August 3, 2021

Julie Margetta Morgan
Delegated the authority to perform the functions and duties of the Under Secretary
Senior Advisor
Office of the Under Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

RE: Request for Information Regarding the Public Service Loan Forgiveness Program – Docket No. ED-2021-OUS-0082

Dear Under Secretary Morgan:

On behalf of the American Psychological Association (APA), we are writing to offer public comments on the Request for Information Regarding the Public Service Loan Forgiveness Program, published in the Federal Register by the Department of Education on July 26, 2021, Docket No. ED-2021-OUS-0082. 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.

APA appreciates the Department of Education’s interest in addressing fixes to student loan and repayment programs under its jurisdiction, and we are encouraged by the effort to seek public comment and address issues and concerns related to the administration of the Public Service Loan Forgiveness (PSLF) program, which Congress enacted with strong bipartisan support under the College Cost Reduction and Access Act of 2007. While we certainly support a negotiated rulemaking process, 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.

Therefore, we urge the department to take quick action consistent with Congress’ intent in establishing PSLF as a broad-based program for public service and loan forgiveness, thus strengthening it for current and prospective borrowers. Furthermore, this must be done prior to the end of the pandemic-related student loan payment suspension.

As such, we offer the following responses to the questions posed in the RFI:

Public Service & Student Debt

1. What are the direct and indirect effects of student debt on America’s public service workforce?

RESPONSE: There are many psychologists either already in, or considering starting careers, in public service. The majority of states require an advanced degree for licensure in the mental and behavioral health fields. This requires substantial financial investment. Health service psychologists graduate with an average debt load between $95,000 and $138,500 from their
graduate degrees alone, 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.¹

At the same time, the federal government has taken actions in recent years that have disproportionately impacted graduate students. This includes the imposition of higher interest rates and multiple loan origination fees, as well as the elimination of subsidized federal loans. Without access to subsidized loans, graduate students begin accruing interest immediately upon disbursement of the loan. These interest rates are fixed, and since at least 2006, the median interest rates for unsubsidized loans and Grad PLUS loans have been 6.04 percent and 7.04 percent, respectively.² Any unpaid interest is compounded and added to the principal balance of the loan. These factors further increase the cost of federal borrowing, particularly when financing graduate education.

Low-income, first generation, and students of color, tend to carry even higher levels of student loan debt as compared to their peers.³ This further widens historic racial wealth gaps,⁴ and impedes workforce diversity efforts, including in mental and behavioral health care fields, where demand for representative, culturally competent providers is high. Data show that students of color working towards doctoral psychology degrees tend to borrow more when financing their education.⁵ The prospect of adding further debt often serves as a disincentive to pursuing advanced degrees.

Finally, debt impacts life choices, forcing many borrowers to put off milestones such as starting a family, getting married, or buying a home. This effects student loan borrowers across all occupations, but particularly those in public service, as compensation in such fields tends to be lower, as compared to other professions. Additionally, there is a psychological component to debt. Research shows that debt contributes to stress, anxiety, and depression.⁶ These were all concerns among college students even before the pandemic,⁷ and have only been exacerbated by COVID-19.⁸ The burden of student loan debt further increases future economic uncertainty for many students and borrowers, including those training to be the next generation of behavioral health providers and researchers.

2. What are the direct and indirect benefits of PSLF for America’s public service workforce, including the effects of PSLF on individual borrowers, on the labor market, on communities, and on the populations served by public service workers?

RESPONSE: In the U.S., many critically needed occupations that result in public service careers require a postsecondary degree, including psychologists, teachers, doctors, social workers, and nurses. These early career professionals provide important services that contribute to the nation’s economy and the needs of its citizens. Over half of all nonprofit jobs in the U.S. are in the healthcare field, while 15 percent are in educational services and 13 percent are in social assistance.⁹ This includes individuals working in family services, community food services, housing services, vocational rehabilitation, and child day care.

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.⁴ 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.¹⁰ Rural communities are especially in need of mental health providers, including psychologists, and face
serious challenges recruiting licensed professionals. COVID-19 has further amplified this demand.

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.

