



Docket No. ED-2016-ICCD-0144

February 10, 2017

To Whom It May Concern:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), I am writing to offer our comments on the Notice published on December 15, 2016, regarding the proposed Public Service Loan Forgiveness (PSLF) Application for Forgiveness (Application) and revisions to the Employer Certification Form (ECF). NASFAA represents more than 3,000 member institutions of all sectors of higher education and its broad membership serves nine out of every ten undergraduates in the country.

We appreciate the Department of Education's (ED) attempts to make the forms more user-friendly. The increased font size on the entire form is sure to enhance readability. The reorganization of Section 6 (Definitions), where subsections for Qualifying Payment Definitions and Qualifying Employment Definitions were added, brings order and clarity to this section.

Changes in Terminology

Section 6 (Definitions) contains two notable changes in terminology from the existing ECF. One is the re-wording of the term *qualifying employment* to *qualifying employer*. The other terminology change is the renaming of *public service organization* to *private not-for-profit organization*.

If the first change was made to accommodate the new subheading of Qualifying Employment Definitions it may lead to confusion because the term *qualifying employment* is still used in the definition of full-time, which itself falls under the Qualifying Employment Definitions subheading, creating a circular reference. We suggest that, if the term *qualifying employer* is to replace the term *qualifying employment* throughout, that the definition of full-time be edited to incorporate the term *qualifying employer* instead, in the interest of consistency with the rest of the form.

While the second change is seemingly minor in nature, it is notable that the previous term *public service organization* matches the wording used in the PSLF regulations. If changes are to be made to a form already in use, those changes should be made with an aim toward increased clarity for the user. It is unclear how the new term *private not-for-profit organization* improves the form and, in fact, it could serve to confuse borrowers or their counselors who also consult the regulations seeking eligibility information and find different terminology from different sources. Given the complexity of determining Public Service Loan Forgiveness eligibility, consistency in terminology is essential to ensuring that borrowers understand their eligibility.

Suggestions for Improved Clarity

In the decision to have both the ECF and the Application share in common the core pages two through six, ED ensures consistency in language and familiarity with a single format that should be helpful to borrowers as they navigate the PSLF process over the 10 (or more) years it takes to meet the requirements for forgiveness. However, the wording in Section 5 (Instructions for Completing the Form) as currently written may be confusing to borrowers using the ECF who are not seeking to certify employment for all 120 payments in a single submission. The existing language seems to apply exclusively to borrowers completing the Application and should have qualifying language to distinguish between the dual purposes of the form and to clarify to which process this language applies. Additionally, the placement of the Instructions on page 3 is an inconvenient location given that all of the sections requiring borrower action appear before the Instructions on the form. We recommend moving the Instructions section to an earlier page so borrowers are more likely to rely on this information while completing the form.

On the Application, Section 2, in the certification following item 6, the borrower is instructed to notify FedLoan Servicing if they cease to be employed by a qualifying employer. The borrower is directed to Section 7 but there is no contact information for FedLoan Servicing in Section 7 (nor can there be due to the dual purpose of pages 2-6 and the fact that borrowers completing the ECF for the first time will not necessarily have FedLoan as a servicer). FedLoan's contact information must be provided as part of the Application (page 1) to address this. Also, given that borrowers must remain employed in qualifying employment until the point at which forgiveness is granted, ED should provide a reasonable estimate of the PSLF application processing timeframe.

In Section 7, the instruction to return the form "to your loan holder in the absence of an address on the form" could be confusing to borrowers who are accustomed to the term "servicer". We recommend the term "servicer" be used and that text be added instructing borrowers how to find their servicer's name and contact information.

In Section 8, the first paragraph refers borrowers to the Payment Eligibility and Employment Eligibility sections for more information. While the Payment Eligibility section appears immediately below and should be easily found by the borrower, the location of the Employment Eligibility section on the subsequent page might cause borrowers confusion. We suggest that the page number of the Employment Eligibility section be added in the reference to this section to avoid confusion.

Proofreading

In Section 6, under Qualifying Employment Definitions subheading, the first sentence has unclear language that appears to be a typographical error ("... includes the government, employment, a not-for-profit organization..."). It appears "employment" should not be included in this sentence.

In Section 8, page 4, in the left-hand column, second to last paragraph, the word “or” appears to be missing after “AmeriCorps volunteer”.

In Section 8, page 4, in the right-hand column, 3rd paragraph, the final sentence referring to DOD payments should read “...more than *one* qualifying payment...”

In Section 8 (page 5), in the right-hand column, in first the subsection heading, “Eligibility” is misspelled.

Notification of PSLF eligibility

Because FedLoan services all loans for borrowers who have completed at least one ECF, they are in a position to be able to identify borrowers who have documented 120 qualifying payments under a qualifying repayment plan. We request that FedLoan be required to notify borrowers when they have reached their 120th qualifying payment and to provide instructions on how to complete the PSLF application process along with the application form. We also request that FedLoan place these borrowers in forbearance for a reasonable period of time while awaiting their completed applications to save borrowers from making payments beyond the 120 payments required for forgiveness.

Income-Driven Repayment

While not specific to the PSLF form itself, Income-Driven Repayment Plans represent one half of the PSLF eligibility equation. The employment verification process, while burdensome, is necessary to prove the employment eligibility component of PSLF, and there are good arguments for why this form should be completed frequently, if not annually (employment changes, risk of loss of employer records, etc.) despite the time and effort required by the borrower to do so.

However, the application process for Income-Driven Repayment (IDR) should not require annual completion by the borrower. The requirement for annual renewal of IDR plan eligibility introduces too many chances for borrowers to lose eligibility even when they continue to meet eligibility requirements. As just a few examples, borrowers may not receive (or follow up on) communication from servicers informing them of the need to renew their eligibility or provide more information for a renewal application, or their renewal application may get lost in the mail or misplaced or improperly processed by their servicer. Even when servicers are able to contact borrowers by phone to renew their IDR eligibility, they are unable to complete the process over the phone as they do for some deferments and forbearances. The consequences for borrowers who do not or cannot complete their IDR paperwork annually can be dire, and include improper interest capitalization, loss of interest subsidy, unaffordable monthly payments, and even failure to achieve forgiveness under PSLF. There is an opportunity for borrowers, in their initial IDR application, to authorize multiple years of IRS data retrieval to allow servicers to automatically renew annual IDR eligibility without additional action by the borrower. Further, borrowers who indicate zero income should be permitted to confirm this fact by phone without submitting paperwork. This would reduce paper

flow between borrowers and servicers, save time and resources on both ends, and ensure that fewer borrowers lose eligibility for IDR plans and, ultimately, PSLF due to burdensome and unnecessary documentation requirements.

Finally, borrowers should have the option to submit page one of the Application for Forgiveness electronically. While we acknowledge the hurdles to signature authentication for employers completing ECF forms, borrowers may wish to submit the forgiveness application separately from the ECF and should have the option to do so electronically.

We appreciate the opportunity to offer these comments and we look forward to working with you on these important issues. Questions about our comments may be directed to Jill Desjean at desjeanj@nasfaa.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Draeger", with a long horizontal flourish extending to the right.

Justin Draeger
President & CEO