

Preserve the Public Service Loan Forgiveness Program

*The Public Service Loan Forgiveness Program
helps make it possible for many veterinarians to work in public sector positions*

AVMA urges Congress to preserve the Public Service Loan Forgiveness Program

- PSLF helps to make it possible for many veterinarians to work full-time in eligible public-sector jobs where they promote animal health and welfare, protect public health, bolster food safety and security, and advance research and education.
- Veterinarians working full-time for federal, state, local, and Tribal governments; for the U.S. military, or for nonprofit / tax-exempt clinics including animal shelters are eligible for PSLF.

PSLF participants must:

- Work full-time for 10 years in an eligible job. Full-time is the greater of employer's definition of full-time, 30 hours per week or work multiple qualifying part-time jobs that equal full-time.
- Must make 120 separate qualifying student loan payments (10 years) within 15 days of the monthly due date. Payments made when not required do not qualify towards the 120 qualifying payments. Lump sum payments count as one payment.
- Borrowers who want confirmation that employment and payments qualify should submit the Employment Certification Form to the U.S. Department of Education's FedLoan Servicing.
- Only payments made after October 1, 2007 qualify for PSLF loan forgiveness. The first cancellations of loan balances will not be granted until October 2017.

PSLF statistics through June 30, 2017

- 139 borrowers have submitted an approved Employment Certification Forms (ECF) and have made between 97-120 qualifying payments
- 669,426 borrowers have submitted 1+ approved ECFs.
- About 61% of borrowers with an approved ECF work for a government agency while about 39% work for a 501(c)3.

Eligible student loans under PSLF

- Federal Stafford and GradPLUS loans made under the federal direct loan program are eligible for PSLF.
- Other federal student loan programs, such as the Federal Family Education Loan (FFEL) Program or the Federal Perkins Loan (Perkins Loan) Program, do not qualify for PSLF, unless the borrower consolidates them into a Direct Consolidation Loan.

PSLF authorization and estimated cost

- Congress established PSLF in Oct. 2007 to forgive student loans of people who work in public service for a minimum of 10 years.
- Congressional Budget Office estimates PSLF will cost \$23.725 billion over the next 10 years. In the next three fiscal years the estimate is \$425 million in 2018; \$1.015 billion in 2019; \$1.420 billion in 2020.
- Student loan amounts forgiven under PSLF are not considered income for tax purposes.

PSLF under attack

- President Donald Trump's fiscal 2018 budget proposal included ending PSLF.
- Former President Barack Obama proposed to cap PSLF forgiveness at \$57,500.
- Student Loan Lower Interest Rate and Lower Monthly Payment Refinancing Act of 2017 (H.R. 2725) sponsored by Rep. Todd Rokita (R-IN4) would cap PSLF at \$57,500.
- During the 114th Congress, several legislative proposals originating in the House of Representatives called for limiting PSLF forgiveness to undergraduates, capping forgiveness at \$57,500, while others called for the complete elimination of the PSLF.

PSLF legislation in 115th Congress

- Legislation has been introduced to modify PSLF in ways that preserve, strengthen, enhance, broaden the program.
- **PSLF Technical Corrections Act (H.R. 4399 / S. 2136)** sponsored by Rep. Brendan Boyle (D-PA13) in the House and Sen. Sheldon Whitehouse (D-RI) in the Senate, allows loan forgiveness for public service borrowers who ended up in the wrong repayment plan. If borrowers had been making payments that were as much as they would have paid on a qualifying repayment plan, they would receive full credit for those payments toward loan forgiveness.
- **Adjunct Faculty Loan Fairness Act of 2017 (S. 1927)** sponsored by Sen. Richard Durbin (D-IL) would allow adjunct faculty to qualify for PSLF.
- **Strengthening Loan Forgiveness for Public Servants Act (H.R. 3026 / S. 1412)** sponsored by Rep. Eric Swalwell (D-CA15) in the House and by Sen. Richard Blumenthal (D-CT) in the Senate would direct the U.S. Department of Education to cancel 15%, 15%, 20%, 20% and 30% of the amount a borrower owes after 2, 4, 6, 8, and 10 years of public service employment, respectively, on a Direct Loan made after the bill's enactment. Currently, the balance of a borrower's Direct Loan is canceled if the borrower is not in default and has made 120 monthly payments on such loan while employed as a public service employee.)
- **Student Loan Fairness Act (H.R. 1127)** sponsored by Karen Bass (D-CA37) would amend PSLF to forgive the Direct Loans of participants who have made 60 (currently, 120) monthly payments, and includes primary care physicians in medically underserved areas.