

Issue: Restoring Public Service Loan Forgiveness (PSLF) Program

Session 2, June 30 – July 2, 2025

Statutory citation: Section 455(m) of the Higher Education Act of 1965, as amended (HEA)

Regulatory citation: Section 685.219

Summary of Issues:

Dear Tamy, Jeff and Jacob,

Thank you for taking the time to consider and incorporate feedback. Your recent revisions give me confidence in the integrity and responsiveness of the negotiated rulemaking process.

I believe there is an opportunity to further strengthen the proposed rule by both encouraging employer compliance and preventing unnecessary interruptions in PSLF eligibility for borrowers.

Specifically, we recommend that if an employer is actively participating in a good-faith corrective action plan, the Secretary allow affected borrowers to continue earning PSLF credit **retroactively from the start of the employer's active participation**, pending final reinstatement approval. This approach would preserve borrower trust and continuity of service while maintaining accountability for employers.

Specifically, the proposal would amend Employer Reinstatement Option for Public Service Loan Forgiveness Proposed Regulatory Text for 34 C.F.R. § 685.219 (j) as follows:

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34 C.F.R. § 685.219 (j) – Regaining eligibility as a qualifying employer

(j) Regaining eligibility as a qualifying employer. An organization that loses eligibility for failure to meet the conditions of paragraph (b)(27) of this section may regain eligibility to become a qualifying employer after—

(1) Five years from the date the Secretary determines the organization engaged in activities that have a substantial illegal purpose in accordance with paragraph (h) of this section, if, at or after that time, the organization certifies on a borrower's subsequent application that the organization is no longer engaged in activities that have a substantial illegal purpose as defined in paragraph (b)(30) of this section; or

(2) The Secretary approves a corrective action plan signed by the employer that includes —

(i) a certification that the employer is no longer engaging in activities that have a substantial illegal purpose as defined in paragraph (b)(30) of this section;

(ii) a plan describing the employer's compliance controls that are designed to ensure that the employer will not engage in activities that have a substantial illegal purpose as defined in paragraph (b)(30) of this section in the future; and

(iii) any other terms or conditions imposed by the Secretary designed to ensure that employers do not engage in actions or activities that have a substantial illegal purpose.

(iv) if the Secretary determines the employer is actively participating in a good-faith corrective action plan, affected borrowers may continue earning qualifying PSLF credit retroactively from the implementation date of the employer's corrective action plan.