



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.