

# GAO Highlights

Highlights of [GAO-18-547](#), a report to congressional requesters

## Why GAO Did This Study

Starting in September 2017, the first borrowers became eligible and began applying to have their loans forgiven through the PSLF program. GAO was asked to review the PSLF program.

This report examines the (1) number of borrowers pursuing PSLF and the extent to which Education has conducted outreach to increase borrower awareness of program eligibility requirements, and (2) extent to which Education has provided key information to the PSLF servicer and borrowers. GAO analyzed data from the PSLF servicer on employment and loan certifications and loan forgiveness applications as of April 2018; reviewed Education's guidance and instructions for the PSLF servicer; assessed the information used by Education and the PSLF servicer and communicated to borrowers against federal internal control standards; and interviewed officials from Education and the four largest loan servicers, including the PSLF servicer.

## What GAO Recommends

GAO recommends that Education (1) develop a timeline for issuing a comprehensive guidance and instructions document for the PSLF servicer, (2) provide the PSLF servicer and borrowers with additional information about qualifying employers, (3) standardize payment information other loan servicers provide to the PSLF servicer, and (4) ensure borrowers receive sufficiently detailed information to help identify potential payment counting errors. Education agreed with GAO's recommendations.

View [GAO-18-547](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov).

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# PUBLIC SERVICE LOAN FORGIVENESS

## Education Needs to Provide Better Information for the Loan Servicer and Borrowers

### What GAO Found

As of April 2018, over a million borrowers had taken steps to pursue Public Loan Service Forgiveness (PSLF) from the Department of Education (Education), but few borrowers have been granted loan forgiveness to date. The PSLF program, established by statute in 2007, forgives borrowers' federal student loans after they make at least 10 years of qualifying payments while working for certain public service employers and meeting other requirements. Over 890,000 borrowers have passed a first step towards potentially qualifying for PSLF by voluntarily having their employment and loans certified as eligible for PSLF as of April 2018, according to data from Education's PSLF loan servicer. While borrowers first became eligible to apply for loan forgiveness in September 2017, few applicants had met all requirements as of April 2018, with 55 borrowers having received loan forgiveness (see figure). Education has used various outreach methods to inform borrowers about PSLF, but the large number of denied borrowers suggests that many are still confused by the program requirements. A recently enacted law requires Education to conduct additional outreach to help borrowers understand how to meet program requirements.

### PSLF Certification Requests and Forgiveness Applications, as of April 2018



Source: GAO analysis of data from the Public Service Loan Forgiveness (PSLF) servicer. | GAO-18-547

Education does not provide key information to the PSLF servicer and borrowers.

- **Guidance and instructions:** Education provides piecemeal guidance and instructions to the PSLF servicer it contracts with to process certification requests and loan forgiveness applications. This information is fragmented across the servicing contract, contract updates, and hundreds of emails. As a result, PSLF servicer officials said their staff are sometimes unaware of important policy clarifications. Education officials said they plan to create a comprehensive PSLF servicing manual but have no timeline for doing so.
- **Qualifying employers:** Education has not provided the PSLF servicer and borrowers with a definitive source of information for determining which employers qualify a borrower for loan forgiveness, making it difficult for the servicer to determine whether certain employers qualify and for borrowers to make informed employment decisions.
- **Qualifying loan payments:** Education does not ensure the PSLF servicer receives consistent information on borrowers' prior loan payments from the eight other federal loan servicers, which could increase the risk of miscounting qualifying payments. Borrowers also lack sufficiently detailed information to easily identify potential payment counting errors that could affect their eligibility for loan forgiveness.

These weaknesses are contrary to federal internal control standards for using and communicating quality information, creating uncertainty for borrowers and raising the risk some may be improperly granted or denied loan forgiveness.