



FROM THE OFFICE OF
CONGRESSMAN JOHN SARBANES
MARYLAND'S THIRD CONGRESSIONAL DISTRICT

WHAT YOU CAN DO FOR YOUR COUNTRY ACT SECTION-BY-SECTION

Sec.1. Short title. The bill is titled the “What You Can Do for Your Country Act”

Sec.2. Amendments to the Public Service Loan Forgiveness Program. Strikes and replaces Section 455(m) of the Higher Education Act of 1965 (20 U.S.C. 1087e(m)) which is the section that currently governs the Public Service Loan Forgiveness (PSLF) program, with a reformed subsection that sets out clearer and more consistent borrower, payment, and employer eligibility rules.

Qualifying Employer. The bill defines full time employment as 30 hours per week, consistent with current Department of Education (“Department”) regulation. The definition of a qualifying employer or employment is revised to include all professions that are eligible under current law, but more cleanly articulated and inclusive of Congressional intent. The bill specifies that neither the President nor Vice President of the United States shall receive forgiveness. Members of Congress are excluded from PSLF under current law.

Qualifying Payment Obligation. To solve numerous issues with the definition of what a qualifying “monthly payment” means for each borrower, this bill instead shifts to the concept of a “payment obligation” that is attributable to a period of service. In other words, if a borrower is employed in public service, and makes a valid payment on their federal student loans, it counts forward forgiveness. This includes payments made in installments, payments “paid ahead” of the amount due, and, in some cases, retroactive payments to catch up borrowers who have fallen behind. The bill proposes to make payments under all federal student loan repayment plans—including graduated and extended plans—count toward forgiveness.

Full and Partial Loan Forgiveness. This bill also allows for 50 percent forgiveness after 5 years of public service (equal to 60 payment obligations) and 100 percent forgiveness after 10 years of public service (equal to 120 payment obligations). Forgiveness includes all principal and interest due on the loan on the date of forgiveness.

Certification of Employment. The bill requires the Secretary to provide a method of certifying public service employment, which need not be a form, that is easily accessible and provides electronic signature options for both the employer and the borrower. Under current practice by the U.S. Department, only the borrower is able to provide an electronic signature.

The bill removes the requirement that the borrower be currently employed at a public service employer at the specific time they receive forgiveness, although they would still need to have satisfied their monthly payment obligations.

The bill would allow borrowers to file a certification of employment through any student loan servicer or platform that the Secretary uses to process loan payments. Under current practice by the U.S. Department, borrowers are only able to have PSLF forms processed by a single servicer, FedLoan, out of nine contracted federal student loan servicers.

The bill directs the Secretary to provide a self-certification process to borrowers if they have extenuating circumstances such as if their employer no longer exists or if the employer refuses to cooperate.

Notification of Fulfilled Payment Obligations. The Secretary is directed to provide new notices to borrowers indicating exactly how many payment obligations toward forgiveness have been made to reduce surprises for borrowers toward the end of their process of applying for forgiveness.

Determination of Qualifying Payment. The Secretary would not be able to issue a retroactive denial of a borrower that they had previously certified as having satisfied monthly payment obligations. Under *American Bar Association v. United States Department of Education* (1:16-cv-02476 in the U.S. District Court for the District of Columbia), the Court found that the U.S. Department of Education acted arbitrarily and capriciously when it retroactively changed its interpretation of what organizations qualify for PSLF, thereby denying eligibility to several

borrowers and categories of borrowers. This bill is consistent with and expands upon the Court's decision to prevent retroactive denials.

Retroactive Payment Obligations. This bill would allow borrowers to satisfy past monthly payment obligations, up to a period of three years. Under current law, a borrower who fails to make a qualifying payment obligation has no recourse to "catch up" for these errors and may only move forward on a prospective basis. For borrowers who take advantage of federal debt relief options such as deferment or forbearance, or who are in delinquency or default, an option is provided for those borrowers to retroactively satisfy these payment obligations by paying the additional amounts owed. Since economic hardship deferment on federal loans is currently limited to three years, this provision conforms with that timeline.

Loan Consolidation. This bill would give borrowers the ability to consolidate their loans without having their previous qualifying payment obligations erased. Under current law, when a borrower consolidates their loans, their payment count toward forgiveness "resets." With this provision, the Department would calculate the equivalent number of payments made on the underlying loans that are components of the consolidation loan.

Federal Family Education Loans. Under this legislation, borrowers of Federal Family Education Loan (FFEL) program would become eligible for PSLF by consolidating their loans into the Federal Direct Loan program. However, unlike current law, they would receive "credit" toward forgiveness through a count of payment obligations that were satisfied after the borrower consolidates. FFEL lenders would be required to provide the necessary repayment history information of the borrower to the Secretary in order to facilitate this improvement.

Database of Employers. In order to streamline the certification of employers for borrowers pursuing PSLF, the bill directs the Secretary to establish a database of employees that have already been certified as eligible to help facilitate outreach to federal loan borrowers that may be eligible for PSLF but are not currently aware of the program. This database will also help to speed up the process of employment certification for borrowers. The Secretary is directed to conduct specific outreach to federal employees with federal loans to assist them in the process of pursuing forgiveness.

Notice to Borrowers. The bill requires the Secretary to provide annual notice to borrowers who may qualify of their options for loan forgiveness.

Sec.3. Transition to Improved Public Service Loan Forgiveness Program. This section establishes transition steps for the Secretary to take prior to implementation of the bill on July 1, 2019. For example, the Secretary must calculate the payment obligations satisfied under the new criteria (which includes all repayment plans and FFEL borrowers that consolidate).

The Temporary Expanded Public Service Loan Forgiveness (TEPSLF) Program, which is duplicative of this legislation due to the inclusion of all repayment plans, is rescinded.