
Postsecondary Education & Workforce Committee

HB 1950

Brief Description: Concerning the public service loan forgiveness program.

Sponsors: Representatives Slatter, Ybarra, Reed, Jacobsen, Pollet, Leavitt, Ortiz-Self, Ramos and Morgan; by request of Office of Financial Management.

Brief Summary of Bill

- Modifies state agency Public Service Loan Forgiveness employee notification requirements.
- Modifies Public Service Loan Forgiveness full-time calculation adjustments for part-time academic employees.

Hearing Date: 1/9/24

Staff: Saranda Ross (786-7068).

Background:

Public Service Loan Forgiveness.

Public Service Loan Forgiveness (PSLF) is a federal program that forgives the remaining balance on federal direct loans for public service employees after they have made 120 qualifying monthly payments under a qualifying repayment plan while working full time for an eligible public employer, such as 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. 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 greater.

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.

To receive PSLF, a borrower must submit a form and employment certification to the United States Department of Education (USDOE) 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 a borrower's employment or service records.

State agencies.

State agencies provide PSLF materials to all employees annually and new employees within 30 days of employment. State agencies certify employment for the purposes of PSLF in accordance with the certification program established by the Office of Financial Management (OFM). If a state agency does not directly certify employment with the USDOE, it annually provides notice of renewal and a copy of the PSLF certification form to employees who request it and to employees for whom the employer has previously certified employment.

The notice of renewal and completed employer sections of the PSLF form are sent within 60 days of separation to an employee who has separated from service or employment. An employee may opt out of the employment certification process at any time. State agencies cannot unreasonably delay certifying employment and must seek permission from its employees prior to certifying their employment.

Part-Time Academic Employees.

For part-time academic employees to qualify as full time for PSLF, additional duties outside of contractually assigned in-class teaching hours are counted by their employers. To count these hours, each hour of in-class teaching is multiplied by 3.35 hours. This does not supersede any calculation or adjustment established by collective bargaining.

Public Service Loan Forgiveness Statewide Access Initiative.

In 2023 the Legislature required the OFM to work with the 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 plan for a statewide initiative to increase access and remove barriers to PSLF for all public service employees by December 1, 2024.

Summary of Bill:

State agencies.

State agencies must provide PSLF materials to former employees upon separation. If a state agency does not directly certify employment with the USDOE, it must certify employment for any current or former employee who requests employment certification by providing a partially completed manual public student loan forgiveness form to the appropriate agency contact or by submitting a request to the appropriate agency contact through the federal online PSLF Help Tool. A state agency must also send a notice to submit a PSLF employment certification request to employees for whom the state agency has previously certified employment one year after the last date employment was certified for that employee.

Part-Time Academic Employees.

Each hour of additional duties outside of contractually assigned in-class teaching hours counted by employers for part-time academic employees to qualify as full time for PSLF must be multiplied by at least 3.35 hours. This does not supersede any calculation or adjustment established by collective bargaining for additional work done outside of in-class teaching for any purposes other than certifying employment for PSLF.

Public Service Loan Forgiveness Statewide Access Initiative.

The OFM is required to also work with the Office of the Superintendent of Public Instruction in developing a plan for a statewide initiative to increase access and remove barriers to PSLF for all public service employees by December 1, 2024.

Appropriation: None.

Fiscal Note: Requested on January 2, 2024.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.