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September 17, 2025

Secretary Linda McMahon
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Re: Docket ID ED-2025-OPE-0016, William D. Ford Federal Direct Loan (Direct Loan)
Program/Public Service Loan Forgiveness

Dear Secretary McMahon:

The Center for Responsible Lending (CRL) appreciates the opportunity to comment on the Department of Education's Notice of Proposed Rulemaking (NPRM) concerning the Public Service Loan Forgiveness (PSLF) Program. We thank the Department for its ongoing commitment to administering programs that are essential to student borrowers and their families, and for its efforts to ensure federal loan programs remain a pathway to economic mobility and civic engagement.

CRL is a nonprofit, nonpartisan research and policy organization dedicated to protecting homeownership and family wealth by working to eliminate abusive financial practices. Our research has consistently shown that student loan debt disproportionately burdens borrowers of color, women, and low-income communities, threatening their ability to build wealth and fully participate in civic life.¹ The Public Service Loan Forgiveness (PSLF) program has been a critical safeguard, ensuring that those who dedicate their careers to public service can do so without carrying a lifetime of unmanageable debt.

We join the [Student Borrower Protection Center \(SBPC\) and others in raising significant legal concerns](#) about the Department's proposed rule but write separately to emphasize how the proposed rule's vague and ambiguous standards would undermine program integrity, create a dangerous precedent for future administrations, and harm borrowers and the communities they serve.

¹ Addo, F. R., Houle, J. N., & Simon, D. (2016). Young, Black, and (still) in the red: Parental wealth, race, and student loan debt. *Race and Social Problems*, 8(1), 64–76.

Legal Concerns and Statutory Authority

Congress defined PSLF-qualifying employers when it created the program through the College Cost Reduction and Access Act of 2007.² The act defines “Qualifying Employer” to include any federal, state, local, or tribal government entity, inclusive of U.S. Armed Forces or National Guard, tribal colleges or universities, 501(c)(3) nonprofit organizations, and certain other employers that provide public services including child and family service agencies, public health, education and law enforcement, among others.³ The proposed rule, however, rather than “clarify[ing] the definition of qualifying employer,” limits it without authority. The proposed rule, if enacted, would grant the Secretary authority to exclude certain employers based on whether their activities are deemed to have a “substantial illegal purpose.” The categories of wrongdoing under “substantial illegal purpose” are loosely defined and leave too much room for interpretation and error, to the great detriment of borrowers. This new standard is legally ambiguous and endows discretionary power that Congress never authorized to the Secretary of Education.

Such ambiguity creates significant legal and policy risks. It invites inconsistent interpretation and establishes a precedent whereby future administrations could disqualify otherwise eligible employers for reasons unrelated to the statute’s plain text or congressional intent.⁴ This kind of overreach not only violates the framework Congress established, but also threatens to politicize the PSLF program in ways that would undermine its clear Congressional intent.

Program Stability and Borrower Equity

PSLF is a promise. For nearly two decades, borrowers have entered careers in government and nonprofit service with the understanding that Congress guaranteed loan forgiveness after ten years of qualifying work. Introducing vague standards erodes confidence in this promise. Borrowers should not have to worry that their eligibility depends on shifting administrative interpretations.

Moreover, these risks are not evenly distributed. Communities already burdened by student debt—including Black and Brown borrowers, women, and first-generation college graduates—

² 20 U.S.C. § 1087e(m)(3)(B)(i) (2007). College Cost Reduction and Access Act.

³ U.S. Department of Education. (2025). 34 C.F.R. § 685.219 - Public Service Loan Forgiveness Program. In *Code of Federal Regulations* (Title 34, Education). Retrieved September 9, 2025, from <https://www.ecfr.gov/current/title-34/subtitle-B/chapter-VI/part-685/subpart-B/section-685.219>.

⁴ Congressional Research Service. (2023). *Public Service Loan Forgiveness (PSLF): Program data and policy issues*. Washington, D.C.



stand to be most affected.⁵ Ambiguous eligibility rules may discourage nonprofit and government service, reduce access to critical public services, and undermine the civic participation PSLF was designed to encourage. Stable and transparent rules are essential to ensuring PSLF remains a reliable pathway to economic security for all borrowers, particularly those serving marginalized communities.

Recommendations

CRL urges the Department to withdraw the rule or re-engage in the negotiated rulemaking process to develop a proposed rule that aligns with Congressional intent. The Department should reaffirm Congress's clear statutory definition of PSLF-qualifying employers and ensure that PSLF remains a stable, transparent, and equitable program. Borrowers deserve certainty that the rules will not shift based on administrative discretion or political climate.

We thank the Department for its leadership and for the opportunity to comment on this important rulemaking. CRL remains committed to advancing policies that strengthen borrower protections, safeguard equitable access to higher education, and ensure that programs like PSLF operate as Congress intended. We welcome continued engagement with the Department on this critical issue.

Sincerely,

Center for Responsible Lending

⁵ Scott-Clayton, J. (2018). The looming student loan default crisis is worse than we thought. *Brookings Institution Report*.