



Peter A. Hatch  
Commissioner

42 Broadway  
8th Floor  
New York, NY 10004

[nyc.gov/dcwp](http://nyc.gov/dcwp)

Office of the Under Secretary, U.S. Department of Education  
*Via Electronic Submission*

September 24, 2021

RE: *Request for Information Regarding the Public Service Loan  
Forgiveness Program*

Docket ID ED-2021-OUS-0082

The New York City Department of Consumer and Worker Protection's ("DCWP") appreciates the opportunity to comment on the U.S. Department of Education's ("the Department") Request for Information ("RFI") regarding the Public Service Loan Forgiveness Program ("PSLF").

DCWP's mission is: "to protect and enhance the daily economic lives of New Yorkers to create thriving communities." Our work embodies a commitment to shield consumers from predatory practices. DCWP's Office of Financial Empowerment ("OFE"), in particular, seeks to realize this vision by educating, empowering, and protecting New Yorkers and neighborhoods with low incomes so that they can build assets and make the most of their financial resources.

In the last several years, DCWP has worked to deepen its understanding of the student loan debt crisis in New York City ("the City"). In December 2017, DCWP's OFE and the Federal Reserve Bank of New York published a first-of-its-kind neighborhood-level examination of student loan repayment outcomes, Student Loan Borrowing Across NYC Neighborhoods. This report used a credit panel containing delinquency and default data to map student loan debt. Of the nearly one million borrowers in the City, about 16 percent of student loan holders have defaulted (defined as being 270 or more days overdue on student loan repayments). The share of residents struggling with student debt rises even further when one narrows the focus to low-income zip codes, as nearly a quarter of residents with a student loan in the lowest-income areas of the city have defaulted.

DCWP released a follow up report, Student Loan Debt Distress Across NYC Neighborhoods: Identifying Indicators of Vulnerability in 2018, further shedding light on why borrower distress is distributed

unevenly throughout the city. The report examined seven indicators that increase vulnerability to student loan default--non-completion, part-time attendance, attendance at a for-profit institution, independent student status, low income, being black, and being Hispanic. This led us to the release of a “vulnerable borrowers” series of reports, each taking a deeper dive into different factors associated with student loan distress, among them: a look at attendance at for-profit institutions by military veterans; the student loan struggles of Black New Yorkers; and the impact of the high cost of college on borrowers from low-income backgrounds.<sup>1</sup>

DCWP’s student loan debt work extends beyond research. In 2018, we held a listening tour and public hearing to learn about the impact of student loan debt directly from our residents. Responding to the needs expressed during our outreach, we launched a series of student loan debt clinics, targeting neighborhoods and communities identified as having high levels of student loan debt related financial distress. Through these clinics, we served 250 student loan borrowers. To sustain access to free, high quality student loan debt counseling beyond the clinics, all DCWP-managed Financial Empowerment Center counselors have received specialized training on the management of both public and private student loan debt. Approximately 2,000 clients met with our financial counselors and coaches for help managing their student loan debt in 2020.

Further, DCWP is committed to ensuring non-profit and public service workers across New York City can access their well-deserved PSLF benefit. In 2018, we developed a strategy to raise awareness about the PSLF program and provide guidance on how to manage the very complicated PSLF application and recertification process. We included information on the PSLF program on all city agency job postings and ensured our network of financial counselors and coaches were well versed in the program’s application and annual recertification requirements. We also presented an informational webinar about PSLF hosted by the City’s Office of Labor Relations as part of the WorkWell NYC Program. On all outreach presentations, marketing and social media campaigns, we have offered our Financial Empowerment Centers as a trusted resource for New York City employees with student loan debt in need of additional assistance.

As dedicated as DCWP is to providing much needed information about the PSLF program, it is clear that the problems with the program are too complicated and burdensome for us to solve alone. The program needs major reform to ensure it remains a compelling incentive to work in public service. For this reason, we feel obligated to respond to this RFI request. Specifically, our comments will address questions 3, 4, 12, and 14.

