

117TH CONGRESS
2D SESSION

S. 4581

To improve the public service loan forgiveness program under section 455(m) of the Higher Education Act of 1965, to improve loan forgiveness eligibility provisions under such Act for teachers, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 21, 2022

Mr. MENENDEZ introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To improve the public service loan forgiveness program under section 455(m) of the Higher Education Act of 1965, to improve loan forgiveness eligibility provisions under such Act for teachers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Second Chance at Pub-
5 lic Service Loan Forgiveness Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) The public service loan forgiveness program
2 under section 455(m) of the Higher Education Act
3 of 1965 (20 U.S.C. 1087e(m)) was created in 2007
4 to attract individuals to public service by forgiving
5 an individual's Federal loans under part D of title
6 IV of the Higher Education Act of 1965 (20 U.S.C.
7 1071 et seq.; 20 U.S.C. 1087a et seq.) after 10
8 years of employment in areas of national need.

9 (2) These public service careers, which include
10 employment in military, emergency management,
11 government, public safety, law enforcement, public
12 health, education, child care, social work, services for
13 individuals with disabilities, services for the elderly,
14 public interest legal services, and library sciences,
15 pay substantially less than similar careers in the pri-
16 vate sector.

17 (3) The public sector also repeatedly experi-
18 ences workforce shortages, especially following the
19 COVID–19 pandemic.

20 (4) An undergraduate degree, certification, or
21 advanced degree is a prerequisite to enter or ad-
22 vance in these public service careers. Yet, research
23 suggests that the prospect of several decades of stu-
24 dent loan payments often deters individuals from
25 pursuing careers in public service.

1 (5) The public service loan forgiveness program
2 has substantially failed. In 2018, 99 percent of the
3 borrowers who applied for relief under the program
4 were denied due to improper type of loans, employ-
5 ment, or repayment plan, or the number of pay-
6 ments that they had made.

7 (6) Advocates and enforcement agencies, includ-
8 ing 38 State Attorneys General and the Bureau of
9 Consumer Financial Protection, have repeatedly
10 found that all of the major Federal student loan
11 servicers provided inaccurate information to bor-
12 rowers who were interested in or relying upon the
13 public service loan forgiveness program. They also
14 found that servicers repeatedly steered borrowers
15 away from public service loan forgiveness into higher
16 monthly payments and into deferment and
17 forbearances.

18 (7) This has caused millions of public servants
19 irreparable economic harm, including preventing
20 them from buying a home, opening a small business,
21 starting a family, or retiring, because of their stu-
22 dent debt.

23 (8) Despite the recent actions of President
24 Biden's administration to improve the public service
25 loan forgiveness program, these actions are limited

1 and will not fully atone for the repeated, pervasive,
 2 and systemic actions by Federal student loan
 3 servicers to prevent public servants from fully bene-
 4 fitting from this program.

5 **SEC. 3. MAKING FORGIVENESS ATTAINABLE FOR PUBLIC**
 6 **SECTOR WORKERS.**

7 Section 455(m) of the Higher Education Act of 1965
 8 (20 U.S.C. 1087e(m)) is amended—

9 (1) by striking paragraph (1) and inserting the
 10 following:

11 “(1) IN GENERAL.—The Secretary shall cancel
 12 the balance of interest and principal due, in accord-
 13 ance with paragraph (2), on any eligible Federal Di-
 14 rect Loan not in default for a borrower who—

15 “(A) obtained an eligible Federal Direct
 16 Loan; and

17 “(B) has been employed full-time in public
 18 service, beginning on or after January 1, 1994,
 19 for a total period of 10 years or more after the
 20 date on which the first eligible Federal Direct
 21 Loan was obtained.”;

22 (2) by redesignating paragraphs (3) and (4) as
 23 paragraphs (5) and (6), respectively;

24 (3) by inserting after paragraph (2) the fol-
 25 lowing:

1 “(3) SPECIAL RULES RELATING TO EMPLOY-
 2 MENT.—For purposes of this subsection, volunteer
 3 service as an AmeriCorps or Peace Corps volunteer,
 4 as described in subclause (III) or (IV) of paragraph
 5 (5)(C)(i), shall be deemed to be employment.

6 “(4) SPECIAL RULE FOR CERTAIN LOANS AND
 7 BORROWERS.—

8 “(A) PARENT PLUS LOANS.—In the case of
 9 a borrower of an eligible Federal Direct Loan
 10 that is on behalf of a student, any public service
 11 employment required under this subsection may
 12 be completed by the borrower or by the student
 13 on whose behalf the loan was made.

