



# Is the DOE about to throw half a million people into debt?

POLITICS, MONEY, NEWS

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By [Brette Sember](#)

If you are one of the 550,000 people who decided that working in a public-service, nonprofit, or government job for 10 years in exchange for having your student loans forgiven was a good deal, you might be in for a rude surprise.

## The program

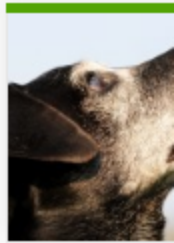
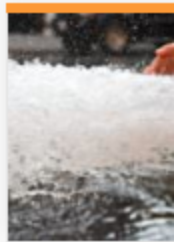
The skyrocketing cost of a college education has left many graduates with mountains of student loan debt—an obligation that is next to impossible to get discharged through bankruptcy. But for grads willing to work full-time in lower-paying, public service jobs—such as public school teaching, firefighting, practicing medicine at a public hospital, or working at a 501(c) nonprofit—the Public Service Loan Forgiveness (PSLF) program offers a chance to get out from under much of their student loan burden.

The PSLF program was set up to encourage college grads to engage in public service work. Under the program, borrowers' monthly payments for their Federal Direct federal student loans are capped at 15% of their discretionary income for 120 months (10 years) while working in a

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qualified public service job. Their employer must send in a certification letter verifying the borrower's public service employment; the Department of Education (DOE), which administers the program, recommends that a letter be sent every single year.

If the borrower is approved for the program, their qualified loans get transferred to FedLoan, a loan servicer that tracks monthly payments until 120 have been made. After the borrower has made 120 payments and has worked 10 years in a qualifying job, the balance of the loan is supposed to be forgiven.

At least, that was the promise.

## The backtracking

Recently, the [DOE stated](#) that some borrowers received approval letters that are not binding and may be rescinded without notice. Because this program was enacted in 2007, the very first borrowers are now becoming eligible for loan forgiveness—only to find that they may have worked in public service for 10 years and still owe the balance of their student loan.

Four borrowers who have received letters rescinding their approval, along with the American Bar Association, have filed lawsuits to enforce their loan forgiveness rights. The DOE has offered no further guidance. Hundreds of thousands of borrowers working in public-service jobs who are counting on this program to eventually erase their loans are now anxiously waiting to see if their approvals will also be rescinded.

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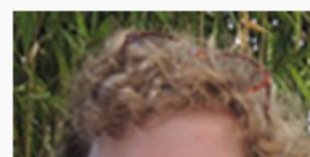
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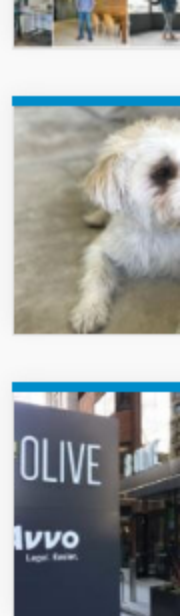
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## About Brette Sember

[Brette Sember](#) is a former attorney and author of more than 40 books, including The





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