Public Service Loan Forgiveness

If you are employed by a nonprofit or government and are one of the 34 million borrowers who have federal student loan debt, you may be eligible for loan forgiveness, cancellation, and/or consolidation under the Public Service Loan Forgiveness program (PSLF). Created under the College Cost Reduction and Access Act of 2007, PSLF allows borrowers who work full time for nonprofits and government agencies to have their outstanding debt forgiven tax-free on Federal Direct Loans, after making 120 qualifying monthly payments under a qualifying repayment plan.

Learn more at The Public Service Loan Forgiveness program still solidly in place – and more valuable than ever to nonprofits and their employees. The process for certification is simple, but it is best to start now. Our short video explains the steps:

Borrowers can use the PSLF Help Tool to fill out their form and have their employers, including 501(c)(3) charitable nonprofits, digitally sign and certify eligible employment, and electronically submit the form to their PSLF servicer for processing.

For even more information, watch Everything Nonprofit Employees Need to Know About Public Service Loan Forgiveness (1:00:35) (slides) with the National Council of Nonprofits, Department of Education, The Institute of Student Loan Advisors (TISLA),
Why It Matters

The program helps attract talent to work at 501(c)(3) charitable nonprofits, encourages and incentivizes employees to remain in the sector, and provides relief for public service professionals who are often paid less than other employment opportunities.

The original Eligibility Requirements include the following. Some requirements have been expanded and apply under final regulations, effective July 1, 2023. Nonprofit employees are encouraged to use the PSLF Help Tool and submit employer certification forms immediately.

- Loan must be through the Federal Direct Student loan program, specifically the "William D. Ford Federal Direct Loan (Direct Loan) Program". Additional types of loans like Perkins, FFEL, and consolidated loans qualify under new regulations that took effect July 1, 2023. Borrowers should inquire with their loan servicer or the Department of Education.
- After 120 qualifying payments (this usually takes 10 years) employees in certain public service jobs, including at 501(c)(3) charitable nonprofits, may be eligible for loan forgiveness as long as their loans are not in default, and their loans are under a qualifying repayment plan.
- Qualifying employment includes:
  - Employment with a government agency (federal, state, local or tribal)
  - Employment with a charitable nonprofit tax-exempt organization under 501(c)(3)
  - Full time AmeriCorps or Peace Corps members

Where We Stand

As proven job creators, nonprofits can and should participate in the development of job growth policies at the federal, state, and local levels. The National Council of Nonprofits strongly endorses policies that promote job creation in all sectors of the economy, especially policies that promote and incentivize employment at charitable nonprofits.
Status

The U.S. Department of Education recently published a Notice of Proposed Rulemaking on its new debt cancellation plan to cancel some accrued interest, automatically forgive certain qualifying borrowers in certain payment plans including Public Service Loan Forgiveness (PSLF) and other income-driven repayment plans like SAVE without requiring paperwork, and potentially lower monthly payments for certain borrowers. Some income-driven repayment plans do not cover the interest accrued each month, resulting in the borrower’s debt continuing to balloon. The plan would cancel up to $20,000 of the borrower’s balance that had grown due to unpaid interest. Other debt would be cancelled for borrowers who have been in repayment for 20 years or more on undergraduate loans or 25 years or more on graduate loans. See NCN's Comments to the Department of Education and Biden-Harris Administration Releases First Set of Draft Rules to Provide Debt Relief to Millions of Borrowers. The previous debt cancellation plan was challenged and ultimately struck down by the U.S. Supreme Court last year. This plan is expected to be challenged as well.

Regulations by the Department of Educations, effective July 1, 2023, expand eligible borrowers for forgiveness under PSLF. Key provisions allow more kinds of payments (certain types of deferment and forbearance as well as lump sum and late payments) to count as qualifying payments, clarify the definitions of full-time employment and qualifying employer, and codify the reconsideration process. Other beneficial provisions would provide a hold-harmless option for deferment or forbearance, automate progress toward forgiveness, and eliminate prospective interest capitalization not required by statute.

See our Comments to the Department of Education and Chart on the Department of Education Final Regulations for PSLF for more information.

Take Action

Nonprofit Employees With Student Loan Debt:
Make sure you have the correct loan type and then are on track for eligibility by submitting the Employment Certification for Public Service Loan Forgiveness form (Employment Certification form). Submit this form periodically during employment. Learn more with the PSLF Help Tool, available at www.StudentAid.gov/PSLF.

- **Loan Consolidation Deadline Extended to June 30**: The Biden Administration has extended the deadline for borrowers with outstanding Family Federal Education Loans (FFEL) loans, including parents with Parent PLUS loans, to consolidate them into a Direct Loan. The added time can be of great benefit to many borrowers because currently FFEL loans do not qualify for PSLF but Direct Loans do. The Administration also announced that the count adjustment is expected to be fully implemented in September 2024, which will allow borrowers to “see a full and accurate count of their progress toward loan forgiveness.” Borrowers can receive credit toward PSLF for any month covered by the payment count if they meet employment requirements. Learn more about how and why consolidation helps PSLF borrowers and how to maximize benefits under the program.

Additional resources are available at:

- **The Institute of Student Loan Advisors Corporation** - www.freestudentloanadvice.org/
- **Student Borrower Protection Center** - www.protectborrowers.org/

**Nonprofit Employers:**

**Spread the word!** Many nonprofit employees aren’t aware that they may qualify for student loan forgiveness. Share this webpage with your employees!

**More About PSLF**

- **The Public Service Loan Forgiveness program still solidly in place – and more valuable than ever to nonprofits and their employees**, Tiffany Gourley Carter

- **Preserving, Improving, and Promoting the Public Service Loan Forgiveness Program -- For the Public Good**, National Council of Nonprofits, July 10, 2023.
- **Public Service Loan Forgiveness Untouched by Supreme Court Student Debt Rulings**, National Council of Nonprofits, June 30, 2022.

### Additional Resources

- **Public Service Loan Forgiveness (PSLF)**, Federal Student Aid
- **Coronavirus and Forbearance Info for Students, Borrowers, and Parents**, FedLoan Servicing
- **Preserve PSLF**, The Coalition to Preserve PSLF