S-4023.1

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SUBSTITUTE SENATE BILL 5847**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**State of Washington 67th Legislature 2022 Regular Session**

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

AN ACT Relating to providing information to public service employees about the public service loan forgiveness program; adding a new section to chapter 28B.77 RCW; adding a new section to chapter 43.41 RCW; adding a new section to chapter 41.04 RCW; creating a new section; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  (1) The legislature recognizes that our country faces a student loan debt crisis. Nationally, Americans owe $1.73 trillion in student loans. In Washington state, about 767,300 student loan borrowers owe nearly $27.4 billion of outstanding debt, more than $35,700 per borrower on average.

(2) Student loan debt is a multigenerational issue that affects borrowers of all ages and jeopardizes millions of families' long-term financial security. While student loan balances have risen for all age groups, older borrowers have seen the largest increase. Student loan defaults rise with the borrower's age, and parents and grandparents take on debt to help their children and grandchildren pay for their education. Borrowers are increasingly defaulting on their debts, resulting in income garnishment and deductions from federal tax refunds or social security payments.

(3) The legislature further recognizes that the federal government offers and provides loan forgiveness for individuals who have worked in a public service job full time and have made qualifying payments towards their student loans. Unfortunately, the eligibility criteria to qualify for this program has been complex, leading to low approval rates for individuals who would otherwise qualify. By providing more public awareness of this program, the legislature intends to help alleviate the student loan debt burden of those who have committed their lives to public service.

(4) It is the intent of the legislature to do the following:

(a) Develop materials to increase awareness of the federal public service loan forgiveness program;

(b) Create a program for state agencies to certify employment for the purpose of the public service loan forgiveness program;

(c) Have public service employers collaborate on a statewide initiative to improve access and remove barriers to the public service loan forgiveness program for all public service employees in the state; and

(d) Acknowledge the work done outside the classroom by part-time academic employees, allowing for those hours to be counted towards the definition of full time for the public service loan forgiveness program as set forth in 34 C.F.R. Sec. 685.219.

NEW SECTION. **Sec.**  A new section is added to chapter 28B.77 RCW to read as follows:

(1) The student loan advocate, established in RCW 28B.77.007, shall develop, and update annually as necessary, materials designed to increase awareness of the public service loan forgiveness program. Materials include, at minimum:

(a) A standardized letter for public service employers to send to their employees briefly summarizing the public service loan forgiveness program, information about what eligible employees are required to do in order to benefit from the program, and how an eligible employee may contact their student loan servicer for additional resources;

(b) A detailed fact sheet describing the public service loan forgiveness program, including the official website address maintained by the United States department of education for the program and contact information for the student loan advocate; and

(c) A document containing frequently asked questions about the public service loan forgiveness program.

(2) The student loan advocate shall coordinate with the office of financial management, the secretary of state, local governmental entities, and other relevant agencies and public service employer entities to ensure that public service employers receive materials developed in subsection (1) of this section.

(3) For purposes of this section, the definitions in this subsection apply:

(a) "Public service employer" includes the following:

(i) Any governmental entity including state, county, city, or other local government entity including political subdivisions, such as office, department, independent agency, school district, public college or university system, public library system, authority, or other body including the legislature and the judiciary;

(ii) Any employer that has received designation as a tax-exempt organization pursuant to Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code of 1986, as amended;

(iii) Any other entities identified as a public service job in Title 20 U.S.C. Sec. 1087e(m).

(b) "Public service loan forgiveness program" means the federal loan forgiveness program established pursuant to Title 20 U.S.C. Sec. 1087e(m) and 34 C.F.R Sec. 685.219.

NEW SECTION. **Sec.**  A new section is added to chapter 43.41 RCW to read as follows:

(1) The office of financial management shall:

(a) Develop a program for state agencies to certify employment for the purposes of the public service loan forgiveness program and assist the student loan advocate in creating and distributing materials designed to increase awareness of the public service loan forgiveness program set forth in section 1 of this act.

(b) Collaborate with the student achievement council, the employment security department, the department of retirement systems, nonprofit entities, local government representatives, and other public service employers in developing a statewide initiative to improve access and remove barriers to the public service loan forgiveness program for all public service employees. The program established for state agencies in this section and the certification process in section 4 of this act may be considered in the development of the initiative. A plan for a statewide initiative must be developed and submitted to the higher education committees of the legislature by December 1, 2024, in compliance with RCW 43.01.036.

