

HB 795_SBPC_Czulada_Fav.pdf

Uploaded by: Amy Czulada

Position: FAV

**Written Testimony of Student Borrower Protection Center
at a Public Hearing before the
Senate Finance Committee
on HB 0795
“Federal Public Service Loan Forgiveness Program – Employee Certification and
Awareness Materials”**

IN SUPPORT

March 19, 2025

Good afternoon Chair Beidle, Vice Chair Hayes, and members of the Committee.

The undersigned three organizations, representing Maryland student loan borrowers, educators, and workers, write in support of HB 0795, 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 [845,000 borrowers owe a collective \\$41.4 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



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millions of [teachers](#), [nurses](#), and [servicemembers](#) who planned their lives around the promise of eventual loan forgiveness and 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.



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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. The bill would also require that when an employee, once informed of PSLF, asks their employer to certify their period of employment, the employer must complete the form. The form merely verifies the employee's employment, and the employer does not need to make any determination about the employee's loan status or PSLF eligibility.

This bill would ensure credit is given where credit is due for 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 nontenure track 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 has stated that institutions of higher education may use in the [latest PSLF regulations, which took effect in July 2023](#). Here, too, the bill would merely codify in Maryland steps that the federal government has already taken. This bill will ensure that adjunct and other nontenure track faculty can benefit from the multiple in order to access federal student loan debt cancellation.

Conclusion

We urge the Committee to support HB 0795 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
Maryland Center for Collegiate Financial Wellness



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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.



HB 795_AFSCME3_FAV.pdf

Uploaded by: Denise Gilmore

Position: FAV



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Patrick Moran – President

**HB 795 – Federal Public Service Loan Forgiveness Program – Employee
Certification and Awareness Materials
Finance Committee
March 19, 2025**

Position: FAVORABLE

AFSCME Council 3 represents 50,000 state, county, and municipal employees, many of whom are currently benefiting from or could potentially benefit from the Federal Public Service Loan Forgiveness (PSLF) Program. We support HB 795. This legislation requires the Student Loan Ombudsman to create and distribute information about the PSLF program for public service employers in Maryland. This helps raise awareness and ensure that employers are equipped to guide their employees through the forgiveness process. Additionally, the bill allows public service employers to annually certify their employees' employment directly with the Department of Education and requires them to proactively provide clarification forms to employees who have previously requested them.

These changes will help simplify the often complex and evolving landscape of student loan forgiveness, making it more accessible for the dedicated public servants who, in choosing to work for state and local governments, frequently forgo higher-paying opportunities in the private sector to serve their communities.

HB 795 is a good bill. We urge the committee to provide a favorable report.

HB 795 - Crossover Testimony.pdf

Uploaded by: Donna Edwards

Position: FAV



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**HB 795 - Federal Public Service Loan Forgiveness Program - Employee Certification and Awareness Materials
Senate Finance Committee
March 19, 2025**

SUPPORT

Donna S. Edwards

President

Maryland State and DC AFL-CIO

Madame Chair and members of the Committee, thank you for the opportunity to submit testimony in support of HB 795. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

HB 795 ensures that Maryland's public service employees can fully benefit from the Federal Public Service Loan Forgiveness (PSLF) Program. Many of our public service workers who dedicate their careers to improving our communities often struggle under the burden of student loan debt. While the program was created to alleviate these burdens, many employees face challenges in certifying their employment and understanding their eligibility.

This legislation simplifies the often complex loan forgiveness process by establishing clear requirements for public service employers to certify employment for PSLF, ensuring timely and accurate verification of qualified work. Additionally, it increases awareness and participation in the program by requiring the Maryland Student Loan Ombudsman to develop and disseminate informational materials, allowing employers to better guide their employees through the loan forgiveness process.

HB 795 makes the PSLF Program more accessible and supports the financial well-being of our dedicated public servants.

For these reasons, we urge a favorable vote on HB 795.

Federal Public Service Loan Forgiveness Program -

Uploaded by: Ryan Spiegel

Position: FAV

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Appropriations Committee
Subcommittees

Oversight Committee on Pensions
Transportation and the Environment

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

HB 795 Amendment - Spiegel.pdf

Uploaded by: Ryan Spiegel

Position: FAV



HB0795/653824/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

04 MAR 25
08:46:51

BY: Delegate Spiegel
(To be offered in the Finance Committee)

AMENDMENT TO HOUSE BILL 795
(Third Reading File Bill)

On page 7, in line 17, strike “**(1)**”; in line 20, after “**SECTION**” insert “**IN WRITTEN OR ELECTRONIC FORM**”; strike in their entirety lines 22 through 24, inclusive; and in line 30, strike “**SHALL**” and substitute “**MAY**”.

HB795_OFR_FWA

Uploaded by: Amy Hennen

Position: FWA

March 19, 2025

Senate Finance Committee

Chair: Senator Pamela Beidle

House Bill 795 - Federal Public Service Loan Forgiveness Program – Employee Certification and Awareness Materials

Re: Letter of Support

The Student Loan Ombudsman (“Ombudsman”) currently resides in the Office of Financial Regulation (OFR) and monitors student loan servicing activity in Maryland. The position serves as a liaison between student loan borrowers and student loan servicers, receives and reviews complaints from student loan borrowers, and attempts to resolve those complaints. In addition, the Ombudsman is also charged with helping student loan borrowers understand their rights and responsibilities under the terms of their student education loans.

This Bill requires the Ombudsman to develop, update as needed, and post to the OFR 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 their 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. After the introduction of HB 1172 in 2023, OFR created these documents and posted them to its website as would be required under HB 795.

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.

The Department of Budget and Management has requested an amendment to the bill that would allow the State to distribute the information on the platform the newly hired employees already use for training purposes. OFR is supportive of that amendment.

OFR requests a favorable Committee Report with that Amendment.