



September 17, 2025

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

Re: Notice of Proposed Rulemaking (NPRM), William D. Ford Federal Direct Loan Program (Docket ID: ED-2025-OPE-0016)

Dear Secretary McMahon:

The American Association of Colleges of Osteopathic Medicine (AACOM) thanks you for the opportunity to comment on the proposed amendments to the regulations governing the Public Service Loan Forgiveness (PSLF) program under 34 CFR 685.219. AACOM represents all 44 colleges of osteopathic medicine (COMs) in the United States. Our member schools educate more than 38,000 future physicians—nearly 30 percent of all U.S. medical students—at 71 teaching locations. AACOM also represents osteopathic graduate medical education professionals and trainees at U.S. medical centers, hospitals, clinic, and health systems.

AACOM appreciates the goals of the U.S. Department of Education (the Department) to better align PSLF eligibility with the program's statutory intent—to reward public service—and to avoid subsidizing substantial illegal activities. Those aims are important to ensure limited federal resources and taxpayer dollars are focused on the critical objective of encouraging our nation's graduates to seek employment in the government, higher education, and nonprofit organizations, and to further the public interest. AACOM also values the Department's effort to establish clear evidentiary frameworks and determination processes, promote transparency for graduates who have made significant life decisions in reliance on PSLF, and reaffirm individuals' and employers' constitutional rights, such as free speech.

However, AACOM is concerned that the proposed amendments to the PSLF program regulations may result in unexpected harm to our nation and its graduates by discouraging public service and penalizing graduates by delaying forgiveness because of activities the graduates themselves did not perform. We respectfully urge the Department to consider the recommendations in this letter, which are designed to minimize potential harm to graduates while advancing the Department's objectives of strengthening PSLF and preventing misuse. This will help ensure that future osteopathic physicians can access loan forgiveness and continue addressing workforce shortages, particularly in underserved and rural communities.

AACOM urges the Department to ensure amendments to the PSLF regulations recognize and support the critical role DOs play in the U.S. health care system.

One of the fastest growing medical fields in the United States, osteopathic medicine emphasizes helping individuals achieve optimal wellness through a whole-person approach to care. The

number of DOs has increased by more than 70 percent in the past ten years,¹ addressing health professional shortages and expanding access to care, especially in rural and underserved areas. COMs consistently receive national recognition for their role in tackling the U.S. physician shortage crisis, particularly in primary care. In fact, more than half of DOs practice in the primary care specialties of family medicine, internal medicine, and pediatrics.² Sixty percent of COMs are located in Health Professional Shortage Areas (HPSAs), and 64 percent require their students to go on clinical rotations in rural and underserved areas, reflecting a commitment across COMs to prepare their students to practice in these settings. The setting in which physicians train influences where they practice, and in 2025, COMs accounted for five of the top ten schools with the greatest share of graduates practicing in HPSAs and six of the top ten schools with the greatest share of graduates practicing in rural areas.³ DOs also tend to fill the primary care needs of rural communities at a rate 2.3 to 2.5 times higher than allopathic physicians.⁴

DOs often participate in the PSLF program, which makes graduate loan repayment obligations more manageable for graduates who have committed their careers to serving others in communities of need at more modest-paying jobs. It is a competitive recruiting tool, especially in medically underserved areas, that has successfully encouraged DOs and other health care professionals to work in full-time public service positions in exchange for partial forgiveness after ten years of qualifying payments.

The United States is facing a significant shortage of primary care physicians, with projections indicating a shortage of more than 87,000 full-time equivalent primary care physicians by 2037, which will be particularly acute in nonmetro areas.⁵ Thankfully, many osteopathic medical students pursue careers in primary care—52 percent of seniors in 2025⁶—strengthening the backbone of our nation's health care system. Importantly, osteopathic medical graduates are more likely to choose primary care when they have access to loan forgiveness programs such as PSLF. In the 2023–24 academic year, 34 percent of graduating medical students with debt indicated a plan to pursue the PSLF program.⁷ PSLF recipients are also more likely to be graduates of COMs.⁸

¹ Am. Osteopathic Ass'n, Osteopathic Medical Profession Report at pg.4 (2024) [hereinafter DO Report], <https://osteopathic.org/index.php?aam-media=/wp-content/uploads/2024-OMP-Report.pdf>.

