



March 3, 2019

United States House of Representatives
Committee on Higher Education

Dear Chairman Scott and Ranking Member Foxx:

On behalf of the Hispanic Bar Association of the District of Columbia (“HBA-DC”), we write to express two growing concerns over the Department of Education’s (“ED” or “the Department”) Public Service Loan Forgiveness (“PSLF”) program: (1) its failure to live up to its established purpose – rewarding student borrowers for their public service by repaying the balance of eligible student loans, and (2) the Administration’s threat to abolish the program. We ask that the House Committee on Education and Labor conduct an inquiry into the ED’s handling of PSLF applications for loan forgiveness.

Founded in 1977, the HBA-DC is a non-profit organization dedicated to the professional development of its membership and supporting the Hispanic community in the Washington, DC area. HBA-DC is committed to access to justice for underserved populations and promoting Hispanics in the law.

Mismanagement has caused the PSLF program to fail to live up to its established purpose. In 2018, the ED forgave less than 1 percent of all eligible borrower applications for loan forgiveness via the PSLF program.¹ Thousands of borrowers applied for forgiveness after making the payments for the requisite 10 years but were told by the Department that their type of loan or repayment plan didn’t qualify. In 2016, when the Department changed its interpretation of the program, it failed to properly notify borrowers of the changes in eligibility.² As a result, as of June 2018, nearly 99 percent of the roughly 29,000 applications had been denied repayment by the Department for “not meeting program requirements.”³ Moreover, since 2011, the Consumer Financial Protection Bureau reports upwards of 50,000 student loan complaints on questionable practices of student loan companies.⁴ The fact that our public servants including teachers, government lawyers, those serving in the Peace Corps and other qualifying programs, are complaining about loan servicing in alarming numbers and are being denied

¹ Nova, Annie, *Here are the facts about public service loan forgiveness*, CNBC, (Dec. 21, 2018),

<https://www.cnbc.com/2018/12/21/1-percent-of-people-were-approved-for-public-service-loan-forgiveness.html>.

² Robert, Amanda, *A new bill would end ‘bureaucratic nightmare’ for Public Service Loan Forgiveness Program*, The ABA Journal, (April 11, 2019), http://www.abajournal.com/news/article/new-legislation-aims-to-simplify-improve-pslf-program/?fbclid=IwAR0ykhHveGhm0c2gqpqHXl-gs2CHXCC4u3fsLhF5Y9ZRxlj_AiTpRR5vOg.

³ Turner, Cory, *Why Public Loan Forgiveness Is So Unforgiving*, NPR, (Aug. 17, 2018), <https://www.npr.org/2018/10/17/653853227/the-student-loan-whistleblower>.

⁴ Consumer Financial Protection Bureau, *Annual report of the CFPB Student Loan Ombudsman*, (Oct. 2017), https://files.consumerfinance.gov/f/documents/cfpb_annual-report_student-loan-ombudsman_2017.pdf.

loan forgiveness means that something is broken within the ED and its execution of the PSLF program. These blunders amount to unethical practices that HBA-DC believes warrant further investigation. These problems are doubly harmful due to the sacrificed earning potential of those who have opted to enter public service. If the problems with the program are not fixed, we believe there could be grave consequences for the U.S. public service sector and to the cost of higher education for minorities, including Hispanics.

More troubling than the numerous administrative issues mentioned above is the Administration's plan to eliminate the PSLF program as proposed in the President's 2020 Budget⁵; doing so will have dire consequences for the public sector. While the Budget claims that eliminating PSLF (as well as subsidized student loans) will save over 50 billion dollars, the cost to the public service sector including the federal government, non-profits, public schools, first responders and the like, will have far greater and longer-lasting impacts than the purported cost savings. A large part of incentivizing graduates with loans to seek employment in the public sector includes the promise by the government to repay the balance of eligible loans, without which, many graduates could not afford to take the lower-paying, self-sacrificing, yet necessary, public service jobs. Losing this talented segment of the workforce to the private sector will have adverse consequences for the public sector and the those it aims to serve – the people of the United States, especially vulnerable populations who are most in need of services offered by non-profits, government programs, and legal aid. Further, keeping public servants in debt stifles the economy since it means that public servants are spending their hard-earned dollars on loan payments rather than putting that money into the economy.

Perhaps the most disconcerting consequence of a broken, or worse, non-existent PSLF program is that it can discourage minority students from attending college and graduate school. According to a 2017 study conducted by the Young Invincibles, a non-profit committed to expanding economic opportunity for young adults, the cost of attending college is greater for minority families compared to White families. On average, White families spend nearly \$1,000 more than African American families and \$2,000 more than Hispanic families annually on college.⁶ However, college costs comprise an average of 44 percent of White incomes, 53 percent of Hispanic incomes, and 63 percent of African American incomes.⁷ Thus, Hispanic and African American families are forced to spend a much greater portion of their total income on postsecondary education. On average, Hispanic graduates leave college with more than \$29,000 in debt and law school graduates typically graduate with between \$140,000 to \$224,000 in debt.⁸ Without a mechanism for student debt relief, minority students may decide that a degree is simply not worth the exorbitant cost. This could even have an impact on the number of minority students who choose to attend law school and serve as a public interest lawyers. This is concerning considering there is already a dearth of minority lawyers doing critical public service work. According to the Hispanic National Bar Association (HNBA), despite the fact that Hispanics make up 18 percent of the U.S. population, they make up only roughly 4 percent of U.S. lawyers.⁹ The numbers look even more bleak for Latinas who encompass only 2 percent of all U.S. attorneys.¹⁰

⁵ The White House, *A Budget for a Better America*, (2020), <https://www.whitehouse.gov/wp-content/uploads/2019/03/budget-fy2020.pdf>.

⁶ Young Invincibles, *Race & Ethnicity as a Barrier to Opportunity: A Blueprint for Higher Education Equity*, (Feb. 2017), <https://younginvincibles.org/wp-content/uploads/2017/05/Higher-Education-Equity.pdf>.

⁷ *Id.*

⁸ Coalition of Bar Associations of Color, *CBAC 2018 Resolution in Support of the Federal Public Service Loan Forgiveness Program*, (2018), <https://hnba.com/wp-content/uploads/2018/04/Loan-Forgiveness-Program.pdf>.

⁹ Reyes, Raul, 'Where Are All the Latino Lawyers?': *Hispanics Scare in the Legal Profession*, (Oct. 13, 2017), <https://www.nbcnews.com/news/latino/where-are-all-latino-lawyers-hispanics-scarce-legal-profession-n809141>.

¹⁰ *Id.*

The PSLF program will ensure that people continue to pursue public interest careers and serve vulnerable populations after earning their degrees. It will also guarantee that more minority students join the ranks of the legal field, specifically. For these reasons, we hope that you will take seriously our request for further inquiry into the PSLF program.

Thank you for your time and consideration on this important topic. Please contact president@hbadc.org if we can provide more information.