



Public Service Loan Forgiveness

Comparison of Key Provisions in Final Regulations

[Institutional Eligibility Under the Higher Education Act of 1965, as Amended; Student Assistance General Provisions, Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program](#)

ED-2021-OPE-0077

Fed. Reg. Publication Date: Nov. 1, 2022

Effective Date: July 1, 2023

CHART UPDATED Nov. 9, 2022

ISSUE	FINAL REGULATION	OLD LAW	IMPACT ON CHARITABLE NONPROFITS AND EMPLOYEES	OTHER
Qualifying Employer	Includes additional categories for non-501(c)(3) organizations that provide public services: <ul style="list-style-type: none"> • Emergency Management • Civilian Service to Military Personnel and Military Families • Public Safety • Law Enforcement • Public Interest Law Services • Early Childhood Education • Public Service for Individuals with Disabilities • Public Service for the Elderly • Public Health (see below) • Public Education Services • Public Library Services 	A Borrower had to be employed in a “public service organization”: <ul style="list-style-type: none"> • Federal, State, local, and Tribal Government Agencies • 501(c)(3) Charitable Nonprofits • Peace Corps and AmeriCorps volunteers • Other organizations that are not for-profit businesses, labor unions, or partisan political organizations 	None 501(c)(3) Charitable nonprofits continue to be considered eligible qualifying employers.	Some ancillary organizations that partner with nonprofits may become eligible employers.

	<ul style="list-style-type: none"> • School Library • Other School-Based Services • Some Charter Schools <p>Includes certain public health occupations:</p> <ul style="list-style-type: none"> • Physician • Nurse Practitioner • Nurse in a Clinical Setting • Health Care Practitioner • Health Care Support • Counselor • Social Worker • Other Community and Social Service Specialist <p>Includes additional jobs:</p> <ul style="list-style-type: none"> • Public Interest Attorney working for an organization funded in whole or in part by a government 			
<p>Full-Time</p>	<p>Changes the definition of “full-time” to allow for working:</p> <ul style="list-style-type: none"> • At least 30 hours per week on average at one or more qualified employers OR • At least 30 hours per week throughout a contractual or employment period of at least 8 months in a 12-month period OR • The equivalent of 30 hours per week determined by a formula for non-tenure track employment at an institution of higher education 	<p>“Full-Time” was defined as the employer’s definition of full-time or at least 30 hours per week, whichever is greater.</p>	<p>Borrowers who work at least 30 hours per week at a charitable nonprofit, even if that nonprofit defines full-time as 40 hours per week, now qualify as Full-Time for loan forgiveness.</p>	

<p>Contractors</p>	<p>Borrowers working as a contracted worker for a qualifying employer, including 501(c)(3) charitable nonprofits, that cannot be filled or provided by a direct employee of the qualified employer because of state law may qualify for PSLF.</p>	<p>Certain borrowers who work with qualifying employers either directly through a contract or indirectly as an employee of an organization contracting with the qualifying employer were not eligible for PSLF.</p>	<p>In the future, nonprofit contracting with other partners or who hire contract workers to perform some services for their missions may be permitted to certify those contract workers as eligible under PSLF in the future.</p>	<p>NCN advocates for clear, simple reporting requirements similar to the current certification requirements for employees.</p> <p>Certification requirements could include reporting number of hours worked and that the services performed by the contractor helps advance the organization's mission.</p>
<p>Payments</p>	<p>Allows for lump-sum payments by borrowers equal to or greater than the full scheduled amount, up to the total amount for the period of months prior to the next recertification date.</p> <p>Allows for advance monthly payments equal to or greater than the full scheduled amount.</p> <p>Allows certain loan consolidations to count towards PSLF.</p>	<ul style="list-style-type: none"> • A Borrower must make 120 monthly payments within 15 days of the scheduled due date • The payments do not need to be consecutive 	<p>Nonprofit workers may be able to count additional previous payments towards forgiveness. Workers may make a lump sum payment and/or advance payments to earn forgiveness earlier than expected.</p> <p>Borrowers could “pay back” monthly payments via a lump sum for prior periods during deferment or forbearance.</p>	<p>Borrowers should use the PSLF Help Tool and recertify previous payments and employment.</p>
<p>Deferment and Forbearance</p>	<p>Borrowers who spent 12 or more consecutive months in forbearance or a cumulative total of 36 or more months of forbearance will be credited toward PSLF if they certify qualifying employment.</p>	<p>Periods of deferment or forbearance did not count towards PSLF.</p>	<p>Nonprofit workers may be able to count towards forgiveness additional previous non-payments during deferment or forbearance</p>	<p>Borrowers should use the PSLF Help Tool and recertify previous payments and employment.</p>

