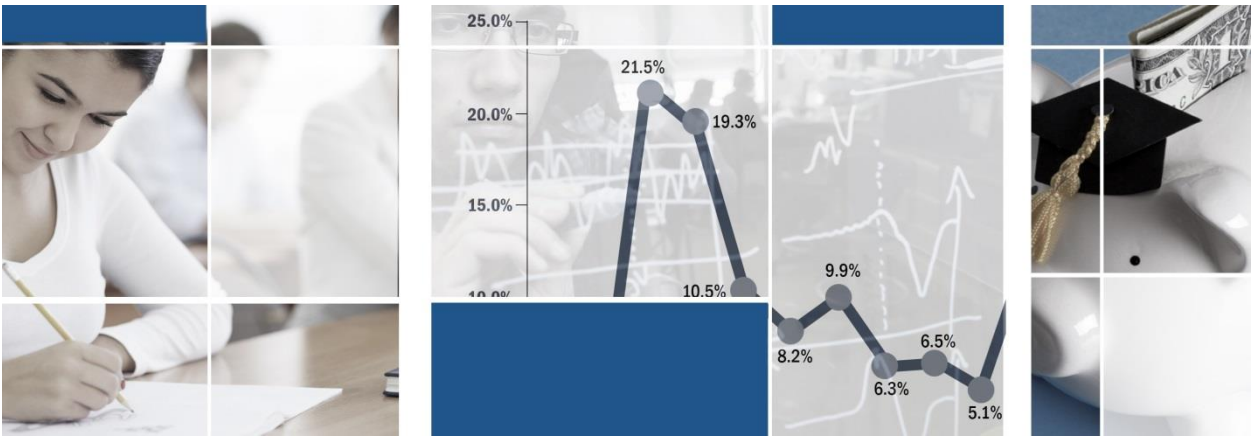


January 1, 2019



Office of the Qualified Education Loan Ombudsman: 2018 Annual Report

PURPOSE OF THIS REPORT

This report is intended to fulfill the legislative requirement for the Office of the Qualified Education Loan Ombudsman (the Office), staffed by the Student Loan Advocate.

The General Assembly and Governor established the Office during the 2018 General Assembly session. An excerpt of the enabling legislation and purpose is included below along with expected annual reporting requirements (the full legislation is included in Appendix A).

§ 23.1-232.

- A. *The Council shall create within the agency the Office of the Qualified Education Loan Ombudsman. The Office of the Qualified Education Loan Ombudsman shall provide timely assistance to any qualified education loan borrower of any qualified education loan in the Commonwealth.*

§ 23.1-234. Reports.

On or before January 1, 2019, and annually thereafter, the Council shall submit a report to the House Committees on Commerce and Labor and Education and the Senate Committees on Commerce and Labor and Education and Health. The report shall address (i) the implementation of this article and (ii) the overall effectiveness of the Office of the Qualified Education Loan Ombudsman.

The report summarizes the activities taken to establish the Office in 2018. Future reports will include information on the requirements duties of the office, including: efforts to inform the public of the availability of the office, outcomes of the complaints and concerns registered with the office and progress toward meeting the concerns and needs of Virginia borrowers.

ESTABLISHMENT OF THE OFFICE OF THE STUDENT LOAN OMBUDSMAN

Upon enactment of the legislation on July 1, 2018, the State Council of Higher Education for Virginia (SCHEV) posted a position to hire a Student Loan Advocate to staff the Office. SCHEV hired Scott W. Kemp and he began working in October 2018. Scott has

an extensive history working in K-12 education and postsecondary education. He has worked in Hanover County schools, at the Virginia Department of Education, the Virginia Community College System and at Germanna Community College.

As a new assignment for SCHEV, the initial months focused on getting the basic functions of the Office prepared to receive inquiries and complaints. A formal press announcement is planned for January 2019 to launch the Office. The following is a brief summary of activities related to office setup and initial outreach since Scott joined SCHEV in October.

Office Setup

- Set up the office email, phone, office, and some of the basic infrastructure needed for establishing a new activity and position within SCHEV.
- Established a short-term system for collecting and tracking borrower complaints.
- Identified a long-term tracking tool that is expected to be operational by mid-2019.
- Created an information page housed on the SCHEV website on December 1, 2018, www.schev.edu/studentloan, with expanded content planned in the near future.
- Scheduled a launch of the services provided by the Student Loan Advocate for early January, which will include sending out contact information to college and university financial aid offices and public notification via news release.

