

Public Service Loan Forgiveness Pilot

Encouraging student borrowers to verify public service employment

Agency Objective. Increase the number of borrowers who submit Employer Certification Forms (ECFs), which keep individuals with student loans on track to receive loan forgiveness after ten years of qualifying payments.

Background. The Public Service Loan Forgiveness Program (PSLF) forgives borrowers the remainder of their outstanding loan balance after making ten years of qualifying payments while working for a qualifying employer. The first borrowers will be eligible to receive forgiveness starting in October 2017.⁴⁸ To track progress towards loan forgiveness, the Office of Federal Student Aid (FSA) encourages borrowers to submit ECFs in order to verify that their employment qualifies under the program. Submitting an ECF allows for FSA to send the borrower specific information about the program. FSA collaborated with OES in 2015 on a pilot to test the effectiveness of sending emails to encourage borrowers to submit an ECF.

Methods. In November 2015, FSA sent emails to a random sample of 55,221 borrowers currently enrolled in an income-driven repayment plan encouraging them to submit an ECF. FSA randomly assigned borrowers to receive an email with one of four different subject lines. An additional 54,779 borrowers were randomly selected for the control group. FSA compared email open rates across the subject lines and estimated the effects of receiving any email on ECF submission rates and ECF error rates.⁴⁹

Results. The subject lines that were most effective for getting borrowers to open emails were declarative statements. The subject lines, “Verify your eligibility for loan forgiveness” and “[Borrower name] your student loans could be forgiven” performed best with 54.0 percent of borrowers opening emails with each subject line

vs. 48.3 percent for “How to get your student loans forgiven” and 46.4 percent for “The surprising way to have student loans forgiven.” Being sent any email increased ECF submissions three-fold, from 0.09 percent to 0.28 percent, a difference of 0.19 p.p., ($p < 0.01$, 95% CI [0.14, 0.24]).

Conclusions. The pilot had encouraging results. Emails generated a three-fold increase in ECF submission without increasing the error rate.⁵⁰ FSA is using the results from the pilot to inform a large-scale PSLF email campaign targeting approximately three million borrowers that is currently in the field.

⁴⁸ The College Cost Reduction and Access Act of 2008 established October 1, 2007 as the effective date for the beginning of the PSLF.

⁴⁹ The error rate is the rate of forms that do not successfully establish qualifying employment.

⁵⁰ The error rate conditional on submitting an ECF for the treatment group (33.8 percent) was statistically indistinguishable from the control group (36.0 percent; difference=-2.23, $p=0.78$, 95% CI [-17.85, 13.39]).