



September 2019

# PUBLIC SERVICE LOAN FORGIVENESS

## Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion

Accessible Version

# GAO Highlights

Highlights of [GAO-19-595](#), a report to congressional requesters

## Why GAO Did This Study

In the context of high denial rates in the PSLF program, Congress appropriated \$700 million in 2018 for a temporary expansion to the public service loan forgiveness program for certain borrowers who were not eligible for the original PSLF program. TEPSLF funds are available on a first-come, first-served basis. GAO was asked to review TEPSLF.

This report examines (1) the extent to which the process for obtaining TEPSLF is clear to borrowers, (2) what is known about loan forgiveness approvals and denials, and (3) the extent to which Education has conducted TEPSLF outreach. GAO analyzed data from the TEPSLF servicer on loan forgiveness requests from May 2018 through May 2019 (the most recent available at the time of our review); reviewed Education's guidance and instructions for the TEPSLF servicer; assessed Education's outreach activities; interviewed officials from Education, the TEPSLF servicer, and selected groups representing borrowers; and reviewed borrower complaints about TEPSLF submitted to Education.

## What GAO Recommends

GAO is making four recommendations, including that Education integrate the TEPSLF request into the PSLF application, require all loan servicers to include TEPSLF information on their websites, and include TEPSLF information in its PSLF Online Help Tool. Education agreed with GAO's recommendations.

View [GAO-19-595](#). 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

## Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion

### What GAO Found

The Department of Education's (Education) process for obtaining Temporary Expanded Public Service Loan Forgiveness (TEPSLF) is not clear to borrowers. Established in 2007, the Public Service Loan Forgiveness (PSLF) program forgives federal student loans for borrowers who work for certain public service employers for at least 10 years while making 120 payments via eligible repayment plans, among other requirements. In 2018, Congress funded TEPSLF to help borrowers who faced barriers obtaining PSLF loan forgiveness because they were on repayment plans that were ineligible for PSLF. Congress also required Education to develop a simple method for borrowers to apply for TEPSLF. Education established a process for borrowers to initiate their TEPSLF requests via e-mail. The agency also required TEPSLF applicants to submit a separate PSLF application before it would consider their TEPSLF request. Agency officials said they established this process to quickly implement TEPSLF and obtain the information needed to determine borrower eligibility. However, the process can be confusing for borrowers who do not understand why they must apply separately for PSLF—a program they are ineligible for—to be eligible for TEPSLF. Requiring borrowers to submit a separate PSLF application to pursue TEPSLF, rather than having an integrated request such as by including a checkbox on the PSLF application for interested borrowers, is not aligned with Education's strategic goal to improve customer service to borrowers. As a result, some eligible borrowers may miss the opportunity to have their loans forgiven.

As of May 2019, Education had processed about 54,000 requests for TEPSLF loan forgiveness since May 2018, and approved 1 percent of these requests, totaling about \$26.9 million in loan forgiveness (see figure). Most denied requests (71 percent) were denied because the borrower had not submitted a PSLF application. Others were denied because the borrower had not yet made 120 qualifying payments (4 percent) or had no qualifying federal loans (3 percent).

### Completed TEPSLF Requests as of May 2019

Of the 54,184 completed requests for TEPSLF



Source: GAO analysis of Temporary Expanded Public Service Loan Forgiveness (TEPSLF) loan servicer data from May 2018 through May 2019. | [GAO-19-595](#)

More than a year after Congress initially funded TEPSLF, some of Education's key online resources for borrowers do not include information on TEPSLF. Education reported that it has conducted a variety of PSLF and TEPSLF outreach activities such as emails to borrowers, social media posts, and new website content. However, Education does not require all federal loan servicers (who may serve borrowers interested in public service loan forgiveness) to include TEPSLF information on their websites. Further, Education's Online Help Tool for borrowers—which provides information on PSLF eligibility—does not include any information on TEPSLF. Requiring all loan servicers to include TEPSLF information on their websites and including TEPSLF information in its online tool for borrowers would increase the likelihood that borrowers are able to obtain the loan forgiveness for which they may qualify.

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**Abbreviations**

Direct Loan	William D. Ford Federal Direct Loan
Education	U.S. Department of Education
PSLF	Public Service Loan Forgiveness
TEPSLF	Temporary Expanded Public Service Loan Forgiveness

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September 5, 2019

The Honorable Robert C. “Bobby” Scott  
Chairman  
Committee on Education and Labor  
House of Representatives

The Honorable Susan A. Davis  
Chairwoman  
Subcommittee on Higher Education and Workforce Investment  
Committee on Education and Labor  
House of Representatives

The Public Service Loan Forgiveness (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 on certain types of qualifying repayment plans while working for certain public service employers and meeting other requirements.<sup>1</sup> After concerns were raised about high PSLF denial rates and some borrowers facing barriers to pursuing PSLF 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>

Referred to as Temporary Expanded Public Service Loan Forgiveness (TEPSLF), this new forgiveness 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. Congress also appropriated funds for the Department of Education (Education) to conduct outreach to, among others, borrowers who intend to qualify for PSLF and borrowers who may be eligible for TEPSLF because they made payments through a repayment plan that was not eligible for PSLF. Loan forgiveness under TEPSLF is temporarily available to borrowers on a first-come, first-served basis. Education administers PSLF and TEPSLF

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<sup>1</sup> See 20 U.S.C. § 1087e(m); 34 C.F.R. § 685.219.

<sup>2</sup> Pub. L. No. 115-141, § 315, 132 Stat. 348, \_\_\_\_ (2018); Pub. L. No. 115-245, § 313, 132 Stat. 2981, \_\_\_\_ (2018).

through a single loan servicer that is responsible for processing PSLF and TEPSLF applications.

Starting in May 2018, borrowers were able to request that their federal student loans be forgiven through TEPSLF. You asked us to review Education's administration of the TEPSLF process, including its outreach to borrowers about TEPSLF.

This report examines (1) the extent to which the process for obtaining TEPSLF loan forgiveness is clear to borrowers, (2) what is known about TEPSLF loan forgiveness approvals and denials, and how Education communicates with borrowers about denials, and (3) the extent to which Education has conducted outreach to increase borrower awareness of TEPSLF.

To address these questions, we conducted our review of TEPSLF using the following approaches:

- To examine the extent to which the process for obtaining TEPSLF loan forgiveness is clear to borrowers, we interviewed Education officials and the TEPSLF loan servicer's management staff. We examined the process for obtaining TEPSLF loan forgiveness by reviewing: Education's TEPSLF website, the TEPSLF servicer's internal handbook for processing TEPSLF requests, and Education's guidance and instructions to the TEPSLF servicer, including the servicing contract, contract modifications, and emails. To understand the borrower experience, we looked at why TEPSLF requests were denied using data from the TEPSLF loan servicer; spoke with Education officials, loan servicer staff, and organizations that work with borrowers about their experiences assisting borrowers interested in TEPSLF loan forgiveness; and reviewed borrower complaint data. To identify relevant borrower organizations, we conducted research on organizations representing student borrowers and emailed them to ask if they had any experience assisting borrowers with the process for obtaining TEPSLF loan forgiveness. We interviewed three organizations that responded to our email inquiry. We reviewed the 112 borrower complaints related to TEPSLF that were received through Education's consumer complaint system and the Office of Federal Student Aid's (FSA) Ombudsmen from the inception of the program through March 2019. In addition, we reviewed the 22 complaints related to TEPSLF published in the Consumer Financial Protection Bureau online database over the same time period. Information from our review of borrower complaints and interviews

with borrower organizations are not representative of and cannot be generalized to all borrower experiences. We assessed Education's TEPSLF process against the department's objective in its strategic plan for fiscal years 2018 through 2022 to improve the quality of service for customers across the entire student aid life cycle.

- To examine what is known about TEPSLF loan forgiveness approvals and denials, we analyzed the most recent available data from Education's TEPSLF loan servicer on the number of borrower requests from the beginning of the program in May 2018 through May 2019. Specifically, we analyzed data on the number of TEPSLF requests and how many were approved and denied. We also analyzed data on the reasons why requests were denied and on the total amount of TEPSLF loan forgiveness granted through May 2019. We assessed the reliability of these data by reviewing data system documentation from the TEPSLF servicer and interviewing knowledgeable officials, and we determined that the data were sufficiently reliable for our reporting purposes. To determine how Education communicates with borrowers about denials, we interviewed Education and TEPSLF loan servicer officials and reviewed TEPSLF denial letters and information on Education's website about options for borrowers who want to contest the determinations made on their TEPSLF requests.
- To assess the extent to which Education has conducted outreach to increase borrower awareness of TEPSLF, we asked Education for documentation describing their outreach activities, reviewed Education's and the TEPSLF servicer's outreach communications to individual borrowers, and their online outreach information. We reviewed Education's and all federal student loan servicers' websites to determine what TEPSLF information was available to borrowers online. We interviewed Education officials and the TEPSLF loan servicer's management staff about their outreach efforts. We assessed Education's outreach efforts against the department's strategic plan objective for fiscal years 2018 through 2022 to improve the quality of service for customers across the entire student aid life cycle, and federal internal control standards for communication with external stakeholders.

