



Protect Public Service Loan Forgiveness for Nonprofits

The Public Service Loan Forgiveness (PSLF) program allows borrowers working in public service careers—such as nurses, educators, social workers, and employees of 501(c)(3) nonprofits—to receive student loan forgiveness after 120 qualifying monthly payments over a minimum of 10 years. PSLF serves as an invaluable recruitment and retention tool for nonprofit employers, providing student debt relief to over one million borrowers since its creation in 2007 under President George W. Bush.¹

- Last year, a rule was proposed (90 Fed. Reg. 48966 (Oct. 31, 2025)) to give the Secretary of Education discretion to exclude certain 501(c)(3)'s from PSLF eligibility if they are deemed to have a “substantial illegal purpose”. This new rule is scheduled to take effect July 1, 2026 although it faces multiple challenges in court.
- This definition is vague, redundant, and risks inconsistent enforcement. Additionally, the Internal Revenue Service (IRS) already has robust mechanisms in place to enforce nonprofit compliance with legal and charitable requirements, ensuring accountability and transparency.
- The intent of Congress was clear. All 501(c)(3) organizations in good standing with the IRS are eligible employers, and the rule would undermine this longstanding nonpartisan framework.

Legislative Response

Sens. Tim Kaine (D-VA), Kirsten Gillibrand (D-NY), and Cory Booker (D-NJ) and Reps. Joe Courtney (D-CT), Alma Adams (D-NC), and Scott Peters (D-CA) have introduced Congressional Review Act joint resolutions (S.J.Res. 182/H.J.Res. 155) to block this rule from taking effect. Stopping this rule preserves clear, consistent PSLF eligibility, protects nonprofit independence from political interference, and maintains nonpartisan administration of longstanding federal law.

Bottom Line

PSLF must remain predictable, fair, and nonpartisan. Protecting clear eligibility standards is essential to sustaining a strong public service workforce and an independent nonprofit sector.

Independent Sector urges you to cosponsor and support passage of this resolution.

¹ FACT SHEET: President Biden Announces Over 1 Million Public Service Workers Have Received Student Debt Cancellation Under the Biden-Harris Administration. The American Presidency Project.
<https://www.presidency.ucsb.edu/documents/fact-sheet-president-biden-announces-over-1-million-public-service-workers-have-received#:~:text=Today%2C%20President%20Biden%20announced%20an,million%20borrowers%20through%20various%20actions.>