14 “(B) SPECIAL RULES FOR FEDERAL DI-
 15 RECT CONSOLIDATION LOANS.—

16 “(i) IN GENERAL.—A borrower who
 17 has obtained an eligible Federal Direct
 18 Loan that is a Federal Direct Consolida-
 19 tion Loan that includes a loan made, in-
 20 sured, or guaranteed under part B or part
 21 E shall receive credit under paragraph (1)
 22 for any years of full-time employment in
 23 public service that occurred while the bor-
 24 rower had a component loan of the Federal
 25 Direct Consolidation Loan.

1 “(ii) SPECIAL RULES FOR JOINT BOR-
 2 ROWERS.—The Secretary shall allow the
 3 borrowers of a Joint Consolidation Loan or
 4 a Joint Direct Consolidation Loan who are
 5 employed in a public service job to consoli-
 6 date such loan into a Federal Direct Con-
 7 solidation Loan in order to receive loan
 8 cancellation pursuant to this subsection.”;
 9 and

10 (4) by striking paragraph (5), as redesignated
 11 by paragraph (2), and inserting the following:

12 “(5) DEFINITIONS.—In this subsection:

13 “(A) ELIGIBLE FEDERAL DIRECT LOAN.—
 14 The term ‘eligible Federal Direct Loan’ means
 15 a Federal Direct Stafford Loan, Federal Direct
 16 Unsubsidized Loan, Federal Direct PLUS Loan
 17 (including such loan made on behalf of a stu-
 18 dent), or Federal Direct Consolidation Loan.

19 “(B) FULL-TIME.—The term ‘full-time’,
 20 when used with respect to employment in public
 21 service, means working in public service employ-
 22 ment in one or more jobs for a total of—

23 “(i) not less than 30 hours a week;

24 “(ii) in the case of any form of edu-
 25 cational public service employment that is

under a contract for not less than 8 months, not less than 30 hours per week during the contract period; or

“(iii) in the case of employment as an adjunct, contingent, or part-time faculty member, teacher, or lecturer who is paid solely for the credit hours taught at an institution of higher education, the equivalent of 30 hours per week determined by multiplying each credit or contract hour taught per week by 3.35.

“(C) PUBLIC SERVICE.—

“(i) IN GENERAL.—The term ‘public service’ means—

“(I) employment with a qualifying employer described in clause (i) or (ii) of subparagraph (D);

“(II) employment with a qualifying employer described in subparagraph (D)(iii) that—

“(aa) provides direct services to the public through its employees; and

“(bb) has devoted a majority of its full-time equivalent employ-

ees to working in not less than 1
of the following areas:

“(AA) Early childhood
education programs.

“(BB) Emergency man-
agement.

“(CC) Law enforce-
ment.

“(DD) Military service.

“(EE) Other school-
based services.

“(FF) Public education
(including higher education).

“(GG) Public health.

“(HH) Public interest
law services.

“(II) Public library
services.

“(JJ) Public safety.

“(KK) Public services
for individuals with disabil-
ities or public services for
the elderly.

“(LL) School library
services;

1 “(III) satisfactory service as a
2 Peace Corps volunteer in accordance
3 with section 5 of the Peace Corps Act
4 (22 U.S.C. 2504); or

5 “(IV) successful service as a par-
6 ticipant in a position described in sec-
7 tion 123 of the National and Commu-
8 nity Service Act of 1990 (42 U.S.C.
9 12573).

10 “(ii) ADDITIONAL DEFINITIONS.—For
11 purposes of clause (i):

12 “(I) EMERGENCY MANAGEMENT
13 SERVICES.—The term ‘emergency
14 management services’ means services
15 that help remediate, lessen, or elimi-
16 nate the effects or potential effects of
17 emergencies that threaten human life
18 or health or real property.

19 “(II) LAW ENFORCEMENT.—The
20 term ‘law enforcement’ means services
21 performed by an employee of a public
22 service organization that is publicly
23 funded and whose principal activities
24 pertain to crime prevention, control or

1 reduction of crime, or the enforcement
2 of criminal law.

3 “(III) MILITARY SERVICE.—The
4 term ‘military service’ means pro-
5 viding service to or on behalf of mem-
6 bers, veterans, or the families or sur-
7 vivors of members or veterans of the
8 Armed Forces, including the National
9 Guard, that is provided to a person
10 because of the person’s status in the
11 Armed Forces or National Guard.

12 “(IV) OTHER SCHOOL-BASED
13 SERVICES.—The term ‘other school-
14 based services’ means an employee of
15 a State, or of any political division of
16 a State, or an employee of a nonprofit
17 organization, who works in any grade
18 from prekindergarten through grade
19 12 in any of the following occupa-
20 tional specialties:

21 “(aa) Paraprofessional serv-
22 ices, including paraeducator serv-
23 ices.

