

HOUSE BILL REPORT

HB 1950

As Passed House:

January 25, 2024

Title: An act relating to the public service loan forgiveness program.

Brief Description: Concerning the public service loan forgiveness program.

Sponsors: Representatives Slatter, Ybarra, Reed, Jacobsen, Pollet, Leavitt, Ortiz-Self, Ramos, Morgan, Simmons, Ormsby, Callan, Street, Paul, Goodman, Thai, Lekanoff, Reeves and Riccelli; by request of Office of Financial Management.

Brief History:

Committee Activity:

Postsecondary Education & Workforce: 1/9/24, 1/12/24 [DP].

Floor Activity:

Passed House: 1/25/24, 93-0.

Brief Summary of Bill

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

HOUSE COMMITTEE ON POSTSECONDARY EDUCATION & WORKFORCE

Majority Report: Do pass. Signed by 12 members: Representatives Slatter, Chair; Entenman, Vice Chair; Reed, Vice Chair; Ybarra, Ranking Minority Member; Chandler, Jacobsen, Klicker, Leavitt, Nance, Pollet, Schmidt and Timmons.

Staff: Saranda Ross (786-7068).

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.

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.

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.

In determining whether part-time academic employees qualify as full time for certifying employment for PSLF, duties performed in support of, or in addition to, contractually assigned in-class teaching hours are included in the calculation by multiplying each hour of in-class teaching by 3.35 hours. This does not supersede any calculation or adjustment established by a collective bargaining agreement or employer policy for additional work done outside of in-class teaching.

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 reminder 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.

In determining whether a part-time employee is considered full time for certifying employment for PSLF, duties performed in support of, or in addition to, contractually assigned in-class teaching hours are included in the calculation by multiplying each hour of in-class teaching by at least 3.35 hours. This does not supersede any calculation or adjustment established by a collective bargaining agreement or employer policy 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: Preliminary fiscal note available.

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

Staff Summary of Public Testimony:

(In support) Approximately 800,000 people owe over \$27 billion in student loan debt in Washington state. Nationally, more than 40 percent of those who have taken out loans have no degree. We need to do everything possible to encourage residents to serve the state. This bill updates state law on the PSLF program to align with federal PSLF program improvements. This bill also helps retain the state's workforce, as public service jobs are

suffering a significant shortage specifically in healthcare and educator professions. Workers are leaving these fields in order to survive financially. Public Service Loan Forgiveness is a key benefit of public service. The federal PSLF employment certification process has been updated to increase efficiency by introducing a DocuSign feature to the online signature process, but employers cannot initiate this process—only the employee can. This bill will simplify the process by removing the requirement that state agencies provide manual pdf versions of PSLF forms for separated and previously certified employees. The bill adds a reminder one year from the last date employment was certified, encouraging employees to use the online form process. Some people do not apply for PSLF until after they leave public service, at which point they are no longer eligible for the program. This bill requires state agencies to remind employees immediately upon separation to apply for PSLF by using the online form.

(Opposed) None.

Persons Testifying: Representative Vandana Slatter, prime sponsor; and Kaity Cazares, Office of Financial Management.

Persons Signed In To Testify But Not Testifying: Jessica Manfredi, Washington Student Achievement Council; Simone Boe, Washington Education Association; and Renee Fullerton, Health Workforce Council.