

Fact Sheet: Charting the Path Forward for Public Service Loan Forgiveness

The Biden-Harris Administration restored the promise that borrowers working in public service jobs for 10 years will have their loans forgiven through Public Service Loan Forgiveness (PSLF). Thanks to time-limited changes that waive PSLF program requirements (known as the “Limited PSLF Waiver”), over 236,000 borrowers have been approved for over \$14 billion in forgiveness during the COVID-19 pandemic.

Today, the Biden-Harris Administration is releasing its plan for the PSLF program after the Limited PSLF Waiver ends on October 31, 2022. The Department still encourages borrowers to take the necessary steps to apply for the waiver by October 31, 2022. However, the plan announced today includes benefits that borrowers with Direct Loans or Federal Family Education Loans (FFEL) managed by the U.S. Department of Education (Department) – including borrowers who work in public service – will receive in July 2023 as part of a [one-time account adjustment](#) announced earlier this year. This one-time account adjustment fixes longstanding problems faced by borrowers receiving credit toward forgiveness under income-driven repayment (IDR) plans and PSLF.

Today, the Department is clarifying that updated payment counts credited toward IDR forgiveness also count toward PSLF for any months in which a borrower has certified qualifying employment on loans borrowed as a student. Borrowers with eligible loans do not need to apply for this credit, it will be automatically computed by the Department. Borrowers who do not have eligible loans will need to apply for consolidation no later than May 1, 2023, to ensure they benefit from the one-time account adjustment.

The Department is also announcing permanent improvements to the PSLF program through updated regulations, which will be published by November 1. These regulations eliminate many unnecessary barriers to obtaining PSLF credit, helping many more borrowers working in public service reach forgiveness in the future.

Crediting Borrowers with Earned Progress toward Forgiveness

In April 2022, the Department announced one-time improvements to address historic inaccuracies in the count of payments that qualify toward forgiveness under IDR as well as practices by loan servicers to put borrowers into forbearance in violation of Department rules. As a result of these past failures, borrowers who were in repayment for 20 or 25 years or longer are unable to receive forgiveness under IDR, and borrowers who were in repayment for 10 years or longer while working in public service may not receive PSLF. These one-time improvements will adjust a borrower’s account by awarding credit for:

- Any month in which a borrower was in a repayment status, regardless of whether payments were partial or late, the loan type, or the repayment plan;
- Any month in which loans were in an eligible repayment, deferment, or forbearance status prior to consolidation;
- Months while a borrower spent at least 12 months of consecutive forbearance;
- Months while a borrower spent at least 36 cumulative months in forbearance; and
- Any month spent in deferment (exception for in-school deferment) prior to 2013.

To receive this credit toward IDR, however, a borrower must have Direct Loans or FFEL loans managed by the Department. Borrowers who have other types of federal loans have to consolidate into the Direct Loan program to receive the credit.

These periods will also result in credit toward PSLF if the borrower has certified qualifying employment that overlaps the same periods. Borrowers pursuing PSLF must consolidate any non-Direct Loan for eligibility.

All borrowers must apply for consolidation by May 1, 2023, to get the full benefits of the one-time account adjustment. The Department will provide more information about how this process will work for joint (spousal) consolidation loans as it implements the *Joint Consolidation Loan Separation Act*.

Impact on Borrowers who work in Public Service

Because the one-time account adjustment will not be fully implemented until July 2023, a borrower who misses the Limited PSLF Waiver deadline of October 31, 2022, will have one more chance to have their payment count corrected.

Here is how the Limited PSLF Waiver and the one-time account adjustment will work together for borrowers who work in public service:

- A borrower who submits a PSLF form by October 31, 2022, will have their time in repayment credited under the Limited PSLF Waiver. They will also have time in deferment and forbearance as described above credited to them for both IDR and PSLF under the one-time account adjustment in July 2023. As the Department continues to process PSLF forms, borrowers may see their payment counts adjust after October 31, 2022.
- A borrower who has never applied for PSLF and submits a PSLF form after October 31, 2022, will have their PSLF form assessed under normal PSLF rules. However, they may receive additional credit toward PSLF for any periods of certified employment when the one-time account adjustment occurs in July. At that point, borrowers who reach 120 qualifying payments, may need to provide additional certification that they remain employed by a qualifying employer.