24 “(bb) Clerical and adminis-
25 trative services.

1 “(cc) Transportation serv-
2 ices.

3 “(dd) Food and nutrition
4 services.

5 “(ee) Custodial and mainte-
6 nance services.

7 “(ff) Security services.

8 “(gg) Health and student
9 services.

10 “(hh) Technical services.

11 “(ii) Skilled trades.

12 “(V) PUBLIC EDUCATION.—The
13 term ‘public education’ means—

14 “(aa) the provision of edu-
15 cational enrichment or support to
16 students in a school or a school-
17 like setting, including teaching;
18 and

19 “(bb) teaching as a full-time
20 faculty member at a Tribal Col-
21 lege or University, as defined in
22 section 316(b), and other faculty
23 teaching in high-needs subject
24 areas or areas of shortage (in-
25 cluding nurse faculty, foreign

1 language faculty, and part-time
2 faculty at community colleges),
3 as determined by the Secretary.

4 “(VI) The term ‘public health’
5 means—

6 “(aa) services provided by
7 physicians, nurses (including
8 nurses in a clinical setting), and
9 nurse practitioners; and

10 “(bb) services provided by
11 health care practitioner occupa-
12 tions, health care support occu-
13 pations, and counselors, social
14 workers, and other community
15 and social service specialist occu-
16 pations, as those terms are de-
17 fined by the Bureau of Labor
18 Statistics.

19 “(VII) The term ‘public interest
20 law’ means legal services or legal ad-
21 vocacy provided by a nonprofit organi-
22 zation, but excludes services provided
23 by individuals who are registered lob-
24 byists at the Federal, State, or local
25 level.

1 “(VIII) The term ‘public library
2 services’ means the operation of public
3 libraries or services that support their
4 operation.

5 “(IX) The term ‘public safety
6 services’ means services that seek to
7 prevent the need for emergency man-
8 agement services.

9 “(X) The term ‘public services
10 for individuals with disabilities’ means
11 services performed for, or to assist,
12 individuals with disabilities (as de-
13 fined in section 3 of the Americans
14 with Disabilities Act of 1990 (42
15 U.S.C. 12102)) that is provided to an
16 individual because of the individual’s
17 status as an individual with a dis-
18 ability.

19 “(XI) The term ‘public service
20 for the elderly’ means services that
21 are provided to individuals who are
22 aged 59.5 years or older and that are
23 provided to an individual because of
24 the individual’s status as an individual
25 of that age, including services related

1 to retirement plans, pensions, social
 2 security, retiree health plans, or Med-
 3 icaid.

4 “(XII) The term ‘school library
 5 services’ means the operations of
 6 school libraries or services that sup-
 7 port their operation.

8 “(D) QUALIFYING EMPLOYER.—The term
 9 ‘qualifying employer’ means—

10 “(i) a Federal, State, Tribal, local,
 11 intergovernmental, or regional govern-
 12 mental organization, agency, or entity
 13 based or headquartered in the United
 14 States, including the Armed Forces, Na-
 15 tional Guard, Merchant Marines, or Coast
 16 Guard;

17 “(ii) a nonprofit organization that is
 18 qualified under section 501(c)(3) of the In-
 19 ternal Revenue Code of 1986; or

20 “(iii) a nonprofit organization that is
 21 qualified under section 501(a) of such
 22 Code, with respect to an employee in public
 23 service employment.”.

1 **SEC. 4. LOAN FORGIVENESS FOR TEACHERS.**

2 The Higher Education Act of 1965 (20 U.S.C. 1001
3 et seq.) is amended—

4 (1) in section 428J(g)(2) (20 U.S.C. 1078–
5 10(g)(2))—

6 (A) in subparagraph (A), by inserting “or”
7 after the semicolon at the end;

8 (B) by striking subparagraph (B); and

9 (C) by redesignating subparagraph (C) as
10 subparagraph (B);

11 (2) in paragraph (7) of section 455(m) (20
12 U.S.C. 1087e(m)), as amended by section 3(2), by
13 striking “both this subsection and section 428J,
14 428K, 428L, or 460” and inserting “both this sub-
15 section and section 428K or 428L”; and

16 (3) in section 460(g)(2) (20 U.S.C.
17 1087j(g)(2))—

18 (A) in subparagraph (A), by inserting “or”
19 after the semicolon at the end;

20 (B) by striking subparagraph (B); and

21 (C) by redesignating subparagraph (C) as
22 subparagraph (B).

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