



## Testimony

Before the Subcommittee on Higher  
Education and Workforce Investment,  
Committee on Education and Labor,  
House of Representatives

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# PUBLIC SERVICE LOAN FORGIVENESS

## Opportunities for Education to Improve Both the Program and Its Temporary Expanded Process

### Accessible Version

Statement of Melissa Emrey-Arras, Director,  
Education, Workforce, and Income Security

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# GAO Highlights

Highlights of [GAO-19-717T](#), a testimony before the Subcommittee on Higher Education and Workforce Investment, Committee on Education and Labor, House of Representatives

## Why GAO Did This Study

The PSLF program was established in 2007 and forgives borrowers' remaining federal student loan balances after they have made at least 10 years of qualifying loan payments while working in public service. Starting in September 2017, the first borrowers potentially became eligible for the PSLF program and began applying to have their loans forgiven. In 2018, Congress appropriated \$700 million to temporarily expand the PSLF program for certain borrowers who initially did not qualify for the program.

This statement—based on GAO's reports issued in September 2018 ([GAO-18-547](#)) and September 2019 ([GAO-19-595](#))—discusses (1) the extent to which borrowers' requests for loan forgiveness through PSLF and the temporary expanded process have been approved or denied, (2) the extent to which Education provides the PSLF servicer with sufficient information to administer the program, and (3) opportunities for improving service to borrowers.

## What GAO Recommends

GAO has made eight recommendations to Education to improve its implementation of the PSLF program and its temporary expanded process. Education agreed with GAO's recommendations. As of September 2019, GAO continues to believe that actions are necessary to fully implement all of the recommendations discussed in this statement.

View [GAO-19-717T](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov).

September 2019

# PUBLIC SERVICE LOAN FORGIVENESS

## Opportunities for Education to Improve Both the Program and Its Temporary Expanded Process

### What GAO Found

A large number of borrowers are pursuing the Public Service Loan Forgiveness (PSLF) program, but the Department of Education (Education) has denied about 99 percent of loan forgiveness applications as of March 2019. Close to one-half of these applications were denied because the borrowers had not yet made the required 120 qualifying monthly loan payments. As of May 2019, Education has also denied 99 percent of loan forgiveness requests made through the temporary expanded process, which is intended for borrowers who did not initially qualify for the PSLF program.

In its 2018 report, GAO found that shortcomings in the information Education provided to the loan servicer that administers the PSLF program increased the risk of administrative errors. For example, Education had not provided the PSLF servicer with a definitive source of information for determining which employers qualify. GAO made three recommendations to Education to address these issues (see table below). Education agreed with these recommendations and has taken some actions, but has not yet fully implemented them.

Recommendations for Providing Information to the PSLF Servicer	Status
Develop a timeline for issuing a comprehensive guidance and instructions document for PSLF servicing	Not fully implemented
Provide additional information for determining which employers qualify for PSLF	Not fully implemented
Standardize the payment information the PSLF servicer receives from other loan servicers for determining qualifying payments for PSLF	Not fully implemented

Source: [GAO-18-547](#) | [GAO-19-717T](#)

In its 2018 and 2019 reports, GAO found that Education can provide better service to borrowers by expanding outreach, streamlining processes, and sharing critical information with borrowers. For example, GAO found that Education does not include information for borrowers about the temporary expanded process in key online sources. GAO made five recommendations to Education to address these issues with the PSLF program and the temporary expanded process (see table below). Education agreed with these recommendations, but has not yet fully implemented them.

Recommendations for Improving Service to Borrowers	Status
Include information about the temporary expanded process in the online PSLF Help Tool	Not fully implemented
Require loan servicer websites to provide information on the temporary expanded process	Not fully implemented
Integrate the request for the temporary expanded process into the PSLF application	Not fully implemented
Provide borrowers with sufficiently detailed information to be able to identify any errors in the PSLF servicer's counts of qualifying payments for the PSLF program	Not fully implemented
Provide borrowers more information on options for contesting temporary expanded process decisions and denials	Not fully implemented

Source: [GAO-18-547](#) and [GAO-19-595](#) | [GAO-19-717T](#)

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Chairwoman Davis, Senior Republican Smucker, and Members of the Subcommittee:

I am pleased to be here today to discuss the Department of Education's (Education) administration of the Public Service Loan Forgiveness (PSLF) program. The PSLF program was established in 2007 and is intended to encourage individuals to enter and continue careers in public service. It does so by forgiving borrowers' remaining federal student loan balances after they have made at least 10 years of loan payments while working in qualifying public service jobs and meeting other requirements.<sup>1</sup> Starting in September 2017, the first borrowers began applying for loan forgiveness through the PSLF program. After concerns were raised about high PSLF denial rates and some borrowers facing barriers to pursuing loan forgiveness, Congress appropriated \$700 million in 2018 to temporarily expand the PSLF program to forgive the loans of certain borrowers who did not initially qualify.<sup>2</sup> However, borrowers have continued to cite problems with Education's management of the PSLF program and its temporary expanded process.