(2) For purposes of this section, the definitions in this subsection apply:

(a) "Certifying employment" means either completing the employer sections of the public service loan forgiveness form or sharing data directly with the United States department of education that corresponds to the information required for the public service loan forgiveness form, as allowed by the United States department of education.

(b) "Public service employer" includes the following:

(i) Any governmental entity including state, county, city, or other local government entity including political subdivisions, such as office, department, independent agency, school district, public college or university system, public library system, authority, or other body including the legislature and the judiciary;

(ii) Any employer that has received designation as a tax-exempt organization pursuant to Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code of 1986, as amended;

(iii) Any other entities identified as a public service job in Title 20 U.S.C. Sec. 1087e(m).

(c) "Public service loan forgiveness program" means the federal loan forgiveness program established pursuant to Title 20 U.S.C. Sec. 1087e(m) and 34 C.F.R. Sec. 685.219.

(d) "State agency" or "agency" means departments, offices, agencies, or institutions of state government, the legislature, institutions of higher education, school districts, and educational service districts.

NEW SECTION. **Sec.**  A new section is added to chapter 41.04 RCW to read as follows:

(1) A state agency shall provide the materials described in section 2 of this act in written or electronic form to:

(a) All employees annually;

(b) Newly hired employees within 30 days of the employee's first day of employment.

(2) State agencies must certify employment for the purposes of the public service loan forgiveness program in accordance with the program established in section 3 of this act.

(a) If a state agency does not directly certify employment with the United States department of education, the state agency must annually provide notice of renewal and a copy of the public service loan forgiveness form with employer information and employment certification sections of the form already completed reflecting at least the last 12 months of employment to:

(i) An employee who requests a public service loan forgiveness form;

(ii) Any current employee for whom the state agency has previously certified employment, unless the employee has opted out; and

(iii) An employee who has separated from service or employment, unless the employee has opted out.

(b) A state agency shall not unreasonably delay in certifying employment.

(c) A state agency must seek permission from its employees prior to certifying their employment.

(d) For the purpose of determining whether a part-time academic employee is considered full time for certifying employment for the public service loan forgiveness 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 shall be multiplied by 3.35 hours. This subsection shall not supersede any calculation or adjustment established by a collective bargaining agreement or employer policy for additional work done outside of in-class teaching. A state agency shall not treat any adjusted total hours worked differently from hours worked without an adjustment when determining whether an employee is full time.

(e) A state agency may send the information necessary for public service loan forgiveness employment certification to the United States department of education, or its agents, if the United States department of education permits public service employers to certify employment for past or present individual employees or groups of employees directly, notwithstanding other provisions of law.

(f) The office of financial management is authorized to adopt rules for the purpose of this section.

(3) An employee of a state agency may opt out of the employment certification process established in section 3 of this act at any time.

(4) For purposes of this section, the definitions in this subsection apply:

(a) "Certifying employment" means either completing the employer sections of the public service loan forgiveness form or sharing data directly with the United States department of education that corresponds to the information required for the public service loan forgiveness form.

(b) "Full time" has the same meaning as set forth in 34 C.F.R. Sec. 685.219.

(c) "Public service employer" includes the following:

(i) Any governmental entity including state, county, city, or other local government entity including political subdivisions, such as office, department, independent agency, school district, public college or university system, public library system, authority, or other body including the legislature and the judiciary;

(ii) Any employer that has received designation as a tax-exempt organization pursuant to Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code of 1986, as amended;

(iii) Any other entities identified as a public service job in Title 20 U.S.C. Sec. 1087e(m).

(d) "Public service loan forgiveness program" means the federal loan forgiveness program established pursuant to Title 20 U.S.C. Sec. 1087e(m) and 34 C.F.R. Sec. 685.219.

(e) "State agency" or "agency" means departments, offices, agencies, or institutions of state government, the legislature, institutions of higher education, school districts, and educational service districts.

NEW SECTION. **Sec.**  Section 4 of this act takes effect July 1, 2023.

NEW SECTION. **Sec.**  Except for section 4 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

**--- END ---**