STUDENT
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PROTECTION
CENTER

Delivering the Promise of Public Service Loan Forgiveness

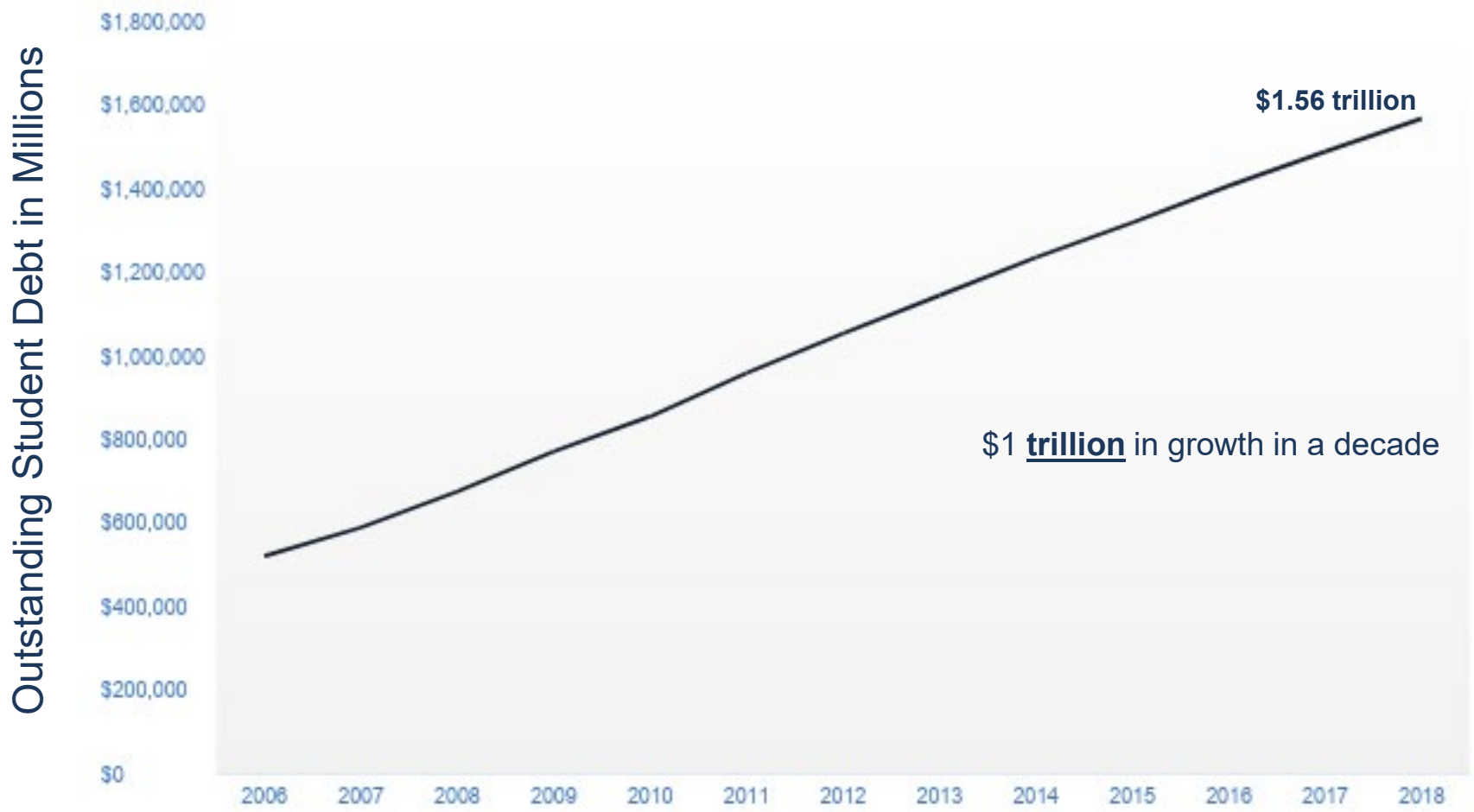
Presented by the Student Borrower Protection Center

