

Issue Paper: Restoring Public Service Loan Forgiveness (PSLF)

Session 1, June 30 – July 2, 2025

Issue: PSLF Qualifying Months, Reconsideration, and Buy Back

Statutory citation: Section 455(m) of the Higher Education Act of 1965, as amended (HEA)

Regulatory citation: Section 685.219

Summary of Issue: There are three issues addressed in this proposal

Issue 1: Borrowers are currently denied access to PSLF credits for months that are deemed ineligible for actions out of their control, such as servicer and platform transfers and delays in processing repayment plans and loan consolidations. If the borrower would be otherwise eligible during these months, the borrower should be given credit for these periods. Alternatively, the borrower should be able to make their regular required and eligible payments during these periods of administrative forbearance if they should choose to and allow these periods to count towards PSLF.

Issue 2: Borrowers can currently only request reconsideration of what they believe to be an error in a qualifying month of repayment or qualifying employer status after making 120 payments, applying, and being rejected for forgiveness. As forgiveness review can be many years from the time of the months in question, obtaining and retaining documentation to submit such a dispute can be difficult. We are proposing allowing a borrower to file for reconsideration for these months or these employers at any time. This change will also reduce operational costs for the Secretary as more timely requests for review will reduce the possibility of the documents needed will be at other entities or archived.

Issue 3: The current “buy back” process is cumbersome for both borrowers and the Secretary in that it doesn’t allow the borrower to request said buy back until they reach 120 qualifying months of employment. The borrower must then manually submit a request and include proof of income at which point the Secretary must calculate what the payment should have been during the buy back period. We are proposing that the Secretary proactively and automatically offer the borrower a buy back amount at the end of an eligible period by using the income information already on file at the time of ineligible period.

Proposed Amendatory Text

§ 685.219 Public Service Loan Forgiveness Program (PSLF).

(a) **Purpose.** ...

(c) **Borrower eligibility.**

(1) A borrower may obtain loan forgiveness under this program if the borrower—

(i) Is not in default on the loan at the time forgiveness is requested;

(ii) Is employed full-time by a qualifying employer or serving in a full-time AmeriCorps or Peace Corps position—

(A) When the borrower satisfied the 120 monthly payments described under [paragraph \(c\)\(1\)\(iii\)](#) of this section; and

(B) At the time the borrower applies for forgiveness under [paragraph \(e\)](#) of this section; and

(iii) Satisfies the equivalent of 120 monthly payments after October 1, 2007, as described in [paragraph \(c\)\(2\)](#) of this section, on eligible Direct loans.

(2) A borrower will be considered to have made monthly payments under [paragraph \(c\)\(1\)\(iii\)](#) of this section by—

(i) Paying at least the full scheduled amount due for a monthly payment under the qualifying repayment plan;

(ii) Paying in multiple installments that equal the full scheduled amount due for a monthly payment under the qualifying repayment plan;

(iii) For a borrower on an income-driven repayment plan under [§ 685.209](#), paying a lump sum or monthly payment amount that is equal to or greater than the full scheduled amount in advance of the borrower's scheduled payment due date for a period of months not to exceed the period from the Secretary's receipt of the payment until the borrower's next annual repayment plan recertification date under the qualifying repayment plan in which the borrower is enrolled;

(iv) For a borrower on the 10-year standard repayment plan under [§ 685.208\(b\)](#) or the consolidation loan standard repayment plan with a 10-year repayment term under [§ 685.208\(c\)](#), paying a lump sum or monthly payment amount that is equal to or greater than the full scheduled amount in advance of the borrower's scheduled payment due date for a period of months not to exceed the period from the Secretary's receipt of the payment until the lesser of 12 months from that date or the date upon which the Secretary receives the borrower's next submission under subsection (e).