3. **Does PSLF provide a strong incentive for borrowers to engage in public service work? How are public service workers’ employment decisions affected by their debt and by PSLF?**

**RESPONSE:** Although a key component of PSLF is debt cancelation, the program is not solely designed to be a debt management tool. In fact, its primary purpose is to encourage highly qualified individuals to pursue careers in public service, where demand for their skillset is high. It continues the history of the federal government providing similar incentives for talented individuals to enter careers with a specific national need. Providing student loan forgiveness on remaining debt from eligible federal loans after 10 years of payments is a mechanism to help close the pay gap between the public and private sectors.

Student loan forgiveness alone is not the reason why the vast majority of the public service workforce, including psychologists, chooses to enter these careers. They are passionate about the work and want to give back to their communities. They certainly do not pursue these fields because of the pay. However, research shows that debt impacts career choice, reducing the probability that qualified professionals will enter public service. The loan forgiveness that PSLF promises to provide gives these public service workers the possibility of long term financial security, which is not only an incentive to enter these occupations, but also persist in them.

**Experiences with Public Service Loan Forgiveness**

4. **What borrower experiences should the Department and Congress consider when making improvements to PSLF?**

**RESPONSE:** Many psychologists are passionate about public service and are eager to work with underserved populations. However, student loan debt is often a barrier, especially for those who have families or other commitments. PSLF is exactly the type of program to help mitigate this financial concern and help ease the pathway to public service for mental and behavioral health care providers, thereby bolstering this critical workforce.

Unfortunately, the experience of borrowers enrolled in the program have created an, albeit not unreasonable, perception that the program is not working as it was intended, making it a less attractive option for borrowers considering work in the public sector and diminishing its usefulness as a recruitment tool. Many psychologists have heard of PSLF and are interested in using the program to enter careers in public service. However, they are also aware—both through anecdotal evidence and media reporting—of the issues associated the program. Additionally, many psychologists have been enrolled for over a decade, ostensibly met all the criteria necessary to obtain student debt forgiveness, but have not received the promised benefit. All of this has understandably led many to question the validity of the program.
Although APA has made an effort to provide a counterargument by highlighting some success stories, frankly, they are few and far between. The view that the program is failing to deliver on its promises, has regrettably been somewhat baked in. This significantly weakens PSLF’s intent, instead serving as a disincentive for either starting or continuing a public service career.

However, the department already has the ability—without either formal rulemaking or legislative action—to make timely, necessary fixes that would ensure PSLF’s proper implementation, both to deliver promised benefits to current participants and to make it a more attractive option to potential enrollees. These borrower experiences should carry substantial weight in the department’s considerations.

5. What features of PSLF are most difficult for borrowers to navigate?

RESPONSE: While PSLF on paper seems like a fairly intuitive program—the borrower must have the right type of federal loans, be enrolled in a correct repayment plan, and work for a qualifying employer for 10 years while making 120 payments—its application and administration have proven to be cumbersome, misleading, and opaque for many student loan holders.

In many cases, borrowers do not realize that they do not meet those criteria, while continuing to make payments, which they believe are incrementally leading them to qualify for loan cancelation. Among the features of the program which make it most difficult for borrowers to navigate are: (1) exclusion of non-Direct Federal Loans from PSLF eligibility; (2) which plans are qualifying-plans, and; (3) if their employer is considered eligible for the program.

This has led to much confusion, creating a situation where PSLF is not operating as it was intended to. This is borne out in the data. Findings from the Government Accountability Office (GAO) show that the 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.xv

6. What role do loan servicers play in making it easier or harder for borrowers to access PSLF?

RESPONSE: According to a report from the Consumer Financial Protection Bureau, student loan servicers have systematically mismanaged PSLF, including by providing misinformation or misrepresenting the rights and options of borrowers.xvi Additional data show that more than 5 million errors committed by student loan servicers have significantly contributed to the failures of the PSLF program.xvii

Arguments have been made that a reason for widespread forgiveness denials is due to confusion among early applicants about the program’s rules. Although the some of the program’s arcane procedures and lack of transparency has made it difficult for borrowers to navigate, 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.xviii

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.
7. What barriers prevent public service workers with student debt from pursuing PSLF or receiving loan forgiveness under PSLF?

**RESPONSE:** The main barrier preventing public service workers from fully reaping the benefits associated with PSLF has been its administration and implementation. 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. In an effort to rectify this and fulfill its commitment, in 2018, Congress created the Temporary Expanded PLSF (TEPSLF) 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.

The Biden administration has made growing the public healthcare workforce, including in mental and behavioral health, a priority. This is a laudable goal, and PSLF is a powerful tool to help meet it. However, the program’s current implementation is preventing it from being anywhere near as effective as it can be.