September 2021

Agenda

- Understanding the student debt crisis
- How to qualify and apply for Public Service Loan Forgiveness
- Student loan protections during COVID-19 and servicing transfers
- Questions and answers

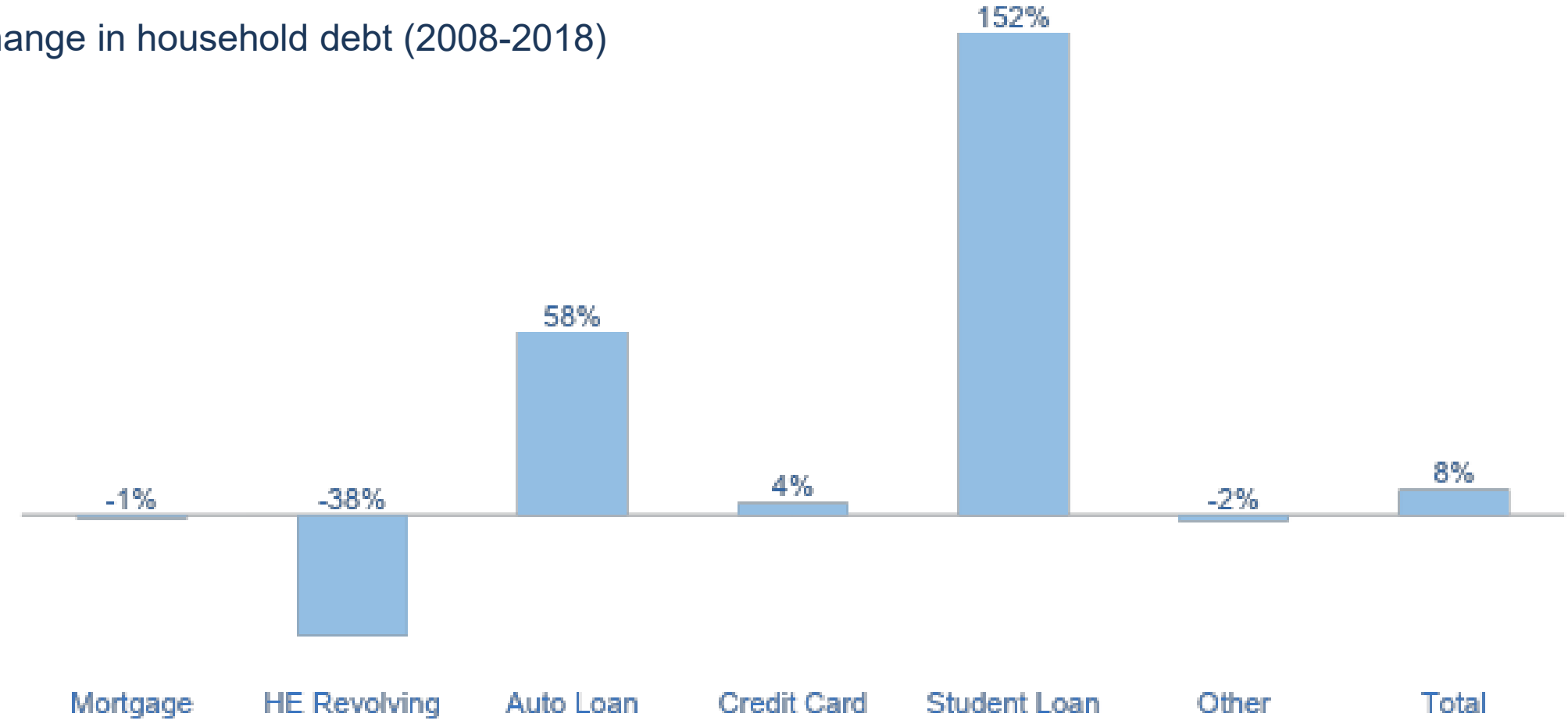
Nationwide growth in student debt



Source: Federal Reserve Board

Increasing burden on household balance sheets

Change in household debt (2008-2018)



