

April 12, 2021

The Honorable Miguel Cardona  
Secretary of Education  
United States Department of Education  
400 Maryland Avenue SW  
Washington, DC 20202

Dear Secretary Cardona:

The undersigned unions, representing more than 10 million public service workers, urge you to take immediate action to cancel the student loan debt of all public sector workers who have completed a decade or more of service.<sup>1</sup> The COVID-19 pandemic underscores the need for immediate action. Public service workers who should have already benefited from the Department of Education's Public Service Loan Forgiveness (PSLF) program are serving on the front lines of our pandemic response — caring for patients, teaching our students, and delivering essential services in communities across the country.

The PSLF program was created to ease the burden of student loan debt for a generation of teachers, nurses, servicemembers and others who have chosen careers in public service. After four years of scandal and allegations of widespread mismanagement, it is clear to our organizations that the federal government has fundamentally failed to deliver on this promise.

Since 2017, when the first public service workers became eligible for debt cancellation, 98 percent of those who applied for PSLF have been rejected.<sup>2</sup> And that is just the tip of the iceberg — for every borrower who has served for a decade and been rejected for PSLF, tens of thousands have been knocked off track or never had the opportunity to apply for relief.<sup>3</sup>

To qualify for PSLF, an individual must be employed full-time and: (1) have the right type of loan;<sup>4</sup> (2) be enrolled in the right type of payment plan;<sup>5</sup> (3) make the right number of payments;<sup>6</sup> and (4) have the right type of employment.<sup>7</sup>

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<sup>1</sup> See 153 Cong. Rec. S9536 (daily ed. July 19, 2007), <https://www.govinfo.gov/content/pkg/CREC-2007-07-19/html/CREC-2007-07-19-pt1-PgS9534.htm>. (“[SENATOR KENNEDY]...[W]e have made this as wide as we could in terms of trying to respond to that sense that is out there in our schools and colleges, in all parts of our country, urban areas and rural areas, to say: Look, if you want to give something back, we are going to make it possible.”)

<sup>2</sup> <https://studentaid.gov/data-center/student/loan-forgiveness/pslf-data>

<sup>3</sup> <https://www.gao.gov/assets/gao-18-547.pdf>

<sup>4</sup> 20 U.S.C. § 1087e(m). In 2007, Congress anticipated that all borrowers would be able to pursue PSLF; the Higher Education Act grants borrowers an entitlement to convert any other type of federal student loan into qualifying Direct Loans, including FFELP loans made by banks and other private lenders. See 20 USC 1078-3. This process has been plagued by allegations of deception and abuse by the student loan companies responsible for facilitating the conversion of older loans into loans that qualify for PSLF. See, e.g., Student Borrower Prot. Ctr. and Am. Fed'n of Tchrs, Broken Promises: How the Department of Education's Failures and Industry's Abuses Deny FFELP Borrowers Public Service Loan Forgiveness (2020); <https://www.aft.org/press-release/aft-and-sbpc-uncover-new-evidence-mismanagement-and-abuse-scandal-plagued>; See also *Vullo v. Conduent Educ. Serv., LLC*, Consent Order (N.Y. Dep't of Fin. Serv. Jan. 4, 2019), [https://www.dfs.ny.gov/system/files/documents/2019/01/ea190104\\_conduent.pdf](https://www.dfs.ny.gov/system/files/documents/2019/01/ea190104_conduent.pdf) (“ACS managers directed representatives not to provide information on PSLF eligibility criteria to borrowers who contacted ACS seeking information about the program.”).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

Unfortunately, with respect to each of these elements, a combination of arbitrary and narrow regulations,<sup>8</sup> mismanagement by the previous administration,<sup>9</sup> and widespread abuses across the student loan industry<sup>10</sup> have conspired to deny a generation of public service workers the promise of PSLF.

