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ATTORNEY GENERAL

August 28, 2019

The Honorable Elisabeth DeVos  
Secretary  
U.S. Department of Education  
400 Maryland Ave. SW  
Washington, DC 20202

RE: Public Service Loan Forgiveness

Dear Secretary DeVos:

Thank you for the letter sent by Principal Deputy Under Secretary Diane Auer Jones on July 24, 2019, responding to our request for information about the U.S. Department of Education's Public Service Loan Forgiveness (PSLF) Program. We continue to be concerned with the high rates of rejection that borrowers in public service careers experience when attempting to have their loans forgiven. As you acknowledge in your letter, borrowers do not understand the PSLF program requirements. This lack of understanding evidences a failure by student loan servicers to provide borrowers with accurate program information and a failure by the Department to exercise oversight of its servicers to correct the problem.

Even incomplete and overdue, the data is extremely troubling. Only 864 of 76,002 applications for PSLF have been approved, a rate barely over 1 percent. The March 2019 data also show that only 442 of 12,429 applications to the Temporary Expanded PSLF program have been approved, a rate of 3.6 percent. Tens of thousands of borrowers continue to be frustrated when they attempt to avail themselves of PSLF or the temporary expansion that Congress enacted last year. Without PSLF, many of these individuals will suffer economic hardship and may have to choose between public service careers and being able to repay their student loans. Nonprofits, schools, and departments like yours and ours will find it even more difficult to attract top talent if borrowers decide that PSLF is impossible to achieve, even if they do everything right.

To assist these borrowers, we repeat our request for better data from the U.S. Department of Education to allow our offices to examine the scope and source of the problems. The March 2019 data you shared is not fully responsive to our offices' requests. The data was also public for

over three months before you responded to our letter.<sup>1</sup> Indeed, it seems that the Department has made no effort to independently respond to our information requests. This is unacceptable in the face of the astronomical denial rates in the PSLF program.

The information that we are requesting is necessary to diagnose the source of the denials and to take concrete action to help borrowers. For example, you acknowledge in your response that borrowers with Federal Family Education Loans (FFEL) loans were unaware of the need to consolidate into Direct loans. You fail, however, to respond to our questions about the total number of payments made on the non-qualifying loans, the total dollar amount of payments made on the non-qualifying loans, or who was servicing the non-qualifying loans.<sup>2</sup> Similarly, you acknowledge that 53 percent of rejections, nearly 40,000 applications, were based on a lack of qualifying payments. Yet you fail to provide the requested details on why the payments were not considered qualifying payments and who was servicing the loans that lacked qualifying payments.<sup>3</sup>

Identifying servicer failures and holding servicers accountable is necessary in order to help borrowers and to correct these problems moving forward. Servicers are the entities tasked with providing borrowers information about student loan repayment options, including the PSLF program.<sup>4</sup> As recently as March 5, 2019, the Department's Office of Inspector General (OIG) found widespread servicer noncompliance with federal loan servicing requirements. Per the OIG, from January 1, 2015 through September 30, 2017, 61 percent of reports on the Department's oversight of servicers identified servicer noncompliance.<sup>5</sup> The OIG made this finding despite also concluding that the Department does not even document all instances of noncompliance. Finally, the OIG's report found that where there was noncompliance, the Department regularly failed to take action to hold servicers accountable. The information we are asking for starts to address whether and how servicer noncompliance is at the root of problems with the PSLF

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<sup>1</sup> U.S. Dep't of Educ., Federal Student Aid, March 2019 PSLF Report (Mar. 31, 2019), *available at* <https://studentaid.ed.gov/sa/about/data-center/student/loan-forgiveness/pslf-data>

<sup>2</sup> October 4, 2018 Letter to Secretary DeVos and Acting Chief Operating Officer Manning, requests 10a, b, & c.

<sup>3</sup> *Id.* at requests 11 a-g.

<sup>4</sup> "A loan servicer will help you manage the repayment of your federal student loans—for free. A loan servicer is a company that handles the billing and other services on your federal student loan. The loan servicer will work with you on repayment plans and loan consolidation and will assist you with other tasks related to your federal student loan. It is important to maintain contact with your loan servicer. If your circumstances change at any time during your repayment period, your loan servicer will be able to help." Federal Student Aid, How to Repay Your Loans » Understanding Repayment » Loan Servicers, *available at* <https://studentaid.ed.gov/sa/repay-loans/understand/servicers>.

<sup>5</sup> Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans, pg. 4, February 12, 2019, as amended March 5, 2019, *available at* <https://www2.ed.gov/about/offices/list/oig/auditreports/fy2019/a05q0008.pdf>.

program. Servicers must be held accountable where their failures have led to PSLF application denials.

The borrowers seeking to have their loans discharged have given ten years of service in working for the betterment of this country at nonprofits, schools, and government departments like yours and ours. These jobs often pay less than their private sector equivalents and student loan borrowers rightly relied upon the promise of PSLF to enable their decisions to pursue public service careers. Yet despite making payments on time, borrowers have been given misleading information and some have been told that they have to start over.

We reiterate that better data from the U.S. Department of Education would help states address the ongoing problems with PSLF. The publicly available data that you included in your letter goes only a short way toward a full accounting of the current situation for borrowers who are relying on PSLF to enable them to pursue socially beneficial careers without a crushing debt burden. Both the states and the U.S. Department of Education must make efforts to ensure that these borrowers receive what they have qualified for and worked to achieve.

Sincerely,



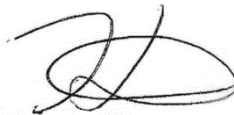
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The Honorable Elisabeth DeVos

August 28, 2019

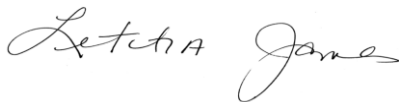
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cc: Diane Auer Jones, Principal Deputy Under Secretary, Delegated the Duties of Under Secretary