

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,

The undersigned cities and counties write to express our strong opposition to the U.S. Department of Education (ED)'s Notice of Proposed Rulemaking on the Public Service Loan Forgiveness (PSLF) program. The proposed rule seeks to illegally weaponize the PSLF program, turning it into a political tool to threaten and punish local and state governments and nonprofit organizations with whom the Administration disagrees. We urge you to withdraw this harmful proposal, which would destabilize our public service workforce, increase local government costs, create legal and administrative ambiguity, and disrupt the delivery of essential services—while stripping critical debt relief from American workers, not because they have done anything wrong, but because of ideological grievances with their employers.

PSLF was established by Congress to strengthen the public service sector

Established by Congress and signed into law by President George W. Bush in 2007, the PSLF program was designed with a straightforward premise: those who dedicated themselves to 10 years of public service for a qualifying employer—including federal, state, and local governments as well as nonprofit organizations serving their communities—while staying on-track with their student loan payments would have their remaining student loan balance forgiven. Since public sector workers often face lower wages than their similarly trained colleagues in private sector jobs, PSLF provides an incentive to enter or continue in public service careers. In addition to conferring an important benefit to these workers as a reward for their service, the program is designed to serve a specific role in our economy by addressing a classic market failure: the under provision of public services and the undersupply of public service workers.

The proposed rule poses severe harm to cities and counties

If finalized, ED's proposal would empower the Secretary to disqualify certain government and 501(c)(3) non-profit employers from PSLF if they engage in certain conduct, thereby disqualifying current employees unless they change employment. The proposed prohibited conduct—activity with a “substantial illegal purpose”—is vague, but also appears to target lawful work in which local governments regularly engage.

The proposal would therefore particularly harm cities and counties like ours by stripping away vital debt relief for public servants, raising costs for working people, and undermining the ability

of local governments and nonprofits to fill urgently needed public sector jobs.¹ PSLF offers cities and counties, as well as our nonprofit partners, a critical incentive for recruiting and retaining skilled professionals—such as teachers, public health workers, planners, and first responders—who might otherwise pursue higher-paying private sector jobs. More than one million borrowers have already had remaining debt cancelled under PSLF, with many more in the pipeline. Narrowing PSLF eligibility could disincentivize public service careers, leading to staffing shortages and reduced institutional capacity.

The potential of current employees losing eligibility could lead to local governments facing higher turnover rates, which could create disruption in essential services and additional training and hiring costs. A recent analysis that was shared with ED during negotiated rulemaking found that PSLF represents “extraordinary taxpayer value” and that restricting employer eligibility would “eliminate this cost advantage and force significantly more expensive alternative approaches to maintain essential public service workforces.”²

In addition, the proposed rule introduces uncertainty by tying eligibility to ambiguous and politically contested definitions of illegal conduct. Cities and counties may struggle to provide accurate guidance to our employees or may face legal claims if staff unexpectedly lose eligibility. Local agencies will need to navigate and interpret complex federal rules, adding administrative strain on already overextended human resources departments. Employers would also be required to annually certify that they are not engaging in prohibited activity, so a paperwork oversight or internal legal dispute could put every employee’s PSLF status at risk.

The implications of the proposed rule are sweeping, and the consequences for borrowers as well as public service employers could be severe. As Alyssa Dobson, a member of the federal rulemaking panel, told ABC News following PSLF negotiated rulemaking in July, “I could see entire cities and civil structures being targeted.”³ Cities and counties that the Administration labels as so-called ‘sanctuary jurisdictions’ are likely to be targeted. Public schools and hospitals utilizing diversity, equity, and inclusion programs could be punished. Notably, an entire city or county could be disqualified as a PSLF employer—and with it, all of its employees—based on particular programs or departments.

Our fear that this rule would be used to target cities and counties is not mere speculation. In May, the Department of Homeland Security released a list of what it called “sanctuary jurisdictions” that it believed were “defying federal immigration laws.”⁴ The Small Business Administration announced the closure of multiple offices in cities “that do not comply” with ICE efforts,⁵ and President Trump’s border czar Tom Homan recently said that the Department of

¹<https://www.route-fifty.com/workforce/2024/03/can-student-debt-relief-attract-workers-state-and-local-government-jobs/394733/>

²<https://www.ed.gov/media/document/candidly-economic-analysis-cost-effectiveness-of-pslf-submitted-laurel-taylor-110311.pdf>

³ <https://www.ksbw.com/article/trump-student-loan-forgiveness-changes/65322778>

⁴<https://www.dhs.gov/news/2025/05/29/dhs-exposes-sanctuary-jurisdictions-defying-federal-immigration-law>

⁵<https://www.sba.gov/article/2025/03/06/administrator-loeffler-announces-sba-reforms-put-american-citizens-first>

Homeland Security will “flood the zone” with ICE agents in New York City and other so-called ‘sanctuary cities’. The Department of Justice has threatened to arrest public officials who accept federal funding on behalf of a city that has policies related to equity and diversity.⁶ It is entirely reasonable to expect that ED will follow suit, using the proposed rule to target local governments.

