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April 24, 2017

The Honorable Gene Dodaro
Comptroller General of the United States
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

Beginning in October 2017, the Public Service Loan Forgiveness (PSLF) program is set to offer loan forgiveness on the remaining balances of federal student Direct Loans to borrowers who complete at least 10 years of qualifying public service employment and meet other requirements. While the number of borrowers who will be eligible for forgiveness through the program is unknown, GAO previously reported that if borrowers were employed in public service at a rate comparable to the U.S. workforce, there could be approximately 4 million borrowers eligible.

Although this program was established nearly 10 years ago, little is known about the Department of Education's (the "Department") process for approving borrowers seeking forgiveness. The Department has established a voluntary process to pre-certify borrowers' public service employment and loans for PSLF to help borrowers learn in advance whether they meet basic eligibility requirements and to track the number of qualifying payments they have made. However, recent media reports indicate that some borrowers, who believed their employment qualified for PSLF because they submitted pre-certification forms that were accepted, were later told after years of making payments that their employment did not qualify and the forms had been initially accepted in error. Little information is available about this pre-certification process, such as the processes used to determine qualifying employment, how qualifying payments are calculated, and appeal options available to borrowers who believe that the Department has made an erroneous determination. Even less is known about the actual forgiveness application process that will be implemented this fall.

The House Committee on Education and the Workforce (the "Committee") is concerned about the Department's capacity to process what could be a substantial number of forgiveness applications beginning in October 2017. Growing borrower interest in PSLF will likely increase the burden placed on the Department's loan servicer, which is responsible for simultaneously

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reviewing employment pre-certification and forgiveness application forms. These developments underscore the importance of ensuring that the Department and its loan servicer have systems in place to effectively manage the potentially high volume of applications, ensure eligible borrowers are able to receive loan forgiveness, and calculate correctly the amount of loan forgiveness. To help ensure the effective functioning of PSLF and reduce the potential for harm to borrowers, the Committee asks that GAO examine:

1. To what extent does the Department's contracted loan servicer have the capacity and systems in place to ensure it can consistently and properly determine PSLF eligibility and process forgiveness applications?
2. How does the Department provide guidance to the loan servicer responsible for reviewing and determining PSLF eligibility and loan forgiveness amounts, and what challenges, if any, does the Department face in overseeing the loan servicer's work?
3. What is known about PSLF applicants who are not approved for loan forgiveness (either through the voluntary pre-certification process or through the application process once it is in place), and what steps, if any, are needed to improve communications with these borrowers and manage any appeals?

Sincerely,



ROBERT C. 'BOBBY' SCOTT
Ranking Member



SUSAN A. DAVIS
Ranking Member
Subcommittee on Higher Education and
Workforce Development