Drawing on our prior work on the PSLF program and the temporary expanded process, my remarks today address (1) the extent to which borrowers' applications for loan forgiveness through the PSLF program and the temporary expanded process have been approved or denied, (2) the extent to which Education provides the PSLF servicer with sufficient information to administer the program, and (3) opportunities for improving service to borrowers. In addition, I will highlight several key actions we have recommended that Education can take to improve the PSLF program and the temporary expanded process to help ensure consistent services to borrowers and safeguard taxpayer funds. My testimony is based on our prior reports issued in 2018 and 2019 and cited throughout

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<sup>1</sup> See 20 U.S.C. § 1087e(m); 34 C.F.R. § 685.219. In this testimony, we refer to this as the PSLF program.

<sup>2</sup> Referred to as Temporary Expanded Public Service Loan Forgiveness, this temporary expansion of the PSLF program is for borrowers who would have been eligible for the PSLF program, except that they were repaying their loans in a type of repayment plan that is not eligible for PSLF. See Pub. L. No. 115-141, § 315, 132 Stat. 348, 752 (2018); Pub. L. No. 115-245, § 313, 132 Stat. 2981, \_\_\_\_ (2018). In this testimony, we generally refer to this as the temporary expanded process.

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this statement.<sup>3</sup> We used multiple methodologies to develop the findings, conclusions, and recommendations for our prior reports. A more detailed discussion of the objectives, scope, and methodologies, including our assessment of data reliability, is available in each report.

The work upon which this statement is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

Education administers federal student aid programs, including the William D. Ford Federal Direct Loan (Direct Loan) program, through the Office of Federal Student Aid. Only Direct Loans are eligible for the PSLF program and the temporary expanded process.<sup>4</sup> Under the Direct Loan program, Education issues and oversees federal loans provided to students, and contractors service these loans. Education currently contracts with nine loan servicers that each handle the billing and other services for a share of the over \$1 trillion in outstanding student loans provided through the Direct Loan program. Borrowers interested in pursuing loan forgiveness under PSLF, or the temporary expanded process, must have their loans

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<sup>3</sup> See GAO, *Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion*, [GAO-19-595](#) (Washington, D.C.: Sept. 5, 2019) and *Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers*, [GAO-18-547](#) (Washington, D.C.: Sept. 5, 2018).

<sup>4</sup> Before 2010, many federal student loans were originated and serviced by private lenders and servicers through the Federal Family Education Loan Program. Today, all new federal loans are Direct Loans provided by Education, and serviced by contractors. Only Direct Loans are eligible for the PSLF program and the temporary expanded process, including Direct Subsidized Loans, Direct Unsubsidized Loans, Direct Graduate PLUS Loans, and Direct Consolidation Loans. Parent PLUS Loans are also eligible for forgiveness, but cannot be repaid under any of the qualifying repayment plans unless these loans are consolidated into a new Direct Consolidation Loan. Borrowers may also consolidate certain federal loans that are not eligible for the PSLF program and the temporary expanded process, such as loans under the Federal Family Education Loan program and Perkins loans, into a single Direct Consolidation Loan to qualify. However, only the post-consolidation payments count toward the 120 payments required for the PSLF program or the temporary expanded process.

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eventually transferred to Education's sole PSLF loan servicer in order to proceed.<sup>5</sup> This designated PSLF servicer handles day-to-day activities associated with the PSLF program and the temporary expanded process, which include responding to borrower inquiries, making preliminary determinations about whether borrowers' employment and loans qualify for loan forgiveness, and processing loan forgiveness applications.

