

2023.3.9 Coalition Letter in Support of MD HB 1048

Uploaded by: Amy Czulada

Position: FAV

**Written Testimony of Student Borrower Protection Center
at a Public Hearing before the
House Appropriations Committee
on HB 1048
“Federal Public Service Loan Forgiveness Program – Employee Certification and
Awareness Materials”**

IN SUPPORT

March 9, 2023

Good afternoon Chair Barnes, Vice Chair Chang, and members of the Committee.

The undersigned 7 organizations, representing Maryland student loan borrowers and workers, write in support of HB 1048, which if passed, would provide critical information about the Public Service Loan Forgiveness (PSLF) program to public service employees across the state and make it significantly easier for adjunct and tenured faculty of higher education institutions to receive the benefits of the program.

With student loan debt reaching a record high of approximately \$1.8 trillion dollars, it is imperative that states find ways to relieve this burden for their residents. This is particularly true for public service workers, who generally earn less than workers in the private sector. In Maryland, where approximately [805,600 borrowers owe a collective \\$35.4 billion](#) in student loan debt, the state has a chance to leverage federal student loan forgiveness programs to deliver for its residents.

Background on the Public Service Loan Forgiveness program.

The Public Service Loan Forgiveness—or PSLF—program was created by Congress in 2007. It was a simple promise: work in public service for 10 years, and have the remainder of your federal student loans forgiven. PSLF was intended to both reward hard working public service workers who could likely earn more working in the private, for-profit sector, and to incentivize recent graduates to enter public service who might otherwise be deterred by the size of the amount of their federal student loan debt.

But an unfortunate track record of bad industry practices and ambivalence by the Department of Education (ED) has led PSLF to have a [98 percent rejection rate](#). Underlying these numbers are millions of [teachers](#), [nurses](#), and [servicemembers](#) who planned their lives around the promise of eventual loan forgiveness have been cheated out of their rights. Although the Department has worked to address these earlier issues and restored the program’s promise for millions of

borrowers, too few borrowers know about the program due to this rocky beginning. Also, the Department's recent fixes have not addressed all of the barriers of entry to PSLF that certain public service workers regularly face.

However, there is much that states can do to rise to the occasion and ensure that the maximum number of resident public service workers benefit from PSLF. This bill would take those steps.

Notifying Public Service Workers of Their Eligibility is Critical.

The state can leverage this federal student loan forgiveness program for the benefit of its public service workers. Quite simply, public service workers are less likely to benefit from PSLF loan forgiveness if they are not aware of the program and the steps that they need to take in order to benefit from it. This bill would task Maryland's Student Loan Ombudsperson with developing informational material related to PSLF and would require public sector employers to regularly distribute informational materials to employees, while making these materials available to any employer to distribute as well. This is a common-sense, low-cost way for the state to maximize the benefits of the federal PSLF program.

This information requirement does not represent a burden on the state or employers. The Student Loan Ombudsperson, housed in the Office of the Commissioner of Financial Regulation, is a qualified and knowledgeable resource for student loan borrowers. This responsibility fits within the Student Loan Ombudsperson's existing [statutory mandate](#) to, among other things, "provide timely assistance to any student education loan borrower with any student education loan." These informational materials could also result in raising the general public's awareness of existing resources for borrowers, such as the Student Loan Ombudsperson, which would support the Ombudsperson's other statutory mandate to "disseminate information concerning the availability of the student loan advocate to assist student education loan borrowers and potential student education loan borrowers, as well as institutions of higher education, student education loan servicers, and any other participant in student education loan lending, with any student education loan concerns." Finally, given that PSLF is a national program, the materials need not be specific to Maryland, and can be made in collaboration with or borrowed from other states and with the federal government.

Having accurate and reliable information distributed by the state is a critical component to supporting borrowers with their student loan debt, and is well within the state's authority and resources.

Facilitating employment certification can move Maryland toward automatic student loan forgiveness.

As part of its recent fixes to the PSLF program, the Department of Education also [announced](#) it is beginning the process of automating the program for federal employees. Typically, each borrower is responsible for having their employer complete specific papers that must then be filed, by the borrower, with the federal government. These papers essentially document that the borrower has eligible public service employment. Pursuant to its announcement, the Department of Education will engage in a data sharing agreement with the federal Office of Personnel Management and the Department of Defense to confirm federal public service workers' qualifying employment. Once operational, the Department of Education will be able to regularly verify employment for federal workers and forgive those workers' federal student loans after ten years of service.

