June 25, 2021

Michelle Asha Cooper  
Acting Assistant Secretary for Postsecondary Education  
Office of Postsecondary Education  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20202

RE: Negotiated Rulemaking Committee; Public Hearings — Docket No. ED-2021-OPE-0077

Dear Acting Assistant Secretary Cooper:

On behalf of the American Psychological Association (APA), we are writing to offer public comments to the Negotiated Rulemaking Committee with respect to Public Hearings on Protections for Students, Loan Repayment, Targeted Loan Cancellation Programs, and Other Higher Education Regulations, published in the Federal Register by the Department of Education on May 26, 2021, Docket No. ED-2020-SCC-0021. Specifically, our comments will focus on the Public Service Loan Forgiveness (PSLF) program. APA strongly urges the Department of Education to include PSLF in any forthcoming negotiated rulemaking process and issue updated regulations to strengthen the program for current and prospective borrowers.

APA is the leading scientific and professional organization representing psychology in the United States, with more than 122,000 researchers, educators, clinicians, consultants, and students as its members. Our association works to promote the advancement, communication, and application of psychological science and knowledge to benefit society and improve lives.

PSLF encourages individuals to pursue public service by providing loan forgiveness on remaining debt from eligible federal loans after 10 years of payments. It continues the history of the federal government providing incentives for talented individuals to enter public service. Even before the pandemic, data showed that the need for licensed mental and behavioral health professionals remains great across the United States, with every state having documented mental health professionals shortage areas.¹ The national shortage of psychologists is expected to be at 14,300 by 2030, and at the same time, the largest growth in demand over the next decade is expected in schools, hospitals, mental health centers, and social service agencies.² Rural communities are especially in need of mental health providers, including psychologists, and face serious challenges recruiting licensed professionals.³ COVID-19 has further amplified these needs.⁴

The majority of states require an advanced degree for licensure in the mental and behavioral health fields. Health service psychologists graduate with an average debt load between $95,000 and $138,500, and close to half of doctoral-level psychologists rely on loans or their own funds to pay for graduate school, which takes on average 5-6 years to complete.⁵ Research shows that debt impacts career choice, reducing the probability that qualified professionals will pursue careers in public service. ⁶ PSLF is working to close these gaps. Psychologists depending on PSLF have committed to staying in a nonprofit or government setting for a minimum of ten years. These
highly trained providers are working in neighborhoods and communities, providing public safety, health, education, and social services. They are on the frontlines in the fight against COVID-19, the opioid epidemic, and the scourge of suicide. They are working with our nation’s children to address issues such as bullying and social and emotional learning, with the goal of improving educational outcomes.

Congress enacted PSLF with strong bipartisan support under the College Cost Reduction and Access Act of 2007. However, mainly due to widespread mismanagement of the program, just about 1.2 percent of borrowers have received loan forgiveness since the first cohort became eligible in 2017. There have been arguments made that a reason for widespread denials is a confusion among early applicants about the program’s rules. However, new data from the Department of Education show that approximately half of the borrowers denied forgiveness were those who consolidated their loans at some point during their 10-year repayment window. Effectively, this shows that borrowers followed the rules by consolidating their ineligible loans into an eligible consolidation loan, and were still denied the cancelation they earned, through no fault of their own. As consolidation loans typically incur higher interest rates, these borrowers increased the cost of their loan without receiving the promised forgiveness.

Furthermore, a majority of applications are rejected because they do not meet PSLF requirements, such as not having made all their payments in a qualifying repayment plan or not working for qualifying employer. In an effort to rectify this and fulfill its commitment, in 2018, Congress created the Temporary Expanded PLSF (TESPLF) program, which would provide relief to rejected borrowers. Yet only 1 percent of TEPSLF applications were approved by May 2019.

These actions have resulted in the loss of more than 100,000 borrowers in the PSLF pipeline with the department currently facing a backlog of nearly 150,000 PSLF applications. It is likely that many of these borrowers hit their 10-year PSLF mark during the current pandemic-related student loan payment suspension. When payments eventually restart, whether in October 2021 or sometime thereafter, these borrowers should not owe another payment on their student loans.

APA is encouraged by the department’s interest in addressing fixes to student loan and repayment programs under its jurisdiction. Although a negotiated rulemaking process would certainly be a welcome step, the department already has significantly broad authority under current law to properly administer the program without needing formalized rulemaking. This would be the most expeditious way to meet PSLF’s intended commitment to borrowers and serve the needs of the public, including in mental and behavioral health care. We urge the department to take quick action consistent with Congress’ intent in establishing PSLF as a broad-based program for service and loan forgiveness. This must be done prior to the end of the pandemic-related student loan payment suspension. As such, we offer the following recommendations for your consideration:

- **Cancel student debt owed by borrowers in public service for 10 years or more.** The department should conduct an audit of the student loan accounts of every potentially-eligible student loan borrower working in public service and provide student loan forgiveness for every public service worker in America who owes a federal student loan and has served for a decade or more.

