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Public Service Loan Forgiveness: What You Need to Know Now

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The [Public Service Loan Forgiveness](#) program (PSLF) is the only federal student debt relief program that allows people with student debt to apply their education in careers serving the public instead of being forced to take higher paying jobs to pay off their student loan debt. The federal government is essentially saying, in exchange for you serving the public by taking government or nonprofit jobs where there is a public need for your skills and passion, we will lighten your financial load after you meet certain conditions. Understanding the PSLF program and how to navigate earning forgiveness is vital to ensuring we help passionate public servants remain in the communities they serve.

A [recent study by AIG Retirement Services](#) found that public service employees holding federal student loans overwhelmingly value the Public Service Loan Forgiveness program (84%) and would be unhappy if it were eliminated (69%). In the same study, 66% of public service employees list student debt as their top financial stressor—loan forgiveness is essential for the public service professionals who take out loans to earn degrees that qualify them for their profession.

The basics

Public service employees who make 120 qualifying loan payments over 10 years while working full time in qualifying public service positions are eligible to have any of their remaining Federal Direct loans forgiven tax free by the Federal Government. This program, generally speaking, forgives a bulk of interest accrued during that time. Because the program requires borrowers to make on-time monthly payments throughout the 10 years of full-time public service, many borrowers will have paid back the principal borrowed at the time of forgiveness.

Communities and employers benefit from PSLF as a recruitment and retention tool

There are data to show that employers, such as nonprofits, use PSLF as a tool to attract and retain qualified professionals. Studies from the [National Legal Aid & Defender Association](#) and [the Student Borrower Protection Center](#) support this finding. As we enter the second year of the pandemic and hopefully move from relief to recovery and rebuilding, our nation needs, now more than ever, talented and passionate public service professionals to remain in the public interest field.

What borrowers need to know now

When Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, it included a provision suspending the requirement for monthly PLSF payments and giving full credit for those months. Earlier this year, the Department of Education extended the payment pause for federal student loan borrowers until September 30, 2021. If you are a public service professional, and you work full-time for a qualifying employer during the suspension, you will still earn credit for PSLF purposes (or [Temporary Expanded Public Service Loan Forgiveness](#)) during the payment suspension period as though you made monthly payments in the correct amount while on a qualifying repayment plan. *That means that although you are not paying your student loans due to the suspension, you are still working toward earning Public Service Loan Forgiveness.* If, on September 30, 2021, Congress or the President has not taken action to extend this relief, the repayment requirements for student borrowers will resume.

Looking forward for the success of the PSLF program

It is no secret that implementation of the program since its inception has not been smooth. It will take a balancing act of greater education and awareness of the PSLF program and how it works, combined with greater transparency and real changes in implementation by the Department of Education. The Department of Education has the authority to make some immediate fixes that would greatly help student loan borrowers as they navigate loan forgiveness. Some high-level examples are:

- Raise the profile of the PSLF program to encourage participation;
- Provide transparency to borrowers around employment certification denials;
- Establish a straightforward appeals process that all borrowers and organizations can access when a public service organization is rejected;
- Publish a registry of certified public service organizations; and
- Streamline electronic processes for borrowers.

If your organization would like to be actively involved in advocating to preserve and improve PSLF, the [Coalition to Preserve Public Service Loan Forgiveness](#) wants to hear from you. You can contact us at CoalitiontoPreservePSLF@gmail.com and follow us on Twitter [@preservepslf](#).

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