Although this automated matching program is currently limited to federal employees only, the Department of Education expressed interest in working with other public service employers to engage in a data exchange and matching program to automate PSLF for those other public service employees. As part of this move toward automation, the bill creates a permission structure that allows, but does not require, public service employers who would normally sign individual employees' forms to instead share necessary employment data directly with the federal government. With these pieces in place, once the Department of Education commences partnerships with non-federal employers, Maryland employers—including the State itself—will be well positioned to automate federal student loan forgiveness for its public service workers.

Additionally, for public employers who do not directly engage with the Department of Education on employment certification, the bill requires that these employers provide completed employment certification forms to any employee who requests one or has historically requested one, since the bill's effective date. Employers already complete these forms on an individual basis upon employee request. What the bill would do is ensure that if an employee requests certification once after the bill's effective date, going forward the employer will proactively provide the necessary forms for the duration of that employee's tenure. This is an incremental step closer to automation for any public employer that chooses not to directly engage with the Department of Education.

This bill would ensure credit is given where credit is due for part-time academic public service workers.

In addition to moving toward automation of employer certification, the Department of Education has also recognized that some public service workers' contracted hours do not reflect their hours actually worked. In these instances, these public service workers are under-credited for the purpose of PSLF. This is particularly true of adjunct professors and other part-time academic employees, whose in-class instructional hours often do not reflect the hours spent meeting with students outside the classroom or grading assignments.

For this reason, the bill would multiply contracted hours for these employees by a rate of 3.35 for every in-class teaching hour. This is a rate developed by teachers unions and used in several other states. It is also the multiplier rate the Department of Education will use when [permanent changes to the PSLF program](#) go into effect in July of 2023.

Here, too, the bill would merely codify in Maryland steps that the federal government plans to take in the future. Although the federal government permits the use of this multiplier, it does not require it. This bill will ensure that adjunct and other part-time faculty can benefit from the multiple in order to access federal student loan debt cancellation .

Conclusion

We urge the Committee to support HB 1048 so that more current and future public service workers in Maryland who struggle with federal student loan debt will benefit from the existing PSLF loan forgiveness program. The sooner the state acts, the sooner its residents will enjoy increased rates of loan forgiveness.

Sincerely,

The Student Borrower Protection Center
CASH Campaign of Maryland
Consumer Reports
Maryland Center for Collegiate Financial Wellness
SEIU Local 500
Student Debt Crisis Center
UFCW Local 400

Please contact Amy Czulada, Outreach and Advocacy Manager, at amy@protectborrowers.org, if you have any questions or would like to discuss this comment further.

HB1048 Letter of Support.pdf

Uploaded by: Amy Hennen

Position: FAV

March 9, 2023

House Appropriations Committee

Chair: Delegate Ben Barnes

House Bill 1048 - Federal Public Service Loan Forgiveness Program – Employee Certification and Awareness Materials

Re: Letter of Support

The Office of the Commissioner of Financial Regulation’s (“OCFR”) houses the Student Loan Ombudsman (“Ombudsman”). The Ombudsman monitors student loan servicing activity in Maryland. The Ombudsman serves as a liaison between student loan borrowers and student loan servicers. The Ombudsman receives and reviews complaints from student loan borrowers and attempts to resolve those complaints.

This bill requires the Ombudsman to develop, update as needed, and post to OCFR’s website three documents for Maryland public service employers: 1) a letter with a summary of the U.S. Department of Education’s Public Service Loan Forgiveness Programs (PSLF) and the requirements; 2) a fact sheet describing the PSLF program including the U.S. Department of Education’s web address, as well as its available resources for borrowers; and 3) a Frequently Asked Questions (FAQ) document. In addition, the Ombudsman will be required to coordinate with other state agencies to make the materials available to Maryland public service employees on or after October 15, 2023.

Many student borrowers in Maryland are unaware or unsure of how to access PSLF. This bill would ensure they are made aware of it at the start of the employment that would qualify them for this forgiveness. The Ombudsman is charged with helping student loan borrowers understand their rights and responsibilities under the terms of student education loans. The information provided to borrowers as required by this bill would ensure borrowers are aware of forgiveness and repayment options.

With that, we request a favorable Committee Report.

Testimony HB 1048 PSLF.pdf

Uploaded by: Barbara Gruber

Position: FAV

I graduated at age 42 in 2000 with a Master's degree and have been repaying my loans ever since. My pay would not cover the huge monthly bill, and Sallie Mae advised me to consolidate to lessen the number of bills and become eligible for programs that would help me repay my loans and forgive them after 20 years. (It has been 23 years.) I consolidated with Sallie Mae, which became Navient, but didn't know they were not federal lenders. Paying on income-based plans, the interest kept growing.