The PSLF program and the temporary expanded process provide eligible borrowers with forgiveness on the remaining balance of their Direct Loans after they have met all program requirements. To receive forgiveness for a loan, borrowers are required to be employed in a qualifying public service job for 10 years when making 120 qualifying payments. Borrowers must also be employed in a qualifying public service job at the time they apply for forgiveness, and at the time they receive forgiveness for their loans. Although there are some differences in the eligibility requirements for PSLF and the temporary expanded process, borrowers are generally required to:

- Work full-time for at least 10 years at a public service organization, such as
  - a government organization, agency, or entity at any level (federal, state, local, or Tribal);
  - a nonprofit, tax exempt organization (under section 501(c)(3) of the Internal Revenue Code); or
  - another private nonprofit organization that provides certain public services.
- Not be in default on their loans.
- Make 120 on-time monthly loan payments for the full amount due on their bill.<sup>6</sup> These monthly payments do not need to be consecutive.
- Repay their loans through a qualifying repayment plan. The PSLF program generally requires borrowers to repay their loans through one of the eligible income-driven repayment plans or the Standard

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<sup>5</sup> The Pennsylvania Higher Education Assistance Agency's FedLoan Servicing unit is the exclusive servicer for borrowers pursuing the PSLF program or the temporary expanded process. In this testimony, we will refer to this as the PSLF servicer.

<sup>6</sup> Payments are generally considered on-time if they are received no later than 15 days after the due date.

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repayment plan.<sup>7</sup> The temporary expanded process allows borrowers to qualify for loan forgiveness if they are participating in several additional types of repayment plans, including the Graduated repayment plan, Extended repayment plan, Consolidated Standard repayment plan, and Consolidated Graduated repayment plan.<sup>8</sup> In addition, for the temporary expanded process, the following two payments generally must be at least as much as the borrower would have paid under an income-driven repayment plan: (1) the payment made immediately prior to applying for the temporary expanded process, and (2) the payment made 12 months prior to applying for the temporary expanded process.<sup>9</sup>

There are key differences in the processes for applying for loan forgiveness under the PSLF program versus the temporary expanded process (see table 1).

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<sup>7</sup> Income-driven repayment is an umbrella term that describes a number of repayment plans available to eligible borrowers that base the monthly student loan payment primarily on income and family size, and extend repayment periods from the typical 10 years under the Standard plan to 20 or 25 years. These are the plans that are mostly likely to yield a balance available for loan forgiveness under the PSLF program. The 10-year Standard repayment plan is the default repayment plan for Direct Loans—borrowers will be placed on this plan if they do not choose a different repayment plan. Although the 10-year Standard repayment plan qualifies for PSLF, borrowers in this plan will pay off their loans before they are eligible for forgiveness unless they change to an income-driven repayment plan that leaves them with a balance remaining to be forgiven after 120 payments.

<sup>8</sup> A Graduated repayment plan starts with lower payments that increase every two years and payments are made for up to 10 years. An Extended repayment plan allows borrowers to make lower set monthly payments by spreading the repayment period over up to 25 years. Under the Consolidated Standard repayment plan and the Consolidated Graduated repayment plan, payment terms range from between 10 and 30 years depending on the amount of the loan.

<sup>9</sup> This requirement ensures that only borrowers who were paying a monthly amount equal to or more than they would have under a PSLF-eligible income-driven repayment plan would qualify.

**Table 1: Comparison of Key Processes for the Public Service Loan Forgiveness (PSLF) Program and the Temporary Expanded Process**

Category	PSLF application	Temporary expanded process request
<b>Purpose</b>	Application for loan forgiveness that is intended for borrowers that have already made 120 qualifying payments.	Additional loan forgiveness option for borrowers who did not initially qualify for the PSLF program because they were repaying their loans in a repayment plan that did not qualify for the PSLF program.
<b>Process summary</b>	PSLF servicer reviews borrower’s application and determines if the borrower’s loans and employment qualify and if they have made at least 120 qualifying payments. If yes, the application receives a final review from Education before the borrower’s remaining loans are forgiven.	<p>PSLF servicer reviews borrower’s emailed request, but only proceeds if the borrower has previously submitted a PSLF application.</p> <ul style="list-style-type: none"> <li>• If there is no PSLF application on file, the request is denied.</li> <li>• If the borrower has submitted a PSLF application that was denied, the servicer then determines: 1) if the borrower has qualifying loans and employment, and 2) has made at least 120 payments that qualify under the modified eligibility requirements.</li> </ul> <p>All approved requests receive a final review from Education before the borrower’s remaining loans are forgiven.</p>

Source: GAO analysis of Department of Education (Education) documents. | GAO-19-717T

