



Representative Bride Rose Sweeney

Sponsor Testimony: House Bill 520

House Finance Committee

November 17, 2020

Chairman Oelslager, Chairman Callender, Vice Chair Scherer, Ranking Member Cera, and Members of the Finance Committee, thank you for the opportunity to testify today on House Bill 520, which would establish a Navigator Pilot Program to help qualified Ohioans apply for the federal Public Service Loan Forgiveness Program.

This is a simple bill designed to begin to address a complicated, systemic issue. The Public Service Loan Forgiveness Program was originally intended to cancel the remainder of a qualified worker's student debt after ten years of qualifying monthly loan payments. The program targets those working full time in much needed but often underpaid public professions. However, many applicants fall short of ever receiving loan forgiveness due to a lack of information about complex and bureaucratic requirements as well as an overreliance on loan servicers to assist borrowers.

These barriers can be overcome in part through this navigator program, in which the Chancellor of Higher Education would contract with an individual or organization to be a resource for people at a pilot institution. The contractor would make sure applicants are in the right program, have the right loans, properly fill out the right forms, then report back to the General Assembly to determine the effectiveness of the program and if it's worth implementing statewide.

Recent statistics from the U.S. Department of Education show that less than one percent of applicants have the remainder of their student loans forgiven after ten years of service.¹ Those applicants are the social worker in Belmont County, the nurse in Cuyahoga County; they are the corrections officer in Marion County and the librarian in Allen County; they are the public defender in Summit County, and yes even the aide in Franklin County who have all dedicated their lives to work that is absolutely vital to a thriving Ohio. In fact, one of my constituents wrote me a letter about her experience with the program.

My constituent has been a caseworker for a homeless and mental health services center since graduating college in 2003. She consolidated \$37,000 worth of student loans into an income-based repayment plan, one of the program's eligibility requirements. She paid her bills on time every month for 16 years – several of those years were before the program even existed – with the sincere belief that she was on the path to forgiveness. However, when she contacted Navient to show her qualifying work for a nonprofit agency, they told her after the fact that she needed to have a different kind of loan and still owed thousands of dollars. She didn't qualify even after making her intent clear from the very beginning.

¹ <https://studentaid.gov/data-center/student/loan-forgiveness/pslf-data>

The Public Service Loan Forgiveness Program has remained the law of the land for a decade. It should offer a fair shot to everyone in public service, from my constituent working at a homeless shelter to yours working in a public school or third shift at a hospital. Too many Ohioans make the choice to serve the public based on this program, only to be rejected after ten years of service.² They put their service above financial gain, and we can help them.

By enacting this pilot program, we can stop leaving federal dollars on the table when Ohio borrowers owe \$57 billion dollars in student debt;³ when Ohio has the 6th highest student debt per capita of any state,⁴ and when 11% of our borrowers default on their student loans - higher than the national average.⁵ There is a national effort underway to streamline Public Service Loan Forgiveness, but the state still has a responsibility to help public servants and invest in our future. It's time to leverage this federal incentive and attract talented, high-quality workers for vital public services right here in Ohio. Thank you for the opportunity to testify. I'd be happy to take any questions.

² <https://www.forbes.com/sites/zackfriedman/2019/05/01/99-of-borrowers-rejected-again-for-student-loan-forgiveness/?sh=3f437200b16b>

³ U.S. Consumer Financial Protection Bureau, 2017.

https://files.consumerfinance.gov/f/documents/cfpb_student-loans_50-state-snapshot_complaints.pdf

⁴ <https://www.forbes.com/sites/zackfriedman/2018/06/13/student-loan-debt-statistics-2018/?sh=7e6e38037310>

⁵ U.S. Department of Education, 2019.

<https://www2.ed.gov/offices/OSFAP/defaultmanagement/staterates.pdf>