We were told in loan presentations that public service loan forgiveness only applied to fulltime faculty at high-risk schools. Fulltime faculty teach 9-15 credits per semester with health benefits, vacation, sick pay, family leave and employee retirement plans. Their paystubs show a 40-hour work week.

Adjunct time is counted by credit hour, 9 hours a week for every 3-credit class regardless of time spent in or out of the classroom. And studio art classes are longer than academic classes. A 3-credit class is 4-5 hours long. Teachers come early and stay late to set up and break down the room, meet students with disabilities or learning difficulties and advisors. We mount shows, attend departmental meetings, professional development, and trainings. Off campus we do paperwork, class presentations, answer emails and facetime or zoom with students who may be ill or unable to come in or who need extra help. We spend considerable time designing a course before classes begin. For several summers I taught two 3 credit classes that were 4 hours long, 4 days a week for 6 weeks. For the 32 listed class meeting hours per week, only the 18 hours on my pay stub counted toward public service. And the listed 32 class hours didn't reflect the actual 40 class hours per week. Total hours, in and out of the classroom came to 60!

For years I taught a Monday class from 8am-12pm, drove to another college to teach from 1:30pm-5:30pm, then to another 7pm to 10pm class. Tuesdays I taught 2 classes at the first college: 8am-12pm, and 1pm-5pm. Wednesdays I taught at a community college. That's 18 credits in one semester. Sometimes there was a Thursday or Friday class. (A Thursday/ Friday minimum wage job, for health insurance, allowed flexible hours.) This is a typical adjunct schedule. None of it counted toward public service since hours were split between colleges.

Adjuncts are paid between 1/4 and 1/2 of a first-year full time faculty member's pay and colleges limit the number of classes we teach, so we work at many different institutions to make a living wage. Despite working at the same institutions for many years we still have no health insurance, vacation, family leave, sick pay, or retirement. I taught 15- 21 credits a semester and summers, often double a fulltime course load, but my pay stubs showed only 9 hours for every 3-credit class taught. Since the credits were divided between different colleges, none of my pay stubs showed the 30 hours needed to qualify for public service. These limitations make loans even harder to repay when our hours cannot count toward public service.

A bill that more accurately counts our time would make this process fairer. To ascribe 9 hours a week to a studio class that is 4 or 5 hours long is misleading, especially when we earn just 25 to 50 percent of a first-year full timer's pay.

After Dr Canady's presentation I found that all my higher ed employers were eligible employers. I returned to my employment records and added up all those hours to make 30-hour weeks-usually more! I consolidated my loans with Mohela on Studentaid.gov and applied for a new IDR. NONE of this would have been possible without Dr Canady's presentation. It is information all adjunct faculty should have. This information would have been so useful 23 years ago!

In addition, my husband, who worked for the federal government and is now a social worker at Johns Hopkins Hospital filed for PSLF for his loans much more easily.

Please pass this bill so that we can know our rights and be represented fairly for the work we do.

Franca Muller Paz Favorable HB 1048.pdf

Uploaded by: Franca Muller

Position: FAV

Federal Public Service Loan Forgiveness Program – Employee Certification and Awareness
Materials / HB 1048
Official Testimony
Position: **FAVORABLE**

To the House Appropriations Committee,

My name is Franca Muller Paz, I am a teacher of 13 years & educator in Baltimore City for the last 10. I'm a District 46 Baltimore City resident and an elected member of the Baltimore Teachers Union Executive Board. I support Federal Public Service Loan Forgiveness Program – Employee Certification and Awareness Materials / HB 1048

I am writing today to urge you to support initiatives that increase awareness and information about the Federal Public Service Loan Forgiveness (PSLF) program among educators. The PSLF program was created in 2007 to incentivize individuals to work in public service by forgiving their federal student loans after 10 years of qualifying payments. Educators, who often work in public service, are among the many professions that can benefit from this program. However, many educators are unaware of the program, and those who do know about it often face challenges navigating the application process.

The PSLF program is an essential tool for educators to manage their student loan debt. As we know, the cost of higher education in the United States has skyrocketed in recent decades, leaving many educators with significant debt burdens. This debt can limit their ability to invest in their professional development, and in some cases, can lead them to leave the education profession entirely. By providing educators with the opportunity to have their federal student loans forgiven, the PSLF program can alleviate some of these financial burdens and help retain talented educators in the profession.

