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Fact Sheet: Public Service Loan Forgiveness (PSLF) Program Overhaul

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The Public Service Loan Forgiveness (PSLF) Program is an important—but largely unmet—promise to provide debt relief to support the teachers, nurses, firefighters, and others serving their communities through hard work that is essential to our country’s success. By cancelling loans after 10 years of public service, PSLF removes the burden of student debt on public servants, makes it possible for many borrowers to stay in their jobs, and entices others to work in high-need fields.

Today, the Department of Education is announcing a set of actions that, over the coming months, will restore the promise of PSLF. We will offer a time-limited waiver so that student borrowers can count payments from all federal loan programs or repayment plans toward forgiveness. This includes loan types and payment plans that were not previously eligible. We will pursue opportunities to automate PSLF eligibility, give borrowers a way to get errors corrected, and make it easier for members of the military to get credit toward forgiveness while they serve. We will pair these changes with an expanded communications campaign to make sure affected borrowers learn about these opportunities and encourage them to apply.

These changes are important steps toward a better and stronger PSLF program, one that will move away from the current situation in which too few borrowers receive forgiveness, and too many do not receive credit for years of payments they made because of complicated eligibility rules, servicing errors or other technicalities. The Department is also working to identify further improvements to ensure public servants get the relief they deserve, including partnerships with employers and revising regulations. These actions are informed by the more than 48,000 comments the Department received on a request for information on improving PSLF issued over the summer.

The Department estimates that the limited waiver alone will help over 550,000 borrowers who had previously consolidated their loans see their progress toward PSLF grow automatically, with the average borrower receiving 23 additional payments. This includes approximately 22,000 borrowers who will be immediately eligible to have their federal student loans discharged without further action on their part, totaling \$1.74 billion in forgiveness. Another 27,000 borrowers could potentially qualify for \$2.82 billion in forgiveness if they certify additional periods of employment. For reference, just over 16,000

borrowers have ever received forgiveness under PSLF prior to this action. We anticipate that many more will also receive additional credit as we implement other changes over time, such as counting previously ineligible payments that were not affected by a loan consolidation.

The COVID-19 pandemic has placed a tremendous strain on public servants, making it even more critical that borrowers are able to access PSLF. Many public servants have been on the front lines of the pandemic, making personal sacrifices to keep the rest of us safe. Nonprofits are still recovering (http://ccss.jhu.edu/july-2021-jobs/?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=) jobs lost in the last year, and some public service workers have reported they are considering leaving public service altogether. Frontline sectors like teaching and healthcare are already seeing burnout and employee shortages. Alleviating some of the financial strain associated with student debt can help borrowers in these sectors as they continue to navigate the fallout of this pandemic.

Today the Department is announcing it will:

Implement a Limited PSLF Waiver to count all prior payments made by student borrowers toward PSLF, regardless of loan program. The Department will be offering a temporary opportunity to give borrowers credit for prior payments they made that would not otherwise count toward PSLF. Any prior payments made while working for a qualifying employer will count as a qualifying payment, regardless of loan type or repayment plan.

This Limited PSLF Waiver will apply to borrowers with Direct Loans, those who have already consolidated into the Direct Loan Program, and those with other types of federal student loans who submit a consolidation application into the Direct Loan Program while the waiver is in effect. The waiver applies to loans taken out by students.

The waiver will run through October 31, 2022. That means borrowers who need to consolidate will have to submit a consolidation application by that date. Similarly, borrowers will need to submit a PSLF form—the single application used for a review of employment certification, payment counts, and processing of forgiveness—on or before October 31, 2022 to have previously ineligible payments counted. The Department recommends borrowers take this action through the online PSLF Help Tool, which is available at [StudentAid.gov/PSLF](http://studentaid.gov/PSLF?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=) (http://studentaid.gov/PSLF?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=).

Counting prior payments on additional types of loans will be particularly important for borrowers who have or had loans from the Federal Family Education Loan (FFEL) Program. Around 60 percent of borrowers who have certified employment for PSLF fall into this category. Many FFEL borrowers report receiving inaccurate information from their servicers about how to make progress toward PSLF, and a recent report (https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-24_2021-06.pdf?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=) by the Consumer Financial Protection Bureau (CFPB) revealed that some FFEL servicers have systematically misled borrowers on accessing PSLF. Counting payments made on FFEL loans toward PSLF will correct these issues and help address the effects of the COVID-19 pandemic on student loan borrowers. Payments prior to a Direct Loan consolidation are also covered by this waiver, so it will benefit those who consolidated their Direct Loans and lost progress toward PSLF as a result.

