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EDUCATION DEPARTMENT ANNOUNCES PLAN TO HELP SOME BORROWERS SEEKING LOAN FORGIVENESS

New process applies to people who sought to have their student loans forgiven for performing public service

By Michelle Hackman
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WASHINGTON – The Education Department announced a new process on Wednesday to help people who sought to have their student loans forgiven for performing public service but unknowingly enrolled in repayment plans that disqualified them.

The Public Service Loan Forgiveness program, created in 2007, allows people in public-service professions – generally those working for the government or nonprofits – to have their student loans canceled after 10 years of full and on-time payments.

But in order to qualify, people must also enroll in eligible repayment plans – a step that tens of thousands of otherwise eligible people bungled, disqualifying them from the program. For example, some repayment plans – such as graduated repayment, which increases the size of payments over the life of a loan – are off limits.

The Education Department said it would now allow people who were denied loan forgiveness to ask for their applications to be reconsidered, and officials said they would consider people entered in a variety of different income-based plans.

The issue has long interested lawmakers including Sen. Elizabeth Warren (D., Mass.), who have criticized the companies administering the federal loan program for allegedly providing borrowers inadequate and sometimes misleading information about payment options. Earlier this year, Congress set aside \$350 million to help the affected borrowers.

That put lawmakers at odds with Trump administration officials, who had expressed concern about the potentially large price tag of extending loan forgiveness to individuals enrolled in noncompliant plans. The administration's proposed budget recommended canceling the loan forgiveness program altogether.

Department officials said they would distribute the \$350 million fund on a first-come, first-served basis. Neither the department nor members of Congress could estimate how quickly the fund will be exhausted.

In a statement, Ms. Warren expressed cautious optimism about the department's action but said she remains wary.

"I'll be watching very closely how the Department deploys this program, and will keep pushing Congress for a permanent fix to this mess," she said.