



House of Representatives

General Assembly

File No. 459

January Session, 2017

Substitute House Bill No. 7212

House of Representatives, April 6, 2017

The Committee on Higher Education and Employment Advancement reported through REP. HADDAD of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE PROMOTION OF LOAN FORGIVENESS PROGRAMS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2017*) (a) For purposes of this
2 section:

3 (1) "Public service employer" means an organization, agency or
4 entity that is a public service organization, including, but not limited
5 to, each local and regional board of education. "Public service
6 employer" does not include a federal or tribal nation government
7 organization, agency or entity, or a tribal nation institution of higher
8 education;

9 (2) "Employment certification form" means the form used by the
10 United States Department of Education to certify an individual's
11 employment at a public service organization for the purposes of the
12 Public Service Loan Forgiveness program;

13 (3) "Public Service Loan Forgiveness program" means the loan
14 forgiveness program as administered under 34 CFR 685.219, as
15 amended from time to time;

16 (4) "Public service organization" means a public service organization
17 as defined in 34 CFR 685.219, as amended from time to time;

18 (5) "Teacher Loan Forgiveness program" means a loan forgiveness
19 program administered under 34 CFR 685.217, as amended from time to
20 time; and

21 (6) "Student Loan Ombudsman" means the official designated
22 within the Department of Banking under section 36a-25 of the general
23 statutes.

24 (b) The Student Loan Ombudsman shall create and distribute
25 informational materials that increase awareness of the Public Service
26 Loan Forgiveness program and Teacher Loan Forgiveness program to
27 public service employers. Such informational materials shall include,
28 but need not be limited to, the following:

29 (1) A standardized letter to (A) notify employees of the eligibility
30 and participation requirements of the Public Service Loan Forgiveness
31 program or Teacher Loan Forgiveness program, and (B) recommend
32 that employees contact a student loan servicer for additional
33 information regarding such programs;

34 (2) A detailed fact sheet describing the Public Service Loan
35 Forgiveness program or Teacher Loan Forgiveness program, and
36 containing the telephone number and electronic mail address for the
37 Student Loan Ombudsman, which an employee may use to report any
38 alleged violations of the provisions of subsection (e) of this section; and

39 (3) A document containing frequently asked questions concerning
40 the Public Service Loan Forgiveness program or Teacher Loan
41 Forgiveness program and the answers to such questions.

42 (c) The Student Loan Ombudsman may distribute any document

43 published by a federal agency that meets the requirements of
44 informational materials set forth in subsection (b) of this section.

45 (d) The Student Loan Ombudsman shall make the informational
46 materials described in subsection (b) or (c) of this section available on
47 the Department of Banking's Internet web site. Each biennium the
48 Student Loan Ombudsman shall verify the accuracy of the
49 informational materials and update any informational materials that
50 are incorrect or obsolete.

51 (e) A public service employer shall:

52 (1) Provide new employees with the informational materials
53 described in subsection (b) or (c) of this section two weeks after the
54 employee's start date by mail, electronic mail or in-person;

55 (2) Provide its employees with a copy of the employment
56 certification form upon request of an employee; and

57 (3) Conspicuously display the fact sheet, described in subdivision
58 (2) of subsection (b) of this section, on its premises.

59 (f) (1) All complaints received by the Student Loan Ombudsman
60 regarding any alleged violations of the provisions of subsection (e) of
61 this section by a public service employer shall be (A) investigated not
62 later than thirty days after the complaint was made, and (B) made
63 publically available. The Student Loan Ombudsman shall order
64 corrective actions to a public service employer that has violated this
65 section. A public service employer may contest such corrective actions
66 ordered under this subdivision not later than fifteen days after its
67 issuance.

68 (2) Nothing in this section shall be construed to affect the authority
69 of the Attorney General to bring an action in a court of competent
70 jurisdiction to enforce the provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2017</i>	New section

HED *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill requires the Student Loan Ombudsman to compile and distribute information to public service employers, including local and regional boards of education, regarding two federal loan forgiveness programs. Since the compilation can be completed using existing federal materials, and distribution can be done electronically, it is anticipated that these tasks will not result in a fiscal impact. It should be noted that the Ombudsman position created in PA 15-62 has not yet been established within the Department of Banking.

