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September 17, 2025

The Honorable Linda McMahon  
Secretary  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20202

RE: Public comments on proposed regulations amending employer eligibility for Public Service Loan Forgiveness (PSLF); **Docket ID ED-2025-OPE-0016**

Dear Secretary McMahon:

The Association of American Medical Colleges (AAMC)<sup>1</sup> appreciates the opportunity to provide comments in response to the Department of Education’s proposed amendment of employer eligibility for the Public Service Loan Forgiveness (PSLF) program if engaged in activities with a “substantial illegal purpose.” We oppose provisions in the proposed rule that could negatively affect medical residents and physicians, may undermine trust in the long-term viability of PSLF and run counter to Congressional intent when the program was established. However, we offer the following areas for clarification to inform the development of final regulations, preserve access and improve delivery of PSLF for medical school borrowers and the broader academic medicine community.

### **PSLF Supports Access to Care in Underserved Communities**

The PSLF program is a vital federal policy that strengthens the health care workforce by supporting the service of medical professionals in communities with the greatest need. This includes rural, low-income, and medically underserved areas where recruiting and retaining physicians remains a persistent challenge. In its May 2025 communication to the Department, the AAMC reaffirmed its strong support for maintaining the existing definition of a qualifying employer under PSLF, consistent with Congressional intent to encompass a broad range of public service roles.

As outlined in 34 CFR § 685.219, nongovernmental public service includes work performed by employees of qualified employers, including the full scope of services provided by centers of academic

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<sup>1</sup> The AAMC is a nonprofit association dedicated to improving the health of people everywhere through medical education, clinical care, biomedical research, and community collaborations. Its members are all 160 U.S. medical schools accredited by the [Liaison Committee on Medical Education](#); 13 Canadian medical schools accredited by the [Committee on Accreditation of Canadian Medical Schools](#); nearly 500 academic health systems and teaching hospitals, including Department of Veterans Affairs medical centers; and more than 70 academic societies. Through these institutions and organizations, the AAMC leads and serves America’s medical schools, academic health systems and teaching hospitals, and the millions of individuals across academic medicine, including more than 210,000 full-time faculty members, 99,000 medical students, 162,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences. Through the Alliance of Academic Health Centers International, AAMC membership reaches more than 60 international academic health centers throughout five regional offices across the globe. Learn more at [aamc.org](http://aamc.org).

medicine. These institutions are essential components of the public service infrastructure and play a critical role in training and deploying health professionals across the country. Any effort to narrow the eligibility criteria under PSLF risks undermining the program's effectiveness in supporting access to care, particularly in areas already facing health workforce shortages. Furthermore, we are concerned that the proposed regulatory framework may further erode confidence in the long-term stability of PSLF, and the financial security it offers, thereby reducing the likelihood of qualified health professionals taking roles in needy areas.

The AAMC projects a national shortage of up to 86,000 physicians by 2036, including significant gaps in both primary care and specialty fields.<sup>i</sup> PSLF is a key policy tool to help address this shortage by encouraging medical graduates to enter public service. According to the AAMC's 2025 Graduation Questionnaire, nearly 58 percent of graduating medical students indicated they plan to pursue PSLF, and over the last decade more than 84,000 indebted MD graduates have expressed interest in the program.<sup>ii</sup> For these future physicians, PSLF represents a meaningful commitment by the federal government to support their service at nonprofit hospitals, public health departments, community health centers, and other mission-driven institutions.

PSLF helps ensure that debt does not become a barrier to choosing where clinicians will practice. This support is especially important during the residency period, when physicians are gaining essential clinical training while earning an annual stipend. Preserving the current structure of PSLF maintains access to medical education, promotes patient care in high-need areas, and strengthens the health care workforce nationwide.

#### **Clarification on How Existing Law Shapes PSLF Employer Eligibility**

The proposed regulations indicate that determinations of "substantial illegal purpose" are ultimately governed by existing Federal and State law. For example, § 685.219(b)(3) and (b)(31) specify that a violation must be tied to Federal or State law, and § 685.219(h) outlines reliance on final judgments, pleas, or settlements as conclusive evidence. Taken together, these provisions suggest that the Secretary's definitions must operate within existing legal standards.

Under this interpretation, by way of example, we expect PSLF employer eligibility to be unaltered for hospitals solely due to their provision of gender-affirming care if the state in which the employer operates does not legally restrict (or explicitly protects) such care. We respectfully request that the Department provide additional clarity in the final regulations to confirm this interpretation. Clarification that determinations will be based on violations of established Federal or State law (as opposed to Department of Education policy), would help ensure consistency and transparency for both borrowers and employers.

#### **Provide Clear Definitions and Steps for Reconsideration of Eligibility for Impacted Employers**

It is critical for entities to appropriately understand the proposed regulatory framework for PSLF eligibility. We are concerned about the broad and vague nature of the "substantial illegal purpose" definition in the proposed rule. For example, it is unclear whether programs the Department deems associated with diversity, equity and inclusion could be swept in to "a pattern of aiding and abetting illegal discrimination."

