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Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Sweeney

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SUMMARY

- Requires the Chancellor of Higher Education to create and distribute informational materials to public service organizations regarding federal student loan forgiveness programs.
- Requires public service organizations to post these informational materials on their premises and provide them to employees.

DETAILED ANALYSIS

Federal student loan forgiveness informational materials

The bill requires the Chancellor of Higher Education to create and distribute informational materials regarding the federal Public Service Loan Forgiveness Program and federal Teacher Loan Forgiveness Program to public service organizations. The bill specifies that these materials must be published on the Department of Higher Education's website, be updated each biennium, and include all of the following:¹

1. A letter to notify public employees of the eligibility requirements of the Public Service and Teacher Loan Forgiveness programs and to recommend that public employees contact a student loan servicer for additional information;
2. A fact sheet that outlines the loan forgiveness programs and contains contact information for the Chancellor;
3. Frequently asked questions concerning the loan forgiveness programs; and

¹ R.C. 3333.0417(B).

4. Any document published by a federal agency regarding student loan forgiveness as determined by the Chancellor.

Distribution by public service organizations

The bill requires public service organizations to post the informational letter created by the Chancellor in a conspicuous location on its premises and provide both of the following to its employees:²

1. The informational materials developed by the Chancellor within two weeks after an employee's start date; and
2. Upon request, a copy of the employment certification form.

For purposes of the bill's requirements, a public service organization (as defined by federal regulations) is (1) a federal, state, local, or tribal government entity, (2) a public child or family service agency, (3) a private nonprofit charitable, nonreligious organization, (4) a tribal college or university, or (5) another private organization that provides public services and is not for profit business, a labor union, a partisan political organization, or an organization engaged in religious activities.³

Background – federal loan forgiveness programs for public employees

Under federal law, there are four loan forgiveness or cancellation programs that public service employees may qualify for depending upon the type of loans a borrower has as well as specific employment qualifications. The four programs are:

1. **The Public Service Loan Forgiveness Program.**⁴

A borrower must make 120 qualifying payments; upon completion the Secretary of State cancels the remainder of the borrower's loan balance. Only Federal Direct Loans⁵ qualify for repayment under this program.

2. **The Teacher Loan Forgiveness Program.**⁶

Qualifying teachers that have completed five consecutive school years of service may qualify to receive not more than an aggregate amount of \$5,000 of repayment under this program.

3. **Borrowers who receive loan forgiveness for service in areas of national need.**⁷

² R.C. 3333.0417(C).

³ R.C. 3333.0417(A). See 34 Code of Federal Regulations 685.219.

⁴ 20 United States Code (U.S.C.) 1087e(m).

⁵ An "Eligible Federal Direct Loan" refers to a Federal Direct Stafford Loan, Federal Direct PLUS Loan, Federal Direct Unsubsidized Stafford Loan, or a Federal Direct Consolidation Loan.

⁶ 20 U.S.C. 1078-10.

For each school, academic, or calendar year of full-time employment in an area of national need that a borrower completes the Secretary may forgive up to \$2,000 per year. A borrower under this program cannot receive more than an aggregate amount of \$10,000 for repayment for more than five years of service. Loan forgiveness is contingent upon the availability of appropriations.

4. Loan repayment for civil legal assistance attorneys.⁸

Under this program, a borrower must enter into a written agreement with the Secretary of Education that the borrower will remain employed as a civil assistance attorney for not less than three years. If a borrower leaves employment during the agreed upon period of time, the borrower must repay the amount of any benefits received. No agreement under this program can exceed \$6,000 for any borrower in any calendar year, or an aggregate amount of \$40,000.

No borrower may, for the same service, receive a reduction of loan obligations under multiple federal loan forgiveness programs.

HISTORY

Action	Date
Introduced	02-20-20

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⁷ 20 U.S.C. 1078-11.

⁸ 20 U.S.C. 1078-12.