



THE COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE ATTORNEY GENERAL  
ONE ASHBURTON PLACE  
BOSTON, MASSACHUSETTS 02108

MAURA HEALEY  
ATTORNEY GENERAL

(617) 727-2200  
(617) 727-4765 TTY  
[www.mass.gov/ago](http://www.mass.gov/ago)

Written testimony of Yael Shavit  
Assistant Attorney General  
Consumer Protection Division  
Office of Massachusetts Attorney General, Maura Healey

HOUSE OF REPRESENTATIVES SUBCOMMITTEE ON HIGHER EDUCATION  
AND WORKFORCE INVESTMENT

**Hearing Entitled: “Broken Promises: Examining the Failed Implementation of the Public Service Loan Forgiveness Program”**

SEPTEMBER 19, 2019

Chair Davis, Ranking Member Smucker and members of the Subcommittee, thank you for inviting me to testify today. My name is Yael Shavit. I am an Assistant Attorney General in the Consumer Protection Division of the Massachusetts Attorney General’s Office. On behalf of Attorney General Maura Healey, I appreciate the opportunity to speak on this issue and share our serious concerns about the implementation of the Public Service Loan Forgiveness (“PSLF”) program.

Advocating on behalf of students is a central priority of our Office. Our Office has brought some of the first enforcement actions against student loan servicers and works directly with borrowers to help resolve issues they encounter with their loans. Through this work, we regularly see firsthand both the importance of the PSLF program and the profound financial injuries suffered by public servants due to the mismanagement of this program.

Congress created the PSLF program to allow public servants—such as police officers, military personnel, teachers, nurses, and social workers—to both engage in public service and manage their student loan debt, by providing them with loan forgiveness after 10 years. Without this program, people interested in dedicating themselves to public service careers often would be unable to do so because of the steep costs of higher education. The PSLF program is critical, not only to the borrowers who rely on it, but to the broader societal interest of ensuring that skilled workers can serve in public sector jobs.

Nonetheless, we have seen time and again how diligent, hardworking public servants—who had every reason to believe they were meeting the program’s requirements, and who changed the course of their lives to pursue careers in the public interest—are being denied the benefits of PSLF after years of dedicated work.

Our Office’s investigations have revealed widespread mismanagement of the PSLF program by both student loan servicers and the U.S. Department of Education (“Department”). In 2017, we brought an enforcement action against the Pennsylvania Higher Education Assistance Agency (“PHEAA”)<sup>1</sup>, also known as FedLoan Servicing, the servicer to whom the Department awarded an exclusive contract to manage PSLF. Our lawsuit alleges that PHEAA caused financial harm to thousands of Massachusetts residents seeking to rely on the PSLF program by engaging in widespread loan servicing failures.

Despite being aware of these problems, the Department has failed to adequately oversee its servicers and failed in its own administration of PSLF. Borrowers have been misinformed about the requirements of PSLF, and have been told, incorrectly, that their loans or employment qualified for the program. Borrowers have had their payments miscounted and their applications delayed; they have been excluded from qualifying repayment plans through no fault of their own. In short, the system is deeply broken.

The problems with the administration of PSLF came into sharp relief in 2017 after the first participants in the program became eligible for loan forgiveness. Only 96 people out of over 28,000 applicants had their loans forgiven.<sup>2</sup> This extraordinary denial rate should have served as a wakeup call to the Department that it needed to overhaul its oversight and management of PSLF. Unfortunately, the Department has failed to demonstrate a commitment to this program and to the public servants whom Congress has tasked the Department with assisting. We have seen this lack of commitment firsthand. Rather than working with our Office when we identified PHEAA’s serious servicing failures, the Department empowered PHEAA in its failed efforts to evade our enforcement authority by invoking inapplicable federal preemption principles and privacy statutes. It is now clear that the Department is also attempting to impede Congress’s efforts to help public servants. Despite Congress’s appropriation of \$700 million dollars to temporarily extend PSLF to certain borrowers who did not previously qualify, the Department has once again denied approximately 99% of applications for relief.<sup>3</sup> The Department’s continued failure to administer the PSLF program appropriately is disheartening and unacceptable.

We appreciate this Subcommittee’s focus on this issue. The PSLF program is important, and we believe it is essential that the program’s administration be fixed, not only for those public servants who have already relied on it, but also for future public servants willing to commit themselves to the public good and the countless Americans who benefit from such service. On

---

<sup>1</sup> Complaint, *Commonwealth v. Pennsylvania Higher Education Assistance Agency*, Mass. Super., No. 17-02682-BLS2 (Mass. Super. Aug. 23, 2017).

<sup>2</sup> Department of Education Public Service Loan Forgiveness Data August 2017 report, <https://studentaid.ed.gov/sa/about/data-center/student/loan-forgiveness/pslf-data>. *See also* Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers, United States Government Accountability Office, pg. 11, September 2018, <https://www.gao.gov/assets/700/694304.pdf>.

<sup>3</sup> Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion, United States Government Accountability Office, pg. 12, September 2019, <https://www.gao.gov/assets/710/701157.pdf>.

behalf of the Massachusetts Attorney General's Office and the borrowers we represent, we urge Congress to continue to use its oversight authority and demand accountability from the Department and its servicers. Students across the country are counting on it. Thank you.