To address these concerns, the final rule should clarify the criterion the Department would use to determine that an employer is engaging in activities with a substantial illegal purpose and the process for making such a determination. We recommend that the final rule tighten the determination standard subsection to replace subjective discretion by the Department with a discrete, exclusive set of final judgments in a court or by virtue of nolo contendere plea or settlement with admission – essentially

converting the examples of ‘conclusive evidence’ in 685.219(h)(1)(ii) to requirements, one of which must have occurred in order for ‘qualifying employer’ status to be lost.

Moreover, the Department should provide additional clarity regarding the process by which an institution will be notified that its activities have been deemed in violation. In addition, how affected borrowers will be informed and afforded sufficient notice as well as a grace period to explore and pursue options to protect their long-term PSLF eligibility. Further guidance is specifically needed on the nature, timeline and scope of communications and outreach to both institutions and borrowers to ensure transparency and due process. Timely communication will be critical to ensure that borrowers are not left unaware of potential changes to their employer’s eligibility status. This is a key step, as borrowers’ financial stability and long-term obligations could be directly impacted.

Furthermore, entities will also need clear information on the reconsideration process needed to appeal a determination or regain eligibility, including detailed expectations for a proposed corrective action plan that would require approval by the Secretary of Education. The final regulations should also provide a timeline or estimate for when affected employers would expect to hear from the Department in response to a submitted corrective action plan. This will be critical to mitigating uncertainty and disruption at the employer and borrower level. We appreciate that the proposed rule includes language to protect borrowers from being penalized while their employer’s status is under review, while § 685.219(c)(4) clarifies that only payments made after the Secretary issues a final determination of ineligibility will stop counting toward PSLF.

### **Establish Process for Borrower Feedback and Input on Eligibility Determinations**

We urge the Department to establish a transparent and accessible process that allows affected borrowers to provide feedback on eligibility determinations and the broader regulatory framework. Borrowers should have an opportunity to share perspectives on how determinations are made, communicated and applied. The absence of such a feedback mechanism leaves borrowers vulnerable to findings of substantial illegal activities.

This process has the potential to upend a borrower’s debt repayment plan very suddenly. Without an individual’s knowledge of a potential violation, the borrower may suffer serious financial consequences for actions largely outside of their own control.

### **Clarification on Determining Employer Independence**

The proposed regulatory language (§ 685.219(i)(2)) provides that the Secretary of Education shall consider an organization to be separate if the employer operates “separately and distinctly”, even when functioning under a single Employer Identification Number. While we appreciate inclusion of this language, additional clarity is needed regarding how determinations of employer independence will be assessed in the context of how activities of substantial illegal purpose may be applied, particularly with respect to branch or regional campuses, as well as varied departmental and organizational operating structures. Clear guidance on these applications will be critical to ensure consistent and equitable implementation.

### **Impact of PSLF Ineligibility on Contract Employees**

We are particularly concerned about potential implications for contractually obligated trainees and employees who enter into employment contracts (like medical residents and physicians) who would remain bound by their contract obligations if their employer were to lose PSLF eligibility. This outcome not only places individual physicians at a disadvantage but also risks creating downstream effects for the health care workforce. The proposed regulatory framework therefore warrants careful consideration to

avoid unintended consequences that may destabilize physician training pipelines and health care delivery. It is essential to ensure that healthcare professionals are not held accountable for circumstances beyond their control.

### **Ensure Continuity of Public Service Loan Forgiveness During Administrative Changes**

We urge the Department of Education to ensure that any internal administrative changes, including staffing transitions or system updates, do not disrupt the processing or administration of the PSLF program. Timely processing of PSLF-related documentation, including employment certifications and forgiveness applications, is essential for borrowers who have relied on the program to manage their student debt while serving in public interest roles.

Should there be delays in processing due to restructuring or changes in departmental operations, we urge the Department to implement a "hold harmless" provision. Borrowers who meet all program requirements should not be penalized for missed or delayed qualifying payments that occur solely because of administrative issues beyond their control. Ensuring that PSLF continues without interruption is critical to maintaining trust in the program and to supporting the public service workforce, including physicians and health professionals serving in high-need areas.

The AAMC appreciates your consideration of our comments in support of the development of final regulations and welcomes any opportunities to engage in dialogue with the Department to improve delivery of PSLF. Should you have any questions, please reach out to me at [dturnipseed@aamc.org](mailto:dturnipseed@aamc.org) or contact my colleagues Kristen Earle ([kearle@aamc.org](mailto:kearle@aamc.org)) or Devan O'Toole ([dotoole@aamc.org](mailto:dotoole@aamc.org)).

Sincerely,



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Chief Public Policy Officer  
Association of American Medical Colleges

Cc: David J. Skorton, MD,  
President and CEO

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<sup>i</sup> : GlobalData Plc. The Complexities of Physician Supply and Demand: Projections From 2021 to 2036. Washington, DC: AAMC; 2024.

<sup>ii</sup> AAMC Graduation Questionnaire (GQ), over these nine years, nearly 40K GQ respondents indicated PSLF plans, this rate extrapolated to all graduates results in an estimated 71,700 planning on PSLF.