However, despite the potential benefits of the PSLF program, many educators are unaware of its existence. A recent study by the Government Accountability Office found that only 1% of borrowers who applied for PSLF had their loans forgiven. This is due in part to a lack of information about the program and difficulties navigating the application process. In our own union survey, over 35% members shared that information on student loan forgiveness is a priority for them.

We must take action to increase awareness and information about the PSLF program among educators. This could include creating targeted outreach and education campaigns for educators, partnering with educational institutions and organizations to promote the program, and simplifying the application process to make it more accessible for borrowers.

By increasing awareness and information about the PSLF program among educators, we can help alleviate the financial burden of student loan debt and retain talented educators in the profession.

I respectfully urge this committee to support Maryland educators & issue a favorable report on HB 1048.

Sincerely,

Franca Muller Paz
BCPSS Teacher and BTU Building Representative
franca.muller@gmail.com
201 888 5618

HB 1048 Sponsor Testimony.pdf

Uploaded by: Lesley Lopez

Position: FAV



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

March 9, 2023

**Testimony in SUPPORT of HB 1048 - Federal Public Service Loan Forgiveness Program –
Employee Certification and Awareness Materials**

Summary: HB 1048 makes three changes relating to the administration of the Public Service Loan Forgiveness Program (PSLF) in Maryland:

1. It requires the Student Loan Ombudsman to develop standardized materials about the PSLF program for public service employers in Maryland to provide to their employees yearly;
2. In the event the federal government permits this, which it has signaled it will do, the bill allows public service employers to annually certify their employees' employment directly with the Department of Education, and in the event that an employer does not do this, requires employers to proactively provide certification forms for employees who have requested them before; and
3. It clarifies that, for PSLF-purposes only, an adjunct or non-tenured professor's out-of-class work should be counted toward the hours needed to be "full-time" for debt cancellation.

These changes will not only improve the financial future of many of our residents, but also help us attract and retain quality state employees who may otherwise choose to pursue employment in the private sector.

Overview: An estimated [805,600 Marylanders owe \\$35.4 billion in student loans](#), with the average Marylander owing nearly \$44,000. This financial pressure is worse for the employees who do absolutely vital work in Maryland's public sector—our teachers, first responders, and healthcare workers, to name a few—who face lower wages than their counterparts in the private sector.

In 2007, Congress recognized how important the work provided by public sector employees is by passing the Public Service Loan forgiveness program, which enables public service employees to have their loans forgiven after 10 years of full-time employment in the public sector while they make monthly payments on their loans.

When it came time for the first wave of applicants for loan forgiveness, however, they faced a [98% rejection rate](#) because of bad industry practices.

Numbers like these can drive employees hoping to use their skills for good away from the public sector—federal loan forgiveness is one benefit the public sector provides that private industry

cannot. With Maryland [currently short 10,000 employees](#), it is imperative that we make as many positive changes as we can to incentivize workers to choose and stay with Maryland throughout their careers.

One report estimates that there are [nearly 190,000 Maryland borrowers](#) with jobs that qualify them for Public Service Loan Forgiveness. According to the U.S. Department of Education's [most recent data](#), however, only 10,920 Maryland borrowers have ever had their loans cancelled through PSLF, for a total of over \$821 million dollars. There is more work to do to get Maryland borrowers benefits under PSLF.

HB 1048's first change works within the existing structure of the Student Loan Ombudsman to ensure that all eligible employees are notified of the PSLF program by requiring employers to distribute informational materials produced by the Ombudsman that explain the PSLF program and who is eligible for it. This will ensure that employees are aware of the loan forgiveness benefits that come with being a state employee from the very beginning of their employment.

The other changes move Maryland in line with changes the federal government is making for its employees.

The federal government is moving toward automating the certification process for federal employees—currently, it requires the employee having their employer complete forms that they return to the federal government. The federal government is developing a data sharing program that will allow the Department of Education to verify an employee's federal employment status without the need for these certification papers.

HB 1048 permits (but does not mandate) public service employers in Maryland to, with an employee's permission, share their employment status directly with the Department of Education. For employers who do not do this, once available, the bill requires employers to proactively provide certification paperwork every year for employees who have requested certification in the past to ensure that no workers miss a year of certification that could delay their forgiveness.

Finally, the bill makes changes to what constitutes a “full-time” employee for PSLF with respect to adjunct professors at higher education institutions only, by following the federal guidelines that every classroom hour an adjunct or non-tenured faculty member is contracted for is multiplied by 3.35 to reflect the time those instructors spend outside the classroom preparing their lessons and grading student assignments. This does not change their employment status, pay, or actual hours worked; it is just an accounting mechanism to make sure they are getting credit under PSLF for the work they already perform.

