NASFAA
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

September 24, 2021

Julie Margetta Morgan
Office of the Under Secretary
U.S. Department of Education
400 Maryland Avenue SW, Room 7E307
Washington, DC 20202

Dear Ms. Morgan,

On behalf of the National Association of Student Financial Aid Administrators (NASFAA) and our 3,000 member institutions, we respectfully submit to the U.S. Department of Education (ED) our comments on the Request for Information Regarding the Public Service Loan Forgiveness (PSLF) Program (Docket ID ED-2021-OUS-0082).

NASFAA represents nearly 20,000 financial aid professionals who serve 16 million students each year at colleges and universities in all sectors throughout the country. NASFAA member institutions serve nine out of every ten undergraduates in the U.S., and our comments should be considered within the context of the breadth of our membership.

NASFAA conducted a recent survey of its membership to better understand the borrower experience with PSLF. Not only are our members in regular contact with prospective PSLF recipients; many financial aid administrators themselves hope to receive forgiveness as employees of not-for-profit and public institutions of higher education and, consequently, have personal experience navigating the program. The following observations and recommendations come largely from that survey.

Broadly, 74% of survey respondents reported that their students were not confident that they would ultimately receive forgiveness, even if they follow all of the PSLF requirements. This low confidence level undermines the intent of the program, and displays a deep mistrust in public assistance programs. If a private company engendered so much distrust, they would likely be investigated for fraud or misrepresentation. Many cited the low PSLF approval rates and the media attention surrounding those figures. Others noted the amount of recordkeeping borrowers must do to ensure that their payments are properly counted. One respondent summed up this issue, saying, “This program is fabulous for those that have the skills to keep meticulous records. I work in the industry and I have had to battle, at times, with the servicer to prove that their records were incorrect.”

ED asks in its request whether PSLF provides a strong incentive for borrowers to engage in public service work and how public service workers' employment decisions are affected by their debt and by PSLF. It is reasonable to assume that the predominant impression among borrowers that PSLF will not work out for them must have some impact on their decisions as to whether to enter and/or remain employed in the public sector when they could earn more money in the private sector and be able to afford to pay off their loans in full instead. PSLF’s abysmally low approval rate likely keeps qualified, dedicated individuals from pursuing careers in public service, where our communities need them.

We asked our members what aspects of PSLF are most difficult for borrowers to navigate. The top responses included understanding which payment plans qualify, annual recertification of income for income-driven repayment plans, tracking qualifying payments, and understanding which loans qualify.

We also asked our members what aspects of PSLF could be improved to make the PSLF process less difficult for borrowers and/or result in more borrowers receiving forgiveness. Top responses included improving servicer communication with borrowers, Congress making the law less complex, and improving ED communication with borrowers.

We offer the following suggestions to improve the borrower experience with Public Service Loan Forgiveness:

Communications

One survey respondent expressed a need for, “More communication with borrowers ... Borrowers don't always understand the nuances or order of how things must be done to qualify and they feel like the Department is trying hard to keep them from qualifying instead of working with them to help them meet the requirements for forgiveness. Borrowers we have talked to don't feel like they are on the same team as the Department.”

Again and again throughout the survey, respondents indicated the need for better outreach and communications about the existence of the PSLF program itself, as well as information about where borrowers can find information and assistance about the PSLF program. For instance, 27% of financial aid administrators surveyed said they don't believe their borrowers are aware of the PSLF Help Tool and, in fact, several financial aid administrators were not aware of the tool themselves. Similarly, 40% said their borrowers aren't aware of the PSLF employer database. Suggestions included expanding PSLF information distribution across various social media platforms to gain the widest possible audience, and ED developing flyers for non-profit organizations and government agencies to post publicly for their employees. ED should also ensure that employers are aware of the PSLF program, and develop and share resources specific to employers, so they can better communicate the program to their employees.

PSLF Help Tool

Just under a third of survey respondents said their borrowers found the PSLF Help Tool to be helpful. This tool has the potential to be an invaluable resource to borrowers, but first—as mentioned above—borrowers must know it exists. Survey respondents found the PSLF Tool to be difficult to navigate and to understand. One survey respondent suggested that ED add help modules to the PSLF Help Tool, similar to what is presented to students in Entrance Counseling, to guide them through the tool.

Employer database

There were several suggestions to expand the employer database, with several reports of qualified employers not appearing in the database. For instance, one respondent indicated that some state government agencies do not appear in the database; another found that state and local public health departments do not always appear. Inconsistencies were also reported. For instance, a borrower told us they had several years of approved Employer Certification Forms (ECFs) for an employer that does not appear in the database. Several respondents indicated that the Employer Identification Number is too difficult to obtain and is not always available. Overall, only 25% of survey respondents said their student loan borrowers find the Employer Database helpful. Making the employer database comprehensive and easy to navigate will help borrowers better understand the employment aspect of PSLF qualification.

Employment verification process

Survey respondents reported significant delays in their ECFs being processed—some as long as several months. They expressed frustration with these delays at the back end of the process, once the borrower has successfully made 120 payments, because they are forced to continue to make payments and wait as long as half a year before they can begin to seek new employment due to the requirement that they continue to be employed in public service at the time forgiveness is granted. Speeding up this process is essential to restoring faith in the program.

