

Good News on Public Service Loan Forgiveness Program

05.16.23 | Linda J. Rosenthal, JD



The U.S. Department of Education (DOE) has just heralded the latest pieces in place to fix the well-intentioned but long-troubled federal Public Service Loan Forgiveness Program (PSLF). See [US Department of Education Announces \\$42 Billion in Approved Public Service Loan Forgiveness for More Than 615,000 Borrowers Since October 2021](#) (May 8, 2023) Press Release, [doe.gov](#).

This is welcome news for many former students saddled with crushing student-loan debt and for current and future college attendees. For the nonprofit sector experiencing serious staffing shortages, it is also an important milestone.

Setting the Stage

Higher education student-loan debt has become one of the major financial crises of our time. Revamping the broken PSLF program is just one of several tentacles in the broader effort to alleviate this crushing burden as well as the underlying problem that college has become unaffordable for many Americans.

It's difficult to follow the confusing and seemingly conflicting news stories and headlines without a detailed road map. "It's understandable if you are confused – and frustrated – at this point," we explained last summer in [Urgent Action Needed on PSLF Program](#) (August 9, 2022); see also [Public Service Loan Forgiveness: Update](#) (April 25, 2022) and [No Extension for PSLF Temporary Waiver](#) (August 24, 2022).

On New Year's Eve, we reviewed the unsettled situation: "Over the course of 2022, the general public have come to be generally aware that 'something' big might be happening to deal with the crushing burden of student debt." [Twists and Turns in 2022's Nonprofit News](#) (December 31, 2022).

“What’s made keeping up with developments in 2022 on ‘student-debt reform’ difficult is that the Biden Administration’s proposed comprehensive reforms and accommodations ‘were [moving forward on separate tracks](#), but simultaneously. Right now, all of them are in the news.” And, all along the way, student-loan reform has become a football tossed about in the political battles and ideological standoffs in Washington, D.C.

A Bit More Background

Enacted in 2007, the PSLF was designed to give graduates a powerful incentive to choose employment in public and community service over the (generally higher-paying) work in the private sector. It was also aimed at giving public and nonprofit employers the means to lure promising young professionals into these career paths.

The PSLF Program “...was a mess and a hassle straight out of the gate.” See extensive history we discussed in posts from earlier years: [Public Service Loan Forgiveness: Glitches](#) (April 15, 2019); [Nonprofits & Student-Loan Forgiveness: Action Needed](#) (August 24, 2021); and [Student Loan Forgiveness Program: “Transformational” Fixes](#) (October 7, 2021).

We summarized the history and the problems in our [first post of 2022](#): “The law was complex. It was confusing to borrowers, to program administrators, and to the outside contractor firms hired to service the loans. Making matters much worse was gross misconduct by the loan servicers. The full extent of the dysfunction became clear only when, in about 2017 and 2018, the first of the borrowers enrolled in the PSLF program [became eligible for the 10-year student-loan discharge](#). A furor erupted when just a tiny percentage of the submitted applications for relief was approved.”

We explained: “Since the Biden Administration came into office in early 2021, there has been [a continuing effort](#) to solve past errors, to ease the path for applicants near the ten-year mark to apply for and receive loan cancellation including temporary waivers of certain requirements, to establish long-term fixes for the program, and to (possibly) wipe out a portion of debt for borrowers across the board.”

“Student loans were [never meant to be a life sentence](#), but it’s certainly felt that way for borrowers locked out of debt relief they’re eligible for,” said Education Secretary Miguel Cardona in connection with announcement of the [then]-newest fixes for the troubled Public Service Loan Forgiveness (PSLF) program. [Department of Education Announces Actions to Fix Longstanding Failures in the Student Loan Programs](#), (April 19, 2022) *Press Release, U.S. Department of Education*.

Note that the Biden Administration’s proposed temporary and long-term fixes to the PSLF Program have been separate – and in addition to – the broader plans to wipe out student-loan debt for lower-income borrowers. For that reason, the President’s announcement and executive order in August 2022, granting a one-time cancellation of \$10,000 or \$20,000 in outstanding student-loan debt for certain borrowers who qualify under maximum-salary limitations, has been watched closely and welcomed by many.

