ABA Supports Preserving Federal Public Service Loan Forgiveness

**Purpose of PSLF.** The federal Public Service Loan Forgiveness (PSLF) program was created in 2007 in response to the concerns of public sector employers over their difficulties attracting and retaining skilled professionals to fill chronically vacant positions. The program provides employers an invaluable resource by lowering the primary barrier keeping new graduates from pursuing public service careers – student loan debt. An advanced degree frequently is a condition of professional licensure, as it is for lawyers, but the higher student debt incurred in obtaining these degrees effectively prevents borrowers from accepting or staying in low-paying public service jobs.

**Eligibility for PSLF.** Under the program, borrowers who have made 120 timely payments on their federal Direct Loans while employed full-time in qualifying public service jobs are eligible to receive forgiveness of whatever portion of their loan remains after completing the payments. Under the Department of Education regulations, a qualifying public service job is a full-time position working for a federal, state, or tribal government entity (including the military), 501(c)(3) organizations, or other nonprofits that provide specific types of qualifying public services.

**Lawyers often incur significant student loan debt that deters them from lower-paying public service jobs.** Without PSLF, law school graduates considering public service would face 20 years or more of student loan payments, during which time their loan balance would increase. These men and women would further need to forego major life decisions and expenses, all in the name of pursuing laudable careers.

Eighty percent of law students take out student loans to attend law school. On average, those who graduate from a private law school incur law school debt of $122,000 and those who graduate from public law schools incur $88,000. These sums are in addition to an average of $30,000 in undergraduate debt. The promise of PSLF makes it feasible for a young lawyer with a staggering amount of debt to choose a career as a legal aid attorney, public defender, or prosecutor – jobs with typical starting salaries of $50,000 or less that are essential to the functioning of our justice system.

People in other professions that provide the public with a continuum of care, such as doctors, nurses, teachers, social workers, and first responders, face similar financial obstacles and likewise are eligible for the program.

**PSLF is under threat of elimination.** PSLF has become caught in the crosshairs of larger discussions about higher education affordability that fail to take into consideration the important purpose of the program. Both the President’s FY 2018 budget and H.R. 4508, legislation known as the PROSPER Act (Foxx, R-NC), would eliminate PSLF as part of a plan to reform federal student lending. An amendment to preserve PSLF under the PROSPER Act, which had bipartisan support, failed by one vote during committee consideration. The legislation was reported by the Committee on Education and the Workforce last December and awaits action on the House floor.

Arguments supporting repeal of PSLF have relied on anecdotes, cost estimates based on inadequate data, and an inaccurate understanding of the program’s purpose and operation.
The first cohort of borrowers became eligible for the program this past fall. At present, there are no statistics with regard to the cost of the program for 2017. Two government studies of PSLF have been completed – one in 2015 by the U.S. Government Accountability Office (GAO-15-663) and the other this past February by the Office of the Inspector General of the Department of Education (ED-OIG/AIG9Q0003) – and both concluded that the Education Department has failed to provide the information necessary to inform decision makers and the public about the program or its cost to the taxpayer.

The American Bar Association urges Congress to preserve the Public Service Loan Forgiveness Program.

- PSLF serves an important purpose that benefits the public. Repeal of PSLF would harm state, local, and tribal communities by denying them a tool that enables them to provide critical services to their residents.

- PSLF should be allowed to continue to function as envisioned until there has been an opportunity to assess the impact of the program. Any attempt to reduce or eliminate the program should include an alternative strategy for addressing the underlying problem PSLF addresses.

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