ABA Supports Preserving Federal Public Service Loan Forgiveness

Each year, public service employers report difficulty in recruiting and retaining talented staff, leaving many Americans without critically needed services. According to the Bureau of Labor Statistics, despite steady growth in private sector employment figures, there are still 500,000 fewer public sector positions than before the recession, and the U.S. population relying on such services has grown.

The public sector includes broad range of occupations, including first responders, teachers, health professionals, and lawyers. Prosecutors and public defenders promote public safety and the administration of justice. Legal aid lawyers, through the justice system, help low-income elderly, veterans and families remain stably housed, employed, and have access to needed benefits and services.

The reasons for the difficulty in recruiting and retaining these professionals can be complex, but the greatest common obstacle in the legal community has been the substantial student debt that borrowers incur to pursue a law degree. In 2014, the average law student graduating from a private law school accumulated $122,000 in student loan debt, and the average public law school graduate had accumulated $84,000. This does not include an average of $30,000 in student debt for undergraduate studies. By contrast, according to a 2014 survey by the National Association for Law Placement, the starting salary for a legal aid lawyers was $44,600, and for prosecutors and public defenders, starting salaries for each were approximately $50,000.

Law graduates accepting these positions typically elect income-driven repayment plans that tie their monthly payments to an affordable percentage of their income. In 2007, Congress bolstered the public sector by creating the Public Service Loan Forgiveness program (PSLF). Coupled with income-driven repayment plans, PSLF provides a means for motivated graduates across a range of public service professions to pursue and remain laudable public service careers. Under PSLF, those who have made 120 monthly payments on their loans while employed full-time in eligible public service jobs are eligible to have their remaining balance forgiven.

In its FY2016 budget, the administration proposed capping the maximum benefit under PSLF at just $57,500. This will offer little or no relief to public sector lawyers with high student debt, because by the end of ten years with interest accumulating, the average graduate would be required to continue payments on over $100,000 for an additional 15 years. We know from before PSLF that few lawyers facing 25 years of repayment are likely to pursue public service. There are no proposals presently in the 114th Congress proposing changes to PSLF, but recent media accounts suggest that there will be an effort to repeal the program.

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

- PSLF helps fill laudable public service jobs in every state and territory amid lagging employment in the public sector and increased public need.

- Restricting or eliminating PSLF will harm rural or under resourced communities where recruitment and retention are the most difficult.

- Criticism of PSLF is premature without data given that the program has yet to award any benefits.