Conclusion: With the changes proposed in HB 1048, Maryland will make clear to public service employees that it is committed to ensuring that the promise of loan forgiveness is realized for them, not only protecting their financial futures, but ensuring that Maryland has a devoted, caring workforce to continue its vital public services.

Thank you and I ask for a favorable report on HB 1048.

HB1048-883229-01 (002).pdf

Uploaded by: Lesley Lopez

Position: FAV



HB1048/883229/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

27 FEB 23
17:28:30

BY: Delegate Lopez
(To be offered in the Appropriations Committee)

AMENDMENT TO HOUSE BILL 1048
(First Reading File Bill)

On page 5, in line 9, strike the first “AN” and substitute “A CURRENT OR FORMER”; in line 11, strike “AN” and substitute “A CURRENT OR FORMER”; in line 13, after “THE” insert “CURRENT OR FORMER”; strike beginning with “SUPERSEDE” in line 15 down through “OR” in line 16 and substitute “PROHIBIT THE APPLICATION OF A GREATER”; in the same line, after “ADJUSTMENT” insert “FACTOR”; in line 18, strike “MAXIMIZE” and substitute “THE EXTENT THAT IT MAXIMIZES”; and strike beginning with “IF” in line 27 down through “PROGRAM,” in line 29.

On page 6, in line 5, strike “HAS”; in the same line, after “EMPLOYMENT” insert “ON OR AFTER JULY 1, 2023”; in line 8, strike “A” and substitute “BEGINNING JULY 1, 2024, A”; in line 22, after “(B)” insert “(1)”; in the same line, strike “IF” and substitute “SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF”; in line 25, strike “AN” and substitute “A CURRENT OR FORMER”; in line 26, after “EDUCATION” insert “IN LIEU OF COMPLETING AN INDIVIDUAL REQUEST SUBMITTED BY A CURRENT OR FORMER EMPLOYEE”; and after line 26, insert:

“(2) IF A CURRENT OR FORMER EMPLOYEE REQUESTS CERTIFICATION OF EMPLOYMENT AND THE EMPLOYER IS UNABLE TO DIRECTLY CERTIFY THE EMPLOYMENT UNDER PARAGRAPH (1) OF THIS PARAGRAPH, THE EMPLOYER SHALL CERTIFY THE EMPLOYMENT USING THE PUBLIC SERVICE LOAN FORGIVENESS PROGRAM FORM.”

On page 7, in line 1, strike “THE” and substitute “SUBJECT TO PARAGRAPH (3) OF THIS PARAGRAPH, THE”; after line 17, insert:

“(3) THE STUDENT LOAN OMBUDSMAN MAY USE AND ADAPT MATERIALS DEVELOPED BY THE U.S. DEPARTMENT OF EDUCATION OR ANOTHER GOVERNMENTAL ENTITY AS NECESSARY TO CARRY OUT PARAGRAPH (1) OF THIS SUBSECTION.”.

On page 8, strike in their entirety lines 8 through 27, inclusive; and in line 28, strike “3.” and substitute “2.”.

_HB 1048 Economic Action Maryland FAV.pdf

Uploaded by: Marceline White

Position: FAV



Testimony to the House Appropriations Committee
HB 1048: Federal Public Service Loan Forgiveness Program – Employee Certification and
Awareness Materials
Position: Favorable

March 9, 2023

The Honorable Ben Barnes, Chair
Appropriations Committee
Room 121, House Office Building
Annapolis, Maryland 21401
Cc: Members, House Appropriations Committee

Honorable Chair Barnes and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

We are here in strong support of HB 1048.

HB 1048, which if passed, would provide critical information about the Public Service Loan Forgiveness (PSLF) program to public service employees across the state and make it significantly easier for adjunct and tenured faculty of higher education institutions to receive the benefits of the program.

In Maryland, where approximately [805,600 borrowers owe a collective \\$35.4 billion](#) in student loan debt, the state has a chance to leverage federal student loan forgiveness programs to deliver for its residents.

HB 1048 would ask the Student Loan Ombudsman to develop and disseminate information about the PSLF program and require public sector employers to share the information with their employees.

HB 1048 would also ensure that adjunct faculty and other part-time academic employees receive the appropriate credit for the hours worked outside of class-time to include in their calculation for PSLF time.

For all these reasons, we support HB 1048 and urge a favorable report.

Best,

Marceline White
Executive Director

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ID 52-2266235

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