The proposed rule is blatantly illegal

The College Cost Reduction and Access Act, through which Congress established PSLF, states explicitly that all government and nonprofit organizations are PSLF-qualifying employers, without including any exceptions, thereby making their employees eligible for PSLF. Any action by ED to limit eligibility for any employer based on its alleged conduct is a clear violation of the statute—and could also be construed as an unlawful restriction of First Amendment rights to free speech and association. In addition, the proposed rule grants the Secretary of Education sole determination over whether an organization has engaged in an activity with a so-called “substantial illegal purpose,” despite the Department lacking the staff, expertise, and credibility—and statutory authority—to make such legal determinations. As proposed, the rule could result in the bizarre and unacceptable circumstance in which a court determines an employer has not engaged in illegal activity but the Secretary determines that the same conduct is “illegal” for PSLF purposes.

ED must withdraw this proposal, which subverts a shared commitment to public service

As local government leaders, we understand the importance of keeping public services strong. So we are deeply concerned that this proposed rule runs directly counter to this important and widely-shared goal. For nearly two decades, the PSLF program has symbolized a bipartisan commitment to public service. By tying eligibility to a contentious and politically charged ideological agenda, this rule threatens to erode that neutrality, and to renege on that commitment. Moreover, it represents a fundamental shift in how the federal government values and rewards civic labor. If implemented as proposed, it could not only deny forgiveness to deserving borrowers, but also fundamentally alter the meaning of public service in America.

Our teachers, social workers, firefighters, police officers, nurses, and all public service workers deserve better than this. What borrowers in our communities need right now is a student loan repayment system that is accessible, affordable, and fair—not a politically motivated attack on cities, counties, nonprofits, and public service workers. On behalf of our cities and counties, our public servants struggling with student loan debt, and our vital nonprofit workforce and partners, we urge you to withdraw this proposed rule.

Respectfully,

⁶<https://www.wilmerhale.com/en/insights/client-alerts/20250613-doj-civil-division-issues-enforcement-priorities-memorandum>

Quinton Lucas
Mayor, Kansas City (MO)

Michelle Wu
Mayor, City of Boston (MA)

Daniel Biss
Mayor, City of Evanston (IL)

Rex Richardson
Mayor, City of Long Beach (CA)

Mary B. Richardson-Lowry
Corporation Counsel, City of Chicago (IL)

Tony LoPresti
County Counsel, County of Santa Clara (CA)

Lyndsey M. Olson
City Attorney, City of Saint Paul (MN)

Eli Savit
Prosecuting Attorney, Washtenaw County
(MI)

Rebecca Maurer
Councilwoman, City of Cleveland (OH)

Molly Coleman
Councilmember, Ward Four, City of Saint
Paul (MN)

Hugo Soto-Martinez
Councilmember, City of Los Angeles (CA)

Timothy McGonigle
Commissioner, Mercer County (PA)

Chris Canales
Councilmember, City of El Paso (TX)

Regina Morrison Newman
Trustee, Shelby County (TN)

Justin M. Bibb
Mayor, City of Cleveland (OH)

Frank Scott, Jr.
Mayor, City of Little Rock (AR)

Ravinder Bhalla
Mayor, City of Hoboken (NJ)

Nancy Metayer Bowen
Vice Mayor, City of Coral Springs (FL)

Shannon Braddock
King County (WA) Executive

Ebony Thompson
Solicitor, City of Baltimore (MD)

Robert Taylor
City Attorney, City of Portland (OR)

Rosalyn Guy-McCorkle
Solicitor, Allegheny County (PA)

Delia Garza
Travis County (TX) Attorney

Rue Landau
Councilmember At-Large, Philadelphia (PA)

Brenda Gadd
Councilmember, City of Nashville (TN)

Roger Dickinson
Councilmember, District 2, City of
Sacramento (CA)

Nikki Fortunato Bas
Supervisor, Alameda County (CA) District 5

David Stout
Commissioner, Precinct 2, County of El Paso
(TX)

Alyshia M. Dyer
Sherriff, Washtenaw County (MI)

Robin Wilt
Councilmember, Town of Brighton (NY)

Ligia Andrade Zúñiga
Board Trustee, San Mateo (CA) Unified High
School District

Kristin McGuire
Board Trustee, Charter Oak Unified School
District, Covina (CA)

Christopher Jaramillo
School Board President, Norristown (PA)
Area School District