8. For borrowers who have or had loans other than from the Direct Loan program, what have your experiences been when trying to access or participate in PSLF?

**RESPONSE:** A significant number of psychologists have federal loans that are not Direct loans, mostly from the Federal Family Education Loan (FFEL) Program. FFEL loans, including those that are held commercially, are still technically federal loans, even though they were disbursed at a time when the federal student loan portfolio was being administered in a different way. Making such a distinction between Direct and non-Direct Loans, is unnecessary and unfair to borrowers who just happened to take out student loans at a time before Direct Loans were even available.

Forcing these borrowers to consolidate their loans in order to qualify for PSLF, not only adds an additional requirement to a program that is already complex and confusing, but also increases the overall cost of the loan, as interest rates for consolidated Direct Loans tend to be higher. This is especially true for those with graduate loans—including psychologists—that already have higher interest rates to begin with. Additionally, with the data showing that many of the PSLF denials stem from participants not having the correct type of loan, having only Direct Loans qualify for PSLF is not just arbitrary, but also creates more hurdles and confusion, which contribute to the issues the program continues to face.

9. How can communications about PSLF requirements be improved?

**RESPONSE:** When considering most borrower experiences with PSLF, clarity and frequency of communications rise to the top of their requests. Borrowers are not out to cheat the system; they just want it to work as it was intended while also being simpler and more intuitive to navigate. The department must expressly provide transparent information on these items to ensure that borrowers have a better experience with PSLF and increase the program’s efficiency in meeting its intended promises:

- A step by step process that borrowers should follow when applying to the program.
- Whether borrowers are continuing to the meet necessary requirements to earn forgiveness as they persist through PSLF.
• The steps the department will take, within its authority, to fix any borrower noncompliance.
• The appeals process for borrowers to dispute claims.

From APA conversations with member psychologists in PSLF, there is a good deal of anxiety about the program and uncertainty about whether they will earn student loan forgiveness at the end of their 120 payments. More transparent and easier to access information would help alleviate many of these concerns, and the responsibility should not be with the borrower to seek this information out.

The department should consider creating an online portal, which provides borrowers monthly updates on their progression in the program. This could also feature a checklist of whether they are meeting all PSLF requirements, and provide them notifications on whether they are out of compliance, the steps needed to make the proper fixes, and inform them when or if they need to reapply. Better information is not necessarily going solve every problem with PSLF, but considering that so many issues with the program stem from servicer error and misinformation, it could certainly help address many.

10. What are the common questions that borrowers have about PSLF?

RESPONSE: Candidly, the most frequent question APA receives from members who are considering participating in PSLF is whether or not the program actually works. Judge by much of the data cited throughout these comments, the question is very valid. However, we still believe in the core tenants of the program and know that it can be fixed and strengthened. Thus, continuing to encourage psychologists to apply, both as a way to meet demand for mental health care and address their own levels of student debt, is important.

Other, more substantive questions, typically tend to focus on the criteria needed to be correctly enrolled in the program:
• Do I have the correct type of loan?
• Do all types of federal loans qualify?
• Are private loans eligible?
• How do I consolidate my loans?
• Will my interest rate increase if I consolidate my loans?
• Which repayment plans must I be enrolled in to qualify and am I in the right one?
• Does my employer qualify for PSLF eligibility?
• As I am making payments towards PSLF, how can I find out if I am meeting all the necessary criteria to be properly enrolled in the program?
• Can I find out how close I am to earning forgiveness?
• My servicer did not inform me that I was in the incorrect repayment plan, did not have an eligible loan, or was not working for an eligible employer, while I still continued to make payments towards PSLF. Is there a way to ensure that I do not lose credit for those months of repayment and they can still count towards earning student loan forgiveness as part of the program?

The majority of these questions tend to correlate with the same sets of issues that are most associated with mismanagement of PSLF: servicer error, lack of clarity around the program’s requirements, and whether quick adjustments can be made to ensure the borrower receives credit for past payments that were out of compliance through no fault of their own.
Opportunities to Strengthen PSLF for Borrowers Who Currently Work in Public Service

11. What operational steps can the Department take to strengthen PSLF and better serve public service workers who currently owe student debt, including borrowers who have already applied for and been denied PSLF?

RESPONSE: APA believes that the department should take the following actions to strengthen PSLF and better serve public service workers who currently owe student debt:

- **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.