For all objectives, we also reviewed relevant federal laws and regulations. In addition, at the time of our review, there was ongoing litigation related to TEPSLF.<sup>3</sup> Therefore, we scoped our study to minimize overlap with

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<sup>3</sup> See *Holston v. Pa. Higher Educ. Assistance Agency*, No. 1:19-CV-01211 (removed to D. N.J. Jan. 28, 2019). This lawsuit was still pending as of July 25, 2019.

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issues pending in that litigation. As a result of this approach, our findings do not draw any conclusions about how individual borrowers may have been affected by any of the issues addressed in this report. Shortly before issuing this report, additional lawsuits related to TEPSLF were filed in July 2019.<sup>4</sup>

We conducted this performance audit from January 2019 to September 2019 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 TEPSLF and PSLF programs.<sup>5</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 portion of the over \$1 trillion in outstanding student loans provided through the Direct Loan program. These servicers track and manage day-to-day servicing activities. Education contracts with a single loan servicer to implement PSLF and TEPSLF, which includes responding to borrower inquiries, reviewing requests for loan forgiveness, and processing loan forgiveness for

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<sup>4</sup> See *Weingarten v. DeVos*, No. 1:19-CV-02056 (filed D. D.C. July 11, 2019) and *Christensen v. DeVos*, No. 2:19-CV-00509 (filed D. Utah July 19, 2019).

<sup>5</sup> Before 2010, many federal student loans were originated and serviced by private lenders and servicers with whom Education contracted, through the Federal Family Education Loan Program. Today, all new federal loans are Direct Loans obtained through Education, and serviced by contractors. Only Direct Loans are eligible for public service loan forgiveness, 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 income-driven repayment plans unless they are consolidated into a new Direct Consolidation Loan. Borrowers may also consolidate certain federal loans that are not eligible for PSLF, such as loans under the Federal Family Education Loan program and Perkins loans, into a single Direct Consolidation Loan to qualify for PSLF. However, only the post-consolidation payments count toward the 120 payments required for PSLF.



qualifying borrowers.<sup>6</sup> Borrowers interested in pursuing loan forgiveness under either PSLF or TEPSLF must have their loans transferred to this loan servicer in order to proceed.

TEPSLF is a temporary expansion of the PSLF program and the eligibility requirements for TEPSLF are largely the same as those of the PSLF program with a few key exceptions. Both 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 under either PSLF or TEPSLF, borrowers are required to be employed in a public service job for 10 years when making 120 qualifying payments, at the time they apply for forgiveness, and at the time they receive forgiveness for their loans. Specifically, 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>7</sup> These monthly payments do not need to be consecutive.

Key differences between PSLF and TEPSLF include:

- *Qualifying repayment plans.* PSLF generally requires borrowers to repay their loans through one of the eligible income-driven repayment

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<sup>6</sup> The Pennsylvania Higher Education Assistance Agency's FedLoan Servicing unit is the exclusive servicer for borrowers pursuing TEPSLF and PSLF.

<sup>7</sup> Payments are generally considered on-time if they are received no later than 15 days after the due date.

plans or the Standard repayment plan.<sup>8</sup> TEPSLF allows borrowers to qualify for loan forgiveness through several additional types of repayment plans that do not qualify for PSLF, including the Graduated repayment plan, Extended repayment plan, Consolidated Standard repayment plan, and Consolidated Graduated repayment plan.

- *Funding.* TEPSLF loan forgiveness is temporarily available to borrowers on a first-come, first-served basis until the \$700 million is expended. The PSLF program will continue unless repealed by Congress.
- *Specific payment requirements.* For TEPSLF, 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 TEPSLF, and (2) the payment made 12 months prior to applying for TEPSLF.<sup>9</sup>

In the context of high denial rates in the PSLF program and evidence that some borrowers were being misinformed by loan servicers about which repayment plans would qualify for PSLF,<sup>10</sup> Congress appropriated \$4.6 million for Education to conduct outreach on PSLF and TEPSLF. The legislation called for this outreach to be targeted to, among others, borrowers who would qualify for PSLF loan forgiveness except that they have made some or all of their payments through plans that do not qualify.

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<sup>8</sup> Income-Driven Repayment is an umbrella term that describes a number of repayment plans Education makes 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>9</sup> This requirement ensures that only borrowers who were paying equal to or more than they would have under a PSLF-eligible income-driven repayment plan would qualify.

<sup>10</sup> See 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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## Education's Temporary Expanded Loan Forgiveness Process Is Not Clear to Borrowers

Congress directed Education to implement a simple method for borrowers to apply for TEPSLF within 60 days after the legislation funding the program was enacted.<sup>11</sup> In response, Education established a process in which borrowers send an email to the TEPSLF loan servicer with their name and date of birth to initiate their TEPSLF review and establish their place in line for TEPSLF funds. In addition to sending an email to initiate a TEPSLF request, Education requires that a borrower has submitted a PSLF application before they can be considered for TEPSLF (see fig. 1). While a PLSF application is not explicitly required by statute for a borrower to be considered for TEPSLF loan forgiveness, Education officials said that the department added this step to the process because the PSLF application form captures information the TEPSLF loan servicer needs to determine a borrower's eligibility for TEPSLF.<sup>12</sup> Education officials said that they added this step in order to roll out the TEPSLF program within the required 60 days.<sup>13</sup>

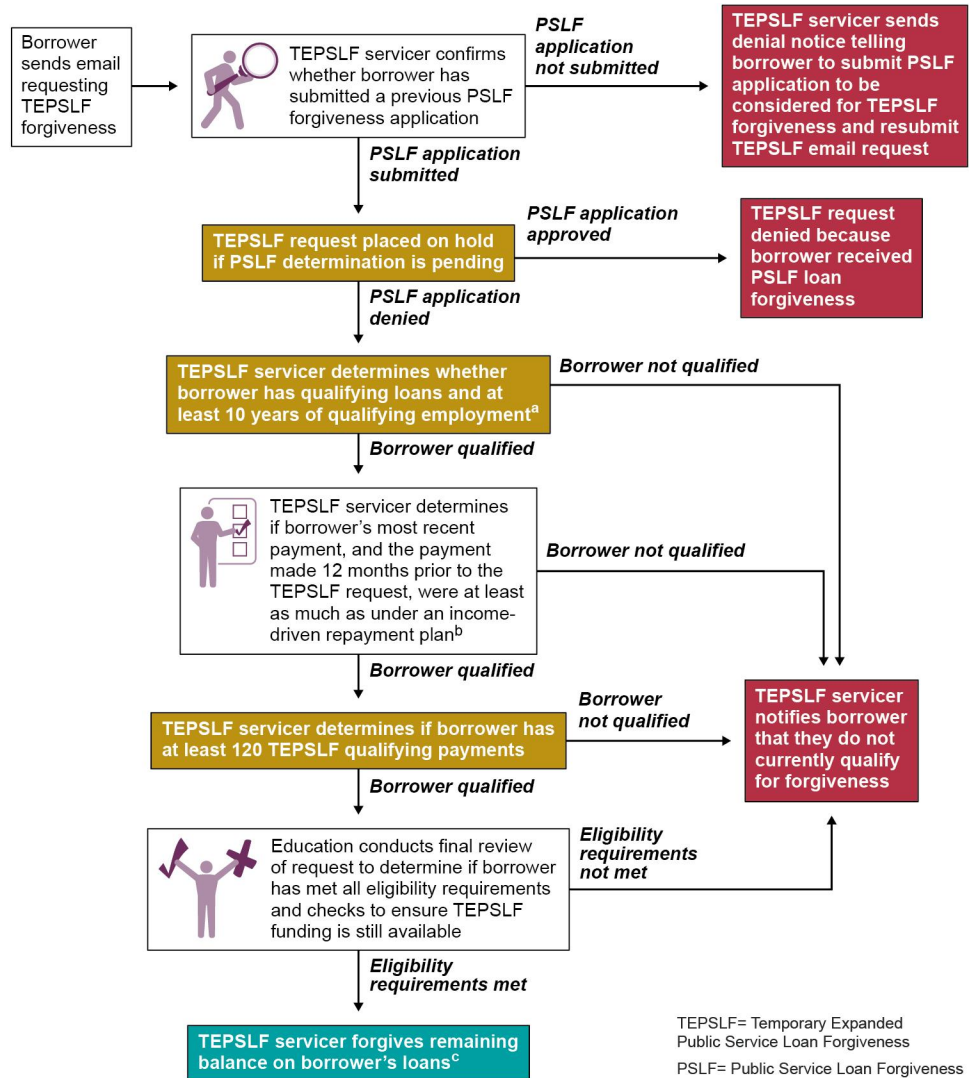
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<sup>11</sup> See Pub. L. No. 115-141, § 315.