The current suspension of student loan payments presents a unique opportunity to deliver justice—for those whose applications for PSLF should never have been denied, as well as those who have fallen through the cracks. We urge you to:

- **Immediately announce a 90-day review of the PSLF program.** The Department of Education should audit student loan accounts of every potentially eligible borrower working in public service and establish simple, streamlined criteria to cancel debt for every public service worker who has served for a decade or more. The audit should include public servants who work less than 30 hours a week on a contingent basis and do not currently qualify for PSLF — for example, part time faculty and non-emergency healthcare workers who lost work hours due to the COVID-19 pandemic. The 90-day review should be completed before any action is taken to restart student loan payments for the 40 million student loan borrowers who currently benefit from President Biden’s inauguration day executive action.<sup>11</sup>
- **Give public service workers a seat at the table.** As the Administration completes the 90-day review, it is critical to hear directly from borrowers who have sought debt relief only to be derailed or denied. Such borrowers can explain the myriad of ways the current program has conspired to knock them off track — from unfair and deceptive tactics employed by student loan companies,<sup>12</sup> to narrow and often arbitrary eligibility decisions made by private contractors and the previous administration.<sup>13</sup> The Department must be transparent with borrowers and the public about the reforms being considered, and provide opportunities for those closest to our broken student loan system to help fix it.
- **Cancel student loan debt for all who have served for a decade or more.** At the conclusion of the 90-day review, the Department should cancel the student loan debt of all public service workers with a decade or more of service and give those with who have served for less than a decade pro-rated credit towards PSLF. Regardless of loan type, loan status, or repayment plan, the Department of Education must recognize and reward public service, consistent with congressional intent. To the maximum extent possible, the Department should automate the process of verifying and cancelling debts, relying on information already collected or available from other government agencies.

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<sup>8</sup> 34 C.F.R. § 685.219.

<sup>9</sup> Note that student loan companies, in defending against consumer protection litigation related to PSLF, have asserted that they are bound by substantial non-public contractual requirements imposed by the Department of Education. The distinction between Education Department contractual directives and the practices implemented independently by private-sector companies who are awarded these contracts is often unclear to borrowers and the public. However some of these distinctions are described in the Department of Education’s borrower-facing FAQs. See *Public Service Loan Forgiveness FAQ*, Fed. Student Aid, <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/questions> (last accessed Oct. 31, 2020).

<sup>10</sup> <https://protectborrowers.org/the-system-is-broken-what-more-than-a-decade-of-litigation-reveals-about-the-state-of-the-student-loan-industry/>

<sup>11</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/20/pausing-federal-student-loan-payments/>

<sup>12</sup> <https://www.mass.gov/news/ag-healey-secures-first-of-its-kind-relief-in-settlement-with-major-student-loan-servicer>

<sup>13</sup> <https://www.aft.org/news/weingarten-v-devos-aft-sues-department-education-over-student-debt>

We understand that these actions will require a significant effort by stakeholders across the Department and within the student loan industry. But so much is at stake. Because of the racial wealth gap, which itself is caused by systemic racism, Black and brown students borrow more, owe more, and pay longer, which in turn creates barriers to educators, health care professionals, and other public service workers entering and staying in the profession and perpetuates the racial wealth gap. And we know that women also hold more student debt than men, take longer to pay it off, and ultimately earn less than their counterparts despite holding higher degrees.

During your confirmation hearing, you committed to using all the tools at your disposal to provide student loan borrowers with immediate relief. Should the Department identify legal, statutory, or regulatory barriers to implementing the steps described above, the Secretary of Education must invoke his authority under the Higher Education Relief Opportunities for Students Act to waive or modify statutes and regulations as necessary.<sup>14</sup> This effort is the bare minimum necessary to deliver justice to the public service workers who have fallen through the cracks of our badly broken student loan system.

We look forward to meeting with you and your staff to discuss timelines and tactics the Department will take to fix the Public Service Loan Forgiveness program. We stand ready to assist you and President Biden in this effort.

Sincerely,

National Education Association  
Alliance for Retired Americans  
American Association of University Professors  
American Federation of Government Employees  
American Federation of State, County, and Municipal Employees  
American Federation of Teachers  
Asian Pacific American Labor Alliance  
Coalition of Black Trade Unionists  
Communications Workers of America (CWA)  
International Association of Fire Fighters  
International Federation of Professional and Technical Engineers  
International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW)  
Labor Council for Latin American Advancement  
National Treasury Employees Union  
CFPB Union NTEU 335  
Nonprofit Professional Employees Union, IFPTE Local 70  
Service Employees International Union  
Unite Here

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<sup>14</sup> P.L. 108-76