



House of Representatives

File No. 776

General Assembly

January Session, 2017

(Reprint of File No. 459)

Substitute House Bill No. 7212
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 18, 2017

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; and

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.

21 (b) The Office of Higher Education shall create and distribute
22 informational materials that increase awareness of the Public Service
23 Loan Forgiveness program and Teacher Loan Forgiveness program to
24 public service employers. Such informational materials shall include,
25 but need not be limited to, the following:

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

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

36 (3) A document containing frequently asked questions concerning
37 the Public Service Loan Forgiveness program or Teacher Loan
38 Forgiveness program and the answers to such questions.

39 (c) The Office of Higher Education may distribute any document
40 published by a federal agency that meets the requirements of
41 informational materials set forth in subsection (b) of this section.

42 (d) The Office of Higher Education shall make the informational
43 materials described in subsection (b) or (c) of this section available on

44 the Office of Higher Education's Internet web site. Each biennium the
45 Office of Higher Education shall verify the accuracy of the
46 informational materials and update any informational materials that
47 are incorrect or obsolete.

48 (e) A public service employer that employs more than ten full-time
49 employees shall:

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

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

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

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

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

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

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.

NO FISCAL IMPACT

The bill requires the Office of Higher Education (OHE) 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.

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

House "A" strikes the underlying bill, which does not have a fiscal impact and replaces it with the fiscal impact mentioned above.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 7212 (as amended by House "A")*****AN ACT CONCERNING THE PROMOTION OF LOAN FORGIVENESS PROGRAMS.****SUMMARY**

This bill requires public service employers that have more than 10 full-time employees 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 Office of Higher Education (OHE) 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 governmental organizations, agencies, or entities; or tribal nation institutions of higher education.

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

*House Amendment "A" assigns to OHE all the duties that were assigned to the Department of Banking's student loan ombudsman in the underlying bill. Additionally, it specifies that only public service employers that have more than 10 full-time employees, rather than all public service employers, must distribute OHE-provided materials on student loan forgiveness to their employees.

EFFECTIVE DATE: July 1, 2017

LOAN FORGIVENESS INFORMATIONAL MATERIALS

OHE Duties

The bill requires OHE 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 OHE's telephone number and email address for reporting alleged violations by employers, and
3. a "frequently asked questions" document about the programs.

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

Public Service Employer Duties

The bill requires public service employers that employ more than 10 full-time employees to disseminate the OHE-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 on request and (2) conspicuously display the OHE-provided fact sheet on their premises.

Under the bill, if OHE receives a complaint of an alleged violation

by an employer, it must be investigated within 30 days and made publicly available. OHE must issue corrective actions to an employer for a violation, and the employer may contest such an 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 services 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 \$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)