



THE MARYLAND HOUSE OF DELEGATES

ANNAPOLIS, MARYLAND 21401

Federal Public Service Loan Forgiveness Program - Employee Certification and Awareness Materials (HB 795) - 2025 Testimony of Delegate Ryan Spiegel – Favorable

Hon. Chair Beidle, Vice Chair Hayes, and Members of the Committee: HB 795 helps public service employees in Maryland get access to critical student loan relief through the federal Public Service Loan Forgiveness (PSLF) Program by making three changes to the program 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. It allows public service employers to annually certify their employees' employment directly with the Department of Education and requires them to proactively provide certification forms for employees who have requested them before; and
3. It clarifies time requirements for considering an adjunct or nontenured professor at a public college or university "full-time."

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. That's why the Sheriff of Prince George's County testified in support of this bill at the House hearing.

As of 2020, an estimated 805,600 Marylanders owe \$35.4 billion in student loans, with the average Marylander owing nearly \$44,000. With the impacts of COVID, inflation, and other economic challenges over the last five years, that number is likely higher now.

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.

The importance of this effort is underscored by the harmful impacts on eligible federal employees who were laid off en masse this year, some of whom were very close to meeting the requirements to have their student loans forgiven after years of public service, as detailed in a Washington Post article published just today. See <https://www.washingtonpost.com/education/2025/03/16/federal-workers-lose-student-loan-forgiveness/>. It is imperative that Maryland's eligible public service employees receive timely information about this program established by Congress, so that they can apply as soon as they are able, and that their applications be promptly processed, including employer certification of their employment.

HB 795 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 bill's other changes move Maryland in line with changes the federal government has made for its employees, such as automating the certification process to verify an applicant's public service employee status. HB 795 permits (but does not mandate) public service employers in Maryland to, with an employee's permission, share their employment status directly with the U.S. Department of Education. The bill also 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 with respect to adjunct professors at higher education institutions only, by following 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 will ensure fair access to PSLF benefits reflecting the actual work that adjunct professors do.

Thank you and I ask for a favorable report on HB 795