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Maryland Legal Aid Welcomes Federal Court Decision Vacating Public Service Loan Forgiveness Rule

Baltimore, MD – Maryland Legal Aid welcomes the U.S. District Court for the District of Massachusetts' decision setting aside and vacating the U.S. Department of Education's final rule that could have prevented employees of legal services programs across the country from receiving credit toward federal Public Service Loan Forgiveness. The rule would have allowed the Secretary of Education to disqualify public service employers, including nonprofit legal aid organizations such as Maryland Legal Aid, based on a finding that the employer engaged in activities with a "substantial illegal purpose," a vague standard not included in the statute Congress enacted. Legal services organizations across the country raised serious concerns that the rule could be used to deny PSLF eligibility to employees serving low-income communities through civil legal aid. The rule had been scheduled to take effect July 1.

On June 30, U.S. District Judge Myong J. Joun issued an opinion in *National Council of Nonprofits et al. v. McMahon et al.* and the related case *Commonwealth of Massachusetts et al. v. U.S. Department of Education et al.*, holding that the final rule was contrary to law and exceeded the Department's statutory authority, was arbitrary and capricious, and violated the First Amendment.

The decision preserves a mission-critical program for public servants, including civil legal aid attorneys who often carry significant student loan debt while earning far less than they could in private practice. Congress created the Public Service Loan Forgiveness program in 2007 to encourage public service careers by forgiving the remaining balance of eligible federal student loans after a borrower works full time in qualifying public service employment for ten years and makes the required payments.

Maryland Legal Aid was pleased to contribute to the broader effort to protect PSLF and help catalyze support within the legal services community. In February, MLA filed an amicus brief with support from 92 civil legal services organizations from across the country. The brief explained that the Department's rule would have created uncertainty for nonprofit legal aid organizations and their employees by giving the Secretary of Education broad authority to disqualify otherwise eligible public service employers based on vague standards not included in the statute Congress enacted.

"This decision reaffirms a fundamental principle: federal agencies cannot simply rewrite laws enacted by Congress. For many legal aid attorneys, Public Service Loan Forgiveness makes a career in public service financially possible," said Kevonne Small, Chief Legal Director at Maryland Legal Aid. **"Today's ruling protects not only those dedicated professionals, but also the countless individuals and families who depend on civil legal aid for help."**

Maryland Legal Aid's amicus brief emphasized that uncertainty around PSLF eligibility would have harmed civil legal aid organizations' ability to recruit and retain attorneys, especially in communities already facing attorney shortages. The brief also explained that weakening PSLF would ultimately reduce access to legal help for people facing eviction, domestic violence, loss of public benefits, consumer debt, employment barriers, and other life-altering civil legal problems.

Judge Joun's opinion recognized that the Department's final rule would have imposed new eligibility restrictions that Congress did not authorize and that the rule's vague standards created a risk of arbitrary enforcement. The court vacated the rule in full.

For more information or to arrange interviews with Maryland Legal Aid attorneys or tenant representatives, please contact Nicholle Granger at ngranger@mdlab.org

About Maryland Legal Aid

Established in 1911, Maryland Legal Aid is a statewide nonprofit 501(c)(3) law firm that advocates with and for Marylanders experiencing poverty to achieve equity and social justice through free civil legal services, community collaboration, and systemic change. From its 11 offices across the state and through its many community-based clinics, Maryland Legal Aid helps clients preserve and access safe and affordable housing;

maintain custody of their children and be safe from domestic violence; and increase their economic security by defending against consumer debt, including foreclosures and tax sales, removing barriers to employment, and accessing critical income supports such as Medicaid, SNAP, unemployment, and other vital public benefits. In its advocacy, Maryland Legal Aid seeks to change systems that perpetuate poverty and inequity.