

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 795

(Delegate Spiegel, *et al.*)

Economic Matters

Finance

Federal Public Service Loan Forgiveness Program - Employee Certification and Awareness Materials

This bill requires that, for the purposes of certifying employment for the federal Public Service Loan Forgiveness (PSLF) Program, a public service employer must (1) adopt a policy calculating hours worked with a method that maximizes the amount of time for which an employee can be considered full time and (2) consider an employee as full time if the employee satisfies, or satisfied, the minimum amount of time to qualify as such. The bill establishes procedures for certifying employment of adjunct or tenured professors in institutions of higher education that are also public service employers under PSLF. More generally, a public service employer may not unreasonably delay the certification of the employment of a current or former employee. The bill also requires the Student Loan Ombudsman to develop and disseminate specified materials and requires public service employers to share those materials as specified. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: State agencies can likely handle the bill's requirements with existing resources, as discussed below. Revenues are not affected.

Local Effect: Expenditures for local employers (all of which qualify as public service employers) may increase minimally to conform existing personnel practices to the bill's requirements, though any changes are likely absorbable with existing resources. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: The bill may not be construed to require a public service employee to increase the number of hours the employee works for a public service employer; the bill applies only to the methods of calculating full-time employment for the purposes of PSLF. The Commissioner of Labor and Industry must adopt regulations to implement the bill.

Institutions of Higher Education as Public Service Employers

An institution of higher education that is also a public service employer must, with respect to an employee who is an adjunct or tenured professor, credit the employee for each hour of the employee's credit, contact, or classroom time with at least 3.35 hours worked or the number allowed under PSLF if higher. This does not supersede an institution of higher education's policy or adjustment for additional work associated with lecture or classroom time. An institution of higher education that is also a public service employer must treat consecutive academic terms that an employee teaches as a continuous employment period, regardless of whether the hours are taught under separate employment contracts, or the academic terms are separated by routine academic vacation.

Certification Requirements – Generally

A public service employer must certify the employment, as specified, of each (1) current or former employee who requests that the public service employer complete a PSLF form and (2) employee who is leaving the employment of the public service employer on the employee's separation.

If the U.S. Department of Education (ED) allows a public service employer to directly certify employment, the public service employer may send the information necessary to certify employment directly to ED. The bill does not prevent a public service employer from seeking permission from an employee before certifying directly with the department.

Student Loan Ombudsman

The Student Loan Ombudsman must develop, and update as necessary, materials designed to promote awareness of and increase participation in PSLF. The materials must include a standardized letter, detailed fact sheet, and a frequently-asked-questions document.

Beginning October 15, 2025, the ombudsman, in coordination with other State agencies, must make the materials available to public service employers. One month later, beginning November 15, 2025, each public service employer must provide each newly hired employee with the most recently available version of the material developed by the ombudsman by mail, email, or during an in-person orientation within 30 days of

employment. Beginning March 15, 2026, each public service employer must annually provide the most recently available version of the materials developed by the ombudsman to all employees in written or electronic form.

Current Law:

Federal Public Service Loan Forgiveness Program

PSLF is intended to encourage individuals to enter and continue to work full time in public service jobs. Under the program, an individual may qualify for forgiveness on the remaining balance due on the William D. Ford Federal Direct Loan Program (known as the Direct Loan Program) loans after making 120 monthly payments on those loans while employed full time by qualified public service employers. Each of the 120 qualifying payments must be made for the full scheduled monthly installment amount; however, the 120 required payments do not need to be made consecutively.

For PSLF, individuals are generally considered to work full time if they work for a qualifying employer(s) for a weekly average (alone or when combined) of at least 30 hours. For nontenure track employment at a higher education institution, the hours worked are determined by multiplying each credit or contact hour taught per week by at least 3.35 hours.

Employment can be certified by an official who has access to an individual's employment or service records and is authorized by an employer to certify employment. This is often someone in the human resources department, though in some cases supervisors or other individuals may be authorized to certify employment. If an individual does not submit the PSLF form annually, then at the time that individual applies for forgiveness, the individual is required to submit employment certification for each employer while making the required 120 qualifying monthly payments.

Student Loan Ombudsman

Statutory provisions require the Office of the Commissioner of Financial Regulation (OCFR) to designate an individual to serve as Student Loan Ombudsman. Among other things, the ombudsman must monitor student loan servicing activity in Maryland, receive and process complaints about student education loan servicing, and may refer any matter that is abusive, unfair, deceptive, or fraudulent to the Office of the Attorney General for civil enforcement or criminal prosecution.

In addition, the ombudsman is charged with helping student loan borrowers understand their rights and responsibilities under the terms of their student education loans. The ombudsman gathers information about the state of student loan servicing in Maryland to

inform the public and the State legislature about student loan issues and trends. That information is provided to the public, and complaint data and any recommendations are provided to the General Assembly in the ombudsman's [annual report](#).

State/Local Expenditures:

Student Loan Ombudsman Responsibilities

The Maryland Department of Labor advises that OCFR can handle the bill's responsibilities with existing resources and that it has already created the required materials.

State and Local Public Service Employers

The Department of Budget and Management (DBM) advises that it already has a methodology for calculating hours that maximizes the amount of State service that can be reported by an employee who is participating in PSLF. DBM notes it can use existing resources to include PSLF materials with onboarding packets of information that new employees receive.

Human resources departments in other State agencies and local governments may need to implement procedural changes to the extent they do not already certify PSLF employees as specified in the bill, but they can likely accommodate those changes with existing resources.

Institutions of Higher Education

The University System of Maryland advises that the bill does not have a fiscal impact, though the bill has an operational impact in that it creates additional responsibilities for its human resources unit that processes and retains records.

Additional Comments: Nonprofit organizations that are public service employers in the State may face operational difficulties to conform existing practice to the bill's PSLF certification requirements.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1172 of 2024 and HB 1048 of 2023.

Designated Cross File: None.

Information Source(s): Maryland Municipal League; Maryland State Library Agency; University System of Maryland; St. Mary's College of Maryland; Department of Budget and Management; Maryland Department of Labor; Maryland Department of Transportation; Montgomery County Public Schools; Prince George's County Public Schools; Department of Legislative Services

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Analysis by: Heather N. MacDonagh

Direct Inquiries to:
(410) 946-5510
(301) 970-5510