

# Public Service Loan Forgiveness Program: Is it DOA or Not?

03.31.25 | Linda J. Rosenthal, JD



Fixing the bureaucratic mess of the beleaguered Public Service Loan Forgiveness Program (PSLF) had been a major achievement of the Biden Administration. It was welcomed by the nation's 501(c)(3)s and many of their younger employees who had hoped for loan forgiveness in exchange for ten years' service in the nonprofit sector.

There were fears, though, of what could happen with the change of administration in Washington, D.C. on Inauguration Day. Concern mounted with the barrage of executive orders and other "presidential actions" from the Oval Office that were taking a machete to anything associated with the former president.

Then, on March 7, 2025, the White House released the Orwellian-titled *Restoring Public Service Loan Forgiveness*. Many observers wondered: "Hadn't it already been restored?"

Much like the old joke from a few decades ago about knowing you're having a bad day when you arrive at your office and the CBS 60 Minutes news crew is waiting for you there, alarm bells went off.

It may not be as bad as feared, though, and the danger is not imminent, according to experts, journalists who cover this beat regularly, and the California Association of Nonprofits (CalNonprofits) which is holding an all-are-invited webinar on April 17th. There may also be help brewing in the California Legislature.

Nevertheless, the 60 Minutes folks are inquiring about long-term rates at the nearby parking structure.

## ***The PSLF: High Hopes But Administrative Troubles***

We've covered the story of the Public Service Loan Forgiveness Program in depth for several years. See [Good News on Public Service Loan Forgiveness Program](#) (May 5, 2023) and [Student-Loan Cancellation: Out With Plan A. In With Plan B](#) (July 18, 2023). The original PSLF Program was created with bipartisan support by Congress in 2007. The program “[forgives a borrower’s federal student loans](#)” on completion of 10 years of payments “[while working in public service](#) — as teachers, firefighters, police officers, healthcare workers, government workers and other nonprofit employees.”

The administrative operations were handed off to contractors [which made a huge mess of it](#) soon after. It had been designed as a “win/win” to provide a much-needed path to relief for recent college grads with crushing student-loan debt as well as a boost to the flailing nonprofit-sector worker pipeline. With the PSLF Program mired in troubles, there was general support all around to find a workable fix benefiting everyone.

### ***The March 7th Directive***

A fix was, indeed, found.

But then came the March 7th presidential action that includes the now-familiar mantra that it is the policy of the Trump administration to deny benefits and favored treatment to “... organizations whose [activities have a substantial illegal purpose.](#)”

Accordingly, “the Secretary of Education shall propose revisions to 34 C.F.R. 685.219, Public Service Loan Forgiveness Program, in coordination with the Secretary of the Treasury as appropriate, that ensure the definition of ‘public service’ excludes organizations that engage in activities that have a substantial illegal purpose.”

The March 7th document lists organizations and activities that – (now paraphrasing) – aid or abet violations of immigration laws, “support terrorism,” and blah blah “child abuse” blah blah “chemical and surgical ... mutilation” blah blah “trafficking of children to so-called transgender sanctuary States...”

The “presidential action” also lists organizations that: engage in a pattern of “aiding and abetting illegal discrimination” or “violating State tort laws, including laws against trespassing, disorderly conduct, public nuisance, vandalism, and obstruction of highways.”

### ***What Does This Mean?***

The “[Public Service Loan Forgiveness \(PSLF\)](#)” page of the official website “Federal Student Aid, An Office of the U.S. Department of Education” is still available on the internet with this notation: “We are reviewing the recent Executive Order regarding the Public Service Loan Forgiveness (PSLF) Program. There are no changes to PSLF currently, and borrowers do not need to take any action.”

Eliza Haverstock has been covering the student loan beat for Nerdwallet. In her most recent article, she explains why “...[d]espite the order’s strong language, at this point, no borrowers are at imminent risk of losing their eligibility for PSLF. See [Is Public Service Loan Forgiveness going away? Understanding Trump’s executive order](#) (March 16, 2025 2:01 pm CDT).

Ms. Haverstock quotes an attorney who specializes in student debt: “You’re right to freak out, but if you take a beat and dig into what the executive order says right now, it’s just a directive to change the language [of PSLF] in the future,” says Stanley Tate. ‘How that actually plays out is yet to be written. When it does, there will surely be a response from different advocacy groups that are interested in protecting borrowers moving forward.’”

“Still,” advises Eliza Haverstock, “there are steps PSLF-eligible borrowers can take now to prepare for uncertainty, starting with understanding what the executive order does, which borrowers it targets and how to track your own PSLF progress.”

### ***Webinar by CalNonprofits***

CalNonprofits is sponsoring a free-of-charge webinar on April 17, 2025, at 11 am to 12 pm, PDT. See [\*PSLF in Flux: Updates on Policy Shifts and Their Implications\*](#). All are invited – members as well as non-members – to hear about “the latest PSLF updates” as well as “clear actionable steps to help borrowers successfully move out of forbearance and stay on track for loan forgiveness.” The scheduled guest speaker is the Student Loan Servicing Ombudsperson, California Dept of Financial Protection and Innovation. A registration link is provided.

### ***California Legislature Action***

There is a bill advancing in the California Assembly that is aimed at providing some protection to borrowers in the event that the federal PSLF Program is taken away in whole or in part by the Trump administration. Titled: “Student loans: public service educational loan forgiveness program,” it is AB 700. See [\*Bill Text: CA AB700 | 2025-2026 | Regular Session | Introduced California Assembly Bill 700\*](#).

Introduced on February 14, 2025 by Assembly Member Jessica Calosa (D), this bill would require (state) Student Aid Commission to establish a public service educational loan forgiveness program of up to \$10,000 per applicant, as specified. “The bill would create the Public Service Education Loan Forgiveness Fund and authorize the commission to accept donations for purposes of the program and deposit them in the fund.”

AB 700 has been referred to the Committee on Higher Education. There is a committee hearing scheduled for April 22, 2025, at 1:30 pm PDT at the State Capitol, Room 126.

### ***Conclusion***

We’ll keep track of these developments. Stay tuned.

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