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Public Service Loan Forgiveness gets major overhaul

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In a huge win for educators and other public service workers, the Biden administration this week announced a much-needed overhaul of the broken Public Service Loan Forgiveness (PSLF) program.

Unions have been pushing hard for the changes, which are expected to help more than half a million borrowers move closer to loan forgiveness. The U.S. Department of Education estimates 22,000 borrowers will become immediately eligible to have their loans erased automatically – and another 27,000 borrowers previously declared ineligible could see their debts disappear if they submit employer information.

The PSLF program is infamous for denying student loan forgiveness to thousands of public servants, dismissing applications due to administrative errors and other technicalities. Unions have filed lawsuits and fiercely advocated to force the federal government to fix the problems and fulfill the bipartisan promise of public service loan forgiveness.

“This is a game-changing victory for educators, healthcare professionals and public employees struggling with student debt,” said American Federation of Teachers President Randi Weingarten. “We breathe a collective sigh of relief as the Kafkaesque system that dashed the dreams of far too many finally starts to be dismantled.”

National Education Association President Becky Pringle said NEA research shows that nearly half of current educators borrowed to pay for college and they still owe an average \$58,700. “This will be life-changing for so many members,” Pringle said in an online informational meeting Thursday night.

Since its inception, the Public Service Loan Forgiveness program, which is supposed to forgive the student debt of teachers and other public-service workers after 10 years of service and 120 qualifying monthly payments, has rejected 98 percent of applicants.

The changes announced Oct. 6 include a broad expansion of the kind of payments that count toward PSLF. Originally the program was limited to federal direct loans through Income-Driven Repayment plans. Now with the expansion, borrowers can also count payments they’ve made on other loans, including Perkins and Federal Family Education Loan program loans. Non-IDR payments and late payments will also count. Borrowers must apply for a limited waiver available through Oct. 31, 2022.

Starting later this fall, the U.S. Department of Education is launching an extensive outreach campaign to let borrowers know about the changes. This will include emailing borrowers who have hit 120 PSLF-eligible payments but need to verify their employment to receive forgiveness. The department will also notify borrowers about any additional payments that can be automatically counted and the option for reconsideration of denied applications.

It’s important that borrowers go to studentaid.gov/pslf to make sure their contact information is correct.

NYSUT stands ready to help members navigate the PSLF changes. To help tens of thousands of NYSUT members struggling to understand and get out from under crushing debt, the statewide **union offers free student loan debt workshops and services** in partnership with Cambridge Credit

Counseling. Since the COVID-19 crisis, NYSUT has moved the workshops online, helping hundreds of members with informational webinars and individualized follow-up support.

With this week's PSLF announcement, Cambridge experts have reviewed the rule changes and noted a few key takeaways:

- Retirees or borrowers who no longer work for an eligible employer but who already made 120 payments on a Direct loan while working for a qualified non-profit, can qualify for PSLF.
- If it turns out you've made more than 120 payments on a Direct loan after recalculating the number that now qualify, you can receive a refund for those extra payments.
- If you're holding Perkins or FFEL loans, you must consolidate them into the Direct loan program by Oct. 31, 2022, so their balances can be forgiven. It won't be possible after that date.
- The DOE's announcement didn't change eligibility requirements for federal Parent PLUS loan forgiveness. They can still be forgiven, but only under the current rules.

There are many more unique scenarios covered in the temporary rules, which you can read here: **[Public Service Loan Forgiveness Limited Waiver Opportunity | Federal Student Aid](#)**.

Here's how your union can help you learn how the changes apply to you.

If you need to discuss the changes with a counselor, contact Todd Friedhaber or Martin Lynch at Cambridge Credit Counseling.

As a NYSUT member benefit, Cambridge provides free counseling and informational sessions.

Contact:

- Todd: tfriedhaber@cambridgecredit.org (800-757-1788, ext. 5373)
- Martin: mlynch@cambridgecredit.org (413-883-3390)

Both NEA and AFT are also offering help for members.

AFT has prepared this **[fact sheet](#)** and contact information.

NEA offers free assistance from Savi: **app.bysavi.com/register/neamb**.

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