<sup>12</sup> Education officials told us they were not able to identify the eligible TEPSLF population of borrowers using the information they already have on PSLF denials and retroactively review those borrowers for TEPSLF eligibility. This is because the PSLF review process does not track all of the information necessary for the servicer to determine TEPSLF eligibility. For example, Education does not have income information that the TEPSLF loan servicer needs to determine if a borrower's most recent payment and the payment made 12 months ago were at least as much as they would have been on an income-driven repayment plan.

<sup>13</sup> We did not assess Education's compliance with the legislative requirements of TEPSLF.

**Figure 1: Process for Obtaining TEPSLF Loan Forgiveness**



Source: GAO analysis of Department of Education (Education) documents. | GAO-19-595

Notes: If a borrower is denied for not having submitted a PSLF application, the TEPSLF loan servicer informs them that they will need to submit a PSLF application. The borrower would then need to start over at the beginning of the process and submit a new request for TEPSLF loan forgiveness.

<sup>a</sup>According to Education officials, the TEPSLF loan servicer also checks at this stage to see if the borrower has been out of school for at least 10 years. If the borrower has not been out of school for at least 10 years, it would be impossible for them to have 120 qualifying payments, so the loan servicer would not continue the review process and would deny the request.

<sup>b</sup>The TEPSLF loan servicer may request additional income information from the borrower at this stage, in order to determine if they have met this specific TEPSLF requirement.

<sup>c</sup>Any payments made over 120 qualifying payments will be refunded to the borrower.

Education's TEPSLF website states that borrowers interested in this temporary expanded loan forgiveness option must submit a PSLF application in order to be considered for TEPSLF. Even with this information, our review of TEPSLF loan servicer data found that 71 percent of denied TEPSLF requests were denied because the borrower had not submitted a PSLF application. Education officials said that they believed that many borrowers send a TEPSLF request without submitting a PSLF application because TEPSLF funding is temporary and borrowers know that sending the email request will hold their place in line for the limited funds. However, borrowers who have not submitted the PSLF application are sent a denial letter from the TEPSLF loan servicer. According to Education officials, these borrowers would lose their place in line and have to reapply if they want to be reconsidered for TEPSLF.

Officials from Education, the TEPSLF loan servicer, and representatives from selected organizations representing student borrowers all said that the requirement to submit a PSLF application to be eligible for TEPSLF loan forgiveness can confuse borrowers. For example, Education officials acknowledged that the majority of TEPSLF requests come from borrowers who have not first submitted a PSLF application, and officials from the TEPSLF loan servicer said that borrowers who called were frequently confused when they received a TEPSLF denial based on the fact that they had not first submitted the PSLF application. In addition, representatives from the three student borrower groups we interviewed said that having to apply for PSLF before requesting TEPSLF often confuses borrowers and, in the opinion of officials from two of the three groups, leads directly to large numbers of TEPSLF denials. We also found some examples of borrower confusion about the PSLF application requirement in our review of borrower complaints. In three TEPSLF borrower complaints filed with Education that we reviewed, the borrowers expressed confusion and frustration about why they were being asked to submit an application for a program—PSLF—they knew they did not qualify for in order to receive TEPSLF loan forgiveness.

Education's policy of requiring all borrowers requesting TEPSLF to first submit a PSLF application has created a confusing process for borrowers. Education officials said that integrating the TEPSLF request into the PSLF application—for example, by including a checkbox that borrowers could use to request a TEPSLF review if the loan servicer finds they are ineligible for PSLF—would eliminate the need for borrowers to take multiple steps, reduce the number of borrowers who are denied, and improve service to borrowers. Education officials estimated that integrating the TEPSLF request into the existing PSLF process would

require roughly a year in order to revise the PSLF application form, borrower communications, and program procedures, and to work with the loan servicer to implement new contractual requirements.<sup>14</sup> Education officials told us that they will be implementing a new online portal in fall 2019 to provide better overall service to borrowers. They also stated that the new portal could incorporate an online integrated PSLF and TEPSLF application if they had sufficient resources and time, but that there were currently no specific plans to do so.

While Education rolled out the process for requesting TEPSLF loan forgiveness in 2 months, it has not created a borrower-friendly TEPSLF process. This does not align with Education's strategic plan objective to improve the quality of service to customers across the student aid life cycle. Further, Congress created the temporary expansion to the PSLF program to help certain borrowers who faced barriers obtaining PSLF loan forgiveness and required Education to develop a simple method for borrowers to apply for TEPSLF. While initiating a TEPSLF request through an email is straightforward, requiring borrowers to have submitted a PSLF application to successfully pursue TEPSLF loan forgiveness is confusing and inefficient for borrowers because borrowers must take multiple steps and complete an application for a program they do not qualify for. If Education were to allow borrowers to request TEPSLF loan forgiveness through an integrated application form, it would improve service to borrowers, reduce borrower confusion about how to obtain loan forgiveness, and better align with its strategic plan objective to improve service to borrowers. Further, although TEPSLF is a temporary opportunity, it could be years before the \$700 million appropriation is exhausted, and it is therefore worthwhile for Education to invest resources in improving the process now.

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<sup>14</sup> With an integrated TEPSLF and PSLF process, FSA officials said that Education would need to establish procedures to ensure that the limited TEPSLF funds only go to borrowers who are found to be ineligible for PSLF.

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## Ninety-nine Percent of Borrowers' TEPSLF Requests Have Been Denied and Certain Denial Letters Do Not Include Important Information

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### Education Has Approved 1 Percent of TEPSLF Loan Forgiveness Requests and Spent 4 Percent of TEPSLF Loan Forgiveness Funds in a Year

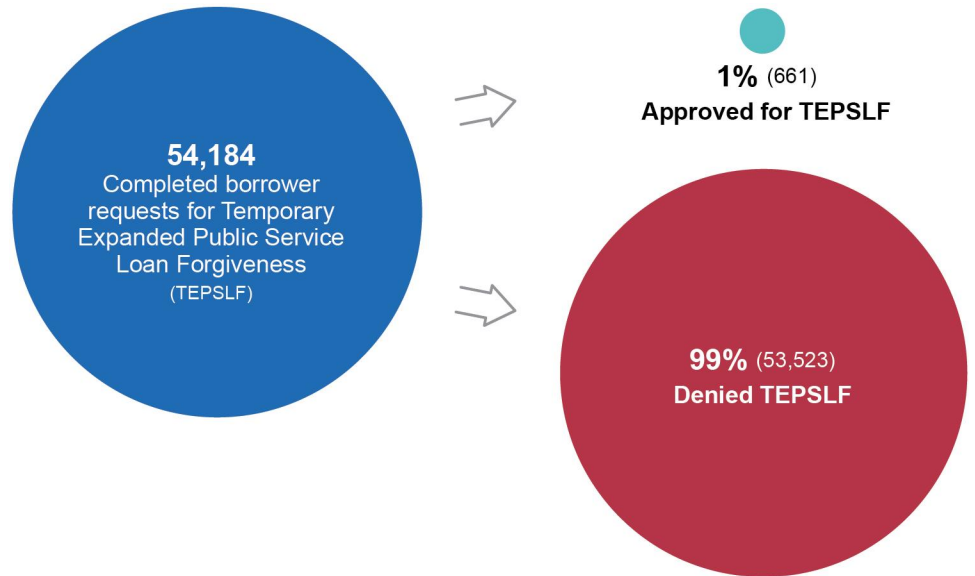
From May 2018 through May 2019, about 40,000 borrowers submitted TEPSLF requests for loan forgiveness and Education has approved or denied about 54,000 separate TEPSLF requests.<sup>15</sup> Education has approved 1 percent (661) and denied 99 percent (53,523) of these requests, according to the most recent data from the TEPSLF loan servicer (see fig. 2).<sup>16</sup>

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<sup>15</sup> According to the TEPSLF loan servicer, a single borrower can submit multiple TEPSLF requests, and have both approved and denied TEPSLF requests. We excluded all emails sent to the TEPSLF loan servicer that were not requests for TEPSLF loan forgiveness from all data and calculations in this report. In addition, there were 1,134 pending TEPSLF requests as of May 31, 2019. Our calculations of approval and denial rates only include completed requests.

<sup>16</sup> We recently reported on implementation challenges and borrower confusion with the PSLF program and found that less than 1 percent of the more than a million student borrowers who had taken steps to initiate loan forgiveness through the PSLF program were granted loan forgiveness. See 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).