Outreach Efforts

On November 14, Lee Andes, Director of Student Financial Aid and Scott Kemp traveled to Washington, D.C., to meet with the Federal Student Aid (FSA) Ombudsman, the Executive Director of the Student Loan Servicing Alliance, staff at the National Association of Student Financial Aid Administrators (NASFAA) and the Senior Education Policy Analyst for Congressmen Bobby Scott's office. The purpose of the visit was to gain additional knowledge about the process of resolving student loan complaints, understand issues that may lead to policy recommendation, and establish critical working relationships with partners who can assist or otherwise have an active interest in resolving student loan concerns.

In December, Kemp presented on the topic of Student Loan Myths and Facts at the annual Virginia College Access Network conference. Attendees included college access professionals working directly with high school students in preparation for college.

In addition, Kemp met with the President and the Financial Aid Office at Richard Bland College to discuss his new role and to gain feedback on the educational course currently under development (Code of Virginia, § 23.1-233).

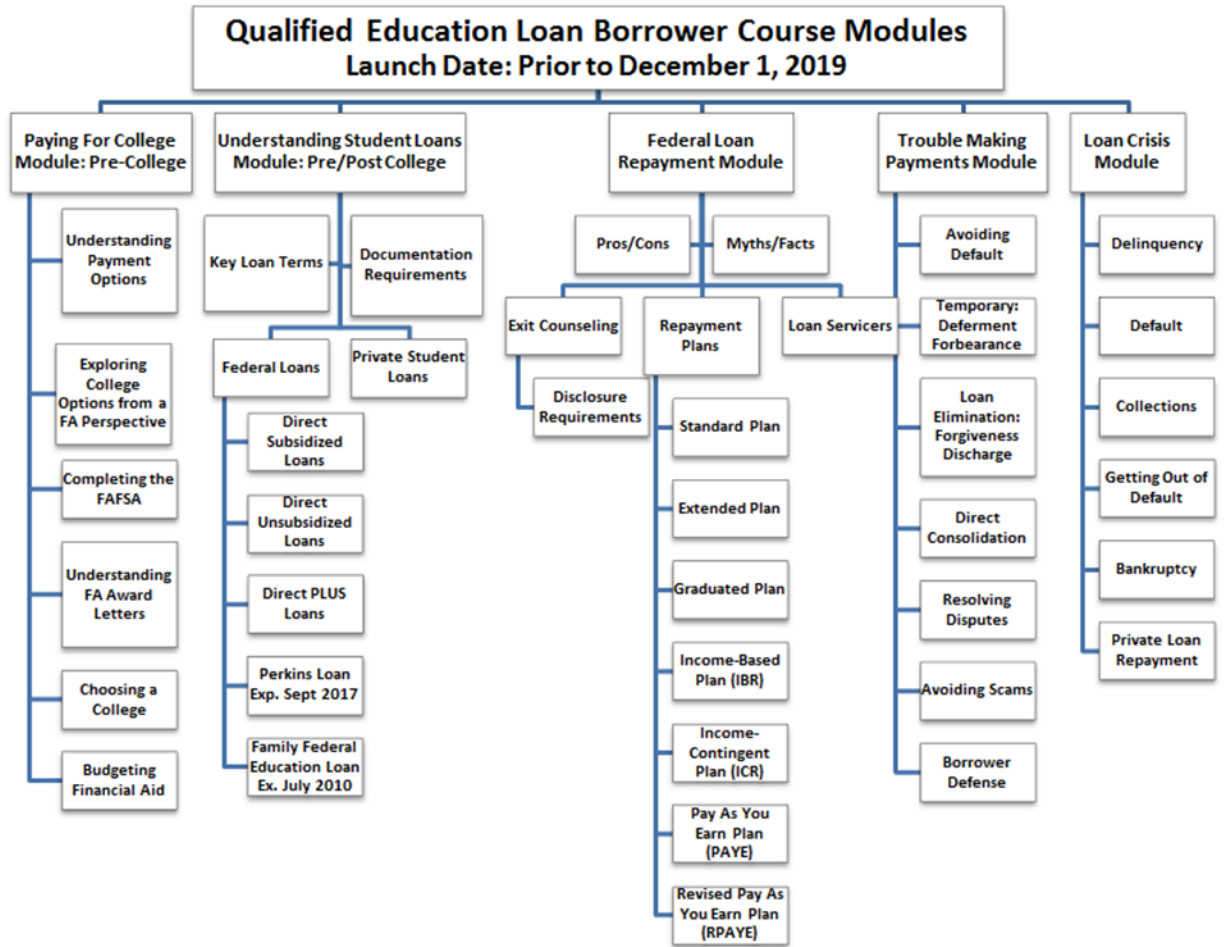
Loan Inquiries

While SCHEV has not formally announced the Office, it has received a small number of inquiries for information and addressed a few student loan concerns. It is anticipated the inquiries and concerns will increase significantly after the first of the year.

