 2022 next year to give these borrowers credit toward PSLF without an application.

What does this mean: This temporary waiver would permit some individuals to receive credit for prior payments that previously would not count as a qualifying payment. Specifically, people with direct loans, those who have consolidated past loans into direct loans, and those who intend to consolidate into the direct loan program by Oct. 31, 2022, can utilize the waiver. Furthermore, individuals are required to have worked full-time for a qualifying employer when their previous payments were made, and payment credits are only for payments made after October 1, 2007. According to media reports, this waiver could result in “...22,000 individuals immediately eligible to have their loans erased automatically. Another 27,000 borrowers could likewise see their debts disappear if they are able to prove they were working in public service at the time they made payments that had been declared ineligible.”¹

Other changes DOE announced include:

- Improving outreach to eligible individuals.
- Reviewing previous applicants that applied to have outstanding loans canceled, after meeting the 120 qualifying payment threshold.

It is important to note that the definition of public service has **not** changed nor has the requirement for 120 payments.

¹ <https://www.npr.org/2021/10/06/1043332307/public-service-loan-forgiveness-education-department-overhaul>

Although not directly related to this announcement, DOE also provided individuals with an administrative forbearance because of the COVID-19 pandemic. Individuals with direct loans and employment with a qualifying employer are eligible to receive credit towards the PSLF or TEPSLF for the administrative forbearance period, which would count as if an individual made an on-time qualifying monthly payment.

Background: The PSLF was first authorized as part of the College Cost Reduction and Access Act of 2007 ([CCRA; P.L. 110-84](#)) and encourages individuals to enter, as well as remain in public sector jobs, with an incentive of forgiving their student loans so long that an individual remains employed in the public sector for 10 years while making 120 separate qualifying payments. The CCRA also authorized (through the [Higher Education Act \(HEA\)](#) as amended by the [SAFRA Act – Title II of P.L. 111-152](#)) various student loan repayment options ([income-contingent repayment \(ICR\)](#) plan and the [income-based repayment \(IBR\)](#)) for borrowers that would qualify them for the PSLF.

Before the enactment of the CCRA, the ICR was the only [income-driven repayment \(IDR\)](#) plan available to borrowers and it set a threshold for monthly payments at an amount that was equal to or lesser than 20% of their annual discretionary income divided by 12. If borrowers were able to make payments on their loans over 25 years, any outstanding loan balances would be forgiven. The PSLF, through the CCRA, clarified that payments made under ICR and IBR plans would qualify for purposes of satisfying requirements from the PSLF as means to encourage individuals to enter and remain in the public sector.

Although much of the PSLF has remained the same, federal student loan programs have been modified to increase eligibility for borrowers. Currently, individuals with direct loans, such as Direct Plus Loans which are made available to graduate and professional students, are eligible for the program. Other eligible IDR plans that satisfy requirements for the PSLF include the [pay as you earn repayment](#) plan and the [revised pay as you earn repayment](#) plan, which limits their monthly payment to 10% of an individual's annual discretionary income divided by 12. It's important to note that there is no limit to the amount of loan forgiveness.

The PSLF began on Oct. 1, 2007, and has the following requirements:

- Individuals must be full-time employees in public service (federal, state, and local governments; 501(c)(3) organizations; or private non-profit organizations that provide public services such as emergency management, public safety, public interest law services, etc.) throughout the repayment of their loan(s).
- Individuals are required to make 120 separate and qualifying payments on their loan(s) that are based on qualifying loan repayment plans made under IDR plans or standard plans that have a 10-year repayment period. It's important to note that if an individual makes payments under a 10-year repayment plan, they will not likely have an outstanding loan balance after 10 years, therefore most individuals utilize the IDR plan when repaying their loan(s) balance.
- Payments made towards loan(s) must be required monthly payments as part of a loan repayment plan and cannot be payments made during a deferment or forbearance period.

The PSLF is primarily administered by [FedLoan Servicing](#), which is required to enroll individuals into the program, enroll individuals into qualifying repayment plans, and review applications from individuals who believe they have satisfied requirements for the program.