	<p>Certain periods of deferment or forbearance may count towards PSLF if the Borrower meets other eligibility requirements.</p> <ul style="list-style-type: none"> • Cancer Treatment • Economic Hardship • Military Service • Post-Active-Duty Student • AmeriCorps • National Guard • Administrative or Mandatory Administrative <p>Would allow for a hold harmless period for Borrowers who were working for a qualifying employer during periods of deferment or forbearance.</p>		<p>Some Borrowers were automatically put into deferment or forbearance due to their circumstances despite not choosing to do so.</p> <p>Nonprofit workers may have qualified for payments as low as \$0 per month but were instead put into deferment or forbearance by their own choice or automatically by the administrators. This period may be eligible to be counted towards forgiveness.</p> <p>Borrowers can “pay back” monthly payments via a lump sum for prior periods during deferment or forbearance.</p>	
Default (New)	<p>Furtheres the Fresh Start Initiative that allows Borrowers in default to get out of default and regain potential eligibility for PSLF.</p>	<p>Periods of default did not count towards forgiveness.</p>	<p>Nonprofit workers in default may regain eligibility for PSLF.</p>	
Reconsideration	<p>Borrowers denied forgiveness between Oct. 1, 2017 and July 1, 2023 will have 180 days from the effective date of July 1, 2023 to request reconsideration.</p>	<p>No provision in previous law.</p>	<p>Nonprofit workers may request reconsideration for denied applications or previous payments that were not counted towards forgiveness and thus may earn forgiveness earlier than expected.</p>	<p>The Department is currently considering an electronic reconsideration process.</p>

	<p>Creates process for reconsideration by:</p> <ul style="list-style-type: none"> • Streamlining multiple regulatory requirements • Establishing a new federal standard for initial adjudication • Clarifying defense claims for borrowers • Clarifying conduct that could result in approval of defense claims <p>Clarifies how discharge amounts will be determined by:</p> <ul style="list-style-type: none"> • Establishing a rebuttable presumption of full discharge • Designing a structured process for reconsideration <p>Allows for reconsideration of periods of deferment or forbearance for:</p> <ul style="list-style-type: none"> • Additional payments • Periods where the Borrower would have qualified for a payment of \$0 			
Automation	<p>Authorizes counting of payments and forgiveness on eligible loans without an application when sufficient information is provided to determine eligibility. If eligible, the Department would notify the Borrower.</p>	<p>No provision in previous law.</p>	<p>Automation may greatly reduce the burden and paperwork requirements on Borrowers.</p>	<p>The Department currently manually reviews applications. Automation would alleviate government burden and streamline forgiveness for Borrowers.</p>
Interest Capitalization	<p>Prospectively eliminates interest capitalization where it is not required by statute. No interest capitalization would occur when:</p> <ul style="list-style-type: none"> • Borrower enters repayment • Forbearance period expires 	<p>The Department explains: “Interest capitalization occurs when any accrued, unpaid interest is added to the principal loan amount of a Federal student loan, further</p>	<p>Elimination of interest capitalization decreases the amount owed by a Borrower and in some cases lowers monthly payment amounts.</p>	<p>Interest capitalization will still occur when:</p> <ul style="list-style-type: none"> • Borrower exits deferment on certain loans

	<ul style="list-style-type: none"> • Periods of negative amortization under certain repayment plans • Default • Borrower fails to recertify income under certain repayment plans 	<p>increasing the outstanding principal balance. Interest is then charged on the higher principal balance, and the overall cost of repaying the loan increases.”</p> <p>Interest capitalization is triggered by certain events determined by the Department.</p>		<ul style="list-style-type: none"> • Under an income-based repayment (IBR) plan and determined to no longer have a partial financial hardship <p>The elimination of interest capitalization is not retroactive.</p>
Consolidation (New)	Borrowers will receive a weighted average of the payments the borrower made on the Direct Loan prior to consolidating.	Treatment of qualifying payments after loan consolidation was unclear under prior regulations.	Nonprofit workers who consolidated their loans may be able to count more payments towards forgiveness.	