The Department will start automatically adjusting payment counts for borrowers who have already consolidated their loans into the Direct Loan Program and certified some employment for PSLF, and those borrowers can expect to see these adjustments in their accounts in the coming months. Borrowers who have loans from the FFEL or Federal Perkins Loan programs will also have this waiver applied automatically, but only after they have consolidated and submitted a PSLF form, and all paperwork has been processed.

Simplify what it means for a payment to qualify for PSLF. The Limited PSLF Waiver also addresses another concern we have heard from borrowers—that too many payments do not count toward PSLF due to technical requirements around borrowers' choice of payment plan, timing, and amount of the payment. In some instances, borrowers missed out on credit toward PSLF because their payments were off by a penny or two or late by only a few days.

The Department will automatically adjust PSLF payment counts for payments made on or before October 31, 2021 for borrowers affected by this issue who have already certified some employment for PSLF. Borrowers who have not yet applied for PSLF forgiveness or certified employment but do so by October 31, 2022 will benefit from these temporary rules as well.

Eliminate barriers for military service members to receive PSLF. The Department will allow months spent on active duty to count toward PSLF, even if the service member's loans were on a deferment or forbearance rather than in active repayment. This change addresses one major challenge service members face in accessing PSLF. Service members on active duty can qualify for student loan deferments and forbearances that help them through periods in which service inhibits their ability to make payments. But too often, members of the military find out that those same deferments or forbearances granted while they served our country did not count toward PSLF. This change ensures that members of the military will not need to focus on their student loans while serving our country. Federal Student Aid will develop and implement a process to address periods of student loan deferments and forbearance for active-duty service members and will update affected borrowers to let them know what they need to do to take advantage of this change.

Automatically help service members and other federal employees access PSLF. Military service members and other federal employees devote themselves to serving the United States, and we should make it as easy as possible for them to get PSLF. Next year, the Department will begin automatically giving federal employees credit for PSLF by matching Department of Education data with information held by other federal agencies about service members and the federal workforce. To date, approximately 110,000 federal employees and 17,000 service members have certified some employment toward PSLF. These matches will help the Department identify others who may also be eligible but cannot benefit automatically, like those with FFEL loans.

Review Denied PSLF Applications and Identify and Correct Errors in PSLF Processing. Errors in the review and processing of PSLF applications has been a particularly worrisome barrier to PSLF access. Many borrowers report discrepancies in their PSLF payment counts, and PHEAA, the student loan servicer responsible for processing PSLF payments, has entered into a settlement with the Massachusetts Attorney General to review PSLF applications for potential errors. FSA will be transitioning PSLF accounts away from PHEAA to a new servicer.

Under Secretary Cardona's leadership, the Department is committed to holding all student loan servicers to high standards of quality and accountability, and that includes PSLF servicing. Today, the Department is announcing that it will complete a review of all denied PSLF applications and PSLF processing practices to identify and address errors. This will include an internal data review on denied PSLF applications and an independent external review of PSLF processing. Borrowers who believe there have been errors in processing their PSLF application after the Department first conducts the internal and external reviews described above will be able to use an interim reconsideration process to receive a second individual review next year. A permanent reconsideration process is under consideration in the negotiated rulemaking process.

To further strengthen oversight of PSLF, the Department will improve its reporting on PSLF, including information on timelines for processing applications and results of servicer audits.

Improve Outreach and Communication with PSLF-Eligible Borrowers. The Department wants borrowers to know about PSLF and help those who may be close to forgiveness take the steps they need to get relief. Starting this fall, we will begin an extensive outreach campaign to make sure borrowers are better informed about this key benefit. This will include emailing borrowers who have hit 120 PSLF-eligible payments during the pause but need to verify their employment to receive forgiveness. ED will also notify borrowers about any additional payments we are able to automatically count and the option for reconsideration of denied applications, as applicable. We will also work to ensure that all potentially eligible borrowers are aware of the improvements to PSLF and tools available to them.

Simplify the PSLF Application Process. We can and should make it easier for borrowers to apply for PSLF. In the coming year, FSA will make several improvements that will create a smoother application process. These include working with local governments, state education agencies, school districts, labor unions, and others to improve FSA's database of qualifying employers and creating an option to digitally sign PSLF applications. ED will also explore other improvements, like allowing employers to sign employment certification forms on behalf of their employees and automating PSLF certification for state, local, and tribal government employees.

