

PSLF Program: Additional Information

Additional Information

In general, the Public Service Loan Forgiveness (PSLF) program requires the active attention of both colleges and borrowers (employees) for an extended period of time. The borrower must establish eligibility to participate and an institution must confirm that eligibility annually for as long as it takes the borrower to ‘earn’ the forgiveness benefit.

The PSLF Program forgives the remaining balance on your Direct Loans after you have made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer.

The following detailed information will help you understand both the institutional responsibilities and employee/borrower responsibilities to successfully navigate through the PSLF process.

For more information, visit the [Federal Student Aid website](#).

PSLF Application

The PSLF program is a benefit targeted at Federal borrowers who are employed in ‘public service’. This includes borrowers who are employed in any position (both faculty and staff) within a California community college. As part of the application process, and with the assistance of the employing institution, the PSLF program requires that a ‘public service’ employee ‘certify’ their public service employment.

The PSLF employment certification form can be found at [Public Service Employment Certification form](#).

PSLF Application Sections

Sections One and **Two** must be completed by the borrower/employee and constitutes the borrower’s ‘application’ to participate in the PSLF program.

Section Three may be completed by either the borrower or the college. This section provides the Department with information about the college’s status as a not-for-profit entity within the meaning of Section 503 (c)(3) of the Internal Revenue Code. While all California community colleges meet this requirement, this section must be completed on each borrower/employee application.

Section Four must be completed by the college. In this section, the college ‘certifies’ that the borrower is an employee of the institution. The borrower cannot complete this section of the application.

Once the institution completes Section 4, and possibly Section 3 if it is so inclined, the application must be returned to the borrower to be submitted to the Department.

Annual Certification and Submission

District Requirement

The certification process must be updated annually and submitted by the borrower to the Department. This will mean that your institution must at a minimum update/complete **Section Four** on an annual basis and return the completed form to the borrower, who must then return the completed re-certification form to the Department.

Eligible Employees/Borrowers

Must initially and continue to meet the PSLF’s definition of ‘full time.’ The PSLF defines this as an annualized average of 30 hours per week during the contractual period (for faculty) and receive credit by the institution for a full year’s worth of employment. It is this arrangement that the school is certifying in Section Four of the Certification/Recertification form ([Public Service Employment Certification form](#)).

A borrower may be employed at more than one qualifying institution, and that combined part-time employment may qualify the borrower as ‘full time’ within the PSLF definition of ‘full time’. It is the borrower’s responsibility to provide initial documentation of this arrangement on the certification form, and it must be addressed by the borrower during the annual recertification process.

Qualifying institutions must also make the full time or part time status part the initial certification process and any subsequent annual re-certifications submitted by the borrower to the Department. (Note: Vacation or leave time taken under the FMLA are equivalent to hours worked in establishing qualifying employment.)



Employee/Borrower Initial and Continuing Attention

We think it will be helpful if our Districts understand some of the initial and continuing requirements for their employees under the PSLF program. The PSLF program does not rely on a one-time application process. The PSLF program requires both initial and continuing attention by community college faculty and staff who seek to or have previously been approved to participate in the PSLF program.

The following are elements of the program/process that will require initial and/or continuing attention by the employee/borrower:

Initial Task: Loan Debt Eligibility

The PSLF program only affords borrowers the 'forgiveness benefit' for Federal Direct Loans and Federal Direct Consolidation Loans. Some community college faculty and staff may also have outstanding FFELP and Federal Perkins loan debt. Perkins and FFELP loan debt are not eligible for the forgiveness benefit. Perkins and FFELP loan debt must first be made part of a Federal Direct Consolidation Loan before they can be considered for the forgiveness benefit.

Initial Task: Selecting the right repayment plan

While a borrower is free to participate in any of the available Federal repayment programs, including Standard Repayment, only the Pay As You Earn (PAYE), the Revised Pay As You Earn (REPAYE), the Income-based Repayment plan (IBR) and the Income Contingent Repayment Plan (ICR) will place the borrower in a position to receive the forgiveness benefit. *** IBR and ICR may require that the borrower/employee provide the Department/Service with an annual update of qualifying circumstances.

Ongoing Task: Annual 'recertification'

The PSLF program requires that that a borrower/employee participating in the PSLF continues to be employed in an eligible program. Using the PSLF Certification Form, the borrower must provide documentation of continuing employment by an eligible institution. This will, of course, require the participation of the college to complete this step.

Ongoing Task: Eligible Payments

The borrower must make 120 eligible payments before qualifying for the loan forgiveness benefit. Payments must be made within 15 days of the established monthly due date (although increments totaling the full amount can be submitted during that 15 day period). Any payment received after the

due date will not be considered as an ‘eligible payment’ and will not count against the 120 payment requirement (even though they will be credited against the outstanding loan balance).

Warning

Advance or lump sum payments may result in a borrower not receiving proper ‘credit’ for future payments against the 120-payment requirement. Borrowers who choose to make lump sum or advance payment should only do so in collaboration with the Federal loan servicer’s knowledge and agreement.

Ongoing Task: Continuing Employment Eligibility

While AB 463 does ask institutions to provide employees with a notice of renewal and a copy of an employment certification form (Part 4 of the certification/recertification form completed), an individual institution may not have full knowledge of an employee’s use of two or more part time arrangements to meet the ‘full-time’ requirement. Institutions can only certify/recertify circumstances they can confirm. It is the employee/borrower’s responsibility to collect what may be multiple institutional certifications as part of the initial certification or annual recertification process, and submit that documentation to the Department.

Additional things to keep in mind

- While the PSLF program does offer significant and substantive benefit to certain eligible community college employees, the PSLF program requires, however, an elevated and ongoing attention to detail by both institutions and employees for a minimum of ten (10) years before an employee can even become eligible for the forgiveness benefit. Moreover, even then, when the employee applies for the forgiveness benefit, the Federal servicer may, in its audit of the borrower’s PSLF history, determine that additional ‘eligible payments’ will be required before the benefit has been earned. Colleges and borrowers/employees should understand from the outset that long-term engagement and attention to detail will be necessary for the employee/borrower to successfully achieve the promises of the program.
- The Chancellor’s office is seeking assistance from the Department of Education for additional and separate guidance for both the institutions and the borrowers to clarify their respective responsibilities within the PSLF program. We anticipate that this guidance will be delivered via webinar and it will be recorded and made available to college districts and faculty.