

A program that encourages employment in the public sector, including at charitable nonprofits, is at risk of elimination in the higher education reauthorization legislation. The Public Service Loan Forgiveness Program (PSLF) enacted in 2007 cancels the sometimes crippling student loan debt of individuals who work in public service jobs for ten years and make regular payments on their loans. Congress needs to protect the program by removing repeal language from the House version of the PROSPER Act.

Who Benefits from PSLF? All of Us

The public depends on charitable nonprofits to address critical local needs. Nonprofits, in turn, rely on qualified employees to serve their communities. The PSLF program helps nonprofits attract and maintain hard working, highly qualified employees dedicated to critical services aiding the public interest in every community in the country. Through the PSLF program, individuals working at nonprofits and in governments are able to cancel their student loan debt after working in public service for ten years and making regular payments on their loans.

More than 42 million people nationwide have education loans totaling more than \$1.3 trillion in student debt. The PSLF program helps attract talent to the public sector, 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. Employees of nonprofit 501(c)(3) organizations, government employees, AmeriCorps and Peace Corp workers, and other public service employees with certain types of student loans can qualify under the program. Of the borrowers who have submitted and been certified for future loan forgiveness, **nearly two out of five (38 percent) work at 501(c)(3) nonprofit organizations.** The remaining 62 percent work in government.¹

The program particularly aids employees who need post-graduate education to perform their jobs, but may be tempted to work in the for-profit sector with potential for much higher salaries to pay for their high debt. Other critical public sector employees also benefit under the program, such as police officers, firefighters, social workers, teachers, prosecutors, nurses, military personnel, veterinarians, and rural health workers.²

Loan Forgiveness Does Not Mean Free

Borrowers may apply for forgiveness on remaining balances of eligible Federal Direct Loans only after they have worked full-time in a qualifying public service position (a government or 501(c)(3) organization) while making 120 full, on-time monthly loan payments. To benefit from the program, borrowers must first repay part of their loans by paying at least ten percent of their discretionary

Preserving Public Service Loan Forgiveness (PSLF) Oppose the PROSPER Act (H.R. 4508)

What is Public Service Loan Forgiveness?

- PSLF is a critical program that enables employers dedicated to the public good, including charitable nonprofits, to attract and retain talent who would otherwise work in the for-profit sector to pay off crippling student debt.
- Workers who commit to working in public service jobs for ten years and remain current in their payments are able to cancel the remaining unpaid loan debt under the program.

incomes, for those 120 months through a qualifying repayment plan. After ten years, the average graduate and professional student borrower will have repaid 91 percent of the amount they initially borrowed, and the balance forgiven will be mostly interest.³

While borrowers could apply for forgiveness beginning October 2017, very few have received forgiveness due to confusing processes and other challenges. The omnibus spending bill for FY18 provided an additional \$350 million to rectify and simplify some of these problems.

The PROSPER Act Eliminates PSLF

PSLF was created under the bipartisan College Cost Reduction and Access Act of 2007. Now federal legislation to reauthorize the Higher Education Act, titled the Promoting Real Opportunity Success and Prosperity through Education Reform (PROSPER) Act (H.R. 4508), would eliminate PSLF for future borrowers. If passed, the legislation would not impact nonprofit workers currently enrolled in the program.

The Ask

Will you work to preserve the Public Service Loan Forgiveness Program by removing it from the PROSPER Act and ensuring it is not eliminated in any other legislation?

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Learn more about this and other policy issues by subscribing to the National Council of Nonprofits' free biweekly newsletter *Nonprofit Advocacy Matters*: www.councilofnonprofits/connect.

1. Based on research by Edgeworth Economics and Analysis Group for Equal Justice Works, www.equaljusticeworks.org.

2. See PSLF Myths Fact Sheet, The Coalition to Preserve PSLF, www.preservepslf.com/facts-and-resources.

3. Based on research by Edgeworth Economics and Analysis Group for Equal Justice Works, www.equaljusticeworks.org.