Like the Limited PSLF Waiver, any changes made to your account based on the one-time adjustment will be permanent and will count toward your IDR or PSLF forgiveness at any time in the future.

While the one-time account adjustment is largely similar to the Limited PSLF Waiver, there are some key differences in both benefits and process. First, the one-time account adjustment provides credit for periods that were not added under the PSLF waiver. It credits certain periods in deferment and forbearance towards IDR and PSLF for months beyond those provided by the Limited PSLF Waiver. Finally, borrowers with Direct Loans do not have to apply for PSLF by July 1, 2023. The credit awarded as part of the one-time account adjustment can be later counted toward PSLF if the borrower certifies employment.

While the one-time account adjustment provides some benefits for borrowers that go beyond the Limited PSLF Waiver, there are several PSLF requirements that will no longer be waived after October 31. First, borrowers will no longer be allowed to count the same period of service toward both Teacher Loan Forgiveness (TLF) and PSLF. Second, a borrower will have to be employed by a qualifying employer when they apply for and receive PSLF forgiveness. Borrowers can indicate they are still employed on the PSLF form by checking the 'Still Employed' box on line 6.

Timing

The Department will begin forgiving loans for borrowers that have reached the required monthly payments to receive forgiveness under IDR – 20 years (240 months) or 25 years (300 months) – in November 2022. Borrowers who reach 120 payments for PSLF due to the inclusion of periods in deferment or forbearance will also receive forgiveness if the 120th month occurred before November 2022. Borrowers who receive additional credit for IDR or PSLF through the one-time account adjustment but who do not reach the required monthly payments under the programs will have their accounts adjusted in July 2023.

Lasting PSLF Improvements through Regulations

Today, the Department is also announcing final regulations that will make lasting improvements to PSLF starting July 1, 2023. Overall, these regulations will reduce regulatory barriers that have historically made it harder for borrowers to make progress toward PSLF forgiveness. In particular, the final regulations will:

Help borrowers earn progress toward PSLF

- Allow borrowers to receive credit toward PSLF on payments that are made late, in installments, or in a lump sum. Prior rules only counted a payment as eligible if it was made in full within 15 days of its due date.
- Count certain periods in deferment or forbearance toward PSLF to avoid instances where a borrower may have faced confusing choices about pausing payments or getting credit toward PSLF. These periods include:
 - Cancer treatment deferment
 - Military service deferment
 - Post-active-duty student deferment
 - Economic hardship deferment, which includes service in the Peace Corps
 - AmeriCorps and National Guard service forbearances
 - U.S. Department of Defense Student Loan Repayment Program forbearance
 - Administrative or mandatory administrative forbearances
- Borrowers will receive a weighted average of existing qualifying payments toward PSLF when they consolidate their Direct Loans. Under current rules, borrowers lose all progress toward forgiveness when they consolidate. Under the new regulations, for example, a borrower with 60 qualifying payments on Direct Loan with a balance of \$30,000 who consolidates their loan with another Direct Loan with a balance of \$30,000 with 0 qualifying payments will have a new payment count of 30 payments.

Simplify criteria to help borrowers certify employment

- Adopt a single standard of full-time employment at 30 hours a week. Prior rules required borrowers to either work 30 hours per week at multiple jobs or whatever their employer defined as full-time. This created confusing and varying standards. A single 30-hour-a-week requirement will make it easier for borrowers and employers to establish what it means to be full-time.

- Require employers, for purposes of PSLF, to give adjunct and contingent faculty credit of at least 3.35 hours of work for every credit hour taught. Historically, employers have struggled to determine the work hours of adjunct instructors. This minimum conversion factor will help employers figure out the number of hours to certify.
- Allow a qualifying employer to certify employment for a contractor if that individual is providing services that by State law cannot be filled or provided by an employee of that organization. The Department is aware of specific circumstances where existing state laws generally prevent doctors at nonprofit hospitals in California and Texas from working for the hospital directly. This change would cover those individuals as well as any other contractor whose employment is similarly barred by state law.