² *Id.* at pg.6.

³ Medical Schools With the Most Graduates Practicing in Medically Underserved Areas, U.S. News & World Report, <https://www.usnews.com/best-graduate-schools/top-medical-schools> (last visited September 15, 2025).

⁴ Letter from Alan Morgan, CEO, Nat'l Rural Health Ass'n, to Sen. Ron Wyden, Chairman, U.S. Senate Comm. on Finance (June 24, 2024), <https://www.ruralhealth.us/getmedia/026186f4-c17e-43db-84fa-2fb3e43a3cdf/NRHA-Senate-GME-proposal-response-6-24-2024-final.pdf>.

⁵ Nat'l Ctr. For Health Workforce Analysis, State of the Primary Care Workforce (Nov. 2024), <https://bhw.hrsa.gov/sites/default/files/bureau-health-workforce/state-of-the-primary-care-workforce-report-2024.pdf>.

⁶ Nat'l Residency Matching Program, Results and Data: 2025 Main Residency Match at pg.4 (2025), https://www.nrmp.org/wp-content/uploads/2025/05/Main_Match_Results_and_Data_20250529_FINAL.pdf.

⁷ Brendan Murphy, *Most graduating medical students skip loan-forgiveness options*, Am. Med. Ass'n (June 12, 2023), <https://www.ama-assn.org/medical-students/medical-student-finance/most-graduating-medical-students-skip-loan-forgiveness>.

⁸ Caitlin S. Davis et al., *Impact of Service-Based Student Loan Repayment Program on the Primary Care Workforce*, 21 *Annals of Family Med.* 327 (2023), <https://www.annfammed.org/content/annalsfm/21/4/327.full.pdf>.

Without PSLF, many DOs would be disincentivized from working at qualifying hospitals, federally qualified health centers, and other healthcare facilities in rural and underserved areas and instead enter the private sector, where salaries are often higher. This would worsen existing healthcare disparities in underserved communities and threaten the overall health of our country. Thus, it is critical for our nation's prosperity and wellbeing to avoid harming DOs through unintended consequences of limiting PSLF eligibility.

To address these concerns, AACOM recommends the following:

The Department should revise the proposed regulations to defer to the Internal Revenue Service's (IRS) interpretation of the "illegality doctrine" to exclude only organizations with a substantial illegal purpose, not organizations engaged in activities with a substantial illegal purpose.

The Department states in the NPRM that it "has based its approach . . . on the so-called 'illegality doctrine' utilized when determining whether organizations qualify for tax-exempt status under Internal Revenue Code § 501(c)(3)." AACOM appreciates the Department's goal to promote consistency throughout the federal government by attempting to align the PSLF rulemaking with the IRS's interpretation of the "illegality doctrine." However, AACOM wishes to point out that the Department's proposed rule is not consistent with the IRS's interpretation. More specifically, instead of excluding organizations with a substantial illegal purpose from the definition of "qualifying employer," the Department's proposed rule aims to exclude organizations engaged in "activities with a substantial illegal purpose," even if those activities do not amount to substantial part of the organization's activities. This would create a stricter standard than the IRS applies in determining tax-exempt eligibility under section 501(c)(3) of the Internal Revenue Code, and could unintentionally harm borrowers who have committed their careers to public service and depend on PSLF.

AACOM is concerned that the proposed rule misapplies the illegality doctrine by revoking "qualifying employer" status if an organization engages in activities with a substantially illegal purpose, even if those activities are not a significant part of its operations. While the rule directs the Secretary to weigh the "materiality" of any illegal actions, this standard is vague and lacks the clear IRS framework of quantitative and qualitative factors. This creates a risk of inconsistent application, where organizations could retain tax-exempt status yet lose "qualifying employer" status, leaving borrowers misled about their eligibility for PSLF when working at 501(c)(3) organizations.

AACOM urges the Department to revise the proposed rule to defer to IRS's interpretation of the "illegality doctrine." Deference would ensure consistency among the federal agencies, avoid unnecessary and harmful confusion for borrowers, and alleviate the Department from having to interpret complex tax principles that are outside the Department's ordinary and traditional purview.