DEVELOPMENT OF THE QUALIFIED EDUCATION LOAN BORROWER COURSE

The authorizing legislation also requires the development of a qualified education loan borrower course by December 2019 that will guide future and current borrowers through the forms, terms, options, rights and responsibilities associated with such loans. SCHEV developed a draft of the modules for the course. SCHEV staff intends to meet with focus groups in 2019, including loan professionals and college financial aid offices to discuss the components of the course and how it can be shared with students. A draft outline of the course is provided below.

The course is designed to include four modules in the initial launch that will allow borrowers to access content that is most relevant to their current loan borrower situation. A fifth “pre-college” module will be developed in collaboration with the Virginia Department of Education and external financial literacy partners to include in the Economics and Personal Finance Course that is required for all Virginia high school graduates.



APPENDIX

Code of Virginia Authorizing Language

§ 23.1-231. Definitions.

As used in this article, unless the context requires a different meaning:

"Qualified education loan" means any qualified education loan obtained specifically to finance education or other school-related expenses. "Qualified education loan" does not include credit card debt, home equity loan, or revolving debt.

"Qualified education loan borrower" means (i) any current resident of the Commonwealth who has received or agreed to pay a qualified education loan or (ii) any person who shares responsibility with such resident for repaying the qualified education loan.

"Qualified education loan servicer" or "loan servicer" means any person, wherever located, responsible for the servicing of any qualified education loan to any qualified education loan borrower.

"Servicing" means (i) receiving any scheduled periodic payments from a qualified education loan borrower pursuant to the terms of a qualified education loan; (ii) applying the payments of principal and interest and such other payments, with respect to the amounts received from a qualified education loan borrower, as may be required pursuant to the terms of a qualified education loan; and (iii) performing other administrative services with respect to a qualified education loan.

§ 23.1-232. Office of the Qualified Education Loan Ombudsman established; duties.

A. The Council shall create within the agency the Office of the Qualified Education Loan Ombudsman. The Office of the Qualified Education Loan Ombudsman shall provide timely assistance to any qualified education loan borrower of any qualified education loan in the Commonwealth. All state agencies shall assist and cooperate with the Office of the Qualified Education Loan Ombudsman in the performance of its duties under this article.

B. The Office of the Qualified Education Loan Ombudsman shall:

1. Receive, review, and attempt to resolve any complaints from qualified education loan borrowers, including attempts to resolve such complaints in collaboration with institutions of higher education, qualified education loan servicers, and any other participants in qualified education loan lending;
2. Compile and analyze data on qualified education loan borrower complaints as described in subdivision 1;
3. Assist qualified education loan borrowers to understand their rights and responsibilities under the terms of qualified education loans;
4. Provide information to the public, state agencies, legislators, and other persons regarding the problems and concerns of qualified education loan borrowers and make recommendations for resolving those problems and concerns;
5. Analyze and monitor the development and implementation of federal and state laws and policies relating to qualified education loan borrowers and recommend any changes the Office of the Qualified Education Loan Ombudsman deems necessary;
6. Review the complete qualified education loan history of any qualified education loan borrower who has provided written consent for such review;
7. Disseminate information concerning the availability of the Office of the Qualified Education Loan Ombudsman to assist qualified education loan borrowers and potential qualified education loan borrowers, as well as public institutions of higher education, qualified education loan servicers, and any other participant in qualified education loan lending, with any qualified education loan servicing concerns; and
8. Take any other actions necessary to fulfill the duties of the Office of the Qualified Education Loan Ombudsman as set forth in this article.

§ 23.1-233. Qualified education loan borrower education course.

On or before December 1, 2019, the Office of the Qualified Education Loan Ombudsman, in consultation with the Council, shall establish and maintain a qualified education loan borrower education course that shall include educational presentations and materials regarding qualified education loans. Topics covered by the course shall include, but shall not be limited to, key loan terms, documentation requirements, monthly payment obligations, income-driven repayment options, loan forgiveness programs, and disclosure requirements. The course shall be web-based and available to

the public at any time. The Office of the Qualified Education Loan Ombudsman may also establish in-person classes.

§ 23.1-234. Reports.

On or before January 1, 2019, and annually thereafter, the Council shall submit a report to the House Committees on Commerce and Labor and Education and the Senate Committees on Commerce and Labor and Education and Health. The report shall address (i) the implementation of this article and (ii) the overall effectiveness of the Office of the Qualified Education Loan Ombudsman.