(v) Receiving one of the following deferments or forbearances for the month:

(A) Cancer treatment deferment under section 455(f)(3) of the Act;

(B) Economic hardship deferment under [§ 685.204\(g\)](#);

(C) Military service deferment under [§ 685.204\(h\)](#);

(D) Post-active-duty student deferment under [§ 685.204\(i\)](#);

(E) AmeriCorps forbearance under [§ 685.205\(a\)\(4\)](#);

(F) National Guard Duty forbearance under [§ 685.205\(a\)\(7\)](#);

(G) U.S. Department of Defense Student Loan Repayment Program forbearance under [§ 685.205\(a\)\(9\)](#);

(H) Administrative forbearance or mandatory administrative forbearance under [§ 685.205\(b\)\(8\)](#) or [\(9\)](#), or other involuntary forbearance periods, such as during account transfers, where the borrower has not requested nor can refuse, the administrative forbearance period; and

(vi) Being employed full-time with a qualifying employer, as defined in this section, at any point during the month for which the payment is credited.

(3) If a borrower consolidates one or more Direct Loans into a Direct Consolidation Loan, including a Direct PLUS Loan made to a parent borrower, the weighted average of the payments the borrower made on the Direct Loans prior to consolidating and that met the criteria in [paragraphs \(c\)\(2\)\(i\) through \(vi\)](#) of this section will count as qualifying payments on the Direct Consolidation Loan.

(d) ...

(g) ***Reconsideration process.***

(1) Within 90 days of the date the Secretary sent a response to a properly submitted and complete employment certification form or the notice of denial of forgiveness under [paragraph \(e\)\(8\)](#) of this section to the borrower, the borrower may request that the Secretary reconsider whether the borrower's employer or any payment meets the requirements for credit toward forgiveness by requesting reconsideration on a form approved by the Secretary. Borrowers who were denied loan forgiveness under this section after October 1, 2017, and prior to July 1, 2023, have 180 days from the effective date of this Final Rule to request reconsideration. A borrower may request reconsideration within 90 days following denial of forgiveness under paragraph (e)(8) of this section even if they did not previously request reconsideration following a response to a prior employment certification form.

(2) To evaluate a reconsideration request, the Secretary considers—

(i) Any relevant evidence that is obtained by the Secretary; and

(ii) Additional supporting documentation not previously provided by the borrower or employer.

(3) The Secretary notifies the borrower of the reconsideration decision and the reason for the Secretary's determination.

(4) If the Secretary determines that the borrower qualifies for forgiveness, the Secretary adjusts the borrower's number of qualifying payments or forgives the loan, as appropriate.

(5) After the Secretary makes a decision on the borrower's reconsideration request, the Secretary's decision is final, and the borrower will not receive additional reconsideration unless the borrower presents additional evidence.

(6) For any months in which a borrower postponed monthly payments under a deferment or forbearance and was employed full-time at a qualifying employer as defined in this section but was in a deferment or forbearance status besides those listed in [paragraph \(c\)\(2\)\(v\)](#) of this section, the borrower may obtain credit toward forgiveness for those months, as defined in [paragraph \(d\)](#) of this section, for any months in which the borrower—

(i) Makes a payment equal to or greater than the amount they would have paid at the time on a qualifying repayment plan during any such voluntary or involuntary deferment or forbearance month;

a. Qualifying repayment plans include 10 year standard, borrowers unable to produce income information for the time in question have the option to pay the standard payment

(i) Makes an additional payment equal to or greater than the amount they would have paid at that time on a qualifying repayment plan or

(ii) Otherwise qualified for a \$0 payment on an income-driven repayment plan under [§ 685.209](#).

(7) Within 90 days of the approval of a period of eligible employment that includes a period of postponed payments as described under paragraph (g)(6) of this section, the Secretary shall notify the borrower of their right to obtain credit toward forgiveness for those months by making additional payments equal to or greater than the amount they would have paid at that time on a qualifying repayment plan and, if the Secretary has sufficient information to so calculate such amount, the Secretary shall notify the borrower of the amount.

(i) If the borrower was on a qualifying repayment plan in the month directly before or directly after the period, the amount will be calculated based on the amount required under that plan

(A) The borrower will be given instructions to submit proof of income for the period if the payment amount used does not reflect their income during this period.

(ii) If the borrower was not on a qualifying repayment plan in the month directly before or after the period, the borrower will be instructed to submit proof of income for the period.