The Department should revise the proposed regulations to focus penalties on employers, not borrowers.

One of the Department's stated goals in proposing these amendments to the PSLF regulations is to "ensure[] that the Department is not indirectly subsidizing employers who are engaging in activities that have a substantial illegal purpose."⁹ While we understand this concern, it is important to recognize that the PSLF program provides benefits directly to borrowers through partial loan forgiveness. AACOM respectfully notes that forgiveness does not "subsidize their employment" as the program does not provide monetary support or financial benefit to employers. We encourage the Department to consider focusing any penalties for employer misconduct directly on the employer, rather than on borrowers who are simply employees.

The Department should revise 34 CFR § 685.219(e) to require minimum notice periods to increase transparency and allow ample time for borrowers to make informed decisions about their employment.

AACOM commends the Department for its commitment to bolstering transparency in the PSLF program. To that end, we greatly appreciate new provisions requiring the Secretary to notify borrowers that their employer may become ineligible or are ineligible due to an adverse determination. To further increase transparency, AACOM urges the Department to implement minimum notice requirements, preventing any adverse determination from occurring until a specific number of days have elapsed since the notification was issued.

The Department should raise the evidentiary standard in § 685.219(h) to require clear and convincing evidence, which would align with the proposal that achieved near consensus.

AACOM recommends that the Department adopt a clear and convincing evidence standard in the final rule. This higher threshold would ensure that allegations of substantial illegal activity are shown to be highly probable, not simply more likely than not. Borrowers have made significant life decisions based on the promise of PSLF, and a stronger standard of proof would help safeguard their interests and maintain confidence in the program.

The Department should revise the determination procedures under § 685.219(i) to include only a case-by-case analysis based on the facts.

As drafted, the proposed rule may unintentionally cut off access to PSLF for borrowers who have submitted the required certification simply because another borrower's application omitted it.

The existing regulations already acknowledge that borrowers may have difficulty or be unable to obtain a certification of employment but provides the Secretary discretion to still count payments toward forgiveness based on other documentation provided by the borrower.¹⁰ Borrowers' challenges navigating PSLF's administrative requirements are well documented, and it is not unreasonable to anticipate that some may fail to provide the new certification due to oversight. The proposed rule, however, would limit the Secretary's discretion by requiring removal of an employer from the qualifying list based solely on one incomplete application.

⁹ See William D. Ford Federal Direct Loan (Direct Loan) Program, 90 Fed. Reg. 40155 (proposed Aug. 18, 2025).

¹⁰ See 34 CFR § 685.219(d)(4).

AACOM recommends that the Department instead promulgate a rule requiring the Secretary to make case-by-case determinations, based on the facts, as to whether an employer engaged in a substantial illegal activity. Such an approach would be consistent with the administration's commitment to due process and ensure employers have the opportunity to respond to adverse findings, while avoiding penalizing borrowers for administrative errors outside their control.

The Department should revise § 685.219(j) to reduce the mandatory ineligibility period from ten to five years and explicitly require the Department to negotiate corrective action plans reasonably and in good faith.

AACOM appreciates the Department's commitment to preventing employers from engaging in activities with a substantial illegal purpose. However, disqualifying an employer for ten years—the same period borrowers must make payments to qualify for PSLF—could unnecessarily disrupt borrowers' ability to accrue qualifying payments. This is particularly true for recent osteopathic medical graduates with limited job mobility due to requirements to complete three to seven years of residency training. AACOM recommends reducing the ineligibility period to five years, consistent with the proposal that achieved near consensus during negotiated rulemaking.

AACOM also recommends that the Department require the Secretary to negotiate and approve corrective action plans in a fair and transparent manner. This safeguard would help ensure that compliance measures remain consistent with the law.

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Thank you for the opportunity to share our views. As the Department finalizes the rule, AACOM urges consideration of the impact on medical schools and their role in training future physicians. We welcome the opportunity for additional collaboration. If you have any questions or need additional information, please do not hesitate to contact me at dbergman@aacom.org.

Respectfully,



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