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cc. Assistant Secretary Christopher McCaghren, Office of Postsecondary Education, Department of Education
Secretary Linda McMahon, Department of Education
The Honorable Mike Johnson, Speaker of the United States House of Representatives, U.S. House of Representatives
The Honorable Hakeem Jeffries, Minority Leader, U.S. House of Representatives
The Honorable John Thune, Majority Leader, United States Senate
The Honorable Charles Schumer, Minority Leader, United States Senate

9-17-25

RE: Request to Provide Public Comment on the William D. Ford Federal Direct Loan Program, 34 CFR Part 685; Docket ID ED-2025-OPE-0016

Dear Director Prince,

By notice issued on August 18, 2025, the Department of Education (ED) has published new rules (henceforth, "the Rule") modifying definitions of eligible employers and payment methods underpinning Direct Loan Repayments serviced through the Public Service Loan Forgiveness (PSLF) program, and accompanying request for comment on these proposals. **Hispanic Federation (HF)** respectfully submits the following comment in response to ED request for comment on the notice of public rulemaking, ED Docket ID ED-2025-OPE-0016; RIN 1801-AA28. Ultimately, we strongly encourage ED to withdraw the current rule as both disruptive and procedurally uncertain.

1. **Hispanic Federation Interest in Rule**

Hispanic Federation is a nonprofit membership and advocacy organization with a network of over 850 organizations across the country. HF is committed to empowering and advancing the Hispanic community, with a focus on low-income, marginalized, and immigrant Latines. With programs in 43 states and territories including Puerto Rico, the U.S. Virgin Islands, and the District of Columbia, HF's focus areas include immigration, economic empowerment, civic engagement, disaster relief, philanthropy, education, health, and the environment. HF also maintains ongoing immigration advocacy and welcome campaigns and meets the organizational development needs of its member agencies through grant-making and capacity-building assistance.

Per ED invitation to interested parties to submit relevant written data, views, or arguments on the proposed Rule, we address here the Rule's potentially harmful consequences in proscribing PSLF eligibility, as well as potential legal and procedural challenges in its implementation. We also note foreseeable sectoral and economic disruptions that would stem from the implementation of the Rule as currently designed.

2. **Successes and Salience of the PSLF Program**

Since its inception in 2007, the PSLF program has facilitated the federal government to forgive approximately $60bn in student loan debt from nearly one million borrowers.[1] In exchange, these borrowers dedicate themselves to careers of public service whether in federal, state, or local government, or in one of the millions of service-based nonprofit organizations operating in communities across the country. A college degree remains one of the most reliable pathways for generational social mobility.[2] Even amid rising tuition costs, statistics from the St. Louis fed suggests that degrees maintain double-digit returns on investment.[3] Nonetheless, cost is routinely cited as the number one barrier between Latino undergraduate students and degree completion.[4] Thus, tuition assistance is vital for addressing ongoing gaps in higher educational attainment. Programs like PSLF offer a sensible, approachable avenue by which students of lesser means may choose to pursue higher education, with foreknowledge that committed public service to their governments or their communities for at least a decade may serve as a means of defraying the ballooning costs of college attendance.[5]

Nonprofit community-based organizations step in to fill vital service niches in their communities, and grant funds only facilitate that work. For instance, in 2024 alone, Hispanic Federation provided over 300,000 meals, dispersed over $700,000 in disaster relief grants, and distributed $35 million in income relief to food- and farmworkers via a USDA grant. Over the past few years, the nonprofit sector has contributed approximately $2 trillion to the GDP,