- **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.

- **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, as well as ensuring that individuals working at veteran-serving nonprofit organizations are allowed to access PSLF.

Additionally, the department must also take appropriate action to address issues with Income-Driven Repayment (IDR) plans, which are qualifying payment plans for the purposes of PSLF. Although there a 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.

12. What steps can the Department take to improve borrowers’ experiences in applying for PSLF?

RESPONSE: APA believes that the department should take the following actions to improve borrowers’ experiences in applying for PSLF:

- **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.

- **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 should publicize PSLF success stories to help build public confidence in the program.

13. What steps or improvements can servicers make to improve borrowers’ experiences in applying for PSLF?

RESPONSE: According to the GAO, 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.

Additionally, relief must be provided to borrowers who have been harmed by servicer error, including by retroactively crediting PSLF borrowers with qualifying payments. Timely processing of borrower submissions must be required, and the burden should lay with the servicer, not the borrower, to identify and correct servicing mistakes. Furthermore, if state and federal investigations find systemic servicer errors, relief must be provided to harmed borrowers.

Finally, with the recently announced departure of FedLoan Servicing—which currently manages the loans of all borrowers enrolled in PSLF—from the federal student loan program, it is imperative that the department take all necessary steps to ensure that the transfer of PSLF portfolio is seamless and that any negative impact on borrowers is mitigated.

14. What can the Department do to better partner with employers to ensure that all borrowers know about the benefits of PSLF?

RESPONSE: The department must make a concerted effort to encourage more eligible borrowers to enroll in PSLF. This includes partnering with qualifying employers to raise the profile of the program among their staff. The department should work with employers on ways to
include PSLF among their benefits packages to further make the position more attractive to perspective employees.

For example, an APA member psychologist in Virginia, who recently started a small business providing mental health services in the community, including to veterans, used PSLF as a recruitment tool to build her staff. As a brand new, non-profit, she could not provide a robust set of benefits to her employees. PSLF was a way to keep open positions competitive and provide a further hiring incentive.

The Effects of the COVID-19 Pandemic on Student Loan Borrowers Working in Public Service

15. How has the COVID-19 pandemic affected borrowers’ ability to access PSLF?

RESPONSE: Since the start of the COVID-19 pandemic, tens of millions of workers—many with student loan debt—have seen their employment impacted. Current students and recent graduates are either working towards a degree or looking for employment in what is arguably the weakest job market since the creation of the federal student loan system. This also includes those entering the health care professions, which have previously been thought to be ‘recession proof.’

The current pandemic-related federal student loan payment suspension has been in effect since March 2020. During this period, all suspended payments must count as qualifying payments for borrowers in PSLF, provided they remain in full-time public service. Effectively, this lowers the number of monthly payments required to earn forgiveness by at least 16 months. However, many workers in the public sector—including psychologists—have experienced or are continuing to experience disruptions in their employment, making them ineligible for these benefits, and are thus being inadvertently penalized through no fault of their own.

As such, the full-time employment criteria should be waived. This would ensure that any borrower enrolled in PSLF during the student loan payment suspension period, has every month counted towards eligibility for loan forgiveness under PSLF, even if their employment was impacted due to COVID-19. Additionally, the department should waive the requirement that a borrower must be employed in public service at the time of loan forgiveness. This would prevent a situation where a borrower—whose 120 qualifying payments are completed during the payment suspension period—does not receive their earned forgiveness if they were furloughed, laid off, or fired as a result of COVID-19. The department currently has waiver authority to take both actions.

16. Are there any considerations about PSLF that the Department should bear in mind as it prepares for the end of the COVID-19 administrative forbearance on Direct Loans?

RESPONSE: APA continues to encourage the department to extend the COVID-19 administrative forbearance beyond the current end date of September 30, 2021, through at least spring of 2022. Further, action must be taken to extend this suspension to the additional 10 million borrowers with Perkins loans and commercially held FFEL loans, who are currently ineligible for these benefits.

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 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 process to fix and strengthen PSLF moves forward. If APA can be of assistance, please contact Kenneth Polishchuk, Senior Director for Congressional & Federal Relations, at kpolishchuk@apa.org.

Sincerely,

Katherine B. McGuire
Chief Advocacy Officer

Catherine Grus, PhD
Chief Education Officer

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10 Rural Health Information Hub; Rural Mental Health.