## Approximately 99 Percent of Borrower Applications for Loan Forgiveness through Both the PSLF Program and the Temporary Expanded Process Have Been Denied

Despite broad borrower interest in the PSLF program and the temporary expanded process, very few borrowers have been granted loan forgiveness. A large number of borrowers are pursuing the PSLF program, but our 2018 analysis found that Education had denied about 99 percent of borrowers that applied for loan forgiveness through the PSLF program during the first 8 months that Education was accepting applications (September 2017 through April 2018), according to data from the PSLF servicer.<sup>10</sup> According to Education’s most recent publically released PSLF program data through March 2019, PSLF program denial rates have continued to hover around 99 percent since our 2018 review. Of the 76,002 loan forgiveness applications that had been processed, the PSLF servicer had denied 75,138 (99 percent), as of March 2019.

<sup>10</sup> See [GAO-18-547](#). In that report, we found that as of April 2018, Education had approved 55 borrowers out of the 19,321 that submitted applications.

According to data as of March 2019, close to one-half of the PSLF program loan forgiveness applications the PSLF servicer had processed were denied because the borrower had not yet made 120 qualifying payments. The other most common reasons PSLF program applications were denied were because of missing information on the application or because the borrower did not have qualifying federal loans. For borrowers that have been approved, Education had forgiven almost \$31 million in outstanding student loans, an average of more than \$59,000 per approved borrower.<sup>11</sup>

Denial rates are also very high for the temporary expanded process. We recently reported that from May 2018 through May 2019, Education had denied 99 percent of the completed requests from about 40,000 borrowers (see fig. 1).<sup>12</sup>

**Figure 1: Completed Requests for the Public Service Loan Forgiveness (PSLF) Temporary Expanded Process as of May 2019**



Source: GAO analysis of loan servicer data on requests for the temporary expanded process from May 2018 through May 2019. | GAO-19-717T

**Accessible Data for Figure 1: Completed Requests for the Public Service Loan Forgiveness (PSLF) Temporary Expanded Process as of May 2019**

Of the 54,184 completed requests for the temporary expanded process:

- **Denied:** 53,523 (99%)
- **Approved:** 661 (1%)

Source: GAO analysis of loan servicer data on requests for the temporary expanded process from May 2018 through May 2019. | GAO-19-717T

The majority of requests borrowers submitted for the temporary expanded process were ineligible for consideration and were therefore denied because the borrower had not previously submitted an application for the

<sup>11</sup> Borrowers can submit more than one PSLF application, so the total number of applications may exceed the number of borrowers. As of March 2019, Education had processed loan discharges for 518 borrowers.

<sup>12</sup> See [GAO-19-595](#). Borrowers can submit more than one request for loan forgiveness under the temporary expanded process, so the total number of requests may exceed the number of borrowers.



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PSLF program, according to data from the loan servicer.<sup>13</sup> For the 1 percent of applications that were approved from May 2018 through May 2019, Education had granted almost \$27 million in loan forgiveness under the temporary expanded process, totaling about 4 percent of the \$700 million appropriated funds, according to our 2019 report.<sup>14</sup> Borrowers received an average of about \$41,000 in loan forgiveness.

The high denial rates for the PSLF program and temporary expanded process suggest that many borrowers are confused by the requirements. In our 2018 report, we noted that officials from the PSLF servicer said that borrowers were frequently confused by the PSLF program requirements related to qualifying loans, employment, repayment plans, and payments.<sup>15</sup> PSLF servicer officials also said that borrowers were sometimes unaware that they were not on a PSLF-qualifying repayment plan or that forbearance, deferment, and loan consolidation would affect their qualifying payments.<sup>16</sup> For example, the Consumer Financial Protection Bureau has reported that borrowers have complained of spending years making payments, believing they were making progress towards PSLF loan forgiveness, and then learning that they were not eligible.<sup>17</sup> Similarly, in our 2019 report on the temporary expanded process, we noted that officials from Education, the PSLF loan servicer,

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<sup>13</sup> Under the temporary expanded process, the loan servicer first checks to see if the borrower requesting loan forgiveness has submitted an application for the PSLF program. If the borrower has not done so, the loan servicer does not conduct any further review of the borrower's request and sends the borrower a denial letter informing them that they have to submit the PSLF application before the borrower can be considered for the temporary expanded process.

<sup>14</sup> The temporary expanded process is available to borrowers on a first-come, first-served basis until the \$700 million is expended. The temporary expanded process became available in May 2018.