Selected Issues and Concerns With PSLF

Since its inception, there has been significant discussion about several definitions:

1. *Qualifying payment and repayment plans.*

This issue came to the forefront in 2017, when the first set of individuals became eligible to have the outstanding balances of their loan(s) forgiven. However, less than 1% of applications received in 2017 were approved. The remaining 99% of applications were denied because individuals did not meet the threshold of 120 qualifying separate payments and or because their loans were not direct loans. Overall, the confusion around the types of loans eligible for the PSL continues when you consider that Congress abolished guaranteed loans in 2010 and the federal government switched to only issuing direct loans. Therefore, borrowers with guaranteed loans are required to consolidate their loans into direct loans to be eligible for the PSLF. Any payments made on guaranteed loans prior to consolidation are not considered qualifying payments.

2. *Employment in public service.*

DOE has repeatedly issued guidance to define what constitutes public service. When considering requirements under the HEA, public service refers to positions in government, military service, law enforcement, public education, public health, and public interest law service. DOE defines public service by employer type and not the type of work performed. In addition, an individual employed by a non-public service organization, but contracts with a public service organization, is not eligible for the PSLF.

3. *Non-501 (c)(3).*

Historically, there has been general confusion about the types of employers that are not 501(c)(3) organizations but are qualified employers for the PSLF. DOE has worked to clarify that qualified employers must not be:

- a. Organized for profit.
- b. A labor union.
- c. An organization engaged in religious activities, unless those activities are unrelated to religious instruction or worship services.
- d. Partisan political organization.

Additionally, there has been difficulty in receiving assistance from federal loan service companies. The federal government contracts several loan services companies that are primarily responsible for managing federal loan administrative activities. However, individuals have had difficulty accessing accurate information from servicers. Additionally, changing DOE guidance has further complicated federal communications. The lack of automation of administrative processes has also slowed communications. Some people's student loan(s) were transferred to other companies that were unaware of previous qualifying payments, making it difficult for those individuals to verify their status within the program.

Temporary Expanded Public Service Loan Forgiveness

Less than 1% of PSLF applications that were submitted for loan forgiveness were approved in 2017. In response to concerns about the PSLF's low approval rate, Congress (via [the Consolidated Appropriations Act, 2018](#)) provided limited but additional considerations in which individuals, who had their initial PSLF application denied, would become eligible for loan forgiveness after making 120 qualifying payments towards their loan(s). Subsequently, DOE created the [Temporary Expanded Public Service Loan Forgiveness \(TEPSLF\) program](#).

To qualify for the TEPSLF, individuals must submit documentation of a failed PSLF application. If an individual's application was denied as a result of their payments not being made under a qualifying PSLF repayment plan, the individual would be eligible to apply for loan forgiveness under the TEPSLF. According to a [GAO report](#) on the TEPSLF, only 1% of applications for the TEPSLF were approved between May 2018 and May 2019. Most (70%) of TEPSLF applications were denied for not having submitted a PSLF application prior to applying to the TEPSLF. The TEPSLF shares similar issues and concerns with the PSLF.

Next Steps: ASTHO staff will continue to monitor this issue and future DOE guidance. Furthermore, we encourage governmental public health staff that are interested in or currently participate in either the PSLF or TEPSLF to [verify](#) the types of loans they have and verify eligible employment as soon as possible.

If you have any questions or require additional information please contact Jeffrey Ekoma, ASTHO's senior director of government affairs, at jekoma@astho.org.

Additional Resources

- Department of Education: [Public Service Loan Forgiveness Program](#)
- Department of Education: [Public Service Loan Forgiveness Limited Waiver Opportunity](#)
- Congressional Research Service Report: [The Public Service Loan Forgiveness Program: Selected Issues](#)
- Government Accountability Office Report: [Public Service Loan Forgiveness – DOD and Its Personnel Could Benefit from Additional Program Information](#)
- New York Times: [A Guide to Big Changes for Public Service Loan Forgiveness](#)