



Submitted

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September 17, 2025

Tamy Abernathy
U.S. Department of Education
Office of Postsecondary Education
400 Maryland Ave. SW, 5th Floor
Washington, DC 20202

**Re: Proposed Rule – William D. Ford Federal Direct Loan (Direct Loan) Program
Docket ID ED-2025-OPE-0016**

Dear Ms. Abernathy,

The American Association of University Women (AAUW), founded in 1881, is one of the nation's oldest and largest gender equity organizations. Our mission is to advance equity for women and girls through research, education, and advocacy. We also administer millions of dollars annually in fellowships and grants, and we see firsthand how student debt shapes women's educational and professional opportunities.

AAUW's prior research found that women held about two-thirds of the nation's student-loan debt and that Black women were disproportionately burdened; since that time, aggregate student-loan debt has only increased, intensifying the stakes for programs like Public Service Loan Forgiveness (PSLF).

Because of these disparities, any change to PSLF is a gender and racial equity issue. PSLF has been a critical lifeline enabling women—particularly women of color—to pursue public service careers despite systemic pay inequities. AAUW strongly opposes the Department's proposed rule, which would unlawfully restrict PSLF eligibility, inject ideology into program administration, and undermine the very purpose Congress intended.

PSLF Should Strengthen Public Service, Not Weaken It

Congress created PSLF in 2007 through the bipartisan College Cost Reduction and Access Act to address the growing debt crisis while ensuring that communities had access to highly skilled professionals in education, health, and social service. Congress explicitly defined "public service job" to include all full-time work at 501(c)(3) nonprofit organizations. This categorical approach reflects a deliberate choice to keep PSLF broad, neutral, and dependable.

PSLF has delivered on that promise, forgiving more than \$70 billion for over 1 million borrowers. These borrowers are teachers, nurses, librarians, and social workers—the backbone of our communities. PSLF has been especially important for women, who dominate nonprofit and public service professions while earning less on average than men.



The proposed rule, however, undermines that vision. By allowing the Secretary to exclude employers based on vague and ideologically loaded terms, it risks turning PSLF into a political weapon rather than a program of opportunity.

Vague and Overbroad Definitions Invite Viewpoint Discrimination

The proposed rule empowers the Secretary to disqualify employers if they engage in “activities that have a substantial illegal purpose.” The notice lists examples, including:

- “Aiding or abetting violations of federal immigration laws.”
- “Engaging in a pattern of aiding and abetting illegal discrimination.”
- “Supporting terrorism.”
- “Engaging in the chemical and surgical castration or mutilation of children in violation of federal or state laws.”
- “Engaging in a pattern of violating state laws” such as trespassing, disorderly conduct, or public nuisance.

While framed as protecting program integrity, these terms are vague and politically charged. Unlike clear statutory categories such as tax-exempt status, these provisions invite discretionary judgments that can be shaped by political ideology rather than law.

For example, a reproductive health nonprofit in a restrictive state could be deemed to have a “substantial illegal purpose.” An immigrant-rights group lawfully assisting clients could be accused of “aiding or abetting immigration violations.” An LGBTQ+ youth center providing gender-affirming care could be targeted under the “mutilation of children” provision.

These categories do not safeguard PSLF—they open the door to viewpoint discrimination, where eligibility hinges on whether the current administration approves of an organization’s mission. That undermines neutrality, contradicts congressional intent, and chills participation in public service.

“Engaging in a Pattern of Aiding and Abetting Illegal Discrimination” Could Threaten Gender-Specific Support

The provision disqualifying organizations for “engaging in a pattern of aiding and abetting illegal discrimination” (U.S. Department of Education, 2025, p. 55532) is particularly problematic.

On its face, the phrase suggests enforcement of civil rights laws. But in practice, its vagueness could be misinterpreted to threaten organizations that lawfully provide gender-specific support.

Women’s shelters, mentoring programs for girls in STEM, or reproductive health providers may design programs tailored to women and girls. While these actions advance equity, a hostile administration could mischaracterize such targeted support as exclusionary or discriminatory.



Similarly, single-sex programs that are consistent with Title IX exemptions could nonetheless be swept up under this ambiguous rule.

For AAUW, this is not hypothetical. We fund and partner with gender-specific programs nationwide. Under the proposed rule, their PSLF eligibility—and by extension the financial stability of their staff—could be jeopardized simply because their services are tailored to address barriers women and girls face.

Such outcomes would harm both nonprofit employees and the communities they serve. Worse, they would create a chilling effect, discouraging organizations from offering gender-focused programming at all. This directly undermines PSLF’s purpose as a neutral, broad-based incentive for public service.

Flawed Certification and Enforcement Processes

The rule also establishes an unfair and duplicative enforcement scheme. It requires nonprofits to certify they do not engage in prohibited activities—without clear definitions—and gives the Secretary unilateral authority to revoke PSLF eligibility based on a “preponderance of the evidence,” with no independent appeal process.

This process is deeply flawed:

- **No due process:** Employers can lose PSLF status based solely on the Secretary’s judgment. Borrowers may lose years of qualifying service with no recourse.
- **Duplicative authority:** The IRS already has the power to revoke 501(c)(3) status if a nonprofit engages in unlawful activities. Creating a separate Department process is unnecessary and risks conflict.
- **Punishing workers for employer actions:** Public service employees would lose forgiveness eligibility for decisions beyond their control, destabilizing entire sectors of the workforce.

Such provisions discourage participation in nonprofit work, punish borrowers for employer-level issues, and inject instability into a program designed to provide security.

Disproportionate Harm to Women and People of Color

Women make up two-thirds of the nonprofit workforce, and women of color are overrepresented in education, healthcare, and social services—sectors most dependent on PSLF. These same women hold higher debt loads and face systemic pay inequities. Weakening PSLF will:

- Discourage women from entering or staying in public service.
- Widen gender and racial wealth gaps.
- Reduce representation and diversity in vital fields.



Vague prohibitions in the proposed rule threaten the work of countless nonprofit organizations across the country that provide vital services to marginalized and underrepresented communities.

A Dangerous Precedent

If finalized, this rule would set a precedent for politicizing loan forgiveness programs. Today, reproductive health or immigrant-rights nonprofits may be excluded; tomorrow, a different administration could target climate groups, religious organizations, or others. This instability will erode borrower trust in PSLF, discourage participation, and risk spillover to other federal student aid programs.

Conclusion

Congress created PSLF to strengthen public service, not to weaken it. The Department's proposal undermines congressional intent, exceeds statutory authority, and threatens to politicize a neutral program. It would chill nonprofit advocacy, punish public servants, and disproportionately harm women and communities of color.

For these reasons, AAUW strongly urges the Department to withdraw this proposed rule in its entirety. PSLF should remain a dependable, inclusive program that keeps Congress's promise to those who serve.

Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in purple ink that reads "Meghan Kissell".

Meghan Kissell, MSW
Senior Director, Policy & Member Advocacy