

**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.