



September 23, 2021

Julie Margetta Morgan
Senior Advisor
Office of the Under Secretary
U.S. Department of Education
400 Maryland Ave. SW
Washington, DC 20202

Re: Request for Information Regarding the Public Service Loan Forgiveness Program
Docket Number: ED-2021-OUS-0082

Dear Under Secretary Morgan:

The National Council of Nonprofits welcomes this opportunity to submit comments in response to the Request for Information Regarding the Public Service Loan Forgiveness Program, Docket Number ED-2021-OUS-0082. The National Council of Nonprofits is a trusted resource and advocate for America's charitable nonprofits. Through our network of state associations and 25,000-plus organizational members – the nation's largest network of charitable nonprofits – we serve as a central coordinator and mobilizer to help nonprofits achieve greater collective impact in local communities across the country. We identify emerging trends, share proven practices, and promote solutions that benefit charitable nonprofits and the individuals and communities they serve. The Public Service Loan Forgiveness (PSLF) program and its impact on nonprofits and their employees has been an area of great interest to our network, and our comments here reflect the experiences of charitable organizations throughout the United States in dealing with this program.

Nationwide and in every community in America, charitable nonprofits provide vital services and are a key part of the economy, employing more people than the construction, finance, and manufacturing industries.¹ Prior to the pandemic, nonprofits employed more than 12.3 million workers – 10 percent of America's private workforce. During the health and economic crisis caused by COVID-19, tens of millions more Americans than usual turned to charitable organizations for help – and nonprofits delivered. Yet resources declined for tens of thousands of nonprofits, resulting in the loss of more than 550,000 nonprofit jobs.² For communities and local economies to recover, nonprofits must attract and retain skilled, talented workers despite financial restraints and limited resources.

The Department's request for information relates to a key recruitment and retention tool for public service, which in our case is the charitable nonprofit sector. We offer the responses to the questions posed in the request for information that are most relevant to the work of and for charitable organizations.

Question 2. *What are the direct and indirect benefits of PSLF for America's public service workforce, including the effects of PSLF on individual borrowers, on the labor market, on communities, and on the populations served by public service workers?*

¹ [Nonprofit Impact Matters](#), National Council of Nonprofits, Fall 2019.

² [COVID-19 Jobs Update August 2021](#), Johns Hopkins University Center for Civil Society Studies, Sept. 13, 2021.

The Relief of Financial Stress on Nonprofit Professionals Allows for a Higher Work Performance and Greater Organizational Impact.

PSLF specifically allows for workers to reduce financial stress associated with student debt while encouraging them to perform meaningful work with mission-driven charitable organizations. As the nation's largest network of charitable nonprofits, we cannot overstate the importance and benefits of the PSLF to communities and populations served by nonprofit workers. Our [Nonprofit Impact Matters](#) report provides practical insights and key national- and state-level data on the ways charitable nonprofits – and the employees working at those organizations – enrich the lives of everyone. While the entire report is worth reading, the public service nature of the nonprofit community that is relevant to the Department's request for information is summed up here:

Most nonprofits are small and community-based, serving local needs. Nonprofits employ more than 10 percent of America's private workforce – more jobs than in manufacturing, construction, or finance. America's 1.3 million charitable nonprofits feed, heal, shelter, educate, inspire, enlighten, and nurture people of every age, gender, race, and socioeconomic status, from coast to coast, border to border, and beyond. They foster civic engagement and leadership, drive economic growth, and strengthen the fabric of our communities. Every single day.

Nonprofit professionals depending on PSLF have committed to serving their communities for at least ten years. During this tenure, financial strain can cause nonprofit workers to question whether the typically lower salaries are worth staying at a job and mission in which they are committed. A recent study by AIG Retirement Services found that 66 percent of public service employees cite student loans and payments as the top cause of financial stress and 42 percent of respondents “describe their financial stress level as moderate or high.”³ However, the promise of loan forgiveness after ten years allows those same workers to remain dedicated to their jobs without the same financial fears. The study concludes, “Debt forgiveness can relieve stress, which can reduce absenteeism, improve productivity, strengthen talent retention, and yield meaningful savings for employers.” Ultimately, the communities those nonprofit workers serve receive both the direct and indirect benefits of committed nonprofit workers not distracted by the burdens of student debt.

Question 3. *Does PSLF provide a strong incentive for borrowers to engage in public service work? How are public service workers' employment decisions affected by their debt and by PSLF?*

PSLF Helps Attract and Retain Nonprofit Workers, including Workers with Student Debt.

PSLF is vital to the wellbeing of the nonprofit sector. Full time employees of nonprofit 501(c)(3) organizations, AmeriCorps and Peace Corp workers, and some other public service organization employees with certain types of student loans can receive forgiveness of outstanding debt after working full time and making payments for ten years under the PSLF program. Of the borrowers who have submitted and had employment certification forms approved, nearly two-out-of-five borrowers (38 percent) work at 501(c)(3) nonprofit organizations, according to FedLoan Servicing.

PSLF helps attract talent to charitable organizations, 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. Access to student debt relief during career decision-making provides potential hires additional incentives to work at charitable nonprofits despite possible higher financial enticements elsewhere, particularly in the for-profit sector. PSLF helps close the financial gap between the charitable nonprofit and for-profit sectors and allows charitable nonprofits to compete for top talent rather than be portrayed as employers of last resort. The ability to receive full

³ [Student Loan Debt and Public Service Employees](#), AIG Retirement Services, 2021.

forgiveness after ten years in the charitable nonprofit sector creates an incentive for workers to remain in the sector regardless of potential recruitment for higher wages elsewhere.

Question 7. *What barriers prevent public service workers with student debt from pursuing PSLF or receiving loan forgiveness under PSLF?*

Several Barriers Exist and Must Be Removed to Promote and Ensure Forgiveness After Meeting Requirements for PSLF.

