

# Historic “California Student Debt Challenge” Spread Awareness and Mobilized thousands of Public Workers to Access Public Service Loan Forgiveness

## *42 Government and Nonprofit Employers Participated in Statewide Campaign to Inform Public Service Workers of their Right to Loan Forgiveness*

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While the full benefits won't be known for several months when the federal government finishes processing applications, California's government and nonprofit employers have completed a major statewide public information campaign to alert student loan borrowers of the opportunity to apply for Public Service Loan Forgiveness (PSLF) by an October 31 deadline.

Public Service Loan Forgiveness (PSLF) is a federal program for public service workers that cancels the remainder of their federal student debt after 10 years of service. For years, communication and servicing failures have plagued the program and prevented millions of public servants from accessing relief. An estimated 825,000 Californians can potentially qualify for loan forgiveness under the program, but only a small fraction has received loan forgiveness so far. As a result, the Biden Administration announced a special PSLF waiver to ensure public servants are able to access relief for their service to their communities.

Through the California Student Debt Challenge, launched in August, 42 state-based employers and nonprofit organizations across the state committed to ensuring public service employees were equipped with information necessary to take advantage of the opportunity and benefits of applying for PSLF.

California Student Debt Challenge takers included a wide range of government and nonprofit organizations, including the California Department of Justice, Department of Financial Protection and Innovation, the City and County of San Francisco, and the Los Angeles County Departments of Human Resources and Consumer & Business Affairs. The challenge takers, representing state, city, county, and non-profit workers, committed to:

- Provide actionable information on PSLF to their employees, including connecting employees with training webinars helping borrowers secure loan forgiveness.
- Sign employees' required PSLF forms to certify employment to achieve loan forgiveness.
- Be named as an official challenge-taker.

At the national level, the Department of Education announced that over 210,000 borrowers have received PSLF forgiveness so far, translating into \$13.4 billion in public service loan forgiveness. Across California, more than 19,400 borrowers have benefited from \$1.2 billion in loan forgiveness since the beginning of September, with thousands more receiving credit toward the ten years needed under PSLF. The average

amount of loan forgiveness received by applicants after making ten years of qualifying federal student loan payments was nearly \$64,000 (\$63,962).

“We are incredibly proud of the statewide effort that has helped thousands of California public service workers access student loan cancellation that they are entitled to under federal law and look forward to continuing to do this critical work,” **said the Campaign for California Borrowers’ Rights** . “The student debt crisis gripping our nation is far from over, and we must work collectively to ensure that every borrower—including the thousands serving our communities—are able to be debt free.”

“For far too long, teachers, nurses, veterans, government employees, and countless others dedicated to serving our country found Public Service Loan Forgiveness to be nothing more than an empty promise, and before President Biden took office, only 7,000 borrowers ever managed to qualify,” U.S. Secretary of Education Miguel Cardona said in August. “We’re committed to helping borrowers who choose to pursue careers in education, public health, social work, law enforcement, and other critical fields receive the benefits to which they’re entitled for leading lives of service.”

While the special waiver period for PSLF ended on October 31, federal student loan borrowers can still apply for loan forgiveness at any time. For borrowers who already submitted their application, the U.S. Department of Education will consider their application under the rules of the limited waiver. For new applicants, some of the benefits of the waiver are available through the Income-Driven Repayment (IDR) Account Adjustment. Although a separate federal program, the IDR Account Adjustment will help public service workers with federal student debt earn credit for past service and payments to count toward PSLF. To receive this benefit, borrowers with federal student loan types other than Direct Loans (e.g. FFEL or Perkins loans), must consolidate those loans into a Direct Consolidation loan by May 1, 2023, and must also submit forms to the U.S. Department of Education certifying their employment. Beginning July 1, 2023, new PSLF rules will take effect, and borrowers who have not consolidated their non-Direct Loans by the May 1 deadline will not receive PSLF credit for past time served.

For more information, see <https://studentaid.gov/pslf/> and the nonprofit assistance websites [www.ForgiveMyStudentDebt.org](http://www.ForgiveMyStudentDebt.org) and [www.SDCC.org](http://www.SDCC.org)

The California Student Debt Challenge was initiated by the Campaign for California Borrowers’ Rights. The Campaign is led by NextGen California, Young Invincibles, Student Debt Crisis Center, Student Borrower Protection Center, and Consumer Reports.

Government and Nonprofit Employers participating in the **California Student Debt Challenge** included:

- Active San Gabriel Valley
- Alchemist CDC
- CA Department of Social Services
- California Black Health Network
- California Council on Science and Technology (CCST)
- California Department of Financial Protection & Innovation
- California Department of Justice
- California Partnership to End Domestic Violence
- CalNonprofits
- City and County of San Francisco
- City of Arcadia

- City of Azusa
- City of Monrovia
- City of San Dimas
- City of San Marino
- City of South Pasadena
- College Futures Foundation
- Consumer Federation of California
- Consumer Reports
- County of Los Angeles Department of Human Resources
- County of Monterey
- EPIC de Cesar Chavez High School at FIELD
- First Place For Youth
- Free to Thrive
- Housing and Economic Rights Advocates
- Lighthouse Community Public Schools
- Los Angeles County Department of Consumer and Business Affairs
- Music Forward Foundation
- NextGen California
- Primary Care at Home Inc
- Public Counsel
- Public Health Advocates
- Public Policy Institute of California
- Rise
- San Gabriel Valley Council of Governments
- Southern California Public Radio
- Student Borrower Protection Center
- Student Debt Crisis Center
- The Institute for College Access & Success (TICAS)
- UC San Francisco
- University of California Office of the President
- Young Invincibles

**More information on the California Student Debt Challenge can be found at <https://www.californiaborrowers.org/>.**

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### **About the Campaign for California Borrowers' Rights**

The Campaign for California Borrowers' Rights is a diverse coalition of organizations representing students, workers, consumers, older people, communities of color, veterans, and millions of other Californians affected by the student debt crisis. The Campaign is led by NextGen California, Young Invincibles, Student Debt Crisis Center, Student Borrower Protection Center, and Consumer Reports. More information about the Campaign is available at <https://www.californiaborrowers.org/>.