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[1] William Cather, Erica Harris, and Miles Romney, "Your Tax Dollars at Work: The Effectiveness of the Public Service Loan Forgiveness Program," *Journal of the American Taxation Association* (2025) 47 (2): 7–22.
[2] https://www.ssa.gov/policy/docs/research-summaries/education-earnings.html (Accessed 9/16/25); https://www.stlouisfed.org/publications/regional-economist/2023/mar/return-investing-college-education#:~:text=Estimates%20of%20the%20returns%20on,35.9%25%20across%20six%20demographic%20groups (Accessed 9/16/25); https://unity.edu/articles/education-as-social-mobility/ (Accessed 9/16/25.)
[3] https://www.stlouisfed.org/publications/regional-economist/2023/mar/return-investing-college-education#:~:text=Estimates%20of%20the%20returns%20on,35.9%25%20across%20six%20demographic%20group (Accessed 9/16/25.)
[4] Laura I Rendon, Alicia C. Dowd and Amaury Nora, "Priced Out: A Closer Look at Postsecondary Affordability for Latinos," *Enriching America through the 21st Century: Increasing Latino Postsecondary Completion*, 2012; Kate Sablosky Elengold et al., "Dreams Interrupted: A Mixed-Methods Research Project Exploring Latino College Completion," *Carolina Law Scholarship Repository*, 2021; https://www.pewresearch.org/short-reads/2022/10/07/hispanic-enrollment-reaches-new-high-at-four-year-colleges-in-the-u-s-but-affordability-remains-an-obstacle/ (Accessed 9/16/25.)
[5] https://www.usnews.com/education/best-colleges/paying-for-college/articles/see-20-years-of-tuition-growth-at-national-universities (Accessed 9/16/25.)

providing essential services to their communities while mitigating strain on bureaucratic resources and taxpayer dollars.[6] Meanwhile, surveys routinely that Americans hold greater trust and faith in nonprofit and community-based organizations than they do government across all levels – federal, state, or local.[7] Nonprofits have earned this trust and reputation via a fierce commitment to their communities, work performed despite typically small operating budgets. Indeed, the vast majority of nonprofits operate on annual budgets of under $500,000, underscoring their mission-driven focus.[8] Nonprofits and their employees pay a price for this mission-driven work, however. On average, nonprofit employees earn less than their peers in similar roles in government and in the business sector.[9] Likewise, the costs of nonprofit's flexible and responsive programmatic-community positioning are legal, fiscal limitations and attenuation to difficult market conditions[10] that lead to delicate budgetary sensitivities.[11]

Moreover, nonprofit organizations are essential providers of health care, particularly in low-income communities that would otherwise face care deserts.[12] Many health care facilities, ranging from hospitals to federally qualified health clinics are either themselves 501(c)(3)'s or otherwise are nonprofits with health care-focused missions, rendering them qualified employers under the PSLF program.[13] Nonprofit health care providers not only offer lifesaving care but also irreplaceable culturally competent interlocution between best practice medical standards and the communities they serve. Meanwhile, the U.S. faces a growing postsecondary training cliff, with medical professions facing increasingly perilous shortages.[14] As such, care gaps in high needs communities will only grow, and with them the demand for the kind of culturally relevant that nonprofit health care providers offer. It is therefore vital that the U.S. finds a means to ensure that more Americans receive medical educations and training. As average student debt for physicians tops $200,000 and care deserts widen across the country, the PSLF program offers not only a sensible but also an essential tool to maintain and expand access to community-based health care.[15] With average rates of excess student rising[16] and the type of training and education

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[6] https://www.councilofnonprofits.org/about-americas-nonprofits/economic-impact-nonprofits
[7] https://extension.unh.edu/resource/understanding-public-trust-local-level
[8] https://www.nonprofitimpactmatters.org/data/downloadable-charts/
[9] https://www.nonprofitpro.com/post/many-nonprofit-employees-dont-make-thriving-wage/ (Accessed 9/16/25.)
[10] https://libjournals.unca.edu/ncur/wp-content/uploads/2021/08/752-Lamberton.pdf; https://www.researchgate.net/profile/Felicia-Sullivan/publication/265216534_Nonprofit_Responses_to_Financial_Uncertainty_How_Does_Financial_Vulnerability_Shape_Nonprofit_Collaboration/links/544b03b40cf24b5d6c3ec42c/Nonprofit-Responses-to-Financial-Uncertainty-How-Does-Financial-Vulnerability-Shape-Nonprofit-Collaboration.pdf
[11] https://www.councilofnonprofits.org/files/media/documents/2023/2023-nonprofit-workforce-survey-results.pdf, 11-13.
[12] https://www.americanprogress.org/article/nonprofit-hospitals-can-support-communities-advance-public-health/ (Accessed 9/17/25.) https://www.get-carrot.com/blog/what-are-care-deserts (Accessed 9/17/25.) Underinvested communities are particularly vulnerable to maternal care deserts, further amplifying the need for nonprofit health care providers. https://www.marchofdimes.org/maternity-care-deserts-report (Accessed 9/17/25.)
[13] https://panaceafinancial.com/resources/public-service-loan-forgiveness-for-doctors/ (Accessed 9/17/25.)
[14] https://www.highereddive.com/news/us-faces-shortfall-of-53m-college-educated-workers-by-2032/760155/ (Accessed 9/17/25.)
[15] Davis, Caitlin S et al. "Impact of Service-Based Student Loan Repayment Program on the Primary Care Workforce." *Annals of family medicine* vol. 21,4 (2023): 327-331. doi:10.1370/afm.3002
[16] https://www.npr.org/2025/09/05/nx-s1-5521317/millions-of-student-loan-borrowers-are-at-risk-of-defaulting-data-shows (Accessed 9/16/25.)