Source: Federal Reserve Bank of New York (2018 Q4)

Public Service Loan Forgiveness

Public Service Loan Forgiveness

Four Requirements:

1. Right type of loan
2. Right type of repayment plan
3. Right type of employment
4. Right number of payments

Requirement One: Right Type of Loan

- Only Direct Loans are eligible for PSLF
- Borrowers with FFELP or Perkins loans can consolidate
- www.studentloans.gov to start consolidation process
- Borrowers with individual Direct Loans will lose any progress made towards PSLF if they consolidate
- Parent Plus loans can qualify if consolidated

Requirement Two: Right Type of Repayment Plan

- Income-driven repayment plans
  - Can be as low as $0 per month
- 10-year standard repayment plan
- Extended repayment *does not* qualify
- Graduated repayment *sometimes* qualifies
- Consolidation application will give you the option to enroll in IDR

Requirement Three: Right Type of Employment

- It doesn’t matter what you do. It matters where you work
  - Government organization
  - 501(c)(3) not-for profit organization
  - Other not-for-profit providing certain qualifying services
- Full-time
  - Minimum 30 hours per week
  - Can combine multiple part time jobs

Requirement Four: Right Number of Payments

120 qualifying payments:

- Payments made in full
- Partial payments made within 15 days of the due date
- Only prepay/make lump-sum payments for up to 12 months

How to check if you're on track

Submit an Employer Certification Form (ECF)

Borrowers should submit an ECF annually and every time they change employers (not required, but *strongly* recommended)

Servicing Transfers

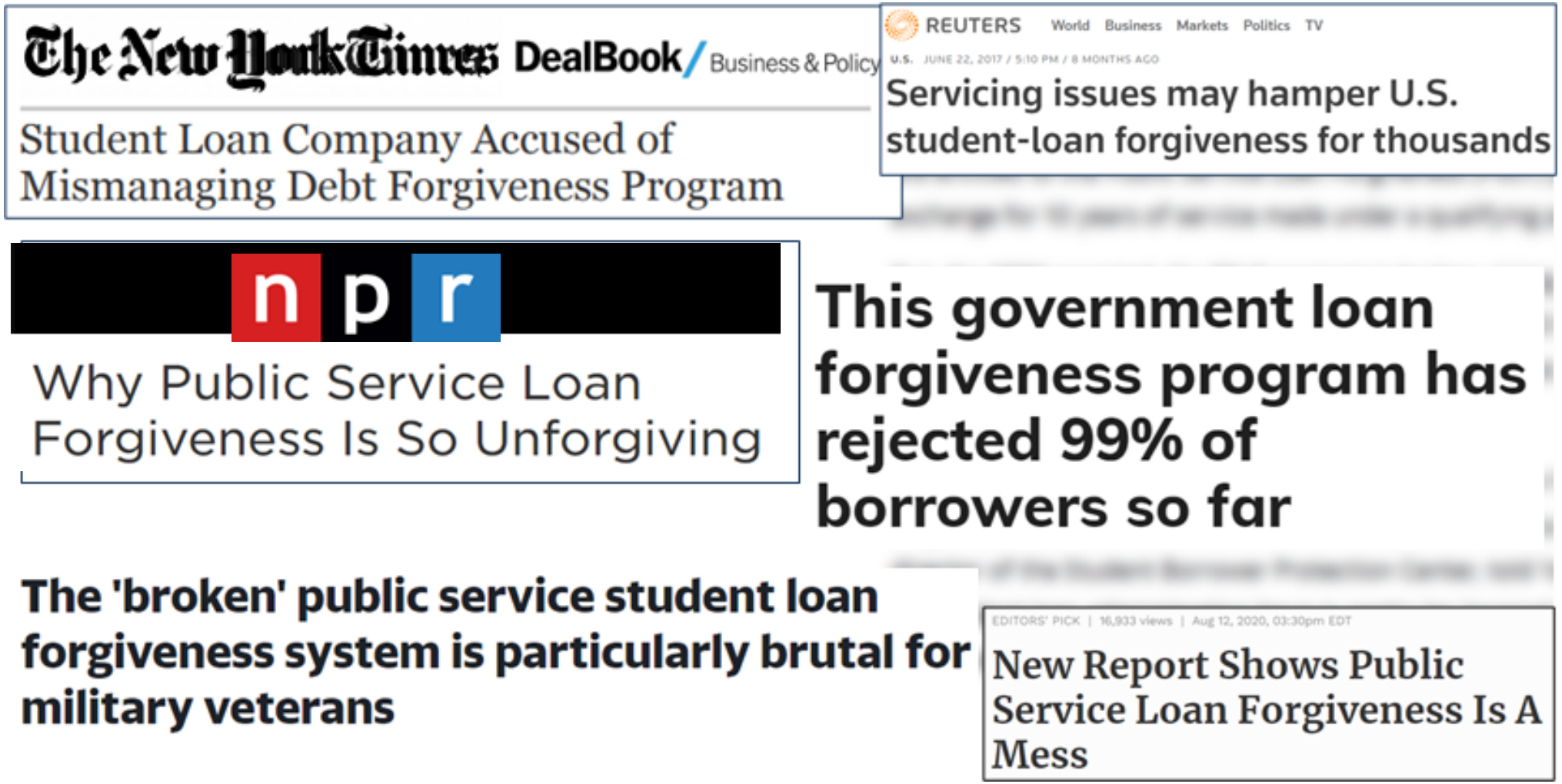
Two federal student loan servicers are ending their contracts