Several respondents had suggestions for improving the employer certification process, including using a Social Security Administration database match, where possible, to verify employment in lieu of employers certifying employment, to save on time and paperwork. For the time being and while no match is in place, allowing full electronic submission of the ECF, including electronic signatures, would greatly improve the process per our survey respondents.

Servicing

Several respondents indicated inaccurate information being provided by servicers, and even among different customer service representatives at the same servicer. Several respondents reported having experienced one or more of their qualifying payments not transferring from their prior servicer to FedLoan, resulting in an inaccurate count of their qualifying payments toward PSLF. One suggestion was to require servicers to provide borrowers with 60 days notice prior to transferring their loans to a new servicer, to allow borrowers to download all of their payment history in the event it is improperly transferred. Another respondent suggested that servicers do not put loans into forbearance while income is being verified for income-driven repayment (IDR) plan eligibility, since those 1-2 months of forbearance granted each year over the course of ten years makes it so no one can actually qualify for PSLF in 10 years. The suggestion was to keep the monthly payment at the prior year's level until the new amount is determined, at which point some correction could be made.

As relates specifically to FedLoan servicing, respondents found issues with FedLoan's messaging and language choices, as well as with FedLoans' payment tracking page. Only 45% of respondents said their borrowers found the payment tracking page helpful and 20% said they didn't believe their borrowers were familiar with the payment tracking page. Several respondents indicated a need for FedLoan to better explain how qualifying payments are recorded on the payment tracker so borrowers don't think their payments have been undercounted when in fact they will be updated upon approval of their next ECF. We recommend adding fields to the payment tracker that display payments that would otherwise qualify toward PSLF but are pending employer verification so borrowers better understand how their payments are counted.

One respondent indicated the need for more thorough information on the payment tracker, including the payment due date, date payment was made, amount due, and amount paid so that when there is a dispute about a discrepancy, the borrower can better track down records to prove that their payment qualifies. Other respondents found FedLoan's messaging about why some payments don't count toward PSLF to be too generic. They recommended personalizing those messages to notify the borrower of the exact reason the payment wasn't counted toward PSLF.

Other respondents pointed to language choices on FedLoan's website, payment tracker, and other communications that can confuse borrowers. For instance, they suggested explaining the difference between "qualifying" and "eligible" and using those terms consistently. Use of the word "denied" was also questioned when used, for instance, in the case that a borrower hadn't met their 120 payments. The survey respondent who raised this issue noted that borrowers could give up on the entire process after hearing that their application was denied when, in fact, they could make just a few more payments and receive forgiveness.

Processing

Survey respondents had several recommendations for improving PSLF processing. One was to manage turnaround expectations with published processing timeframes. Separate from the need to improve processing times already noted, borrowers need to have a sense of when they can expect their IDR recertification, annual ECF, or final application for PSLF to be processed, and to know at what step their request or application is throughout the processing cycle.

One respondent indicated an issue with processing active duty military ECFs, stating that they had observed these requests being denied due to non-qualified employment. This should at minimum be addressed on a case-by-case basis, but the respondent suggested further that active duty status should be automatically confirmed through federal database matches to take the burden off servicemember borrowers with limited time and resources to deal with paperwork during deployments.

Pandemic concerns

ED asked in its request about Covid-19 impacts on borrowers and PSLF, a question we posed to our members. Several respondents indicated that it is not clear to borrowers that their payments that are currently on pause due to the pandemic are counting toward their 120 payments, and suggested this be made more clear in FedLoans' communications and payment tracker page. Several respondents expressed concern about the transition of borrower accounts from FedLoan to a new servicer due to FedLoans' recently announced exit from servicing federal student loans. They were especially concerned about the timing, given that payments for millions of borrowers that were paused due to the pandemic will resume during the same timeframe as the servicer transition.

In these extraordinary times, when multiple Secretaries of Education—spanning multiple administrations—have used their authority to alter terms and conditions of loans, it is time to seriously examine whether the Secretary can use that same authority to broaden public service loan forgiveness. For instance, ED could allow FFEL borrowers who consolidate their loans into the Direct Loan program to have their pre-consolidation payments count toward their 120 qualifying payments. This has the potential to help many thousands of borrowers, considering that the Government Accountability Office found in 2018 that 13%, or roughly 150,000, borrowers who requested to have their loans certified as eligible for PSLF did not have Direct Loans. The rock-bottom confidence levels in this program, which has been plagued by administrative issues, must come to an end.

Long-term fixes will likely require Congressional action. But in the meantime, we call on the Administration to take extraordinary measures to provide public service loan forgiveness regardless of where the loans were held.

We understand that much of the complexity of the PSLF program is written into statute and can only be addressed by Congress. Still, even the most complicated process can be broken down and explained in plain language for the general public to understand. It is essential that borrowers are informed about where they can learn more about PSLF and how they can track their progress toward forgiveness. The information they are provided must be accurate, timely, and easy to understand. We appreciate ED's acknowledgement that it has the ability to improve the PSLF process for borrowers, and its willingness to make necessary changes to do so.

We appreciate the opportunity to comment on this request for information. If you have any questions regarding these comments, please contact me or NASFAA Policy Analyst Jill Desjean at desjeanj@nasfaa.org.

Regards,

Justin Draeger, President & CEO