Make Long-Term Improvements to PSLF through Rulemaking. In addition to the executive actions outlined here, ED plans to continue transforming PSLF through the negotiated [rulemaking process](https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/index.html?src=rn&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=) (https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/index.html?src=rn&utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=). This week, ED began the first session of negotiated rulemaking, which includes PSLF on the agenda. The Department's regulatory proposal includes changes that would make it easier for borrowers to make progress toward forgiveness, including simplifying qualifying payment rules and allowing certain types of deferments and forbearances to count toward PSLF.

What Borrowers Need to Know. ED will roll out these improvements in groups over the coming months. For more information, please visit StudentAid.gov/PSLFWaiver. Borrowers should also ensure we have accurate contact information on file by registering for an FSA ID at StudentAid.gov/create-account or updating their StudentAid.gov contact information by logging in and visiting StudentAid.gov/settings. By creating an account, we can communicate with you directly in a personalized way about how this waiver and other matters might affect you.

The Limited PSLF Waiver will be available to borrowers who have Direct Loans, Federal Family Education Loans, and Perkins Loans. The waiver applies to loans taken out by students.

You have Direct Loans and you've already had some PSLF employment certified

If you've already applied for PSLF and had at least some employment certified, the Department will award any additional payments we can without further action from you. If necessary, Federal Student Aid may contact you to ask you to certify additional months of employment. You should look out for an email from Federal Student Aid in the coming weeks to let you know how many additional payments we have preliminarily determined to be qualifying. You don't need to do anything until you receive an updated payment count or other communication from us.

If you know that you have qualifying employment that you have not yet certified with us, we recommend you certify that employment now by using the PSLF Help Tool at www.StudentAid.gov/pslf (<http://www.studentaid.gov/pslf>).

You currently have Direct Loans and have not yet applied for PSLF

You will need to submit a PSLF form so we can review your loans under the simplified rules and determine whether your current or past employers qualify for PSLF. You can submit this form through the PSLF Help Tool at [StudentAid.gov/PSLF](http://studentaid.gov/PSLF?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=) (http://studentaid.gov/PSLF?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=). Because we expect an influx of applicants due to this announcement, you may see some delays in having your application processed, but we will work as quickly as possible to assist you. You will need to submit your application by October 31, 2022.

You have at least one federal student loan that is not a Direct Loan, such as a FFEL loan

You will need to submit a consolidation application and a PSLF form by October 31, 2022 to ensure that payments made on loans that are not Direct Loans can be counted toward PSLF. Right now, we encourage you to consolidate before using the PSLF Help Tool to certify employment. If you want to check your employer's eligibility for PSLF before you consolidate, you can do so by logging into the PSLF Help Tool, which is available at [StudentAid.gov/PSLF](http://studentaid.gov/PSLF?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=) (http://studentaid.gov/PSLF?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=). If you have a mix of FFEL and Direct Loans, please refer to the sections above to understand how your Direct Loans will be affected.

We are working to update the PSLF Help Tool, but it will not be configured for borrowers with non-Direct Loans to submit a PSLF form until later this year. We will provide more information when this update is done.

To find out more about loan consolidation visit [StudentAid.gov/Manage-Loans/Consolidation](http://studentaid.gov/Manage-Loans/Consolidation?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=) (http://studentaid.gov/Manage-Loans/Consolidation?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=).

You previously tried to certify employment for PSLF but were denied

If the Department previously said your employer was not eligible for PSLF then you need to submit a new form through the PSLF Help Tool to see if you can receive credit toward forgiveness. You can also see which employers the Department has already deemed eligible through the PSLF Help Tool. Please note that this waiver does not affect qualifying employer rules. Your employer still needs to be a governmental organization, a 501(c)(3) organization, or a not-for-profit organization that provides a designated public service to get PSLF under normal rules and the Limited PSLF Waiver.

You don't know what kind of federal loans you have

It's very common for borrowers to not know what kind of federal loans they have. You can see what loans you have by logging into your account on StudentAid.gov, going to the My Aid page ([StudentAid.gov/aid-summary/](https://studentaid.gov/aid-summary/) (https://studentaid.gov/aid-summary?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=)), and scrolling down to the Loan Breakdown section.

There, you'll see a list of each loan you have borrowed, even if you have paid the loan off or consolidated it into a new loan. Direct Loans begin with the word "Direct." Federal Family Education Loans start with "FFEL," and Perkins Loans include the word "Perkins" in the name.

You have further questions

In the coming weeks, servicers will receive updated information from FSA to help you navigate these changes. If you encounter challenges working with your loan servicer, you should contact the FSA Ombudsman by visiting [StudentAid.gov/feedback](https://studentaid.gov/feedback).

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