<sup>15</sup> [GAO-18-547](#).

<sup>16</sup> A deferment or forbearance allows the borrower to temporarily stop making their federal student loan payment or to temporarily reduce the amount they pay. With a deferment the borrower may not be responsible for paying the interest that accrues on certain types of loans during the deferment period, but with a forbearance the borrower is responsible for paying the interest that accrues. A Direct Consolidation Loan allows the borrower to consolidate (combine) multiple federal education loans into one loan but consolidating their loans will cause the borrower to lose credit for any previous payments made toward PSLF, and the borrower would have to start over to work toward 120 qualifying payments.

<sup>17</sup> Consumer Financial Protection Bureau, *Staying on Track While Giving Back: The Cost of Student Loan Servicing Breakdowns for People Serving Their Communities* (Washington, D.C.: June 2017).

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and representatives from selected organizations representing student borrowers all said that the requirement to submit an application for the PSLF program to be eligible for the temporary expanded process can confuse borrowers.<sup>18</sup>

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## Shortcomings in the Information Education Provides to the PSLF Servicer Increase the Risk of Administrative Errors

We have previously reported on how shortcomings in the information Education provides to the PSLF servicer has resulted in uncertainty about PSLF program requirements and increased the risk of potential errors in borrower eligibility determinations. To address these issues, we have made three recommendations to Education to provide the servicer with comprehensive guidance and instructions, additional information on qualifying employers, and standardized prior payment information (see table 2). Education agreed with these recommendations and has taken some actions, but has not yet fully implemented them.

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**Table 2: GAO Recommendations for the Department of Education to Improve Information Provided to the Public Service Loan Forgiveness (PSLF) Servicer**

Recommendation	Status
Develop a timeline for issuing a comprehensive guidance and instructions document for PSLF servicing	Not fully implemented
Provide additional information for determining which employers qualify for PSLF	Not fully implemented
Standardize the payment information the PSLF servicer receives from other loan servicers for determining qualifying payments for PSLF	Not fully implemented

Source: GAO, Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers, [GAO-18-547](#) (Washington, D.C.: Sept. 5, 2018). | GAO-19-717T

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## Piecemeal Guidance and Instructions

In our 2018 report, we found that Education does not have a comprehensive document or manual to provide the PSLF servicer with guidance and instructions. This made it difficult to effectively administer the PSLF program and provide consistent service to borrowers, according to PSLF servicer officials. We reported that Education’s guidance and instructions to the PSLF servicer are dispersed in a piecemeal manner

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<sup>18</sup> [GAO-19-595](#).

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across multiple documents, including Education's original contract with the servicer, multiple updates to the contract, and hundreds of emails. As a result, PSLF servicer officials said that their staff were sometimes unaware of relevant PSLF program guidance and instructions in emails provided by Education, which creates a risk that some policy updates will be overlooked and not consistently implemented. The absence of a central, authoritative source of PSLF guidance and instructions creates a risk of differing interpretations and inconsistent implementation. It also makes it difficult to maintain program continuity in the event of staff turnover or if Education decides to contract with a new servicer to administer the PSLF program. Federal internal control standards state that agencies should communicate information to those who need it, in a form that enables them to carry out their responsibilities.<sup>19</sup>

Around the time our 2018 report was issued, Education officials told us they planned to develop a comprehensive PSLF servicing manual, but they did not have a timeline for completing it. In response, we recommended that Education develop a timeline for issuing a comprehensive guidance and instructions document for PSLF servicing. Education agreed with this recommendation and reported in September 2019 that it was continuing its efforts to improve and streamline guidance for the PSLF servicer. While Education said it is working on developing its comprehensive PSLF servicing manual, it does not yet have a timeline for how it will complete this manual and has pushed back the estimated implementation date for this recommendation to 2020. To help ensure that program requirements are applied consistently by the PSLF servicer, we continue to believe that Education should fully implement this recommendation.

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## Limited Information on Qualifying Employers

In 2018, we reported that Education had not provided the PSLF servicer with a definitive source of information for determining which employers qualify a borrower for PSLF loan forgiveness.<sup>20</sup> Instead, Education had identified some data sources the PSLF servicer can use to determine whether borrowers are working for qualifying employers. However, we found that these sources were not comprehensive, and that PSLF

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<sup>19</sup> GAO, Standards for Internal Control in the Federal Government, [GAO-14-704G](#) (Washington, D.C.: September 2014).

