

HOUSE BILL REPORT

ESSB 5847

As Reported by House Committee On:
College & Workforce Development
Appropriations

Title: An act relating to providing information to public service employees about the public service loan forgiveness program.

Brief Description: Providing information to public service employees about the public service loan forgiveness program.

Sponsors: Senate Committee on Higher Education & Workforce Development (originally sponsored by Senators Liias, Randall, Das, Hasegawa, Keiser, Kuderer, Lovick, Nguyen, Nobles, Saldaña and Wilson, C.).

Brief History:

Committee Activity:

College & Workforce Development: 2/16/22, 2/21/22 [DPA];

Appropriations: 2/28/22 [DPA(APP w/o CWD)].

**Brief Summary of Engrossed Substitute Bill
(As Amended By Committee)**

- Requires the Student Loan Advocate to create and provide information on the Public Service Loan Forgiveness (PSLF) program to public service employees.
- Requires the Office of Financial Management (OFM) to develop a program for state agencies to certify employment for the PSLF program by July 1, 2023.
- Requires state agencies to certify employment for current and past employees for the PSLF program beginning July 1, 2023.
- Requires the OFM to work with certain entities to develop a plan for a statewide initiative for increasing access and removing barriers for the PSLF program for all public service employees by December 1, 2024.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

- Establishes a calculation for part-time academic employees' duties outside of assigned in-class teaching to be counted towards full-time employment for the PSLF program.

HOUSE COMMITTEE ON COLLEGE & WORKFORCE DEVELOPMENT

Majority Report: Do pass as amended. Signed by 8 members: Representatives Slatter, Chair; Entenman, Vice Chair; Leavitt, Vice Chair; Jacobsen, Assistant Ranking Minority Member; Hansen, Paul, Pollet and Sells.

Minority Report: Do not pass. Signed by 5 members: Representatives Chambers, Ranking Minority Member; Chandler, Hoff, Kraft and Sutherland.

Staff: Megan Mulvihill (786-7304).

Background:

Public Service Loan Forgiveness.

Public Service Loan Forgiveness (PSLF) is a federal program which allows borrowers employed full-time in a public service job, and who have made 120 qualifying payments for certain qualifying loans, to have any remaining balance on their student loans forgiven.

Under federal rules for the program, "full-time" is defined as either the employer's definition of full-time or at least 30 hours per week, whichever is more. A public service job or employer includes government organizations at any level and 501(c) (3) not-for-profit organizations. Labor unions, partisan political organizations, and contract work with a qualifying employer do not count as public service jobs. Loans eligible for forgiveness under the PSLF program must be Federal Direct Loans or consolidated into a Federal Direct Consolidation Loan, and payments must be made under a qualifying income-driven repayment plan.

To receive PSLF, the borrower must submit a form and employment certification to the United States Department of Education (USDOE). A person seeking PSLF may submit a form at any time prior to making 120 qualifying payments. Employment can only be certified by an authorized official of the employer who has access to an applicant's employment or service records.

Student Loan Advocate.

The Student Loan Advocate (Advocate) was created by the Legislature in 2018. The Advocate supports current and future student loan borrowers in Washington State. They work with other state agencies and address student borrower complaints, provide information and resources about student loan repayment, and educate the public about the

rights and responsibilities of student loan borrowers.

Summary of Amended Bill:

Public Service Loan Forgiveness Informational Materials.

The Advocate must develop and annually update materials designed to increase awareness of the PSLF program. The Advocate must coordinate with the Office of Financial Management (OFM), the Secretary of State, local governmental entities, and other relevant agencies and public service employers to ensure that public service employees receive the materials developed. The materials include:

- a standardized letter summarizing the PSLF program and the requirements;
- a detailed fact sheet describing the PSLF program with relevant contact information; and
- a document containing frequently asked questions about the PSLF program.

The OFM must also assist the Advocate in creating and distributing the materials. As soon as the materials are available, state agencies are required to provide the materials to all employees annually and newly hired employees within 30 days of the employee's first day of employment.

Public Service Loan Forgiveness Statewide Initiative.

The OFM must collaborate with the Washington Student Achievement Council, the Employment Security Department, the Department of Retirement Systems, nonprofit entities, local government representatives, and other public service employers to develop a statewide initiative to improve access and remove barriers to the PSLF program. A plan for a statewide initiative must be developed and submitted to the higher education committees of the Legislature by December 1, 2024.

Public Service Loan Forgiveness Employment Certification Program.

The OFM must develop a program for state agencies to certify employment for the purpose of the PSLF program by July 1, 2023. State agencies must certify employment for the PSLF program beginning July 1, 2023. If a state agency does not certify employment directly with the USDOE, the state agency must annually provide notice of renewal and a copy of the PSLF form with employer information and employment certification sections completed reflecting at least the last 12 months of employment to:

- an employee who requests a PSLF form; and
- any current employee for whom the state agency has previously certified employment, unless the employee opts out.

For employees who leave service, the employer must provide a filled out PSLF form within 60 days of the employee's separation from employment.

A state agency must seek permission from its employees prior to certifying their

employment, and an employee may opt out at any time. A state agency must not unreasonably delay in certifying employment. A state agency may send the information for certification directly to the USDOE if permitted, notwithstanding other provisions of law.

Part-Time Academic Employee Calculation.