- PHEAA (“FedLoan Servicing”), Granite State Management & Resources
- Roughly 1-out-of-every-4 borrowers, or 10 million, will have their loans transferred
- Risk of transfer errors
- Exclusive PSLF and TEACH Grant servicer
- What you should do to prepare:
  - Update your contact information
  - Obtain complete records
  - File complaints

Unanswered questions about repayment and servicing

- Will there be broad debt forgiveness?
- Will the payment pause be extended beyond January 31, 2022?
- Which servicer will take over the transferred accounts?
- Will servicers be ready for an influx in borrower requests?

Public Service Loan Forgiveness Broken Promises



The New York Times DealBook / Business & Policy

Student Loan Company Accused of Mismanaging Debt Forgiveness Program

REUTERS World Business Markets Politics TV

U.S. JUNE 22, 2017 / 5:10 PM / 8 MONTHS AGO

Servicing issues may hamper U.S. student-loan forgiveness for thousands

npr

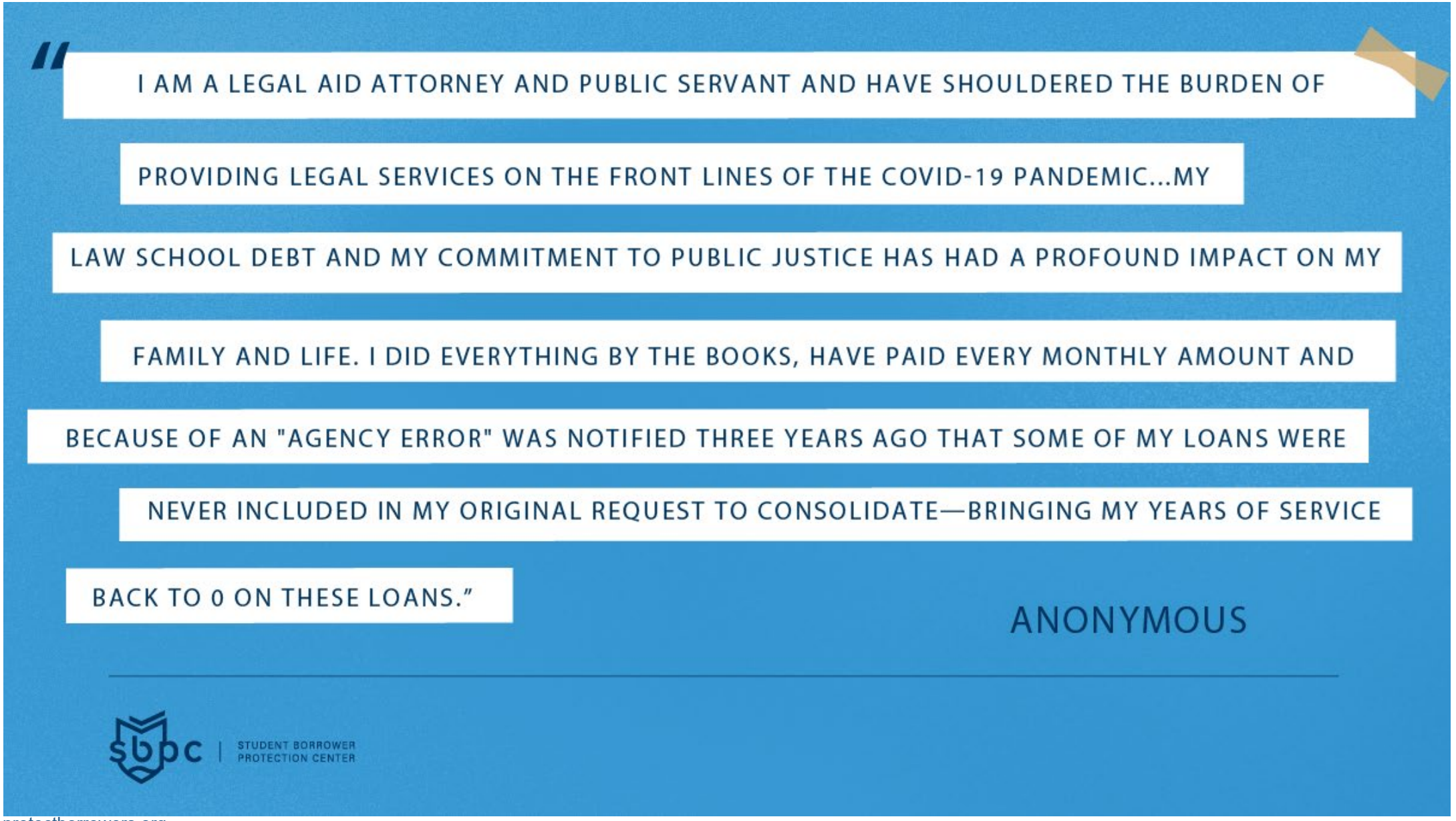
Why Public Service Loan Forgiveness Is So Unforgiving

This government loan forgiveness program has rejected 99% of borrowers so far