<sup>20</sup> [GAO-18-547](#).

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servicer officials said they sometimes had to consult other sources that have significant limitations. For example, PSLF servicer officials told us they used an online directory of nursing home facilities to help determine if certain nursing homes were nonprofit employers. However, this website explicitly stated that it did not guarantee that the information it provided was accurate or current. Federal internal control standards state that agencies should communicate the necessary quality information to those who need it,<sup>21</sup> and PSLF servicer officials said that having additional information would help them assess employers more quickly and minimize the risk of inaccurate decisions. Borrowers would also benefit from additional information about qualifying employers, according to PSLF servicer officials, in part because it would help them make better informed employment decisions.

Our 2018 report recommended that Education provide additional information to the PSLF servicer and borrowers to enhance their ability to determine which employers qualify for PSLF. Education agreed with this recommendation, and said it planned to incorporate qualifying employer information into an online PSLF Help Tool. As of September 2019, Education reported that it had incorporated a feature into its online PSLF Help Tool to help borrowers determine if their employer fits within general eligibility criteria. However, Education said more specific information to help the PSLF servicer make employer eligibility determinations and an employer database will not be available until 2020. We believe that if Education fully implements this recommendation to provide the servicer with more definitive employer information, it would help reduce the risk of errors in assessing employer eligibility for PSLF.

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## Inconsistencies in Prior Loan Payment Data

In our 2018 report, we found that Education does not ensure that the agency's other loan servicers provide the PSLF servicer consistent information on borrowers' prior loan payments, which could increase the risk of qualifying payments being miscounted for the PSLF program.<sup>22</sup> PSLF servicer officials said inconsistencies in the information provided by other loan servicers make it challenging to determine whether borrowers

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<sup>21</sup> [GAO-14-704G](#).

<sup>22</sup> If a borrower's loan is being serviced by one of Education's eight other loan servicers, the loan and prior payment information must be transferred to the PSLF servicer before the servicer can count the borrower's qualifying PSLF payments.

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are on qualifying repayment plans or making qualifying payments. Officials with Education and the PSLF servicer said that these inconsistencies increase the risk of miscounting qualifying payments. This is contrary to federal internal control standards, which state that agencies should use quality information.<sup>23</sup> Our 2018 report recommended that Education standardize the payment information that the PSLF servicer receives from other loan servicers to ensure the PSLF servicer obtains more consistent and accurate payment information. Education agreed with this recommendation and stated that efforts were underway to improve the consistency of payment information exchanged between servicers. As of September 2019, Education reported that it is planning to standardize this loan payment data by spring 2020. If Education implements this recommendation, we believe it would reduce the potential risk of qualifying PSLF payment count errors moving forward.

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## Education Can Provide Better Service to Borrowers by Expanding Outreach, Streamlining Processes, and Sharing Critical Information with Borrowers

We have previously reported on how unclear processes and a lack of information about the PSLF program and the temporary expanded process could contribute to borrower confusion and high denial rates. We have also reported that borrowers can face challenges detecting any errors in payment counts for the PSLF program and with contesting eligibility determinations for the temporary expanded process. To address these issues, we have made five recommendations to Education to improve service to borrowers by expanding outreach, streamlining processes, and providing information to help borrowers catch and resolve errors (see table 3). Education agreed with these recommendations, but has not yet taken sufficient actions to fully implement them.

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**Table 3: GAO Recommendations for the Department of Education to Improve Public Service Loan Forgiveness (PSLF) Program and Temporary Expanded Process Service to Borrowers**

Recommendation	Status
Include information about the temporary expanded process in the online PSLF Help Tool	Not fully implemented

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<sup>23</sup> [GAO-14-704G](#).

Recommendation	Status
Require loan servicer websites to provide information about the temporary expanded process	Not fully implemented
Integrate the request for the temporary expanded process into the PSLF application	Not fully implemented
Provide borrowers with sufficiently detailed information to be able to identify any errors in the PSLF servicer's counts of qualifying payments for the PSLF program	Not fully implemented
Provide borrowers more information on options for contesting loan servicer's temporary expanded process decisions	Not fully implemented

Source: GAO, Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion, [GAO-19-595](#) (Washington, D.C.: Sept. 5, 2019) and Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers, [GAO-18-547](#) (Washington, D.C.: Sept. 5, 2018).| GAO-19-717T