**Figure 2: Status of Completed TEPSLF Requests, May 2018 through May 2019**



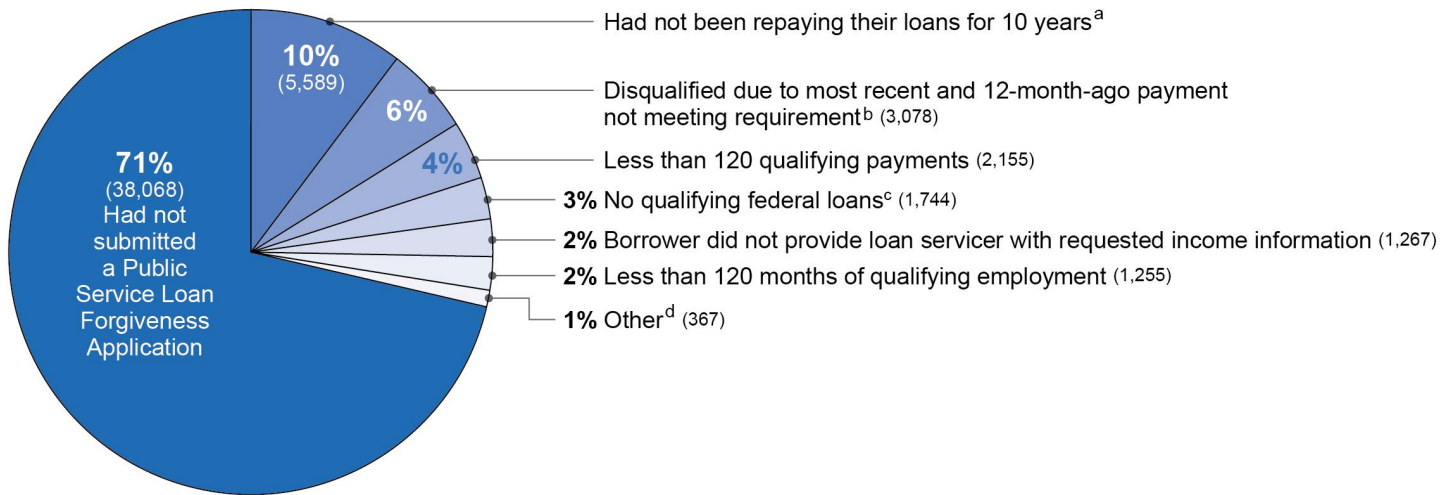
Source: GAO analysis of TEPSLF loan servicer data from May 2018 through May 2019. | GAO-19-595

Of the 53,523 denied TEPSLF requests, about 38,000 were ineligible for consideration and were therefore denied because the borrower had not submitted a PSLF application, according to data from the TEPSLF loan servicer.<sup>17</sup> Of the remaining denied requests, about 15,000 were denied because they did not meet other program requirements (see fig. 3).

<sup>17</sup> These borrowers can submit an additional request for TEPSLF loan forgiveness once they have a submitted a PSLF application.



**Figure 3: Denied TEPSLF Requests, by Denial Category, May 2018 through May 2019**



Source: GAO analysis of Temporary Expanded Public Service Loan Forgiveness (TEPSLF) loan servicer data from May 2018 through May 2019. | GAO-19-595

Notes: Percentages do not add to 100 due to rounding.

Less than 120 qualifying payments and less than 120 months of qualifying employment are separate denial reasons. For example, borrowers could, while working for a qualifying employer, make a monthly payment that is lower than the required amount, and therefore it would not count as one of their 120 qualifying payments. Since the 120 qualifying payments do not need to be consecutive, it may take borrowers longer than 10 years to make 120 qualifying payments.

<sup>a</sup>For ease of review, the TEPSLF loan servicer first determines whether a borrower has been repaying their loans for 10 years before counting their qualifying payments. If a borrower has not been in repayment for 10 years, the loan servicer will deny their TEPSLF request because it is impossible to have 120 qualifying payments without being in repayment for at least 10 years. As a result, the loan servicer records this as a separate denial reason.

<sup>b</sup>Federal law requires that for borrowers to be eligible for TEPSLF, their most recent loan payment and the payment they made 12 months prior to applying for TEPSLF loan forgiveness be at least as much as they would have been on an income-driven repayment plan.

<sup>c</sup>This category includes the following denial reasons: no qualifying federal Direct Loans, having federal Parent PLUS loans only, and having no federal loans. Direct PLUS loans include Graduate PLUS and Parent PLUS loans, which are available to graduate students and the parents of certain dependent undergraduate students, respectively. Parent PLUS Loans are also eligible for forgiveness, but cannot be repaid under any of the income-driven repayment plans unless they are consolidated into a new Direct Consolidation Loan.

<sup>d</sup>The “other” category includes the following denial reasons: having loans in default (0.02 percent) or having a previous TEPSLF or PSLF approval (0.66 percent).

As we previously noted, under the current TEPSLF review process, the loan servicer first checks to see if the borrower requesting TEPSLF has submitted a PSLF application. 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 they have to submit the PSLF application before the borrower can be considered for TEPSLF. Without the loan servicer conducting any further review of a borrower’s request, it is impossible to know how many of the roughly 38,000

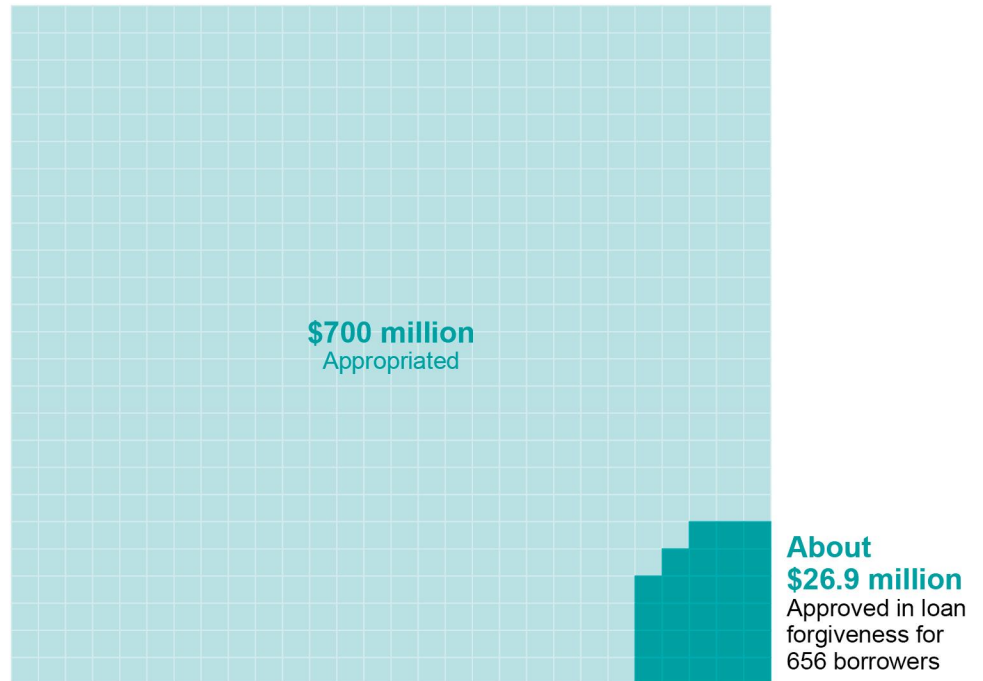
requests that were denied because the borrower had not yet submitted a PSLF application would have otherwise met all other program requirements and been approved for TEPSLF loan forgiveness. The large number of TEPSLF requests denied for not submitting a PSLF application provides further evidence that many borrowers may be confused about the process for obtaining TEPSLF loan forgiveness. Further, more than 5,000 (about 10 percent) of the TEPSLF requests were denied because the borrower had not been repaying their loans for at least 10 years, which indicates that they had not yet made 120 qualifying payments—a straightforward program requirement.

Since TEPSLF became available in May 2018, Education has approved TEPSLF loan forgiveness totaling about 4 percent (approximately \$26.9 million) of the \$700 million appropriated for TEPSLF loan forgiveness, according to the most recent data available from the TEPSLF loan servicer at the time of our review (see fig. 4). Of the 656 borrowers approved for TEPSLF loan forgiveness, the borrowers received an average of about \$41,000 in loan forgiveness, with loan forgiveness amounts ranging from about \$190 to about \$227,000.<sup>18</sup>

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<sup>18</sup> The median amount of TEPSLF loan forgiveness was just under \$32,000. These 656 borrowers had a total of 661 TEPSLF requests approved.