The 'broken' public service student loan forgiveness system is particularly brutal for military veterans

EDITORS' PICK | 16,933 views | Aug 12, 2020, 03:30pm EDT

New Report Shows Public Service Loan Forgiveness Is A Mess


"I AM A LEGAL AID ATTORNEY AND PUBLIC SERVANT AND HAVE SHOULDERED THE BURDEN OF PROVIDING LEGAL SERVICES ON THE FRONT LINES OF THE COVID-19 PANDEMIC...MY LAW SCHOOL DEBT AND MY COMMITMENT TO PUBLIC JUSTICE HAS HAD A PROFOUND IMPACT ON MY FAMILY AND LIFE. I DID EVERYTHING BY THE BOOKS, HAVE PAID EVERY MONTHLY AMOUNT AND BECAUSE OF AN "AGENCY ERROR" WAS NOTIFIED THREE YEARS AGO THAT SOME OF MY LOANS WERE NEVER INCLUDED IN MY ORIGINAL REQUEST TO CONSOLIDATE—BRINGING MY YEARS OF SERVICE BACK TO 0 ON THESE LOANS."
ANONYMOUS
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"I HAVE MADE MY STUDENT LOAN PAYMENTS EVERY MONTH FOR THE PAST 18 YEARS THAT I HAVE WORKED AT A NON-PROFIT. I HAVE PAID MORE THAN MY ORIGINAL LOAN, AND I STILL HAVE 9 YEARS AND $25K TO GO. IF THERE WEREN'T SO MANY BARRIERS UP, I WOULD HAVE ALREADY BEEN ABLE TO GET THE RELIEF I WAS PROMISED."

