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Public Service Loan Forgiveness Untouched by Supreme Court Student Debt Rulings

Millions of student loan borrowers are disappointed that the U.S. Supreme Court struck down the Biden Administration's debt cancellation program today. Although employees of charitable nonprofits and governments will not benefit from the Administration's proposed debt *cancellation* program of up to \$20,000, **the Court's decisions do not alter the ongoing benefits and protections that the separate Public Service Loan Forgiveness (PSLF) program provides to employees of charitable nonprofits** and governments.

The Supreme Court issued separate decisions in two cases challenging the authority of the Secretary of Education to implement plans to cancel federal student loan debt of \$10,000 per borrower and up to \$20,000 for borrowers with Pell Grants. One decision completely blocks implementation of the Administration's debt cancellation plans, so across-the-board relief from federal student loan debt will not proceed.

In what is ultimately the controlling decision, [*Biden v. Nebraska*](#), the Court, in a majority opinion written by Chief Justice Roberts and joined by the other five conservative justices, found that the Secretary of Education lacks authority to cancel federal student loan debt under the HEROES Act, which only allows the Secretary to

“waive or modify” existing statutory or regulatory provisions during a national emergency, not “cancel” loan obligations. Three justices wrote a vigorous dissent.

It is important to note that the majority opinion cites the Public Service Loan Forgiveness program statute as a positive example of when the Secretary of Education has proper authority to forgive federal student loan debt. [See page 20.] While the opinion uses the terms “cancellation” and “forgiveness” somewhat interchangeably, the decision does not limit or otherwise restrict prospects for loan forgiveness available to workers at charitable nonprofits or governments under the Public Service Loan Forgiveness program.

In the other case, [*Department of Education v. Brown*](#), the Court unanimously held that the two borrowers with student debt who filed the lawsuit could not prove that they would be harmed and effectively dismissed their case. (It was moot anyway, however, given the Court’s decision in [*Biden v. Nebraska*](#) to block the cancellation plan from being implemented.)

What Happens Next

The pause on all federal student loan payments that has been in place for three years ends on August 31. Interest will start accruing again on September 1, and the first [payments will be due sometime in October](#), with specific dates varying between different loan servicers. Borrowers will be notified of payment due dates by the Department of Education and loan servicers.

The Court’s decisions do NOT affect student loan borrowers who have been eligible for and/or participating in the [Public Service Loan Forgiveness program](#). The PSLF program allows borrowers who work full-time for a charitable nonprofit or government to essentially work off part of their debt in exchange for their public service. Once those borrowers have worked full-time in public service for 10 years and made 120 qualifying monthly payments under a qualifying repayment plan, then the PSLF program that Congress enacted in 2008 forgives any remaining balance on a borrower’s direct federal student loans. The Court’s decisions do not change how credits accrue toward forgiveness. Additionally, [new regulations go into effect](#) July 1, 2023 and will broaden eligibility and clarify which loan payments can be credited toward forgiveness.

What Student Loan Borrowers Should Do Now:

- Check your student loan servicer's website or portal (most commonly [MOHELA](#)) for updates and estimated payment amounts.
- Check payment qualifications on your student loan servicer's website for income-based repayment plans or other qualifying payments for Public Service Loan Forgiveness. Nonprofit workers are encouraged to [fill out the PSLF form](#) to determine eligibility via the [PSLF help tool](#) immediately.
- Budget and make financial plans to not default or miss qualifying payments for loan and forgiveness obligations, including under Public Service Loan Forgiveness.
- Set up automatic payments or other payment reminders with your bank.

Read More

Public Service Loan Forgiveness Program

- **Department of Education Resources**
 - [Public Service Loan Forgiveness \(PSLF\)](#), Federal Student Aid.
 - [Public Service Loan Forgiveness FAQ](#), Federal Student Aid.
 - [PSLF Final Rule](#), effective July 1, 2023.
 - [Education Department Releases Final Regulations to Expand and Improve Targeted Debt Relief Programs](#), News Release, Oct. 31, 2022.
- **National Council of Nonprofits Resources**
 - [Public Service Loan Forgiveness](#), National Council of Nonprofits.
 - [Student Loan Rollercoaster and How It Impacts Nonprofit Workers](#), Tiffany Gourley Carter, National Council of Nonprofits, Nov. 27, 2022.
 - [Chart on the Department of Education Final Regulations for PSLF](#), National Council of Nonprofits, updated Nov. 9, 2022.
 - [An Updated Nonprofit Perspective on Student Loan Relief](#), National Council of Nonprofits, updated Nov. 9, 2022.

Supreme Court Decisions

- *Biden v. Nebraska* - case filed in Missouri by six state Attorneys General.
 - Court's decision: [Biden v. Nebraska](#)
 - [Case documents](#)
- *Department of Education v. Brown* - case filed in Texas by two borrowers.
 - Court's decision: [Department of Education v. Brown](#)
 - [Case documents](#)