**Figure 4: Amount of TEPSLF Loan Forgiveness Approved, May 2018 through May 2019**

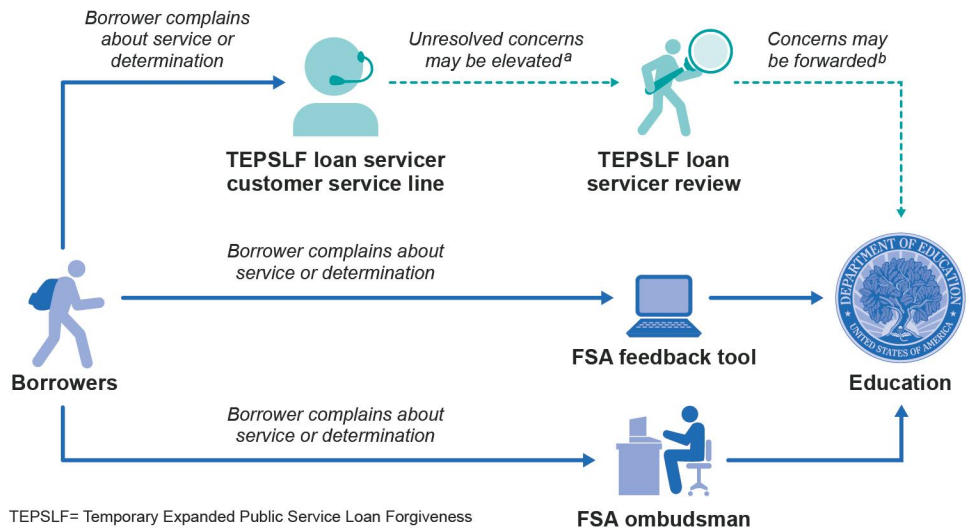


Source: GAO analysis of Temporary Expanded Public Service Loan Forgiveness (TEPSLF) loan servicer data from May 2018 through May 2019. | GAO-19-595

### Education Does Not Fully Inform Borrowers about Available Options to Contest Denial Decisions

Education does not provide complete information to borrowers about options they have to contest a denied TEPSLF request. Specifically, the letter the TEPSLF loan servicer sends to the borrower communicating a decision to deny the TEPSLF request includes the reason for the denial and the TEPSLF loan servicer’s customer service number for borrowers to call with questions. An FSA official told us that while there is no formal process for borrowers who are dissatisfied with their TEPSLF or PSLF determinations to contest them, borrowers do have additional options for addressing concerns, such as an additional review by the TEPSLF servicer, or a complaint to the FSA Feedback System or Ombudsmen (see fig. 5).

**Figure 5: Available Options for Borrowers to Contest TEPSLF Decisions**



Source: GAO analysis of Education and TEPSLF loan servicer information. | GAO-19-595

<sup>a</sup>According to TEPSLF loan servicer officials, customer service representatives may elevate issues raised by a borrower to internal management at their discretion. Loan servicer management determines whether to conduct a second review of the borrower’s TEPSLF determination.

<sup>b</sup>According to TEPSLF loan servicer officials, loan servicer officials may contact Education to discuss a specific issue raised by a borrower, but this happens at the discretion of the staff reviewing the issue.

According to Education officials, when a borrower is denied loan forgiveness, they can call the TEPSLF loan servicer’s customer service number with questions about the denial. TEPSLF servicer officials said that if the customer service representative is unable to resolve the borrower’s questions, the representative can elect to elevate the borrower’s concern internally within the TEPSLF loan servicer, which may result in a second review by loan servicer management. Education and TEPSLF loan servicer officials said that borrowers who are not able to resolve their issues with the loan servicer can bring their issues directly to Education. Specifically, if a borrower is dissatisfied with their TEPSLF decision, they can submit their concern through the online FSA Feedback Tool. Borrowers can also contest the decision with the FSA Ombudsman Group.

Education officials told us it does not provide information about these options in its denial letters or on its TEPSLF website, noting that borrowers could find this information at the bottom of FSA’s main website. Education officials also stressed the importance of borrowers resolving their concerns first with their loan servicer directly before pursuing other

avenues, and said that this is part of the reason why they do not include this information in letters sent to borrowers. All TEPSLF denial letters include a statement at the bottom of the letter indicating that if borrowers had questions about the information in their denial letter, they should call the general customer service number at the TEPSLF loan servicer for assistance. The letters did not explain how the servicer could potentially do a second review or subsequently refer the matter to Education. Information about the potential for a second review at the loan servicer and the option to raise an issue with Education directly would help borrowers who are unable to resolve their concerns by calling the general customer service number at the loan servicer.

Additional information on options for contesting decisions is not necessary for all TEPSLF borrowers who are denied. For example, it may not be appropriate to include this information in denial letters sent to borrowers who do not meet basic program requirements—for example, those who have no federal Direct Loans. However, borrowers who are denied for reasons that are more prone to error, such as having fewer than 120 qualifying payments, are not made aware of all the available options so they can make informed decisions about how to best resolve their concerns. We previously reported that Education does not ensure that the loan servicer responsible for PSLF and TEPSLF is receiving consistent loan payment history information from other loan servicers, increasing the risk of inaccurate qualifying payment counts.<sup>19</sup> This also raises the risk of inappropriate denials for TEPSLF. Our review of TEPSLF complaints made to Education from borrowers found eight examples of borrowers contesting the loan servicer's determination of the number of qualifying payments. In six of these instances, the TEPSLF servicer determined that the borrowers were correct and had met requirements for loan forgiveness.<sup>20</sup> Given the risk of denial errors, additional information about options for borrowers who are dissatisfied with their TEPSLF denial determination is especially important.

While there is information about options for contesting decisions at the bottom of FSA's main website, it is not incorporated into the TEPSLF website and borrowers may not know where to find this information.

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<sup>19</sup> See [GAO-18-547](#).

<sup>20</sup> We are reporting only on complaints that were closed or resolved. In addition to these resolved complaints, we identified three additional complaints in which a borrower was contesting the number of payments that qualified for TEPSLF, but these complaints were still being reviewed.

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Federal internal control standards for external communication with stakeholders call for communication of quality information with external parties to achieve program objectives.<sup>21</sup> Providing this information in relevant denial letters and Education websites will increase the likelihood that borrowers with valid concerns will have their TEPSLF requests appropriately resolved.

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## Education Contacts Certain Borrowers Directly about TEPSLF, but Its General TEPSLF Outreach Activities Are Limited

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### Education Conducts Direct Outreach to Certain Individual Borrowers

Education and the TEPSLF loan servicer conduct direct outreach to certain borrowers about TEPSLF.<sup>22</sup> For example, when TEPSLF was first rolled out, Education sent a notice to over 1,000 borrowers who had been denied PSLF due to a lack of 120 qualifying payments, but who had been in repayment for at least 10 years. Education officials told us that they had identified this group of borrowers as the most likely to be eligible for TEPSLF. This notice informed borrowers of the new TEPSLF loan forgiveness opportunity and told them how to apply for it. Education officials told us that they continue to review the PSLF denial list on a weekly basis and send notices to those whom they have determined to be

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<sup>21</sup> GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014), principle 15.01.

<sup>22</sup> Officials from the loan servicer said they also contact some borrowers to inform them of the PSLF program and its requirements. For example, they said they contact certain borrowers on a quarterly basis who are not on correct repayment plans for PSLF to inform them of which repayment plan they should be on in order to qualify for (or receive the most benefit from) PSLF. These letters are only sent to borrowers who have already transferred their loans to the PSLF servicer because they intend to pursue public service loan forgiveness. Loan servicer officials said that they also send letters to borrowers who have submitted new employment certification forms (employment certification forms are voluntary forms that a borrower can submit to the servicer and the servicer uses them to review the borrower's employment and loans to determine if they qualify, and if so, counts how many qualifying payments the borrower has made) which include a list of qualifying repayment plans for PSLF. These letters only focus on the PSLF program and list repayment plans that qualify for PSLF. According to Education officials, employment certification forms are one of the primary ways that borrowers express their interest in pursuing the PSLF program.

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the most likely to qualify for TEPSLF loan forgiveness.<sup>23</sup> In addition, borrowers who have previously expressed interest in TEPSLF by sending an email to request TEPSLF loan forgiveness will be sent a TEPSLF outreach letter by the TEPSLF loan servicer under certain conditions:

- after submitting a new employment certification form, or
- after submitting a new PSLF application that is subsequently denied.

In these two circumstances, the TEPSLF loan servicer sends the borrower a letter suggesting that they may now be eligible for TEPSLF loan forgiveness and would need to re-request such loan forgiveness.

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## Education's General TEPSLF Online Outreach Is Limited

Education officials told us that the agency has focused on a broad, general outreach strategy; however, we found that its online information is limited because TEPSLF information is not included in several key online sources. Education and TEPSLF loan servicer officials told us that they primarily direct borrowers to online sources to inform them about TEPSLF requirements.<sup>24</sup> For example, Education has created a TEPSLF-specific website and the TEPSLF loan servicer's website references the TEPSLF opportunity and links to Education's TEPSLF website if borrowers would like more information.