Provide opportunities to correct problems

- Borrowers will be able to access a hold harmless option to have other periods of deferment and forbearance potentially counted toward PSLF if they make payments equivalent to what they would have owed at the time. This includes getting credit for periods during which the borrower would have had a \$0 payment.
- We formalized the reconsideration process for borrowers to have their applications reviewed again if there are errors made in review.

In the Notice of Proposed Rulemaking, the Department asked questions about the possibility of allowing early childhood education providers who operate as private for-profit businesses to be considered an eligible employer for the purposes of PSLF. In response, the Department received many detailed comments about early childhood education as well as a range of other for-profit employers. To ensure those comments receive necessary attention, the Department will publish a separate final rule addressing comments related to the definition of an eligible employer and its applicability to for-profit employers.

The End of the Limited PSLF Waiver

The [Limited PSLF Waiver](#) will end after October 31, 2022. Although many of the benefits of the limited waiver will be available after October 31 under the steps announced today, we encourage borrowers to apply as quickly as possible, particularly if they have benefitted from [Teacher Loan Forgiveness](#) or are no longer working at a qualifying employer. Borrowers who have not yet taken advantage must take two steps:

- *Step one:* Borrowers should check what loan(s) they have. Federal student loan borrowers who do not have a Direct Loan and want to apply for PSLF should submit an application for consolidation by October 31, 2022. Borrowers with both Direct Loans and other federal loans should carefully consider the benefits and drawbacks of consolidation. Learn more about consolidation [here](#). Borrowers seeking the Limited PSLF Waiver benefits should not wait to have their consolidation application approved to move on to the next step.
- *Step two:* Borrowers must take one of the following steps by October 31, 2022 to apply for PSLF in time to receive the benefits of the time-limited changes under the Limited PSLF Waiver. Borrowers need only complete one of the steps below for one employer. Additional employment can be certified later.

- Complete an application (known as a “PSLF form”) using the [PSLF Help Tool](#) by October 31, 2022. Borrowers must generate the form with the requested information and download the completed form (which will be time-stamped) from the PSLF Help Tool for the application to be considered complete. Once the PSLF form is complete, borrowers must sign it, have their employer sign it, and submit it as soon as they can even if it is after the October 31 deadline. PSLF forms completed online by October 31, but not signed by the employer and submitted until after October 31, will still receive the benefits under the Limited PSLF Waiver, if the PSLF form is later approved by the Department.
 - In some cases, the PSLF Help Tool will not recognize the employer and require borrowers to submit their employer’s information to the Department for review. If borrowers have a pending review of their employer’s eligibility by October 31, borrowers will not be able to download the form until the review is done, but ED will maintain a record that the borrower tried to complete the PSLF form prior to the deadline. Borrowers will still receive the benefits under the Limited PSLF Waiver if the employer is later determined to be eligible. Borrowers will just need to submit their PSLF form upon approval of the employer even if that is after October 31.
- Borrowers who complete a PSLF form without using the PSLF Help Tool and submit it after October 31, 2022, will still receive the benefits of the Limited PSLF Waiver if the employer’s signature date is no later than October 31, 2022.
- There are a small number of borrowers with Joint Consolidation Loans who cannot access the PSLF Help Tool. A specific process has been set up for borrowers with these loan types to be reviewed as a result of a new law to assist borrowers in separating these loans. These borrowers must submit a request to have their application reconsidered (also known as a reconsideration request) and attach a PSLF form signed by the borrower. More details are available under “Step 2” on the [Limited PSLF Waiver page](#).

Borrowers who take the necessary steps by October 31, 2022, will see Limited PSLF Waiver benefits update in their accounts as forms are processed after the deadline. Given the volume of applications received, processing time is taking longer than normal but we will get to your PSLF form in the coming months. The monthly payments credited due to the Limited PSLF Waiver do not expire or disappear simply because the temporary changes end.

In addition, the improved PSLF regulations and upcoming one-time account adjustment will deliver many significant benefits to PSLF applicants by helping address past servicing problems, clarifying the PSLF rules that previously excluded certain borrowers from forgiveness, and helping build the PSLF program that our borrowers who work in public service deserve.

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