

September 17, 2025

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

**RE: Docket ID ED-2025-OPE-0016**

Dear Secretary McMahon:

This comment responds to the Department's notice of proposed rulemaking<sup>1</sup> to amend the Public Service Loan Forgiveness (PSLF) regulations under 34 CFR 685.219 to "prevent taxpayer-funded PSLF benefits from being improperly provided to individuals who are employed by organizations that engage in activities that have a substantial illegal purpose."

1. Definition of "Illegal Discrimination"

The proposed regulations would add new definitions, including aiding or abetting, chemical castration or mutilation, child or children, foreign terrorist organizations, illegal discrimination, other Federal Immigration laws, substantial illegal purpose, surgical castration or mutilation, terrorism, trafficking, violating State law, and violence for the purpose of obstructing or influencing Federal Government policy.

The Department defines "illegal discrimination" as a violation of any Federal discrimination law, "including, but not limited to, the Civil Rights Act of 1964, Americans with Disabilities Act, and the Age Discrimination in Employment Act of 1967."<sup>2</sup> The inclusion of these statutes is good policy, but the phrase "but not limited to" grants overly broad discretion to the Secretary and risks politicization in future administrations.

The Department should consider removing the phrase "but not limited to," and adopting the following language:

"Illegal discrimination means a violation of any Federal discrimination law, including, the Civil Rights Act of 1964 (42 U.S.C. 1981 *et seq.*), Americans with Disabilities Act (42 U.S.C. 12101 *et seq.*), and the Age Discrimination in Employment Act of 1967 (29 U.S.C. 621 *et seq.*)."

2. Reinstatement of Employer Eligibility

The proposed regulations would also allow an employer that loses PSLF eligibility to regain status after (1) ten years from the date the Secretary determines the employer engaged in activities that have a substantial illegal purpose, or (2) after the Secretary approves a corrective action plan.

The Department explains that an employer may regain eligibility if, after ten years, it certifies on a borrower's subsequent application that it is no longer engaged in such activities, or if it submits a

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<sup>1</sup> "William D. Ford Federal Direct Loan (Direct Loan) Program," Federal Register, Docket ID: ED-2025-OPE-0016, <https://www.federalregister.gov/documents/2025/08/18/2025-15665/william-d-ford-federal-direct-loan-direct-loan-program>.

<sup>2</sup> Ibid.

corrective action plan. While the ten-year ineligibility period is sound policy, there are other concerns, such as:

- Employer self-certification after ten years is not sufficiently rigorous. The Department should require verifiable proof of compliance or evidence that violations have been resolved before reinstatement.
- Correction action plans should not serve as a substitute for the ten-year waiting period. Allowing immediate reinstatement through such plans undermines the seriousness of the violation.

The Department should consider requiring employers to (1) wait the full ten years before reapplying and (2) demonstrate compliance through documented evidence reviewed by the Department.

### 3. Broader Concerns

More broadly, while excluding employers engaged in activities with a substantial illegal purpose is good policy, expanding PSLF regulations necessarily expands federal authority. PSLF has already transferred nearly \$80 billion<sup>3</sup> in student debt to taxpayers and incentivizes excessive borrowing, as students anticipate forgiveness. According to the Urban Institute, based on data reported by the Department of Education, the average balance as of 2023 forgiven under PSLF was \$98,000, which “substantially [exceeds] the aggregate limit for undergraduate students and typical debt levels for bachelor’s degrees.”<sup>4</sup>

Ultimately, it is Congress that must impose limits on the amount of debt forgiven under PSLF or reconsider the program entirely. Additional regulations, though well-intentioned, risk institutionalizing PSLF even further, making it appear as a permanent, well-regulated entitlement program rather than a temporary or limited one.

Thank you for the opportunity to comment. I would be happy to answer any questions you may have about this comment.

/s/

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<sup>3</sup> Preston Cooper and Alexander Holt, “Turn Public Service Loan Forgiveness into a State Block Grant,” April 17, 2025, <https://www.aei.org/education/turn-public-service-loan-forgiveness-into-a-state-block-grant/>.

<sup>4</sup> Jason Delisle, “Public Service Loan Forgiveness and the SAVE Plan for Federal Student Loans,” Urban Institute, August 2023, <https://www.urban.org/research/publication/public-service-loan-forgiveness-and-save-plan-federal-student-loans>.