However, we found that while all nine of the loan servicers' websites contain some information on the PSLF program, none of them (other than the TEPSLF loan servicer) included TEPSLF information on their websites or provided a link to Education's TEPSLF website. While Education officials told us that only the TEPSLF servicer is required to have TEPSLF information on its website, other loan servicers may also

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<sup>23</sup> According to Education officials, it is difficult to conduct more outreach targeted specifically to certain types of borrowers mentioned in federal law—those who are interested in public service loan forgiveness but are currently on repayment plans that are not eligible for such forgiveness—for two primary reasons: (1) Education has no way to identify borrowers who may be interested in public service loan forgiveness without borrowers contacting the loan servicer to express interest in the program, and (2) Education does not collect data that would allow them to identify borrowers on specific repayment plans who also meet all other PSLF requirements.

<sup>24</sup> Education also reported spending on outreach activities such as issuing press releases, social media posts, creating new website content for FSA partners, and developing a training session for financial aid administrators to generate general awareness of the PSLF and TEPSLF loan forgiveness opportunities.

serve borrowers who are potentially eligible but may be unaware of TEPSLF. In addition, borrowers with other loan servicers who are interested in TEPSLF may not be aware that they have to transfer to the TEPSLF loan servicer to obtain loan forgiveness.<sup>25</sup>

Further, according to agency officials, Education's PSLF Online Help Tool also does not include any TEPSLF information, and Education has not created a similar tool for TEPSLF. Education officials told us that the PSLF Online Help Tool, which assists borrowers with determining whether their loans and employment qualify and which PSLF forms they need to submit, is one of the primary PSLF outreach mechanisms to inform borrowers about PSLF eligibility.<sup>26</sup> According to Education data, since the rollout of the online tool in December 2018 through the beginning of March 2019, about 340,000 users have used the online tool, and about 100,000 have logged on and have collectively generated about 40,000 PSLF-related forms, such as PSLF application forms. However, according to Education officials, the online tool does not include any information on TEPSLF. Education officials stated that the first phase of the Online Help Tool was focused on informing borrowers about eligibility requirements for PSLF and that as the department makes enhancements to phase two of the Online Help Tool, it could consider adding TEPSLF information and functionality. Both FSA and TEPSLF loan servicer officials stated that having information on TEPSLF integrated into the PSLF Online Help Tool would be beneficial for borrowers and would reduce confusion about TEPSLF. Federal internal control standards state that management should externally communicate the necessary quality information to achieve the entity's objectives.<sup>27</sup> Including TEPSLF information in the PSLF Online Help Tool and noting it on all loan servicer

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<sup>25</sup> We previously reported that Education's performance metrics and related compensation for loan servicers can sometimes hinder Education's strategic goals of providing superior customer service. For example, we reported that loan servicers are not compensated for their loss when a loan is transferred to the PSLF loan servicer, and Education officials acknowledged that the lack of compensation for transferred loans could be a disincentive for servicers to counsel borrowers about PSLF. See GAO, *Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight*, [GAO-16-523](#) (Washington, D.C.: May 16, 2016).

<sup>26</sup> Education officials reported that the department has used approximately \$1.2 million to develop and launch the first phase of the PSLF Online Help Tool. Education plans to spend additional outreach funds on phase two of the PSLF Online Help Tool, which officials said will enable borrowers to submit PSLF forms online for the first time.

<sup>27</sup> [GAO-14-704G](#), principle 15.01.



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websites could increase borrower awareness of TEPSLF and the likelihood that borrowers are able to take advantage of this opportunity.

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## Conclusions

The loan forgiveness opportunity through TEPSLF is an expansion of the PSLF program and helps borrowers who hoped to qualify for PSLF but who did not realize they were in an ineligible loan repayment plan. Instead of integrating the expanded loan forgiveness opportunity into the existing PSLF process, Education required borrowers to have submitted a separate PSLF application before the loan servicer will consider a borrower's TEPSLF request. The large number of requests denied because borrowers had not submitted a PSLF application suggests that borrowers are confused about this requirement. In some cases, these borrowers may have been working in public service jobs for years believing they were on track for loan forgiveness, only to find out later that they did not qualify. While the loan forgiveness opportunity through TEPSLF is only available until the \$700 million in funding has been spent, a relatively small amount of total funding has been spent so far. It is possible that the program could continue for years, supporting the case for investing in improvements to the process now. Integrating the process for obtaining loan forgiveness through TEPSLF into the PSLF application would be easier for borrowers and help Education meet its goal to improve customer service.

Information provided in TEPSLF denial letters and on the TEPSLF website does not explain what options are available to borrowers if they want to contest the loan servicer's determination. While additional information on this topic is not necessary for borrowers who do not meet basic program requirements—for example, those who have no qualifying federal loans—this information would help certain borrowers whose TEPSLF requests may have been denied. By including this additional information on the TEPSLF website and in denial letters to these borrowers, the borrowers can then pursue additional options to contest the denial and help Education avoid denial errors.

Finally, Congress provided funding and tasked Education with conducting outreach to borrowers to help increase overall borrower awareness of the public service loan forgiveness programs. While Education has engaged in some outreach activities, Education is missing opportunities to reach out to borrowers potentially eligible for TEPSLF—specifically, by not requiring all loan servicers' websites to include information about TEPSLF

and not including TEPSLF information in the PSLF Online Help Tool. TEPSLF was created to provide relief to a group of borrowers who were ineligible because they were repaying their loans on repayment plans that were not eligible for the original PSLF program. Without improved TEPSLF outreach in these two areas, however, many of these borrowers who were initially unable to qualify for the PSLF program may be unaware of the TEPSLF opportunity that was designed to help them.

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## Recommendations for Executive Action

We are making the following four recommendations to Education's Office of Federal Student Aid:

- The Chief Operating Officer of the Office of Federal Student Aid should integrate the TEPSLF request into the PSLF application, for example, by including a checkbox on the PSLF application, to provide borrowers a more seamless way to request TEPSLF consideration. (Recommendation 1)
- The Chief Operating Officer of the Office of Federal Student Aid should provide certain borrowers, for example, those who are denied TEPSLF for not having 120 qualifying payments, with more information about options available to contest TEPSLF decisions on the TEPSLF website and in their denial letters. (Recommendation 2)
- The Chief Operating Officer of the Office of Federal Student Aid should require all loan servicers to provide TEPSLF information on their websites. (Recommendation 3)
- The Chief Operating Officer of the Office of Federal Student Aid should include TEPSLF information in its PSLF Online Help Tool. (Recommendation 4)

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## Agency Comments and Our Evaluation

We provided a draft of this report to Education for its review and comment. In its comments, reproduced in appendix I, Education concurred with each of our recommendations and identified steps it plans to take to implement them. To make the TEPSLF loan forgiveness process easier for borrowers, Education stated that it will integrate the TEPSLF request into the PSLF application as part of the improvements planned for the PSLF application under its new online interface for student borrowers. Regarding our recommendation to provide certain

borrowers with more information about options available to contest TEPSLF decisions, Education stated that it will add information for borrowers on the procedures for contesting TEPSLF decisions to FSA's specific TEPSLF website and in relevant TEPSLF denial letters. To improve outreach and help increase overall borrower awareness of TEPSLF, Education stated it will require all loan servicers to provide TEPSLF information on their websites within 120 days. In addition, Education stated that it will also include TEPSLF information in the PSLF Help Tool. We also provided relevant report sections to the TEPSLF loan servicer for technical comments. The TEPSLF servicer provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to relevant congressional committees, the Secretary of Education, and other interested parties. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me 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 report. GAO staff who made key contributions to this report are listed in appendix II.

*Melissa Emrey-Arras*

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

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# Appendix I: Comments from the Department of Education



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE UNDER SECRETARY

July 18, 2019

Ms. Melissa Emrey-Arras  
Director, Education, Workforce, and Income Security Issues  
United States Government Accountability Office  
Washington, D.C. 20548

Dear Ms. Emrey-Arras:

Thank you for providing the U.S. Department of Education (“Department”) with the opportunity to respond to the draft Government Accountability Office (GAO) report, “Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion” (GAO-19-595). The purpose of GAO’s study was to determine: (1) the extent to which the process for obtaining Temporary Expanded Public Service Loan Forgiveness (TEPSLF) is clear to borrowers; (2) what is known about TEPSLF loan forgiveness approvals and denials, and how the Department communicates with borrowers about denials; and (3) the extent to which the Department has conducted outreach to increase borrower awareness of TEPSLF.