## Borrower Outreach

Education uses several methods to inform borrowers about the PSLF program and temporary expanded process requirements, including through its website and webinars. Congress also appropriated \$4.6 million in 2018 for Education to conduct outreach to borrowers about PSLF, including the temporary expanded process. However, our recent work has found several areas in which the agency's outreach activities related to the temporary expanded process are limited. While Education and PSLF loan servicer officials told us that they primarily direct borrowers to online sources to inform them about requirements for the temporary expanded process, we found that the agency does not include information about the temporary expanded process in key online sources. For example, according to agency officials, one of Education's primary PSLF outreach mechanisms—the online PSLF Help Tool, which the agency launched in December 2018—does not include any information about the temporary expanded process.<sup>24</sup> Officials from Education and the PSLF servicer stated that integrating information about the temporary expanded process into the online PSLF Help Tool would be beneficial for borrowers and would reduce confusion about the temporary expanded process. In addition, our 2019 report found that while all nine of Education's loan servicers' websites contain some information on the PSLF program, none of them (other than the PSLF loan servicer) included information about the temporary expanded process on their websites or provided a link to Education's website specific to the temporary expanded process. Education officials told us that only the

<sup>24</sup> The online PSLF Help Tool assists borrowers with determining whether their loans and employment qualify and which PSLF forms they need to submit. Starting in May, 2018, borrowers were able to request that their federal student loans be forgiven through the temporary expanded process, seven months before the online PSLF Help Tool was launched.

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PSLF servicer is required to have information about the temporary expanded process on its website; however, other loan servicers may also serve borrowers who are potentially eligible but may be unaware of the temporary expanded process.

This limited outreach to borrowers about the temporary expanded process reduces the likelihood that borrowers are able to take advantage of this opportunity. Further, federal internal control standards state that management should externally communicate the necessary quality information to achieve the entity's objectives.<sup>25</sup> To improve Education's borrower outreach about the temporary expanded process, our September 2019 report recommended that Education include information about the temporary expanded process in its online PSLF Help Tool and that Education require all loan servicers to provide information about the temporary expanded process on their websites. Education agreed with both of these recommendations, and stated that it would take steps to address them. If Education implements these two recommendations, we believe it would help the department provide better service to borrowers by raising awareness of the temporary expanded process and requirements.

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## Streamlining Processes

In September 2019, we reported that Education's process for requesting loan forgiveness through the temporary expanded process is not clear to borrowers and may contribute to high denial rates.<sup>26</sup> In particular, the requirement that borrowers must have already submitted a separate PSLF application in order to be eligible for loan forgiveness through the temporary expanded process can confuse borrowers. Borrowers currently must submit a separate PSLF application, even if they know it will be denied, before Education will consider their request for forgiveness through the temporary expanded process.<sup>27</sup> Education officials acknowledged that the majority of requests for the temporary expanded process come from borrowers who have not first submitted a PSLF

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<sup>25</sup> [GAO-14-704G](#).

<sup>26</sup> [GAO-19-595](#).

<sup>27</sup> Education officials said that the department added this step to the process because the PSLF application form captures information the loan servicer needs to determine a borrower's eligibility for the temporary expanded process, and because they were required to roll out the temporary expanded process within 60 days.



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application. Similarly, our September 2019 report found that 71 percent of the denied requests were denied because the borrower had not submitted a PSLF application. Officials from the PSLF loan servicer said that borrowers who called were frequently confused when they received a denial for the temporary expanded process based on the fact that they had not first submitted an application for the PSLF program.

This lack of a borrower-friendly process complicates the path towards loan forgiveness and does not align with Education's strategic plan objective to improve the quality of service to customers. To address this issue, our 2019 report recommended that Education streamline the process for borrowers to request loan forgiveness through the temporary expanded process by integrating the request for temporary expanded process consideration into the PSLF application, eliminating the need for borrowers to submit a separate PSLF application prior to consideration. Education agreed with this recommendation and stated that it will integrate requests for the temporary expanded process into the PSLF application as part of its ongoing initiative to overhaul its online portal for student loan borrowers. Implementation of this recommendation would improve service to borrowers by making the process easier and less confusing.

