The Critical Role of Public Service Loan Forgiveness

The Public Service Loan Forgiveness (PSLF) Program supports graduates who commit themselves to a career in public service by forgiving remaining federal student loan balances after 10 years of on-time repayment. PSLF is a tool for recruiting skilled individuals to work in high-need communities—providing public safety, health, education, and social services—and to serve on the frontlines of COVID-19. Rural populations are especially in need of mental health providers, including psychologists. The program ensures that recent graduates can pursue higher education, including advanced degrees, and choose a career path that puts service to the public ahead of other factors.

WHAT IS THE ROLE OF PSYCHOLOGY IN PUBLIC SERVICE?

Psychologists hoping to participate in the PSLF program have committed to working in a non-profit or government setting for a minimum of ten years. These psychologists work in hospitals, Veteran’s Medical Centers, Community Health Centers, prisons, children’s hospitals, laboratories, the military, and on the front lines in the fight against COVID-19. They are working in public, charter, and private schools with our nation’s children, addressing issues like bullying and social and emotional learning, with the goal of improving educational outcomes. They are also teaching and conducting research at colleges and universities.

Data show that the need for licensed mental and behavioral health professionals remains great across the United States, with every state having documented mental health professions shortage areas. This demand is only expected to increase due to the COVID-19 pandemic. At the same time, there has been a steady paring back of federal supports for students pursuing graduate education, while demand for careers requiring a doctorate or professional degree continues to grow at the fastest rate. Most states require an advanced degree to provide mental health services.

• Nearly 50% of PhD-level psychologists rely on loans or their own funds to pay for graduate school, which takes on average 5-6 years to complete. Health service psychologists graduate with an average debt load between $95,000 and $138,500.
• Psychologists and other highly-trained mental health providers are needed to fill our nation’s critical mental health workforce shortages. HRSA projects a national shortage of 14,300 psychologists by 2030 to address unmet behavioral health needs.
• The need for psychologists is expected to grow faster than average from 2018-2028 with increased demand for services in schools, hospitals, mental health centers, and social service agencies.
Studies demonstrate that debt impacts career choice, reducing the probability that graduates will pursue careers in the public interest. As COVID-19 has disproportionately impacted underserved and low-income communities, maintaining a strong public health workforce, including in psychology, will be more critical than ever.

APA asks policymakers to strengthen PSLF by taking the following actions:

- **Ensure Enrollment of More Eligible Borrowers**
  - Raise profile of PSLF program to encourage participation by conducting outreach to inform the public of the benefits of PSLF and notify student loan borrowers who are likely eligible for PSLF about the program and its potential benefits for them.

- **Eliminate Unnecessary Loan-Related Provisions**
  - Ensure that all types of federal loans 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.
  - Allow borrowers to consolidate their loans without losing credit for payments made prior to consolidation while they were working in public service careers.
  - Allow for an opt-out of the in-school deferment for graduate degrees and six-month post-graduation grace period if a borrower would like to start making Income-Driven Repayment/PSLF-qualifying payments before the deferment or grace period would otherwise end.

- **Simply Employment Criteria**
  - Eliminate the PSLF provision that requires an otherwise eligible borrower to be employed in public service at the time of forgiveness.
  - Issue new guidelines to establish PSLF as a broad-based program for service and loan forgiveness by simplifying and expand the definitions of “public service,” “public service job,” and “public service organization.”

- **Streamline Application, Appeals, & Oversight Processes**
  - Simplify the application process, including for employer certification, and require clearer, consistent, and transparent information, and provide better guidance regarding eligibility and denials.
  - Streamline electronic processes for borrowers, including application and recertification, and provide the ability to check the status of PSLF enrollment and number of qualifying repayments made in real-time.
  - Establish a straightforward appeals process that all borrowers and organizations can access upon application rejection.
  - Guarantee stronger oversight of servicing entities by creating guidelines and training for all servicers regarding PSLF.

- **Mitigate COVID-19-Related Concerns**
  - Ensure that for any borrower enrolled in PSLF, and employed in full-time public service before the declared national emergency related to COVID-19, student loan payments that are suspended as a result of the pandemic are counted towards PSLF eligibility, even if the borrower’s employment is disrupted due to the coronavirus.

1. Rural Health Information Hub: Rural Mental Health
6. Ibid.
7. Ibid.
8. HRSA data.