For each of the programs we offer, including Public Service Loan Forgiveness (PSLF) and TEPSLF, our intent is to provide a “customer first” approach to the administration of these programs. Federal Student Aid’s (FSA) transformative initiative, Next Gen FSA, is being designed to accomplish that intent and, as such, will reduce complexity and confusion for borrowers and make it easier for them to find information about and apply for PSLF and TEPSLF. To that end, under Next Gen FSA, we are building a modernized customer platform that will create a digital “front door” for students, parents and borrowers. Once the platform is implemented, FSA’s multiple existing websites, contact centers, and other customer interfaces will be combined into a simplified and consistent experience. It will also centralize customer care interactions, making it simpler for borrowers to get assistance, rather than being directed to individual servicer websites.

Although Next Gen FSA will make it easier for borrowers to find information about and apply for loan forgiveness, we are not awaiting its full implementation before providing significant enhancements to our customers. As the draft GAO report noted, in December 2018, we launched a PSLF Help Tool to help borrowers better understand the PSLF program and how they can participate. Additional improvements are planned for the PSLF Help Tool to help borrowers complete and submit PSLF applications electronically through a centralized website and to receive TEPSLF consideration.

400 MARYLAND AVE. SW, WASHINGTON, DC 20202  
[www.ed.gov](http://www.ed.gov)

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The Department wishes to point out that when the PSLF program was created through the College Cost Reduction and Access Act of 2007 (CCRAA), it was clear then that relatively few borrowers would benefit from the program. The program was designed to limit PSLF eligibility to borrowers who hold Direct Loans (DL), despite that at the time most borrowers were in the Federal Family Education Loan (FFEL) program. FFEL borrowers were not and are not eligible for PSLF. Perhaps that is why the Congressional Budget Office (CBO) estimated the total cost of the student-based loan provisions of CCRAA - including PSLF as well as provisions that reduced interest rates for some borrowers, created the income-based repayment program and associated loan forgiveness, expanded Pell eligibility by altering the determination of financial need, and extended the deferment period created for certain members of the military – was only \$8 billion over the 2007-2017 period. The CBO score reveals that the PSLF program was intended to serve a relatively small population of borrowers.

Although borrowers who do not hold Direct Loans may become eligible for PSLF if they consolidated their loans into a Direct Consolidation Loan, many borrowers didn't understand the need to consolidate into a different program in order to receive the benefit. Also, among borrowers who did consolidate into a Direct Loan, any payments they made on the underlying FFEL loans do not count toward the required 120 qualifying payments. In other words, students who entered repayment in 2008 needed to consolidate into the DL program as soon as they entered repayment in order to be eligible for PSLF in 2018. TEPSLF does not allow for the Department to count payments made on FFEL loans toward the 120 qualifying payments requirement, even if those FFEL Program loans are later consolidated into the DL Program. TEPSLF has other shortcomings as well. For example, while TEPSLF allows us to provide PSLF to borrowers who were in extended repayment or graduated repayment on a Direct Loan, rather than in a qualifying IDR plan, the borrower must have made a payment at least as much as what would have been required under a qualifying IDR plan in the month prior to the TEPSLF application, and in the month twelve months prior to that application.

We appreciate the time and the effort that went into this audit and the opportunity to comment on the draft report. I am pleased to provide below the Department's responses to each of GAO's four recommendations.

**Recommendation 1:** The Chief Operating Officer of the Office of Federal Student Aid should integrate the TEPSLF request into the PSLF application, for example, by including a checkbox on the PSLF application to provide borrowers a more seamless way to request TEPSLF consideration.

**Response:** We concur with this recommendation and agree that integrating the TEPSLF request into the PSLF application will benefit our borrowers who are seeking loan forgiveness. We will integrate the TEPSLF request into the PSLF application as part of the improvements planned to the PSLF application under our Next Gen FSA initiative.

Page 3 - Ms. Melissa Emrey-Arras

**Recommendation 2:** The Chief Operating Officer of the Office of Federal Student Aid should provide certain borrowers, for example, those who are denied TEPLSF for not having 120 qualifying payments, with more information about options available to contest TEPLSF decisions on the TEPLSF website and in the denial letters.

**Response:** We concur with this recommendation. Currently, the procedures for submitting a dispute are provided to borrowers through FSA's website. However, we agree that these procedures should also be provided to borrowers in FSA's specific TEPLSF website information and be included in an applicant's TEPLSF denial letter when appropriate. We have a robust complaint and dispute resolution process in place for any student aid recipient or borrower, including borrowers whose TEPLSF applications are denied. A borrower may request a review by the loan servicer, submit a dispute through the FSA Feedback system, or request the help of the FSA Ombudsman Group to review and, as necessary, mediate the complaint or dispute. We will add the information about these four options to the website and also to the TEPLSF denial letter.

**Recommendation 3:** The Chief Operating Officer of the Office of Federal Student Aid should require all loan servicers to provide TEPLSF information on their websites.

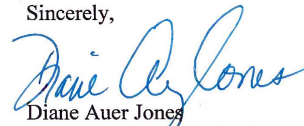
**Response:** We concur with this recommendation, and the initial phase of Next Gen FSA will facilitate consistent information about TEPLSF. Until Next Gen is fully implemented, we are requiring all loan servicers to provide TEPLSF information on their websites within the next 120 days through the duration of their existing contracts.

**Recommendation 4:** The Chief Operating Officer of the Office of Federal Student Aid should include TEPLSF information in its PSLF Online Help tool.

**Response:** We concur with this recommendation and will incorporate TEPLSF information into the PSLF Help Tool.

I appreciate your examination of this important subject. The Department of Education remains committed to improving the customer experience for students, parents and borrowers.

Sincerely,



Diane Auer Jones  
Principal Deputy Under Secretary  
Delegated the Duties of Under Secretary

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# Appendix II: GAO Contact and Staff Acknowledgments

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## GAO Contact

Melissa Emrey-Arras, (617) 788-0534 or [EmreyArrasM@gao.gov](mailto:EmreyArrasM@gao.gov)

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## Staff Acknowledgments

In addition to the contact named above, Michelle L. St. Pierre (Assistant Director), Nora Boretti (Analyst-In-Charge), and Aaron Karty made significant contributions to this report. Also contributing to this report were James E. Bennett, Deborah Bland, Alicia P. Cackley, Marcia L. Carlsen, Linda A. Collins, William W. Colvin, Alex Galuten, Sheila R. McCoy, Jean L. McSween, Jessica S. Orr, Debra Prescott, and Ashanta Williams.



# Appendix III: Accessible Data

## Data Tables

### Accessible Data for Completed TEPSLF Requests as of May 2019

Category	Number	Percentage
Denied	53,523	99%
Approved	661	1%

Source: GAO analysis of Temporary Expanded Public Service Loan Forgiveness (TEPSLF) loan servicer data from May 2018 through May 2019. | GAO-19-595

### Accessible Data for Figure 1: Process for Obtaining TEPSLF Loan Forgiveness

1. Borrower sends email requesting TEPSLF forgiveness
2. TEPSLF servicer confirms whether borrower has submitted a previous PSLF forgiveness application
  - a. If PSLF application not submitted, TEPSLF servicer sends denial notice telling borrower to submit PSLF application to be considered for TEPSLF forgiveness and resubmit TEPSLF email request
3. If PSLF application submitted, TEPSLF request placed on hold if PSLF determination is pending
  - a. If PSLF application approved, TEPSLF request denied because borrower received PSLF loan forgiveness
4. TEPSLF servicer determines whether borrower has qualifying loans and at least 10 years of qualifying employment<sup>a</sup>
  - a. If borrower not qualified, TEPSLF servicer notifies borrower that they do not currently qualify for forgiveness
5. If borrower qualified, TEPSLF servicer determines if borrower's most recent payment, and the payment made 12 months prior to the TEPSLF request, were at least as much as under an income-driven repayment plan<sup>b</sup>
  - a. If borrower not qualified, TEPSLF servicer notifies borrower that they do not currently qualify for forgiveness
6. If borrower qualified, TEPSLF servicer determines if borrower has at least 120 TEPSLF qualifying payments
  - a. If borrower not qualified, TEPSLF servicer notifies borrower that they do not currently qualify for forgiveness
7. If borrower qualified, Education conducts final review of request to determine if borrower has met all eligibility requirements and checks to ensure TEPSLF funding is still available
  - a. If eligibility requirements met, TEPSLF servicer notifies borrower that they do not currently qualify for forgiveness

8. TEPSLF servicer forgives remaining balance on borrower's loans<sup>c</sup>

TEPSLF= Temporary Expanded Public Service Loan Forgiveness

PSLF= Public Service Loan Forgiveness

Source: GAO analysis of Department of Education (Education) documents. | GAO-19-595

**Accessible Data for Figure 2: Status of Completed TEPSLF Requests, May 2018 through May 2019**

Category	Number	Percentage
Denied TEPSLF	53,523	99%
Approved for TEPSLF	661	1%

Source: GAO analysis of TEPSLF loan servicer data from May 2018 through May 2019. | GAO-19-595