*Question 3: Does PSLF provide a strong incentive for borrowers to engage in public service work? How are public service workers’ employment decisions affected by their debt and by PSLF?*

---

<sup>1</sup> To access DCWP’s research on student loan debt, see - <https://www1.nyc.gov/site/dca/consumers/Student-Loans-Research.page>

Yes, the PSLF is a strong incentive for borrowers to engage in public service work. America's public service workers receive lower salaries for their work than their private sector counterparts—particularly middle and higher wage workers,<sup>2</sup> which are more likely to be college graduates. Public service employees accept this tradeoff because they know that working in public service allows them to make an impact on society. But over the last couple of decades, student loan debt has rapidly increased, discouraging talented civic-minded jobseekers from engaging in public service employment. Enter the PSLF in 2007, which promised to cancel the student debt of public service employees after 120 qualifying payments, which ideally would equate to 10 years in public service. The PSLF provided a meaningful incentive for college graduates to enter and remain in the public service workforce.

If we are to assume the same rate of student loan debt prevalence as New York City in general, likely a conservative assumption, about 60,000 New York City employees hold student loan debt.<sup>3</sup> The City relies on the benefit provided by the PSLF program to recruit and attract highly skilled and educated employees to perform the various tasks needed to make the city function, such as research and ensuring public health. Further, as an agency that contracts many vital services to nonprofit community-based organizations, we know our partners also rely on this vital benefit to attract qualified workers. This demand for college educated workers will only grow as technology continues to advance, increasing the need for the incentive provided by the PSLF program.

*Question 4: What borrower experiences should the Department and Congress consider when making improvements to PSLF?*

DCWP has encountered multiple borrowers that can testify to how difficult it is to navigate PSLF. As a large employer of public service employees and an agency concerned with the impact of student loan debt on New Yorkers, we are concerned with the broken promise that PSLF has thus far turned out to be. PSLF is a benefit intended to encourage student loan holders to pursue a career in public service. But the complicated rules that have thus far resulted in only 5,500 borrowers receiving PSLF loan forgiveness likely did the opposite.<sup>4</sup>

DCWP attempted to increase access to forgiveness among the City's public service workers by building awareness of the steps necessary to comply with the program's rules. However, through this outreach endeavor, DCWP learned that the program is too complicated to be meaningfully relied on as an incentive to work in public service.

---

<sup>2</sup> [https://www.cbpp.org/research/some-basic-facts-on-state-and-local-government-workers#\\_ftn5](https://www.cbpp.org/research/some-basic-facts-on-state-and-local-government-workers#_ftn5)

<sup>3</sup> New York City employs nearly 400,000 people to provide for the functioning of the largest city in the United States, see <https://data.cityofnewyork.us/d/k397-673e/visualization>. According to our research, 15 percent of New York City adult residents with a credit file have student loan debt, see <https://www.newyorkfed.org/medialibrary/media/outreach-and-education/community-development/credit-conditions/student-loan-borrowing-nyc-neighborhoods.pdf>

<sup>4</sup> <https://www.ed.gov/news/press-releases/department-education-updates-series-student-aid-quarterly-data-reports>

Not only are public service workers unclear on how to navigate the program, but employers are unprepared to assist them. NYC employees reported anecdotes to DCWP about the lack of familiarity with the program within human resource departments and even heard of one refusal to sign the employee certification form because the human resource staff had not heard of the program and were not comfortable doing so. While it is the hope of DCWP that the agency's outreach efforts rectified the lack of familiarity within NYC human resource departments, this still leaves the rest of the City's nonprofit workers at risk.

Further, according to reports from NYC employees, participation in the PSLF program is cost prohibitive. The calculation for the PSLF payment does not adjust for regional differences in cost of living or individual differences in basic needs, such as childcare, and financial obligations, such as debt. For this reason, borrowers eligible for the PSLF program have told us that they opted into the Extended or Graduated Extended Repayment Plans because the payment amount under these programs better fit their budgets. The inflexibility of PSLF put borrowers in the unfortunate position of having to discount the future to be able to make ends meet now, robbing them of a valuable reward for their service to the public.

