



Office of Postsecondary Education, U.S. Department of Education

Re: 34 CFR Part 685 [Docket ID ED-2025-OPE-0016]

We – the student loan ombudspersons and advocates of Oregon, California, Connecticut and Washington, appreciate the opportunity to respond to the U.S. Department of Education's (ED) notice of proposed rulemaking regarding the Public Service Loan Forgiveness (PSLF) program.

Comments:

We do not support ED's notice of proposed rulemaking regarding the PSLF program. We do not see a need for PSLF rulemaking at this time and view the changes as an unnecessary obstacle to public servants pursuing forgiveness under the long-standing program. Past PSLF rulemakings solved known issues affecting borrowers, whereas these proposed regulations would result in burdensome and redundant administrative processes. We oppose the proposed regulation as it will limit access to PSLF, ultimately harming borrowers.

The "Summary" section of the notice indicates the intent of the proposed rule is to provide protection to taxpayers,¹ but it fails to acknowledge that federal student loan borrowers and their families are taxpayers as well. Legal tax status is required to apply for federal student aid,² and ED does not make loans to people without legal status. Undermining IRS and law enforcement discretion, by including or excluding certain entities based on something other than tax status, does not protect taxpayers; it further diffuses accountability. Public servants are U.S. taxpayers who often make major life decisions based on the benefits provided by PSLF. The proposed rules disregard their personal sacrifices for the public good and will unfairly block taxpaying public service workers from achieving PSLF forgiveness.

The notice's "Summary of the Major Provisions of This Regulatory Action" section (II) states: "For the Department, the rule introduces new administrative responsibilities. These include reviewing court judgments and plea agreements for evidence of employer misconduct, issuing determinations, notifying borrowers of status changes, and overseeing corrective action plans. While these tasks will require the investment of staff time and system resources, the use of existing standards – such as definitions grounded in federal law and doctrines adopted by other agencies – will allow the Department to administer the regulations with efficiency and consistency."³

As of March 2025, ED has reduced its staff by half,⁴ and the proposed rule makes no mention of how the additional work would be handled with so few staff members. Implementing any of the proposed changes will further exacerbate ED's challenges in ensuring that eligible public service workers receive timely forgiveness.⁵

¹ <https://www.federalregister.gov/d/2025-15665/p-3>

² [Eligibility Requirements | Federal Student Aid](#)

³ <https://www.federalregister.gov/d/2025-15665/p-24>

⁴ [U.S. Department of Education Initiates Reduction in Force | U.S. Department of Education](#)

⁵ [Student Loan Forgiveness Application Backlog Gets Even Worse](#)

As stated in the notice's "Background" section (IV), PSLF was established by an act of Congress in 2007.⁶ PSLF rulemaking has been done in the intervening years to correct technical issues in the program. While the IRS can and does exercise discretion via the "illegality doctrine," ED does not have the staff, expertise, or resources to make determinations about public health, social services, and criminal law. If the IRS decides an organization meets the "illegality" standard, it revokes the organization's 501(c)3 status. An additional layer of scrutiny by ED is redundant.

Next, according to the "Public Participation" section (VI), the department received robust feedback during the comment-and-notice period disagreeing with the proposed changes, and no consensus was reached during negotiation.⁷ Considering the final proposed language, input by the commenters and negotiators does not appear to have been incorporated in any substantial way. Instead, the proposed final rule reads similarly to the PSLF executive order.⁸

In the "Significant Proposed Regulations" section (VII), ED proposes adding 13 definitions⁹ to the 23 currently defined terms under 34 CFR 685.219 (b). A total of 36 definitions for one program results in an unnecessary level of difficulty for those pursuing PSLF. Changing the definition of "Qualifying Employer" to one that includes an additional layer of scrutiny will make the program again less accessible to eligible taxpayers. Furthermore, adding 13 definitions is likely to require more time from both the employee and the employer to understand and complete the process. This is contrary to the Paperwork Reduction Act of 1995 subsection statement that "[w]e do not believe the proposed changes will significantly change the amount of time currently assessed for the borrower to complete the form."¹⁰