It is anticipated that the distribution of materials provided by the Ombudsman to newly hired teachers has no fiscal impact to municipalities (boards of education) as this can be done electronically.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 7212****AN ACT CONCERNING THE PROMOTION OF LOAN FORGIVENESS PROGRAMS.****SUMMARY**

This bill requires public service employers to provide (1) informational materials about certain federal student loan forgiveness programs to newly hired employees within two weeks of their start date and (2) certain loan forgiveness certification forms to current employees upon request. The Department of Banking's student loan ombudsman (hereinafter "ombudsman") must create or copy federally-designed informational materials, make them available online, and distribute them to public service employers.

The bill defines "public service employers" as organizations, agencies, or entities that are public service organizations, including local and regional boards of education (see BACKGROUND). The bill does not apply to federal or tribal nation government organizations, agencies, or entities; or tribal nation institutions of higher education.

The bill specifies that it (1) allows employees to report their employers to the ombudsman for alleged violations and (2) does not affect the attorney general's authority to pursue an action to enforce the bill's provisions.

EFFECTIVE DATE: July 1, 2017

LOAN FORGIVENESS INFORMATIONAL MATERIALS***Ombudsman Duties***

The bill requires the ombudsman to distribute to public service employers informational materials that increase awareness about the federal Public Service Loan Forgiveness (PSLF) and Teacher Loan

Forgiveness (TLF) programs (see BACKGROUND). At a minimum, these materials must include the following:

1. a standardized letter notifying employees of the PSLF and TLF program eligibility and participation requirements and recommending that employees contact a student loan servicer for additional information,
2. a detailed fact sheet describing the programs that also contains the ombudsman's telephone number and email address for reporting alleged violations by employers, and
3. a "frequently asked questions" document with answers to questions about the programs.

Under the bill, the ombudsman must either create such documents or use federal agency-designed documents that meet the above requirements. The bill also requires the ombudsman to make the documents available on the Department of Banking's website. Each biennium the ombudsman must verify the documents' accuracy and update any incorrect or obsolete information they contain.

Public Service Employer Duties

The bill requires public service employers to disseminate the ombudsman-provided informational materials to new employees within two weeks of their start date. Dissemination may occur by mail, email, or in person. Employers must also (1) provide the PSLF certification form to current employees upon request and (2) conspicuously display the ombudsman-provided fact sheet on its premises.

Under the bill, if the ombudsman receives a complaint of an alleged violation by an employer, it must be investigated within 30 days and made publicly available. The ombudsman must issue corrective actions to an employer for a violation, and the employer may contest the order within 15 days of its issuance.

BACKGROUND

Public Service Organization

As defined in federal regulation, a “public service organization” for purposes of public service loan forgiveness is the following:

1. a federal, state, local, or tribal government organization, agency, or entity;
2. a public child or family service agency;
3. a tribal college or university;
4. a federally tax-exempt, nonprofit organization that does not engage in religious activities, unless they are qualifying activities unrelated to religious instruction, worship services, or proselytizing; or
5. a private organization that provides certain public services.

Such public services include, among others, emergency management, military service, public safety, public interest law, early childhood education, public service for individuals with disabilities and the elderly, public health, public education, and public library services (34 C.F.R. § 685.219(b)).

Public Service Loan Forgiveness

This federal program forgives the remaining balance of certain federal student loans after 10 years of monthly payments for individuals who work full-time for public service employers. The first group of individuals will be eligible for loan forgiveness in October 2017 (34 C.F.R. § 685.219).

Teacher Loan Forgiveness

This federal program forgives up to a total of \$17,500 for certain federal student loans for individuals who teach full-time for five consecutive academic years in certain elementary and secondary schools and educational service agencies that serve low-income families and meet other qualifications (34 C.F.R. § 685.217).

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 14 Nay 7 (03/21/2017)