PSLF exists to allow charitable nonprofit professionals to pursue careers in public service even if they have student debt. It also allows charitable nonprofits to advertise for workers to serve in every community, especially in times of crisis like the current coronavirus pandemic. We need a program that works to meet the needs for our communities and for those with student debt who rely on the program. Accordingly, we urge the Department to take steps to remove the barriers that prevent many charitable nonprofit workers from obtaining forgiveness and to improve the integrity of PSLF.

Current PSLF regulations are often implemented narrowly and in arbitrary manners. The Department should issue revised regulations that are consistent with Congress' intent to establish PSLF as a broad-based program for service and loan forgiveness. This can be done by amending existing regulations to provide the following protections:

1. **Establish a fair, consistent, and transparent process to determine whether a borrower meets the eligibility requirements;**
2. **Increase oversight of loan servicing entities;**
3. **Ensure that servicers other than FedLoan Servicing are not steering borrowers away from enrolling in PSLF; and**
4. **Provide detailed information and personalized assistance to borrowers submitting certification.**

Question 12. *What steps can the Department take to improve borrowers' experiences in applying for PSLF?*

High Level Changes to PSLF Program Requirements Are Available Immediately.

We recommend that the Department exercise its existing authority to make the following immediate fixes:

1. **Raise the profile of the PSLF program to encourage participation through communications and other outreach activities (see responses to Questions 9, 10, and 14, below);**
2. **Provide transparency to borrowers around employment certification denials;**
3. **Establish a straight-forward appeals process that all borrowers and organizations can access when a public service organization is rejected;**
4. **Publish a registry of certified public service organizations; and**
5. **Streamline electronic processes for borrowers.⁴**

Questions 9. *How can communications about PSLF requirements be improved?; 10.* *What are the common questions that borrowers have about PSLF?; 14.* *What can the Department do to better partner with employers to ensure that all borrowers know about the benefits of PSLF?*

⁴ See [Public Service Loan Forgiveness: What You Need to Know Now](#), Aoife Delargy Lowe, National Council of Nonprofits blog, Apr. 12, 2021.

Increase Public Awareness and Access to PSLF Beyond Loan Service Providers in Order to Provide the Needed Communications and Support for Borrowers.

The National Council of Nonprofits routinely receives calls and other inquiries from the public on how to access loan forgiveness and the qualifications needed to apply and receive forgiveness. The most common inquiry comes from persons who are currently or have been employed at a 501(c)(3) and have “heard something about having their loans forgiven after working at a nonprofit for ten years.” The caller or inquirer usually does not know the name of the program, eligibility requirements, or application process for forgiveness. They often do not know that PSLF only applies to federal loans, requires specific repayment plans, and can only be approved after meeting the needed number of qualified payments.

When capacity allows, Council of Nonprofits staff seek to explain eligibility requirements; ask about employment, types of loans, and loan repayment programs; and provide information about loan service providers. While the [Federal Student Aid](#) portal, [MyFedLoanServicing](#) dashboard, [PSLF Help Tool](#) provide some information, prospective PSLF recipients are often denied the needed information on their specific status and process from their loan service providers. The Council of Nonprofits encourages the Department to launch a high-visibility awareness campaign of the eligibility requirements and process to obtain forgiveness, as well as provide additional information beyond sending the callers to their loan service provider. We recommend that the Department designate an identified representative to whom individuals can inquire about their specific status and provide the customer service needed for charitable nonprofit workers.

The National Council of Nonprofit network provides regular updates on PSLF to its member state associations and in its newsletters. However, the Department is in the best position to publish one-pagers, FAQs, streamlined electronic processes, and access to personalized assistance from the Department that can provide transparent and clear explanations of access, status, and processes for forgiveness.

Question 15. *How has the COVID-19 pandemic affected borrowers’ ability to access PSLF?*

Many Nonprofit Workers Lost Their Jobs During the Pandemic and Can No Longer Count Non-Payments Towards Forgiveness.

As stated at the outset, prior to the pandemic, nonprofits employed more than 12.3 million workers -- 10 percent of America’s private workforce. During the pandemic, tens of millions more Americans than usual turned to charitable organizations for help -- and nonprofits delivered. Yet resources declined for tens of thousands of nonprofits, resulting in the loss of more than 550,000 nonprofit jobs.⁵ As the pandemic continues, employment numbers at nonprofits have not recovered the same as other sectors of the workforce.

The National Council of Nonprofits strongly recommends that the Department of Education waive the full-time employment criteria during the pandemic. While borrowers were automatically placed into forbearance with 0% interest rates through January 31, 2022, and the time in forbearance is considered counting as payments towards the minimum requirements for forgiveness, the borrower must have continued to be employed full time at a qualifying employer.⁶ Many nonprofits had to lay off workers due to the pandemic at no fault of the worker. While laid off from work, these nonprofit workers who were seeking to earn their forgiveness under PSLF became ineligible for the benefit of

⁵ [COVID-19 Jobs Update August 2021](#), Johns Hopkins University Center for Civil Society Studies, Sept. 13, 2021.

⁶ [Coronavirus Info for Students, Borrowers, and Parents](#), Federal Student Aid.

the forbearance counting as payments for forgiveness. They lost valuable time in their ten-year requirement while unemployed, often despite a strong desire to remain employed and serve their communities. As nonprofits were able to rehire, many made a point of bringing back previously laid-off staff. Those nonprofit workers should not now be penalized.

Thank you for publishing this request for information. As the largest network of charitable nonprofits, we stand ready to work with the Department to preserve, support, and strengthen the Public Service Loan Forgiveness program. Please let us know if you have any questions.

Sincerely,



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