The rule proposes to change the definition of a "Qualifying Employer" to include "organizations that engage in activities that have a substantial illegal purpose."¹¹ This assumes that some 501(c)(3)s or public organizations are currently engaged in illegal activities. If this were the case, the IRS, law enforcement, and regulatory agencies would likely have already stepped in to end such activity by removing the organization's nonprofit or tax exempt status, or by dismantling the organization. ED proposes to duplicate these processes, in a function outside of its statutory mandate.¹²

The "Qualifying Employer" definitional change section of the proposed rule states: "Department is concerned that the PSLF program has sent tax dollars to employees of organizations that are engaged in activities that are illegal, thereby subsidizing their employment."¹³ This wording appears to represent a lack of understanding how public servants receive the benefits of the PSLF program. Funds are not sent directly to organizations, nor to the public servant themselves – rather, the remaining balance is canceled after 10 years of qualifying payments. This incentivizes public servants to make on-time monthly payments, which decreases default rates. At the same time, due to the process of negative amortization, the forgiven balances are often made up entirely of interest charged on interest, with the principal long since repaid to the

⁶ <https://www.federalregister.gov/d/2025-15665/p-41>

⁷ <https://www.federalregister.gov/d/2025-15665/p-90>

⁸ [Restoring Public Service Loan Forgiveness – The White House](#)

⁹ <https://www.federalregister.gov/d/2025-15665/p-92>

¹⁰ <https://www.federalregister.gov/d/2025-15665/p-295>

¹¹ <https://www.federalregister.gov/d/2025-15665/p-136>

¹² [eCFR: 34 CFR 685.219 – Public Service Loan Forgiveness Program \(PSLF\)](#)

¹³ <https://www.federalregister.gov/d/2025-15665/p-139>

government. In other words, tax dollars are never sent to employees or employers but applied mainly toward interest accrued while the public servant fulfills their 10-year obligation.

The “Discussion of Costs and Benefits” subsection of the “Regulatory Impact Analysis section (X)” states: “One of the immediate costs associated with these regulatory changes will be the need for the Department to update its systems, train staff, and implement new compliance and monitoring processes. The Department will need to track and verify employer eligibility more rigorously, and it will also need to enhance communication systems to notify employers and borrowers of any changes to their status in the PSLF program. These changes will require new investments in staffing, technology upgrades, and outreach programs.”¹⁴

The proposal estimates the cost at \$1.5 million to \$3 million. Allocating \$3 million in administrative costs to reduce an already small program would be poor stewardship of public funds. Instead, a better investment in the PSLF program would be more money spent addressing current backlogs, enhancing customer service staffing, and providing systems updates needed to comply with existing rules.

Further, the “Methodology for Budgetary Impact” subsection of the “Regulatory Impact Analysis” section (X)” states: “As we expect the proposed regulations to have more of a deterrent effect reducing the likelihood of qualifying employers engaging in illegal activities and borrowers have the option of shifting employers to complete their 120 months of qualifying payments even if on a delayed basis, we do not expect a significant reduction in the percentage of borrowers achieving PSLF forgiveness.”¹⁵ Which, if correct, implies the \$1.5 million to \$3 million would not result in a substantially lower cost of operating the program. In addition, ED is oversimplifying borrowers’ ability to shift employers. For example, this rule would disproportionately affect borrowers living in rural communities, where employment opportunities in the public sector may be limited.

Overall, the above-listed state ombudspersons and advocates oppose any regulations that seek to narrow the definition of a “Qualifying Employer” for the purpose of determining PSLF eligibility. PSLF rulemaking on employer eligibility is not needed at this time. Added definitions lead to unnecessary complexity, will cause confusion, and harm borrowers eligible for the program. Eligible employers must already have a specific tax or government status that is not available to criminal organizations; any concerns can be addressed by the courts and IRS.

Thank you for your attention to this area. The state ombudspersons and advocates appreciate the opportunity to comment on this important rulemaking.

Sincerely,

Lane Thompson

Lane Thompson
Student Loan Ombuds
Oregon Division of Financial Regulation

¹⁴ <https://www.federalregister.gov/d/2025-15665/p-251>

¹⁵ <https://www.federalregister.gov/d/2025-15665/p-283>



Celina Damian
Student Loan Servicing Ombudsperson
CA Department of Financial Protection and Innovation



Michelle Jarvis-Lettman
Student Loan Ombudsperson
Connecticut Department of Banking



Amber Hay
PSLF Advocate
Washington Office of the Student Loan Advocate