offered by degree-granting programs essential for many nonprofit roles,[17] targeted, service-based debt relief programs like PSLF are vital for ensuring that America's nonprofit sector and its workers can continue to pursue its essential labor for generations to come.

3. **The definitions proposed under the Rule are imprecise and plausibly conflict with the statutory underpinnings of the PSLF Program**

When Congress created the PSLF in 2007, the underlying legislation clearly outlined the requirements for an employer to confer eligibility to employees for debt relief. Employers covered under the program explicitly include 501(c)(3) organizations, as well as other nonprofits that provide a "non-governmental public service," so long as that organization is not a partisan political organization or a labor union.[18] The realm of "non-governmental public service" was itself defined broadly to encapsulate industries ranging from public health to early childhood education to civilian support for the armed forces, reflecting the broad, societal aims of the underlying legislation. The definitions that would underpin enforcement proposed by the Rule are sweepingly imprecise, and offer little clarity as to their legal applicability to organizational activities. Furthermore, the definitions proposed by the Rule to do not adequately delineate how or why its proposals would align with the underlying statute of the PSLF. The underlying code, 34 CRF §685.219, does not provide the Secretary of Education (hence "the Secretary") with authority to exclude any organizations under its own determination, further muddying the underlying authority of the Rule. Administrative action cannot, of course, modify legislative statutes. Consequently, the Rule itself rests upon uncertain legal foundations at best, and should be withdrawn.

4. **Implementation of the Rule will require ED operate beyond its statutory remit in a law enforcement investigatory capacity**

The Rule proposes a process whereby the Secretary of Education would assess and notify employers of their running afoul of its new definitions of "substantive illegal purpose." The realms of potential violations of these definitions are sweeping, ranging from supporting terrorism to violation of state tort laws. The ED lacks any substantive history of law enforcement investigation outside the remit of educational civil rights legislation, and as such possesses inadequate capacity and potentially authority to conduct these sorts of law enforcement investigations. For example, assessment of state tort violations is, of course, primarily a question for state and local authorities. Meanwhile, it takes the efforts of the entirety of our nation's Intelligence Community and national security apparatus to effectively monitor and curtail the operations of terrorist organizations. The Rule offers little insight into how the ED plans to expand its expertise and operational capacity to facilitate the investigation, charging, and prosecution such violations. Without this clarity, the Rule is poised to create either a new, unfunded regulatory mandate or a laxly managed forest of red tape; either option runs deeply afoul of the Administration's commitment to the reduction of regulatory burdens. Likewise, the Internal Revenue Service (IRS) is the primary agency with oversight responsibility over tax-exempt status determinations and regulatory enforcement thereof; ED's overlapping authority

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[17] https://borgenproject.org/10-college-degrees-nonprofit-jobs/ (Accessed 9/16/25.)
[18] 34 CFR § 685.219(iii/v)

with the IRS under the Rule is not adequately articulated or delineated. Consequently, the mechanism by which the Rule would be assessed and enforced is concerningly unclear; as such, the Rule should be withdrawn.