But the one-time cancellation has also been opposed along several tracks of [legal challenges](#); the cancellation has been put on hold, and that case is currently awaiting decision by the U.S. Supreme Court. And just last week, the House Committee on Education and Workforce approved [H.J.Res.45](#),

“to block President Biden’s student debt cancellation plan using the [Congressional Review Act](#) (GRA) process. If approved by Congress” – which is *not* going to happen – “the resolution would immediately restart student loan payments by ending the student loan payment pause, retroactive to the beginning of the year. Such a retroactive cancellation would automatically render all borrowers in arrears and deem them out of compliance concerning payment obligations for the [Public Service Loan Forgiveness](#) (PSLF) and other programs.” The National Council of Nonprofits has sent a [letter to Congressional leaders](#) in any event, “expressing strong opposition to the impact of the resolutions on the PSLF program.”

On the other hand, there was good news and considerable movement before the end of 2022 specifically on the Public Service Loan Forgiveness Program. By the fall, there had been some short-term fixes, particularly for borrowers whose loans had not been forgiven on schedule, as well as a longer-term revamping of the statutory authority. Thrown into this mix during the summer was the issuance of proposed regulations to implement the long-term fixes, accompanied by a period of public-comment. Then, in October 2022, the final regulations were issued. See Fact Sheet, Department of Education, [Future of PSLF Fact Sheet](#).

See also, particularly: [Student Loan Rollercoaster and How It Impacts Nonprofit Workers](#) (November 27, 2022; updated December 1, 2022, to include news of the Supreme Court’s action), Tiffany Gourley Carter, *National Council of Nonprofits*.

See as well: [360,000 student loan borrowers received \\$24 billion in forgiveness from fix to Public Service Loan Forgiveness](#) (December 8, 2022) Annie Nova, *cnbc.com*; [Year-End Expert Advice On Student Loan Forgiveness](#) (December 26, 2022) Jeffrey Marcus, *Forbes*; and [The White House embraced debt forgiveness in 2022. Here’s what student-loan borrowers can expect in 2023](#) (December 28, 2022) Jillian Berman, *marketwatch.com*.

The Newest Announcement

The best and most complete summary and explanation of the current major developments is in the Department of Education’s press release which happens to “mark Public Service Recognition Week.”: [US Department of Education Announces \\$42 Billion in Approved Public Service Loan Forgiveness for More Than 615,000 Borrowers Since October 2021](#) (May 8, 2023) Press Release, *doe.gov*.

DOE confirms that, as of the beginning of May 2023, it has approved a total of \$42 billion in Public Service Loan Forgiveness (PSLF) for more than 615,000 borrowers since October 2021. This is a result of the temporary PSLF changes made by the Biden-Harris Administration that made it easier for borrowers to reach forgiveness....”

In addition, DOE has now announced the “implementation of improvements to the PSLF Help Tool, which borrowers use to apply for the program. These updates will, for the first time, let borrowers complete the entire PSLF application process online, and borrowers will no longer need to fax or mail in their application with a wet signature....”

Most particularly, though, the new regulations on long-term improvements to the PSLF Program, made final last October, will take effect in July 2023 and “will provide lasting benefits for

borrowers.” They were detailed in the 5-page [fact sheet](#) issued then.

“The improvements include:

- helping borrowers earn progress toward PSLF,
- simplifying criteria to help borrowers certify qualifying employment, and
- providing opportunities for borrowers to get help correcting PSLF account problems.”

Also, those borrowers “... with Direct Loans who work in public service are also likely to benefit from the one-time [account adjustment](#) announced by the Department last year. Borrowers with other types of federal loans have until the end of 2023 to consolidate into the Direct Loan program to receive credit for qualifying payments under this adjustment.”

On top of the one-time account adjustment, the Department “also [announced](#) earlier this year new proposed regulations that would transform income-driven repayment (IDR) plans to better serve borrowers. The regulations would create the most affordable IDR plan that has ever been available to student loan borrowers, allowing those with incomes under \$30,500, or under \$62,400 in a family of four, to qualify for \$0 monthly payments. They will also simplify the program and eliminate common pitfalls that delay borrowers’ progress toward forgiveness.”

Conclusion

This is a lot to chew on all at once. Reporters and experts have provided valuable explanations and commentary to help us all digest this hearty and long-anticipated buffet.

See, for example: [The US has approved \\$42 billion in loan forgiveness for public service workers. Here's what to know](#) (May 10, 2023) Adriana Morga and Cora Lewis, *AP News*; [Education Department Updates Student Loan Forgiveness Process For Public Service Borrowers](#) (April 11, 2023) Adam S. Minsky, Esq. *Forbes*; [Biden administration has canceled \\$66 billion in student debt. How to know if you qualify](#) (May 14, 2023) Annie Nova, *cnbc.com*.

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