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Preserving, Improving, and Promoting the Public Service Loan Forgiveness Program - For the Public Good

Effective advocacy comes in many forms, addresses diverse audiences, and requires the use of different skill sets over time. The federal [Public Service Loan Forgiveness \(PSLF\) program](#) serves as an ideal example of how nonprofit advocates have advanced the underlying public policy, preserved the support of policymakers and the public, and worked to ensure the promise of earned loan forgiveness becomes a reality for millions of workers.

Created as part of the [College Cost and Reduction and Access Act of 2007](#), PSLF is “intended to [encourage individuals to enter and continue in full-time public service employment](#) by forgiving the remaining balance of their Direct loans after they satisfy the public service and loan payment requirements” of 120 payments under a qualifying repayment plan.

The [program](#) started in 2008 under President Bush. But over its fifteen years, the program has had a long history of needing coalitions, good timing, and perseverance by borrowers and proponents for workers at charitable nonprofits and governments

to see results. When borrowers started applying for forgiveness in 2017, ten years after its inception and the mark of the 120-payment period, they were shocked to receive notice they did not qualify. More than [99.8% of applicants were rejected](#) in the first year (only 55 out of 19,321 loans were forgiven), due to poor guidance and instructions, inconsistent information and processing, and lack of key information for borrowers and loan servicers, according to a report by the Government Accountability Office. Borrowers were also told they did not qualify because of incorrect repayment plans, disqualified employers, or incorrect payments.

The Value of Coalitions



Among those harmed by the poor rollout and insufficient processing of applications in 2017-2020 were nonprofit workers and government employees relying on the program. The [PSLF Coalition](#) formed in 2017 to “ensure the promise of the original program before the first borrowers were eligible for forgiveness.” Legislative and policy attacks by the Trump Administration and some Members of Congress to [eliminate the PSLF program](#) prompted public service workers and other eligible professionals to join forces. The PSLF Coalition, which continues to operate today, consists of over 90 allied organizations, including the National Council of Nonprofits. Its work has evolved over time to “not only educate and inform Members of Congress on the benefits of the program, but also educate borrowers on how to earn PSLF, as well as engage with the Department of Education on fixes and improvements to the program informed by borrower experiences.” [Learn more and join the Coalition](#).

Lobbying Pays Off

In response to advocacy pushes and Hill meetings by the advocates and broad education on the dismal number of approved applicants, Congress in 2018 set aside \$700 million to support eligibility for more borrowers under the [Temporary Expanded Public Service Loan Forgiveness](#) (TEPSLF). Yet, only 661 applications were approved after this fix. Additional advocacy resulted in expansion of the program in

2021 with a [Temporary Waiver that expanded inclusion for certain additional payments](#), employment periods, missed or incorrect payments, and other inconsistencies in the program. The result is that an estimated 616,000 borrowers qualified for forgiveness.

Despite this progress, Congress passed a [resolution in 2023 to roll back a payment pause](#) for all student loans that has been in place since the start of the pandemic that swept in PSLF. [NCN opposed the measure](#) and the incorrect portrayal of what it did. President Biden vetoed it.

Keeping the “Why” in Focus

From the outset, the PSLF program was designed to encourage individuals to commit to working in service to the public, including working at charitable nonprofits. Initially, nonprofit employers saw the PSLF program as a helpful recruitment tool. That became more doubtful given all of the bureaucratic roadblocks to forgiveness from 2017-2020.

Remote video URL

But since the system began working in 2021-2022, it's become a powerful retention and recruitment tool for nonprofit employers. Indeed, PSLF has become essential in the face of the [nonprofit workforce shortages crisis](#), offering numerous advantages over other employers who try to poach nonprofit workers. That's why the National Council of Nonprofits, among other things, partnered with the U.S. Department of Education last year to spread the word far and wide (in English and Spanish) about a unique, one-time waiver program. In this case, advocacy focused on ensuring that nonprofit employees received the relief for which they had so diligently work.

Remote video URL

- [Public Service Loan Forgiveness Q&A](#) (6:02), National Council of Nonprofits, Oct. 12, 2022.
- [Condonación de Préstamos por Servicio Público](#) (6:24), National Council of Nonprofits, Oct. 12, 2022.

Preventing Confusion

The recent U.S. Supreme Court case halting the Biden Administration's plan to cancel up to \$10,000 per borrower of federal student debt (\$20,000 for Pell Grant recipients) [does not affect the ongoing benefits and protections of PSLF](#). However, confusion of the debt cancellation and PSLF continues. Coupled with the restarting of loan payments this fall, borrowers must be alerted to the necessity and benefits of PSLF. To help, the PSLF Coalition has [published fact sheets](#) on how to “chart the path forward for [PSLF]” and shares [testimonials of public servants who have successfully earned](#) forgiveness. The National Council of Nonprofits is spreading the word in numerous ways, including the blog post, [Public Service Loan Forgiveness Untouched by Supreme Court Student Debt Rulings](#).

Ultimately, PSLF serves as a powerful inducement for individuals to commit to working in the charitable nonprofit or government sectors, an inducement that when protected, improved, and publicized can reduce the shortage of qualified workers and keep them in place to serve their communities.