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## Information to Help Borrowers Identify and Remedy Potential Errors

In 2018, we reported that although Education and PSLF servicer officials acknowledged the risk of miscounting qualifying payments, the PSLF servicer did not provide borrowers with sufficient information to easily identify PSLF program errors. Officials with the PSLF servicer said they rely on borrowers to catch any payment counting errors resulting from issues with information provided by other loan servicers. As we reported, the PSLF servicer provided borrowers with aggregate counts of qualifying payments, which are useful for helping borrowers track their progress, but did not provide borrowers with enough detail to check the servicer's counts and identify prior payments that the servicer may have missed. This is also contrary to federal internal control standards which call for communicating necessary information to external parties.<sup>28</sup> Our 2018 report recommended that Education ensure that borrowers receive sufficiently detailed payment information from the PSLF servicer to be

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<sup>28</sup> [GAO-14-704G](#).



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able to identify any errors in the servicer's counts of qualifying payments. Education agreed with this recommendation and stated that efforts were underway to standardize the payment count information that is provided to borrowers. As of September 2019, Education reported that it is reviewing communications from the PSLF servicer to ensure that borrowers receive sufficiently detailed information regarding payment counts and payment history and that this review will be completed by September of 2020. To help borrowers detect potential payment counting errors that could ultimately affect their eligibility for the PSLF program, we believe Education should implement this recommendation and provide borrowers with more detailed qualifying payment information.

Further, our 2019 report on the temporary expanded process found that Education does not provide complete information to borrowers about options they have to contest payment counts or other aspects of the eligibility determination process. An Education official told us that while there is no formal process for borrowers who are dissatisfied with their temporary expanded process determinations to contest the determination, borrowers do have additional options for addressing concerns, such as an additional review by the PSLF servicer, or a complaint to Education's Federal Student Aid Feedback System or Ombudsman. Education officials told us that the agency does not provide information about these options in its denial letters or on its website for the temporary expanded process, noting that borrowers could find this information at the bottom of Education's Federal Student Aid main website. However, borrowers may not know where to find this information should they choose to contest their temporary expanded process determination, because this information is not effectively communicated to them in accordance with federal internal control standards.<sup>29</sup> To address this, our 2019 report recommended that Education provide borrowers with more information on the website for the temporary expanded process and in the servicer's denial letters about options available to borrowers should they wish to contest the servicer's decision. Education agreed with this recommendation and stated that it would add information about the options borrowers have to contest temporary expanded process decisions to relevant websites and denial letters. Implementing this recommendation will increase the likelihood that borrowers with valid concerns about the temporary expanded process will have them appropriately resolved.

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<sup>29</sup> [GAO-14-704G](#).

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In conclusion, my statement has highlighted several actions Education could take to strengthen the PSLF program and the temporary expanded process to deliver on the promise the federal government has made to borrowers pursuing careers in public service. Education is responsible for establishing an administrative structure for the loan servicer, but more than 10 years after the PSLF program was first established, Education has not provided the loan servicer with a comprehensive source of guidance and instructions on how to operate the PSLF program, and could provide additional information to help ensure that eligibility determinations are being made correctly. Education is responsible for ensuring that borrowers are aware of and understand programmatic requirements. However, the high denial rates for the PSLF program and its temporary expanded process suggest that borrowers are still confused. It is also important for Education to maintain borrower confidence, but the department has not provided critical information to borrowers to help them remedy potential errors.

Large numbers of borrowers have pursued careers in public service, sometimes at lower pay than in the private sector, with the hope of one day achieving loan forgiveness through the PSLF program. They have often had to navigate the PSLF program requirements with a lack of sufficient information from Education only to be denied 10 years later when they applied for loan forgiveness because their prior years of employment or loan payments did not qualify. In addition, some borrowers who were denied may not be aware that they might be eligible for loan forgiveness through the temporary expanded process, potentially missing out on this temporary opportunity. Education needs to take action to better serve these borrowers and help smooth their long road towards loan forgiveness. Education has not yet taken action to fully implement the eight recommendations discussed in this testimony. We continue to believe that implementing these eight recommendations would strengthen program administration, improve service to borrowers, and help to fulfill the original goal of encouraging individuals to enter and continue in public service employment. We will continue to monitor Education's efforts in these areas.

Chairwoman Davis, Senior Republican Smucker, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

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## GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Melissa Emrey-Arras, Director of Education, Workforce, and Income Security, at (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony include William Colvin (Assistant Director), Nora Boretti (Analyst-in-Charge), Linda Collins, and Aaron Karty. Additional support was provided by James Bennett, Deborah Bland, Alex Galuten, Lara Laufer, Sheila R. McCoy, and Jessica Orr.

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James-Christian Blockwood, Managing Director, [spel@gao.gov](mailto:spel@gao.gov), (202) 512-4707  
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