

The Public Service Reward Act of 2022

House Majority Whip James E. Clyburn (D-SC)

Congressman Brendan Boyle (D-PA)

Public Service Loan Forgiveness: The Unfulfilled Promise seemed simple: after 10 years of working in public service and making monthly qualifying payments, public servants would have their remaining student loan balance forgiven.¹

The Public Service Loan Forgiveness (PSLF) Program was created to provide debt relief to student loan borrowers who chose to work in public service. The program's promise

However, since the program's creation in 2007, borrowers working in public service have encountered numerous obstacles to that promise. Some consolidated their loans, only to discover doing so "reset" the count of qualifying payments. Others unknowingly made years of payments towards ineligible loans or payment plans because of inadequate guidance and poor notification processes. Employers and borrowers are required to complete onerous certification forms, even for information that the government can already access, yet simple typos or omissions jeopardize an application for forgiveness. Data released in 2021 by the U.S. Department of Education showed **only two out of every hundred applicants to PSLF were approved.**²

The all-or-nothing benefit structure and opaque administration of the program too often leaves the promise of PSLF inaccessible and unfilled. Our public servants have been denied Public Service Loan Forgiveness then left with little-to-no explanation or recourse.

The U.S. Department of Education recognizes many of these issues in the Public Service Loan Forgiveness Program. In 2021, the Department announced a waiver period and time-limited changes in an attempt to increase the number of borrowers receiving forgiveness through the PSLF program. However, these changes are temporary and rely on emergency legal authority.³

Fulfilling the Promise of the Public Service Loan Forgiveness Program

In order to address these ongoing challenges, House Majority Whip James E. Clyburn and Congressman Brendan Boyle introduced the Public Service Reward Act to expand and improve the Public Service Loan Forgiveness Program. This legislation will:

- Provide partial debt forgiveness for every 12 qualifying payments an eligible borrower makes.
 - For each of the first, second, third, fourth, and fifth times a borrower completes 12 months of consecutive qualifying payments, the amount of interest accrued on their loan in that year will be forgiven.
 - For the sixth, seventh, eighth, and ninth times a borrower completes 12 months of consecutive qualifying payments, the interest accrued as well as 5 percent of the total outstanding balance on the loan will be forgiven.
 - For the tenth time a borrower completes 12 months of qualifying payments, any outstanding balance on the loan will be forgiven.
- Expand PSLF eligible loans to include Federal Direct Loans, Federal Family Education Loans (FFEL),

¹ <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>

² <https://www.ed.gov/news/press-releases/department-education-updates-series-student-aid-quarterly-data-reports>

³ <https://www2.ed.gov/policy/highered/reg/hearulemaking/2021/pslffactsheet.pdf>

Perkins Loans, Direct Consolidation Loans, and Parent Plus Loans.

- Expand PSLF eligible repayment plans to include Income-Based Repayment Plan (IBR), Income-Contingent Repayment Plan (ICR), Pay As You Earn Repayment Plan (PAYE), Revised Pay As You Earn Repayment Plan (REPAYE), and Standard plans.
- Provide partial to full debt cancellation for borrowers who worked for an eligible employer between enactment of the PSLF Program and enactment of the Public Service Reward Act.
- Allow borrowers to consolidate their loans without resetting the count of qualifying payments.
- Ensures that forgiven debt is not treated as taxable income.
- Allow borrowers who were previously denied to reapply under the updated eligibility provisions.
- Require the U.S. Department of Education to develop an online portal to improve administration of the PSLF program and make relevant information more accessible to borrowers.
- Streamline the PSLF application process for borrowers.

The Public Service Reward Act will provide millions of public service workers student loan debt relief, delivering on the original promise of the Public Service Loan Forgiveness Program.