To determine whether a part-time academic employee at an institution of higher education is considered full-time for the purposes of the PSLF program, duties performed in support of, or in addition to, contractually assigned in-class teaching hours must be included. To calculate this, each hour of in-class teaching time must be multiplied by 3.35 hours. This calculation must not supersede any calculation or adjustment established by a collective bargaining agreement or employer policy for additional work done outside of in-class teaching. An institution of higher education may apply this calculation retroactively and must not treat any adjusted total hours worked differently from hours worked without an adjustment when determining full-time hours. Institutions of higher education are required to use this calculation to determine whether a part-time academic employee is considered full-time for the PSLF program.

Amended Bill Compared to Engrossed Substitute Bill:

The amended bill changes the date for when state agencies must certify employment to beginning July 1, 2023, rather than by July 1, 2023. In addition, it was clarified that state agencies only need to certify employment for employees upon separation, and that a filled out PSLF form be provided to the employee within 60 days of separation and not annually. Lastly, higher education institutions are allowed to retroactively apply the part-time academic employee calculation to determine if an employee is full-time for the PSLF program.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) The Advocate has assisted 1,200 borrowers. The PSLF program is the most common issue that borrowers reported. It is estimated that there are over 900,000 public service employees in the state, but the USDOE has only received applications from about 28,000 PSLF eligible borrowers. There is a huge gap in awareness of the PSLF program for public sector employees in the state. Student loan debt is a burden and a barrier to entering and staying in public service. There is a mismatch in the cost of attaining credentials to do public service work and the compensation received for that work. Few have received

forgiveness, but those that have say it is life changing. This legislation would help many borrowers receive loan forgiveness and help address racial disparities within student loan debt. Students of color had higher unmet financial need, incurred more debt, and struggled financially to stay in school. Black men and women have the highest rates of student loan debt, white women hold more debt than their male peers, and Latino men owe more than their female counterparts. Asian borrowers owed less overall, with Asian men incurring more debt than Asian women.

The PSLF program is complicated, but there are interactions between state and federal policy that help. The elements in this bill have been implemented in other states, have worked, and are welcomed by the USDOE. The notice provision is common sense. The credit multiplier for adjuncts is law in other states, and the USDOE has indicated that they will put this into federal regulations. The USDOE has indicated that they welcome coordination at the state level to certify employment, but Washington will be on the forefront of this.

The over-reliance on adjunct, part-time faculty at the community and technical colleges is burdensome in so many ways, and this is a prime example of how it hurts part-time faculty. The calculation for part-time faculty would go a long way in helping to rectify this. If students were aware of this program, it could help attract and retain more faculty. Most faculty have masters degrees with sizable student loan debt. In addition, compliance with the PSLF program is confusing. In months where the income based repayment is zero it may not count as a payment, but often folks are not aware of this or some of the other program requirements. No one seems to understand the program.

(Opposed) None.

Persons Testifying: Arlen Harris, State Board of Community and Technical Colleges; HyeEun Park and Natalie Simmons, American Federation of Teachers Washington; Stephanie Sampedro, Washington Student Achievement Council; Seamus Petrie and Tessa Bowen, Washington Public Employees Association; and Winston Berkman-Breen, Student Borrower Protection Center.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Appropriations and without amendment by Committee on College & Workforce Development. Signed by 21 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chopp, Cody, Dolan, Fitzgibbon, Frame, Hansen, Jacobsen, Johnson, J., Lekanoff, Pollet, Ryu, Senn, Springer, Stonier, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 10 members: Representatives Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Chandler, Dye, Harris, Hoff, Schmick and Steele.

Minority Report: Without recommendation. Signed by 2 members: Representatives Caldier and Rude.

Staff: Kate Henry (786-7349).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On College & Workforce Development:

A null and void clause, making the bill null and void if not funded in the budget.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill contains an emergency clause and takes effect immediately. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) The bill does three main things: it creates a notice regime; it creates an adjunct credit hour multiplier; and it enables the state to data share with the federal government. The notice regime and the adjunct multiplier are already in place in other states and are very common-sense policies. If people don't know about the program, they can't benefit from the program, and adjuncts are historically under-credited for the Public Service Loan Forgiveness (PSLF) Program. The bill also provides consistency and fairness in calculating the hours worked for adjunct faculty eligibility. The hours worked are currently calculated in a variety of ways for a variety of purposes such as health care and retirement. The bill removes the guesswork for purposes of eligibility.

The data sharing provision is a direct response to a call from the United States Department of Education. This bill will make a real difference in the lives of dedicated public sector workers as well as the economy of Washington by freeing up money to invest in the economy. The bill also helps to reverse the harm caused by a practice previously used by the United States Department of Education to reject nearly all PSLF applications. The PSLF Program is now functioning as intended, and employers can play an important role in making sure their employees know about it.

(Opposed) The federal website for student loan forgiveness is easily accessible and gives clear and concise instructions. Washington doesn't need to spend more money to start a

new program for the state. The easiest way to do this is to set up a link to the federal page on the Washington website. Taxpayers don't need to spend more money for another website when the information is available on the federal website.

Persons Testifying: (In support) Winston Berkman-Breen, Student Borrower Protection Center; and Karen Strickland, American Federal of Teachers-Washington.

(Opposed) Peggy Shashy.

Persons Signed In To Testify But Not Testifying: None.