Public Service Loan Forgiveness Messaging Framework

This resource, developed by Independent Sector, provides key talking points that nonprofit employers can use to educate PSLF stakeholders. Additional resources to support your outreach and education efforts can be accessed here.

Why PSLF Matters for Nonprofits?

- The Public Service Loan Forgiveness Program (PSLF) was created by Congress in 2007 as an incentive to provide debt relief for federal student loan borrowers who work in public service. The PSLF Program not only helps to close the wage gap between the nonprofit and private sectors but has also served as a vital tool in helping the nonprofit sector attract, retain, and invest in top talent.
- The scope and impact of the program's mismanagement has had profound consequences for eligible borrowers nationwide, leaving millions denied or delayed access to forgiveness. A report commissioned by the Government Accountability Office (GAO) concluded that only 1.34% of PSLF applications that have been deemed eligible for forgiveness were approved prior to the program overhaul in 2021.
- On October 6, 2021, the Department of Education announced a temporary waiver that relaxed some of the requirements around which student loan payments can be counted toward loan forgiveness. The temporary waiver allows borrowers to receive credit for past loan payment periods that did not otherwise qualify for the PSLF program.

#PSLF Works

- Thanks to a series of **temporary changes** to the Public Service Loan Forgiveness program, more than $11 billion in debt has been forgiven in the past two years. These changes give borrowers a chance to correct past errors and claim credit for past loan payments—and some periods of deferral or forbearance—that would not otherwise count toward loan forgiveness. This includes payments from all

federal loan programs or repayment plans, including those that were not previously eligible.
- This process is not automatic, and this waiver is only in effect through October 31, 2022. To benefit from this waiver, all borrowers must certify any period of qualifying government or nonprofit employment by this deadline by filing a PSLF Form.

What's at Stake?

- There is much work to be done to help nonprofit employees access their right to relief. Nonprofits must leverage the tools and resources at our disposal to ensure our stakeholders are aware, engaged, and informed about the requisite actions nonprofit employers and staff must take to become eligible for PSLF or TEPSLF before the upcoming deadline.
- Despite the impressive size and impact of the nonprofit workforce, only a small portion of eligible public service workers have taken advantage of the benefits provided by the temporary program. Research compiled by the Department of Education confirmed that approximately 175,000 borrowers have qualified for forgiveness under the PSLF limited waiver as of mid-July 2022. Of this amount, nonprofit institutions comprise only 37.7 percent of the completed and processed certification forms.
- Immediate action is needed to resolve widespread misinformation and confusion. To achieve this, PSLF stakeholders must hear this guidance clearly and repeatedly from trusted partners and credible messengers. By raising our voices collectively and in coordination, nonprofits can help to ensure that the long-awaited promise of relief is not further delayed or denied.

Temporary & Expanded Benefits

- Now, for a limited time, qualifying nonprofit employees with federal student loans can have their remaining loan balance forgiven tax-free after making 120 qualifying loan payments during periods for which borrowers certify eligible employment. As a result of the program expansion, several thousand borrowers with older loans will also receive forgiveness through Income-Driven Repayment Plans (IDR). Additionally, payments on FFEL and Perkins loans, late payments and payments made on any repayment plan will retroactively count as qualifying payments under the waiver if the loans were not in deferment, forbearance, or default.

- The Department's review of IDR payment-tracking procedures identified significant flaws that suggest patterns of exclusion that impede IDR forgiveness. To resolve this, Federal Student Aid (FSA) will issue new guidance to student loan servicers to ensure accurate and uniform payment counting practices and will track payment counts in its own modernized data systems beginning in 2023.
- The Department of Education will also conduct a "One-Time Account Adjustment" of IDR-qualifying payments for all Direct Student Loans and Federal Family Education Loans. Any months in which borrowers made payments will count toward IDR, regardless of repayment plan. Payments made prior to consolidation on consolidated loans will also be credited.

Equity Impact

- To date, an estimated one in six borrowers with federally managed student debt is in default. As a result, nearly eight million households have incurred the consequences of default and delinquency, including collection fees, wage garnishment, withholding federal benefits and tax refunds, exclusion from the Earned Income Tax Credit and Child Tax Credit, credit score reduction, and more.
- Mitigating the impact of default and delinquency can help to address longstanding disparities that continue to plague our nation's most vulnerable communities. To achieve this, policymakers included a provision in the recent moratorium extension that will expand access to the program and allow borrowers with paused loans to receive a 'fresh start' on repayment and reenter the program in good standing.

What PSLF Stakeholders Should Know

- Acknowledging the October 31st deadline, borrowers should confirm their qualifying employment even if they have not yet received confirmation of their loan consolidation. Borrowers with only Direct loans who have already certified their entire employment history do not need to recertify or take any additional steps. PSLF stakeholders can use the Department of Education's employer search tool determine if their employer qualifies for PSLF. Guidance on how PSLF stakeholders can complete the waiver can be accessed here.

- Under the temporary waiver, payments made on non-Direct loans, such as Federal Family Education (FFEL) Program loans or Perkins loans, can also be counted toward loan forgiveness. However, borrowers must convert their loan to a Direct Consolidation Loan through a process called consolidation for non-Direct loans payments to qualify for PSLF and for the waiver.
- Periods of repayment on loans before consolidation will count towards120 PSLF payments for borrowers who consolidate their loans by October 31, 2022. Currently, Parent PLUS Loans are not eligible to benefit from the waiver, unless they are consolidated with a non-Parent PLUS Loan. While consolidating your loans before the October 31st deadline will not restart the barrower's PSLF payment count, consolidating after the waiver expires could result in restarting one's PSLF payment count.
- While the Department of Education will grant credit toward PSLF for certain time spent in forbearance and deferment, only certain periods of forbearance will count. Forbearance periods of 12 consecutive months or greater, or 36 cumulative months or greater, will count towards loan forgiveness automatically.
- Eligible borrowers will also receive certain periods of deferments. However, credit will be provided for in-school deferments. Months spent in deferment before 2013 will count towards PSLF automatically. Months in Economic Hardship Deferment on or after January 1, 2013, will also count towards PSLF.
- To receive credit for other periods of forbearance (shorter than 12 consecutive months and not more than 36 cumulative months) or deferment (later than 2013), barrowers can submit a complaint to the Department of Education requesting credit.
- Borrowers who currently have Direct Loans do not have to take any action to receive these credits unless they are seeking time for additional forbearance or deferment that require you to file a complaint. Borrowers with additional loan types must consolidate them into a Direct Consolidation Loan by the October 31 deadline to receive these credits. Credit for these periods of forbearance and deferment will be applied to borrowers' accounts beginning in fall 2022. Borrowers may not see the credit applied until after the waiver deadline of October 31, 2022.

This guidance was issued by U.S. Department of Education Office of Federal Student Aid. This resource should be used general guidance only. For more information use the PSLF Help Tool .