Moreover, according to data released by the U.S. Department of Education in April 2021, during the prior six month period only 2.1 percent of applications for forgiveness under PSLF were deemed to meet the employment certification requirements, or 3,458 applications out of 168,197.<sup>5</sup> As much as DCWP has searched for a solution to help the City's civic-minded workforce access this well-deserved benefit, it is hard to see numbers like these and continue to think that outreach efforts alone will enable the City workforce to benefit from the PSLF..

These issues are particularly concerning because, in the City, the repercussions of the false hope provided by the PSLF program have a disparate impact on women and Black New Yorkers.<sup>6</sup> As evidence begins to mount of the life-altering impacts of student loan debt, such as on marriage, starting a family, saving for retirement, or starting a business, we need to acknowledge that not fixing this program will exacerbate inequality.<sup>7</sup>

*Question 12: What operational steps can the Department take to strengthen PSLF and better serve public service workers who currently owe student debt, including borrowers who have already applied for and been denied PSLF?*

DCWP makes the following necessary recommendations as a starting point:

- Simplify the process to participate in the PSLF program and partner with the IRS to automate continued participation.

---

<sup>5</sup> See <https://studentaid.gov/data-center/student/loan-forgiveness/pslf-data>

<sup>6</sup> New York City's workforce disproportionately comprised of women and Black New Yorkers. See page 12 - [https://www1.nyc.gov/assets/dcas/downloads/pdf/reports/workforce\\_profile\\_report\\_fy\\_2018.pdf](https://www1.nyc.gov/assets/dcas/downloads/pdf/reports/workforce_profile_report_fy_2018.pdf)

<sup>7</sup> See <https://www.researchcghe.org/perch/resources/publications/wp38.pdf> for a literature review of the effects of student debt on major life decisions

- Tie the forgiveness to the time served in public service and drop the complicated system of qualifying payments.
- If the qualifying payment requirement is retained, we recommend the following:
  - Decrease the share of discretionary income that is required for income-driven repayment so borrowers can save for their futures.
  - Remove the punitive nature of the program. If a PSLF participant makes a payment late, they are likely struggling to afford their loan. Not counting the payment toward PSLF adds to that burden unnecessarily by pushing out their forgiveness and requiring the loan holder to pay more than somebody who was in a more financially sound position.
  - Provide forgiveness to all federal student loan holders, regardless of whether they hold the correct federal student loan type --i.e., current holders of Federal Family Education Loans (FFEL) or Perkins Loans are not eligible for PSLF--or are participating in the wrong repayment plan.
  - For borrowers who have been working for a qualifying employer but are not in a qualifying repayment plan or qualifying loan program, the Department should develop a method for determining the equivalent number of qualifying payments made by the borrower while working in a public service role. This method should then be used to prorate the borrower's qualifying payments if they decide to participate in the PSLF so they can get credit for the payments they have already made.
- Expand eligibility to part-time workers and loan holders providing care for family members in lieu of wage labor.
- Create a publicly available master list of eligible employers and create an appeal process for loan holders who believe their employer should qualify to be on the list.
- Develop an outreach strategy to build awareness and understanding of the PSLF program among employers on the master list of qualifying employers.

*Question 14: What can the Department do to better partner with employers to ensure that all borrowers know about the benefits of PSLF?*

The Department needs to raise awareness amongst employers about the PSLF program. DCWP recommends that you use Treasury Department data to create a publicly available master list of qualifying employers, then develop an appeal process for loan holders who believe their employer should qualify to be on the list.

Once the master list of qualifying employers has been created, the Department should develop an outreach strategy to all employers listed on the master list to build awareness and understanding of the PSLF program. The Department should provide qualifying employers with educational materials about the PSLF program that can be displayed in employee breakrooms and included in information packets given during the employee onboarding process.

Lastly, the Department should partner with the Treasury Department to conduct targeted outreach directly to PSLF-eligible borrowers who have not yet enrolled in the PSLF program to build awareness of the program and encourage participation.

Thank you for your time and consideration. As you continue to formulate your strategy for addressing the many concerns about the PSLF program, please consider us as your partner in this process. DCWP welcomes the opportunity to discuss these issues further with you and are open to brainstorming how you can partner with public service employers to improve the PSLF program.