Sample Opposition Messages and Responses

H.R. 7761, THE PROTECTING ACCESS TO LOAN FORGIVENESS FOR PUBLIC SERVANTS DURING THE COVID-19 PANDEMIC ACT

My understanding is that the emergency suspended payments, both through the CARES Act and the President’s Executive Order, would be counted as qualifying payments for PSLF? If so, why is this legislation necessary?

Although the current period of emergency loan suspension should count towards PSLF eligibility, in order for a suspended payment to be considered a “qualifying payment,” at the time it is made, the borrower must be in full-time public service. Similarly, for a borrower to receive loan forgiveness, at the time they make their final, 120th qualifying payment, they must be employed in public service. However, many workers in the public sector—including psychologists—are currently experiencing disruptions in their employment, making them ineligible for these benefits. This is an unintended consequence and must be addressed. This legislation would ensure that for any borrower enrolled in PSLF, and employed in full-time public service before the declared national emergency related to COVID-19, suspended student loan payments will count towards PSLF eligibility, even if the borrower’s employment is disrupted due to the coronavirus.

Does this require a legislative solution or can it be addressed at the regulatory level by the Department of Education?

The quickest way to address this issue would be for the Department of Education to release guidance waiving current PSLF full-time employment requirements on a temporary, emergency basis. However, the Department has indicated that it believes it does not currently have the statutory authority to take such action, and that a legislative fix, directing it to do so, would be required.

H.R. 6720, THE STUDENT LOAN FORGIVENESS FOR FRONTLINE HEALTH WORKERS ACT

Is this loan forgiveness too generous?

The forgiveness in this bill is targeted; providing relief for a specific group of workers, providing critically needed services at this time. While the legislation would potentially forgive the full balance of the loan, that amount will vary depending on the health profession and length of time the borrower has been in repayment. Doctoral degrees in psychology tend to be expensive, with students incurring a substantial debt burden over a period of many years, often with lower salaries at entry level. As Congress thinks through different ways to deliver an economic benefit for this workforce—including through hazard pay—this is another avenue through which this can be achieved. Furthermore, as demand is only expected to increase, particularly in mental and behavioral health, this type of loan forgiveness could be a way to further incentivize early career professionals, who carry the bulk of student loan debt, to persist in these careers.
Shouldn’t we be providing loan forgiveness to those with higher financial need, including other types of essential workers, and not healthcare providers who earn more money?

We agree that providing economic relief more broadly for individuals and families impacted by COVID-19 is necessary. APA supports legislation that would do so for various types of essential workers. However, many in the healthcare workforce are also in need of financial assistance at this time, including those who have significant levels of student debt, which impact their life and career choices. Doctoral psychologists graduate with an average student debt amount between $95,000 and $138,500. It is a misconception that all healthcare professionals earn “more money.” The median annual salary for early career psychologists is $60,000. This legislation would provide added financial security for a critically needed workforce during these uncertain economic times.

With other loan forgiveness programs, such as PSLF, rife with mismanagement, why create an additional one that many have similar problems?

We are strong supporters of PSLF, but we recognize that the program is complex and has implementation concerns, which we are hopeful that Congress and the Department of Education will address in the future. However, the loan forgiveness this bill would provide is different in several ways: the potential eligibility pool is smaller (frontline healthcare workers vs. all public service employees) and the length of eligibility is shorter (the declared COVID-19 national emergency vs. a 10-year window of public service). Additionally, the program would have several guardrails. It sets up an interagency taskforce—between the Departments of Education, Health and Human Services, and Treasury—to determine eligibility and provides an appeals process to dispute application denials.

**H.R. 7449, THE BANK ON STUDENTS CORONAVIRUS EMERGENCY LOAN REFINANCING ACT**

Would this be too costly?

Currently, with many borrowers locked into high interest rates, estimates by the Congressional Budget Office indicate that the federal government will collect up to $81 billion profits from student loans over the next decade. A significant portion of these profits come from graduate student loans, which are no longer subsidized by the federal government and whose median interest rates have been between 6 and 7 percent since 2006. Furthermore, graduate students repay their loans, with default rates at just 2 percent. Given that the federal government can currently borrow at 0.5 percent, we should not be burdening borrowers with such high rates. Refinancing would give a much-needed break to around 25 million borrowers, including many psychologists, and result in savings of up to hundreds or thousands of dollars a year, which would provide added financial security and potentially serve as an economic stimulus. Finally, this action would align with similar opportunities provided to homeowners, businesses, and other groups to refinance their debt at this time.

Wouldn’t this benefit those with higher student debt who also tend to have higher incomes?

While it is accurate that many doctoral psychologists have relatively high student loan debt—$95,000 and $138,500 on average—they do not necessarily come from high income backgrounds nor will they necessarily earn high salaries upon graduation. In 2018, about a quarter were also first-generation students. Federal loans are the primary source of borrowing for graduate psychology students, and significant majorities of graduate and professional students with federal student loans reported an adjusted gross income of $40,000 or less. Moreover, the median annual salary for early career psychologists is $60,000. Graduate loans have higher interest rates, multiple loan origination fees, and are not subsidized, which means they begin accruing interest immediately upon disbursement. All of this further increases the cost of federal borrowing to finance a graduate degree in psychology.