**Accessible Data for Figure 3: Denied TEPSLF Requests, by Denial Category, May 2018 through May 2019**

Category	Number	Percentage
Had not submitted a Public Service Loan Forgiveness Application	38,068	71%
Had not been repaying their loans for 10 years <sup>a</sup>	5,589	10%
Disqualified due to most recent and 12-month-ago payment not meeting requirement <sup>b</sup>	3,078	6%
Less than 120 qualifying payments	2,155	4%
No qualifying federal loans <sup>c</sup>	1,744	3%
Borrower did not provide loan servicer with requested income information	1,267	2%
Less than 120 months of qualifying employment	1,255	2%
Other <sup>d</sup>	367	1%

Source: GAO analysis of Temporary Expanded Public Service Loan Forgiveness (TEPSLF) loan servicer data from May 2018 through May 2019. | GAO-19-595

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**Accessible Data for Figure 4: Amount of TEPSLF Loan Forgiveness Approved, May 2018 through May 2019**

Of the \$700 million appropriated

About \$26.9 million approved in loan forgiveness for 656 borrowers

Source: GAO analysis of Temporary Expanded Public Service Loan Forgiveness (TEPSLF) loan servicer data from May 2018 through May 2019. | GAO-19-595

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**Accessible Data for Figure 5: Available Options for Borrowers to Contest TEPSLF Decisions**

Borrower complains about service or determination can be sent to:

- TEPSLF loan servicer customer service line
  - Unresolved concerns may be elevated<sup>a</sup> to the TEPSLF loan servicer review
- FSA feedback tool
- FSA ombudsman

And those complains about service or determination and any unresolved concerns may be forwarded to the US Department of Education

TEPSLF= Temporary Expanded Public Service Loan Forgiveness

FSA= Federal Student Aid

Source: GAO analysis of Education and TEPSLF loan servicer information. | GAO-19-595

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## Agency Comment Letter

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### Accessible Text for Appendix I Comments from the Department of Education

#### Page 1

July 18, 2019

Ms. Melissa Emrey-Arras

Director, Education, Workforce, and Income Security Issues

United States Government Accountability Office

Washington, D.C. 20548

Dear Ms. Emrey-Arras:

Thank you for providing the U.S. Department of Education ("Department") with the opportunity to respond to the draft Government Accountability Office (GAO) report, "Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion" (GAO-19-595). The purpose of GAO's study was to determine: (1) the extent to which the process for obtaining Temporary Expanded Public Service Loan Forgiveness (TEPSLF) is clear to borrowers; (2) what is known about TEPSLF loan forgiveness approvals and denials, and how the Department communicates with borrowers about denials; and (3) the extent to which the Department has conducted outreach to increase borrower awareness of TEPSLF.

For each of the programs we offer, including Public Service Loan Forgiveness (PSLF) and TEPSLF, our intent is to provide a "customer first" approach to the administration of these programs. Federal Student Aid's (FSA) transformative initiative, Next Gen FSA, is being designed to accomplish that intent and, as such, will reduce complexity and confusion for borrowers and make it easier for them to find information about and apply for PSLF and TEPSLF. To that end, under Next Gen FSA, we are building a modernized customer platform that will create a digital "front door" for students, parents and borrowers. Once the platform is implemented, FSA's multiple existing websites, contact centers, and other customer interfaces will be combined into a simplified and consistent experience. It will also centralize customer care interactions, making it simpler for borrowers to get assistance, rather than being directed to individual servicer websites.

Although Next Gen FSA will make it easier for borrowers to find information about and apply for loan forgiveness, we are not awaiting its full implementation before providing significant enhancements to our customers. As the draft GAO report noted, in December 2018, we launched a PSLF Help Tool to help borrowers better understand the PSLF program and how they can participate. Additional improvements are planned for the PSLF Help Tool to help borrowers complete and submit PSLF applications electronically through a centralized website and to receive TEPSLF consideration.

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The Department wishes to point out that when the PSLF program was created through the College Cost Reduction and Access Act of 2007

(CCRAA), it was clear then that relatively few borrowers would benefit from the program. The program was designed to limit PSLF eligibility to borrowers who hold Direct Loans (DL), despite that at the time most borrowers were in the Federal Family Education Loan (FFEL) program. FFEL borrowers were not and are not eligible for PSLF. Perhaps that is why the Congressional Budget Office (CBO) estimated the total cost of the student-based loan provisions of CCRAA - including PSLF as well as provisions that reduced interest rates for some borrowers, created the income-based repayment program and associated loan forgiveness, expanded Pell eligibility by altering the determination of financial need, and extended the deferment period created for certain members of the military - was only \$8 billion over the 2007-2017 period. The CBO score reveals that the PSLF program was intended to serve a relatively small population of borrowers.

Although borrowers who do not hold Direct Loans may become eligible for PSLF if they consolidated their loans into a Direct Consolidation Loan, many borrowers didn't understand the need to consolidate into a different program in order to receive the benefit. Also, among borrowers who did consolidate into a Direct Loan, any payments they made on the underlying FFEL loans do not count toward the required 120 qualifying payments. In other words, students who entered repayment in 2008 needed to consolidate into the DL program as soon as they entered repayment in order to be eligible for PSLF in 2018. TEPSLF does not allow for the Department to count payments made on FFEL loans toward the 120 qualifying payments requirement, even if those FFEL Program loans are later consolidated into the DL Program. TEPSLF has other shortcomings as well. For example, while TEPSLF allows us to provide PSLF to borrowers who were in extended repayment or graduated repayment on a Direct Loan, rather than in a qualifying IDR plan, the borrower must have made a payment at least as much as what would have been required under a qualifying IDR plan in the month prior to the TEPSLF application, and in the month twelve months prior to that application.

We appreciate the time and the effort that went into this audit and the opportunity to comment on the draft report. I am pleased to provide below the Department's responses to each of GAO's four recommendations.

Recommendation 1: The Chief Operating Officer of the Office of Federal Student Aid should integrate the TEPSLF request into the PSLF application, for example, by including a checkbox on the PSLF application

to provide borrowers a more seamless way to request TEPSLF consideration.

Response: We concur with this recommendation and agree that integrating the TEPSLF request into the PSLF application will benefit our borrowers who are seeking loan forgiveness. We will integrate the TEPSLF request into the PSLF application as part of the improvements planned to the PSLF application under our Next Gen FSA initiative.

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Recommendation 2: The Chief Operating Officer of the Office of Federal Student Aid should provide certain borrowers, for example, those who are denied TEPLSF for not having 120 qualifying payments, with more information about options available to contest TEPSLF decisions on the TEPSLF website and in the denial letters.

Response: We concur with this recommendation. Currently, the procedures for submitting a dispute are provided to borrowers through FSA's website. However, we agree that these procedures should also be provided to borrowers in FSA's specific TEPSLF website information and be included in an applicant's TEPSLF denial letter when appropriate. We have a robust complaint and dispute resolution process in place for any student aid recipient or borrower, including borrowers whose TEPSLF applications are denied. A borrower may request a review by the loan servicer, submit a dispute through the FSA Feedback system, or request the help of the FSA Ombudsman Group to review and, as necessary, mediate the complaint or dispute. We will add the information about these four options to the website and also to the TEPSLF denial letter.

Recommendation 3: The Chief Operating Officer of the Office of Federal Student Aid should require all loan servicers to provide TEPSLF information on their websites.

Response: We concur with this recommendation, and the initial phase of Next Gen FSA will facilitate consistent information about TEPSLF. Until Next Gen is fully implemented, we are requiring all loan servicers to provide TEPSLF information on their websites within the next 120 days through the duration of their existing contracts.

Recommendation 4: The Chief Operating Officer of the Office of Federal Student Aid should include TEPSLF information in its PSLF Online Help tool.

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Response: We concur with this recommendation and will incorporate TEPSLF information into the PSLF Help Tool.

I appreciate your examination of this important subject. The Department of Education remains committed to improving the customer experience for students, parents and borrowers.

Sincerely,

Diane Auer Jones

Principal Deputy Under Secretary

Delegated the Duties of Under Secretary

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## Related GAO Products

*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.

*Federal Student Loans: Further Actions Needed to Implement Recommendations on Oversight of Loan Servicers.* [GAO-18-587R](#). Washington, D.C.: July 27, 2018.

*Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight.* [GAO-16-523](#). Washington, D.C.: May 16, 2016.

*Federal Student Loans: Key Weaknesses Limit Education's Management of Contractors.* [GAO-16-196T](#). Washington, D.C.: Nov. 18, 2015.

*Federal Student Loans: Education Could Do More to Help Ensure Borrowers Are Aware of Repayment and Forgiveness Options.* [GAO-15-663](#). Washington, D.C.: Aug. 25, 2015.



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