5. **Implementation of the Rule will create confusion and disruption within the nonprofit sector and among civically-minded students**

The combination of murky statutory foundations, uncertain enforcement guidelines, and imprecise definitions would contribute to a landscape in which the nation's approximately 2 million nonprofit organizations would face persistent legal uncertainty.[19] Rather than spending their time and resources supporting local communities, nonprofit organizations would instead be forced to devote capacity toward safeguarding themselves against vague and legally untested enforcement criteria. In turn, the Rule may reasonably be expected to disrupt the activities of hundreds of thousands of small entities, an impact the Administration has failed to assess, in potential violation of APA Rulemaking guidelines.

Likewise, the nonprofit sector comprises more than ten percent of total US private sector employment, accounting for upwards of fifteen million employees.[20] As proposed, the Rule would jeopardize an essential benefit for each of these workers, while leaving individual employees in the dark about how to indemnify themselves against legally uncertain enforcement actions brought against their employers. Under current statutory requirements, employees can reliably determine an employer's eligibility simply based upon their public tax status and/or their sector of employment. Conversely, the Rule as proposed would contribute to vast uncertainty for millions of employees across the country. These changes would impact teachers, veterans' workers, and medical providers operating in high needs communities. Physicians-in-training, for instance, increasingly count on debt relief like PSLF as a prerequisite to beginning medical school; the loss of this program would therefore result in a predictable and unacceptable decrease in the number of medical professionals entering American postsecondary programs. Both forms of confusion would severely disrupt essential nonprofit work across sectors ranging from education to military service; these predictable impacts have not received adequate accounting under the current rulemaking. Consequently, the Rule should be withdrawn.

6. **Hispanic Federation Serving Relevant Initiatives**

Hispanic Federation and its network have been supporting local communities through nonprofit, service-based work for decades across fields ranging from workforce development, health care support, and educational attainment programming. As an umbrella organization, Hispanic Federation has a proven track record of designing and launching national, state-wide, and locally focused nonprofit programs of precisely the type that the PSLF Program was intended to facilitate. Examples of Hispanic Federation's community-based work include:

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[19] https://usafacts.org/articles/how-many-nonprofits-are-there-in-the-us/ (Accessed 9/16/25.)
[20] https://fred.stlouisfed.org/series/USPRIV (Accessed 9/16/25.)

- *Campaign for Digital Equity:* In 2023, HF launched a national campaign to help Latino communities engage with state and national leaders to advance digital equity policies and programs such as Broadband Equity, Access, and Deployment Program; the Digital Equity Act Programs; and the Affordable Connectivity Program. This work includes connecting local nonprofit organizations and communities across the country to state and federal representatives and identifying areas where high-speed internet infrastructure will eventually be built.
- *CREAR Futuros*: While national Hispanic college enrollment and graduation numbers are higher today than ever before, Latino student college enrollment, retention, and graduation rates still lag behind white peers. Hispanic Federation has long considered post-secondary student success as a major focus of its Education Program. That's why we created CREAR (College Readiness, Achievement, and Retention) Futuros. This peer mentor-based initiative creates a community of care by connecting first year, sophomore, and transfer students in colleges across the country with trained upper-classmen who introduce them to important campus resources (such as financial aid, tutoring, and career counseling) while also providing time-management, stress reduction, and networking support.
- *Farm and Food Workers Relief Program:* In 2022, HF kickstarted the FFWR program that provides one-time relief payments of $600 to 62,900 qualifying farmworkers and meatpacking workers thanks to a two-year, $44.3 million grant administered by the U.S. Department of Agriculture's Agricultural Marketing Service. Workers who incurred pandemic-related health and safety costs in 19 states, Puerto Rico and the U.S. Virgin Islands are eligible for rewards through the grant.

7. **Conclusion**

For nearly two decades, the PSLF program has incentivized American students to dedicate themselves to careers in public service in exchange for eventual debt relief. As the costs of attending college mount, and existing debts prove increasingly burdensome, this program has proven a meaningful – and even essential – tool to boost the economic outlooks of individual Americans while simultaneously supporting the types of nonprofit service work upon which working families nationwide depend. Hispanic Federation is a long-time leader of nonprofit work supporting vulnerable communities across the country, informing our perspective on just how damaging the ED's proposals could be. Consequently, we strongly urge the ED to withdraw the Rule.

Sincerely,

Julietta Lopez
Vice President for Federal Advocacy and Network Mobilization
Hispanic Federation