KELLY

Public service worker, Rhode Island

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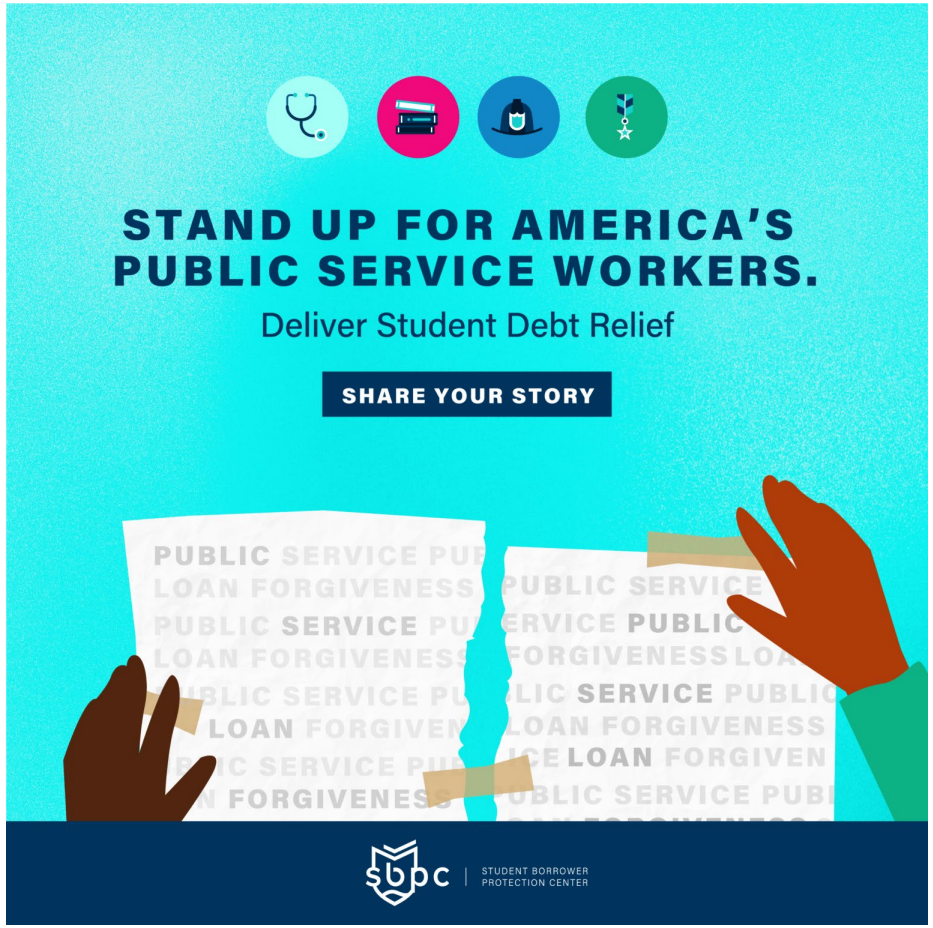
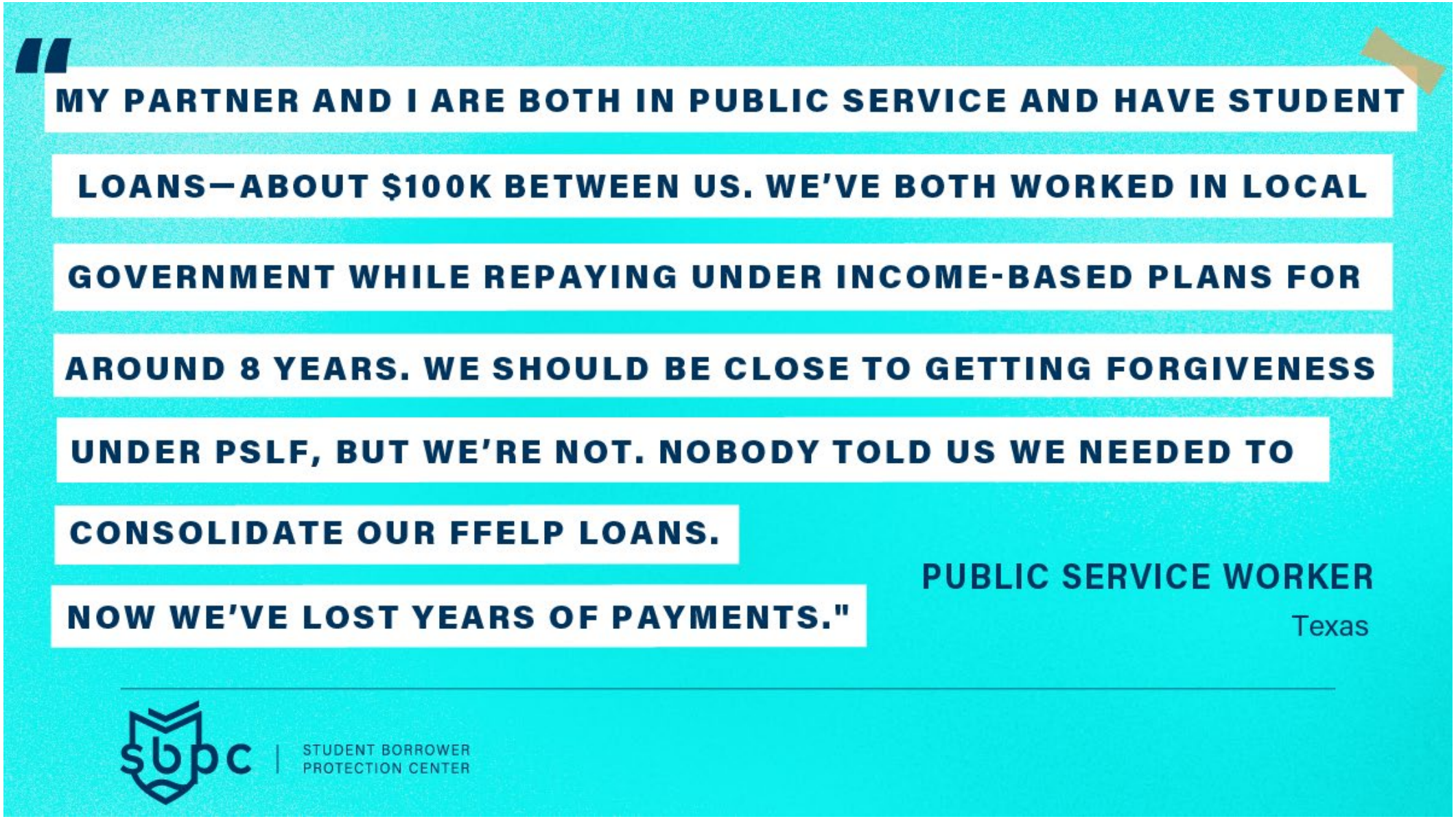
PSLF: share your story

- Deadline: September 24th
- Experiences of
  - misinformation
  - tight household budgets
  - unfair rejection
- https://bit.ly/3Bsb67T




"MY PARTNER AND I ARE BOTH IN PUBLIC SERVICE AND HAVE STUDENT LOANS—ABOUT $100K BETWEEN US. WE'VE BOTH WORKED IN LOCAL GOVERNMENT WHILE REPAYING UNDER INCOME-BASED PLANS FOR AROUND 8 YEARS. WE SHOULD BE CLOSE TO GETTING FORGIVENESS UNDER PSLF, BUT WE'RE NOT. NOBODY TOLD US WE NEEDED TO CONSOLIDATE OUR FFELP LOANS. NOW WE'VE LOST YEARS OF PAYMENTS."
PUBLIC SERVICE WORKER
Texas
sbpc
STUDENT BORROWER PROTECTION CENTER

Questions?