Dear FFEL, Perkins, or HEAL borrower:

On April 19th, 2022, the Department of Education (ED) announced the Income-Driven Repayment (IDR) One Time Adjustment. Under the IDR adjustment, ED will review borrowers’ accounts and give them credit for certain months of repayment, forbearance, and deferment, that didn’t previously qualify for IDR forgiveness. This review will bring borrowers closer to forgiveness and ED has approved almost $44 billion in debt relief for more than 900,000 borrowers as part of the payment count adjustment.

The adjustment is automatic for borrowers with Direct or federally managed Federal Family Education Loan (FFEL), Health Education Assistance Loan (HEAL), and Perkins Loans.
The adjustment is automatic for borrowers with Direct or federally managed Federal Family Education Loan (FFEL) Loans. However, borrowers with commercially (private) held Perkins Loans, commercially managed FFEL Loans, or Health Education Assistance Loans (HEAL) do not automatically qualify for the IDR adjustment and must consolidate to be reviewed by ED. Consolidation is the process of combining one or more federal education loans into a new federal Direct Consolidation Loan. Under normal rules, when a borrower with Perkins, FFEL, or HEAL loans consolidates their loan(s), their repayment count is reset to zero for certain forgiveness programs, including IDR Forgiveness. Under the updated, temporary rules, borrowers who consolidate their loans will be reviewed under the IDR adjustment and will receive credit for all past periods of repayment, forbearance, or deferment, without resetting their payment count. In December 2023, ED announced that it would be extending the deadline to apply for a consolidation until April 30, 2024, for borrowers to receive the full benefit.

You have been identified as a borrower who has a commercially managed Perkins, FFEL, or HEAL Program Loan and may be affected by the upcoming deadline. DFPI encourages borrowers who have commercially managed Perkins, FFEL, or HEAL Program loans to apply for loan consolidation by April 30, 2024, to obtain the full benefits of the IDR payment count adjustment. This is especially critical for borrowers who have been in repayment for at least 20 years, as they may already be eligible for forgiveness. Because consolidation typically takes at least 60 days, we encourage borrowers to submit a consolidation application as soon as possible.

In addition to the benefits of the IDR Adjustment, borrowers who consolidate into a Direct Consolidation Loan are also able to take advantage of affordable repayment plans, such as the new Saving on a Valuable Education (SAVE) Plan.

To confirm your loan type, you can log on to StudentAid.gov. On your dashboard, you can click the “Loan Breakdown” section to view a list of your loans. Direct Loans begin with the word “Direct.” Federal Family Education Loan Program loans begin with “FFEL.” Perkins Loans include the word “Perkins” in the name. If the name of your servicer starts with “Dept. of Ed” or “Default Management Collection System,” your FFEL or Perkins loan is federally managed (i.e., held by the Department). If you have questions about your loans or are unsure if consolidation is right for you, please contact the CA DFPI Student Loan Ombudsperson at Celina.Damian@dfpi.ca.gov.