

CFPB calls out abuses in public service student loan forgiveness program

What is the student loan forgiveness program?



- Created in 2007, the program, run by the Department of Education, eliminates federal student loan debt for student borrowers for those that complete 10 years of public service
- The program was established because many public service jobs require high levels of education and offer lower salaries, leaving employees saddled with debt
- The program intends to provide an incentive for talented professionals to seek public service jobs
- In order to qualify for loan forgiveness, student borrowers have to make 120 monthly loan payments

Consumer Financial Protection Bureau report



- The CFPB, a government consumer watchdog agency, recently released a report citing hundreds of complaints of abuses in public service student loan forgiveness
- Abuses included confusing rules, bureaucratic tripwires and errors that prevent people from taking advantage of student loan forgiveness
- Over 250,000 student borrowers have not made a single monthly payment towards the required 120
- Technicalities have disqualified student borrowers, including paying too much on a monthly payment
- The Education Department has not commented on the report
- 35 senators sent a letter urging Education Secretary Betsy DeVos to intervene
- The Trump administration's federal budget proposal called for the entire program to be eliminated

Who is the student loan forgiveness program for?



Teachers



Military/veterans



Non-profit workers