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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Legislative Budget
Office

H.B. 520
133rd General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Rep. Sweeney

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SUMMARY

- Establishes the Navigator Pilot Program to assist public service employees applying to the federal Public Service Loan Forgiveness Program.
- Makes an appropriation.

DETAILED ANALYSIS

Navigator Pilot Program

The bill establishes the Navigator Pilot Program to assist public employees in applying for and navigating the federal Public Service Loan Forgiveness Program. Under the bill's pilot program, the Chancellor of Higher Education must do all of the following:

1. Beginning on the effective date of the bill through July 1, 2020, solicit contracts from outside organizations or individuals who have demonstrated experience with student debt forgiveness to assist in the administration of the pilot program;¹
2. Negotiate the terms of these contracts so that they are effective by July 1, 2020, or as soon thereafter as possible, until June 30, 2021;²
3. Select a community college, a state university, and a public agency or employer whose employees may qualify for the Public Service Loan Forgiveness Program;³ and

¹ Section 1(B).

² Section 1(B).

³ Section 1(C).

4. Submit a report to the General Assembly and the Superintendent of Public Instruction by October 31, 2021, regarding the implementation and outcomes of the pilot program to determine if it should operate permanently and any recommendations that may assist student loan borrowers.⁴

The bill also specifies that by August 30, 2020, the contracted organizations and individuals must assist the Chancellor and the selected college, university, and public agency or employer with:

1. Advising public employees on completion of the employment certification form used by the U.S. Department of Education;
2. Disseminating information to public employees regarding any other loan forgiveness programs for which they may qualify; and
3. Assisting public employees in understanding their rights and responsibilities under the terms of student education loans.⁵

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.**⁶

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 Loans⁷ qualify for repayment under this program.

2. **The Teacher Loan Forgiveness Program.**⁸

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.

⁴ Section 1(E).

⁵ Section 1(D).

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

⁷ 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.

⁸ 20 U.S.C. 1078-10.

3. Borrowers who receive loan forgiveness for service in areas of national need.⁹

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.¹⁰

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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⁹ 20 U.S.C. 1078-11.

¹⁰ 20 U.S.C. 1078-12.