- **Adjust unnecessary loan-related barriers.** To the extent permitted by law, the department should ensure that all types of federal loans—Direct, FFEL, and Perkins—and federal repayment plans qualify for PSLF and that borrowers placed into a non-qualifying repayment plan but who meet all other PSLF requirements have their
payments counted as qualifying payments for PSLF purposes. Additionally, graduate-degree holders should be allowed to opt-out of the in-school deferment and six-month post-graduation grace period if they would like to start making PSLF-qualifying payments before the deferment or grace period ends.

- **Streamline the application process.** Applying for PSLF must be made simpler, easier, and more intuitive for all borrowers. This includes streamlining electronic processes for application and employer certification, as well as the ability to check the status of PSLF enrollment and number of qualifying repayments made in real-time. The department must also provide clear, consistent, and transparent information and guidance regarding eligibility and denials. APA urges the department to consider ways to better correct for simple processing errors—such as enrolling in the wrong repayment plan and/or failing to consolidate necessary loans—without denying forgiveness. This could include reconsidering previously denied applications or providing notification to borrowers who had previously been wrongfully denied, to resubmit their applications.

- **Establish clear appeals procedures.** The department must provide a straightforward appeals process, that all borrowers and organizations can access upon application rejection. Additionally, the department must widely publicize this appeals process to all current and future PSLF applicants. According to recent reporting, although the department currently has a system for investigating complaints and making fixes related to PSLF, very few borrowers are aware of this process."\textsuperscript{xi}

- **Strengthen oversight.** Per the GAO data cited above, a significant portion of forgiveness denials are due to mistakes made by loan servicers. The department must guarantee stronger oversight of servicing entities, including by creating guidelines and training for all servicers to assist them in helping borrowers enroll in PSLF and ensuring that no servicer is steering borrowers away from enrolling in the program.

- **Clarify employment requirements.** The department must also make a stronger effort to clarify employment requirements for nonprofit organizations, which are qualifying employers for PSLF. This includes explicitly removing any mention of the “primary purpose” condition, as it was required to do by a February 2019 U.S. District Court ruling,\textsuperscript{xiii} as well as ensuring that individuals working at veteran-serving nonprofit organizations are allowed to access PSLF.

- **Ensure enrollment of more eligible borrowers.** The department must increase its efforts to raise the profile of PSLF program to encourage participation by conducting outreach to inform the public of the benefits of PSLF and notifying borrowers who are likely eligible about the program and its potential benefits.

Additionally, the department must also take appropriate action to address issues with Income-Driven Repayment (IDR), which are qualifying payments for the purposes of PSLF. Although there are several critical changes that Congress must make statutorily—including ensuring that all types of federal loans qualify and eliminating capitalization of unpaid interest and the tax liability currently imposed on forgiven loan balances—there are a number of regulatory adjustments that the department can make unilaterally that will improve the program for borrowers. This includes:

- Consolidating all existing IDR plans into a single program, which sets monthly repayments at 10 percent of discretionary income.
• Reducing or eliminating administrative barriers and unnecessarily burdensome paperwork.
• Instituting an automatic annual income recertification process to allow for continued enrollment in IDR.
• Ensuring that IDR remains “income-based,” meaning that irrespective of degree type—undergraduate or graduate—all borrowers enrolled in IDR should have their debt cancelled after 20 years of repayment.

Finally, we continue to encourage the department to extend the current pandemic-related student loan payment suspension beyond the current end date of September 30, 2021, through at least the end of the year. However, when payments do restart, it is critical to ensure a smooth and seamless process for all borrowers. The department and its servicers must provide clear and timely information to borrowers on when payments are set to begin, provide clarity on auto-debit payments, ensure that borrowers are able to enroll in and recertify their IDR plans, and offer additional flexibilities to borrowers who show signs of financial distress. For borrowers in PSLF who qualified for forgiveness during the payment pause, the department must ensure that they receive the loan cancellation they earned without improperly requiring any further payments.

APA appreciates the opportunity to provide comments on a program that is critical to building a robust public service workforce, including in mental and behavioral health care, especially as demand for such services continues to grow. We look forward to working with you as the negotiated rulemaking process moves forward. If APA can be of assistance, please contact Kenneth Polishchuk, Senior Director for Congressional & Federal Affairs, at kpolishchuk@apa.org.

Sincerely,

Katherine B. McGuire
Chief Advocacy Officer

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3 Rural Health Information Htt, Rural Mental Health