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),
and PSLF.us for additional answers to your questions about PSLF.

**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.
- **Public Policy Agenda**

**Status**

On Sept. 1, 2023 interest began to accrue again on federal student loans for the first time in more than three years, and borrowers will have to start making payments. The U.S. Department of Education created a resource page for borrowers, as well as specific pages for individuals entering repayment for the first time and those with any loans in default. Borrowers are urged to update their contact information with both Federal Student Aid and their loan servicer, ensure that they are enrolled in a repayment plan, set up or verify their auto payment schedules, and check if they qualify for student loan forgiveness programs such as PSLF. To help borrowers adjust, the Department of Education announced a temporary "on-ramp" period through September 30, 2024 for borrowers who aren’t able to make payments. During this period, payments are still due for eligible loans, and interest continues to accrue, but borrowers will not have delinquency flagged to credit reporting agencies.

President Biden previously announced student debt relief and changes to federal student loan programs, which the U.S. Supreme Court struck down in 2023. See Student Loan Rollercoaster and How It Impacts Nonprofit Workers for more information. While employees of charitable nonprofits and governments will not benefit from the Biden Administration's debt cancellation program of up to $20,000, the Court's decisions do not alter the ongoing benefits and protections that PSLF provides to employees of charitable nonprofits.

New 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.
In June 2023, President Biden vetoed a measure (H.J.Res.45) that would have used the Congressional Review Act (CRA) to roll back the Department of Education's action to pause student loan payments and force the Department to immediately reinstate the monthly payment requirements for borrowers. NCN opposed the measure as it would have abruptly and retroactively deprived Public Service Loan Forgiveness (PSLF) program participants of the benefits they have earned under the program. See our Letter to Congressional Leadership 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.

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 and Amy Silver O'Leary, National Council of Nonprofits, July 19, 2023.
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.

Department of Education Final Regulations for PSLF, National Council of Nonprofits, updated Nov. 9, 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