GENERAL

New PSLF Program Lawsuit: Gross Administrative Mismanagement

11.06.26 | Linda J. Rosenthal, JD



In *The Public Service Loan Forgiveness Program: Safe …At Last?* (October 28, 2026) *FPLG Blog,* the key question for 501(c)(3) employers nationwide as well as their current and prospective workers is in the title itself. Is the PSLF Program … "safe at last?"

The government's final regulations (10/31/25) for the PSLF Program – which attempted unlawfully and unconstitutionally to tie employer eligibility to alignment with the Trump 2.0 administration's agenda – have been stopped in their tracks by two federal district courts (6/30/26).

When the government, as expected, filed appeals of both adverse rulings, it looked like we might be in for long, drawn-out battles in the appellate courts and perhaps in the Supreme Court. Then, suddenly and without explanation, the government dropped both appeals (10/22/26). Those cases are over.

So, the short answer to the "safe at last" question is: "yes, but…."

The Statutory Protections Are Restored, But ….

The PSLF Program on the books is now back to the original purpose and intent of a bipartisan Congress in 2007: to create a win/win scenario for (a) the nation's charitable employers who struggle to compete in hiring talented fresh college graduates, and (b) college grads with talent and the desire to serve the public but who have crushing student-loan debt.

"In 2007, Congress made a promise to millions of student loan borrowers across the country: work in public service for ten years and their remaining federal student loan debt will be forgiven."

But – now in 2026, notwithstanding the plain language and clear intent of the statute, and despite Biden-era attempts to clear up massive administrative roadblocks that had plagued the PSLF Program for a decade or more – borrowers once again face huge obstacles to having their debt balances erased despite their meeting all of the requirements of the Program.

The Department of Education, on orders from the Trump 2.0 administration, is back to its old tricks of making actual, on-time, loan forgiveness a mirage. After subjecting the loan-holders to an infuriating and lengthy tumble down Alice's rabbit hole, the promised relief remains illusory for most of them.

"Whereas previous administrations have taken steps to keep Congress's promise, the Department is now pushing eligible borrowers farther away from debt forgiveness by illegally withholding or delaying PSLF 'Buyback' determinations, failing to award borrowers credit for time worked in public service, and illegally clawing back previously credited time….The Department's actions more than break the promise of PSLF—they create a financial and emotional burden for public service workers."

Relief, though, may be on the way.

The American Federation of Teachers and nine individual borrowers have just filed a class-action lawsuit in the federal district court in the District of Columbia. See *Randi Weingarten, in her official capacity as President of the American Federation of Teachers, et al v. Linda McMahon, et al,* Case 1:26-cv-03826 (D.D.C.) [47 pp. PDF] (October 30, 2026).

Earlier Litigation

It's not the first time that the AFT has challenged in court various oppressive administrative obstacles that have been allowed to pop up and flourish through the mismanagement of hired contractors or by the benign neglect of government agencies who are supposed to exercise oversight.

The union, representing not only teachers but other categories of public servants and first responders, scored a huge victory in a lawsuit that it had filed in 2019: *Weingarten v. De Vos.* The plaintiffs emerged with a favorable settlement in 2021. See *American Federation of Teachers settles lawsuit against Education Dept. over loan forgiveness program* (October 13, 2021) Danielle Douglas-Gabriel, *The Washington Post.*

The New AFT Lawsuit

On October 30, 2026, the litigation journey of this new AFT-sponsored federal class-action complaint began. The goal: fixing (once and for all) any unfair and improper administrative roadblocks to loan forgiveness for eligible borrowers who have satisfied all of the statutory conditions of the PSLF Program.

The Complaint is an excellent presentation of the chaotic mess faced currently by many, if not most, PSLF loan-forgiveness applicants who are close to – or at – the statutorily mandated forgiveness date. It also features examples of trouble continuing for many borrowers who are beyond the expected loan-forgiveness date. They are left hanging (and must keep up payments on pain of possible default action taken against them.) That's right: it's absurd on its face.

The 47-page Complaint deftly weaves in (among the legal stuff) the horror stories of the nine individual plaintiffs trying unsuccessfully to navigate the maze [think: The Shining] of either negligent or intentional dead-ends and obstacles. A few words pop into mind: "diabolical" and "infuriating" are at the top of my list.

The Litigation Strategy

The Complaint – brought as a putative class action – shoehorns broad instances of administrative wrongdoing into three proposed categories of class plaintiffs, as follows: "141. "Pursuant to Fed. R. Civ. P. 23(b)(2), Plaintiffs seek certification of the following classes:

- ***PSLF Buyback Class.*** All borrowers who have satisfied the public service requirements of PSLF, and have submitted a PSLF Buyback application, but for whom the Department has not processed their PSLF Buyback applications within 90 days of filing the PSLF Buyback application.
- ***PSLF Clawback Class.*** All borrowers from whom the Department removed qualifying payment credits for months that were considered qualifying payments at the time that they were awarded, and who would have reached the 120 qualifying payments required for loan cancellation under PSLF but for the removal of those months, and who should therefore qualify to have their loans cancelled.
- ***PSLF Qualifying Payments Withholding Class.*** All borrowers for whom the Department has failed to credit their account for qualifying payments toward PSLF and for whom the withheld months would count either as their 120th months necessary for cancellation under PSLF or the months necessary to qualify for the PSLF Buyback process."

"This case is as simple as it is important: through its various actions and inactions, the Department is trapping in debt borrowers whose loans should be forgiven, forcing them to choose between making unnecessary and burdensome payments or slipping into default. Plaintiffs bring this action to enforce borrowers' statutory, regulatory, and contractual rights to PSLF, and to compel the Department to honor Congress's promise to public service workers." [Complaint, par. 5]

See also, e.g., *Education Department Gets Sued For Blocking Student Loan Forgiveness, Reversing PSLF Credit* (October 30, 2026) Adam S. Minsky, *Forbes;* *Borrowers Accuse ED of Mismanaging Public Service Loan Forgiveness* (November 2, 2026) Jessica Blake, *Inside Higher Ed;* and *Teachers' Union Sues Trump Administration Over Student Loan Forgiveness* (November 2, 2026) Chris Tolomia, *Quartz.*

Conclusion

Separately: There is a new class action lawsuit also just filed in federal district court in the District of Columbia. It addresses more general DOE wrongdoing in the broader student-loan program; more particularly, denying relief under the "closed-school-discharge" which permits borrowers to have their loans canceled "when their school closes, and they are unable to finish their program." See *Student Loan Update: New Lawsuit Filed Against Trump's Education Department* (updated October 30, 2026) Suzanne Blake, *Newsweek,* reporting on *Gaussoin v. McMahon et al* [*Case No. 1:2026cv03784) (D.D.C.*]

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