

State Council of Higher Education for Virginia



**Annual Report
Office of the
Qualified Education Loan
Ombudsman**

January 1, 2023



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SUMMARY

The Code of Virginia directs the State Council of Higher Education for Virginia (SCHEV) to submit an annual report to the House Committees on Commerce and Labor and Education, and the Senate Committees on Commerce and Labor, and Education and Health on the implementation and overall effectiveness of the Office of the Qualified Education Loan Ombudsman ([§ 23.1-234](#)). Terms associated with the operation of the office are defined in [§ 23.1-231](#).

The following are the key findings from the 2022 annual report.

1. In its first four years of operation, the Student Loan Advocate has worked directly with 572 education loan borrowers.
2. Outreach efforts focused on promoting the Qualified Education Loan Borrower Education Course (virginiastudentloanhelp.org), which was launched in December 2021 as well as participation in panels and conference presentations at state and national events.
3. Data collected on borrower cases identified three main issues for Virginia education loan borrowers: understanding the complexity of the loans, troubleshooting eligibility issues with the Public Service Loan Forgiveness Program and the Limited Waiver program, and filing Borrower Defense to Repayment claims against Federal Student Aid for borrowers who claimed they were defrauded or misled by their college or university.
4. The office generated a list of federal policy recommendations to address many of the issues that Virginia borrowers experience.
5. Virginia's Student Loan Advocate worked with other federal and state advocates to address issues related to loan servicer changes, the president's Debt Cancellation program and anticipated eventual restart of loan payments sometime in 2023.



PURPOSE OF THIS REPORT

This report fulfills 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 in Appendix A.)

§ 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.

§ 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 Loan Ombudsman.

The report contains information on the requirements and 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, progress toward meeting the needs of Virginia borrowers and the status of the Qualified Education Loan Borrower Education Course.



OVERALL EFFECTIVENESS

The following is a brief summary of 2022 activities.

The primary functions of the Student Loan Advocate are to provide assistance to qualified education loan borrowers who reside in the Commonwealth, develop education materials and make policy recommendations based on data collected from Virginia borrowers. Borrowers referred to the Office are asked to complete the Student Complaint Form, which is located on the office's website (schev.edu/studentloan) or in the footer on all SCHEV pages. Once the form is submitted, the Student Loan Advocate contacts the borrower and begins working on the case.

Just over one million Virginians have some type of student loan debt, and the average debt they carry is more than \$43,000. As of October 2022, the three-year national student loan default rate dropped from 7.3% to 2.3%, which has trended downward since a high of 11.8% in 2015. The dramatic decline in the last few years can be attributed to several administrative factors affecting federal student loans, as described in this section.

Due in large part to the pandemic, the administration implemented an administrative forbearance in place since March 2020 whereby borrowers could pause regular payments while interest charges were suspended and missed payments no longer counted towards default status. This included the cessation of placing federally backed loans into default after 270 months of non-payment. Those loans otherwise scheduled to go into default will be given the opportunity for a fresh start and return to repayment status in 2023 when payments resume.

In 2022, the Office implemented outreach efforts and worked with individual borrowers in response to two major federal policy changes implemented in late 2021 in addition to an effort to cancel federal student loans across a broader spectrum of borrowers.

In 2021, the U.S. Department of Education (ED) made policy changes designed to resolve borrower claims for loan forgiveness. This included the resumption of Borrower Defense to Repayment claims against specific institutions, which led to borrowers having their loans discharged.

In October 2021, ED began a year-long campaign to waive many of the requirements for the Public Service Loan Forgiveness program that kept so many borrowers from qualifying, despite having the requisite months of public service. Since the campaign began, thousands of borrowers employed by an eligible employer now have eligible payments, overcoming barriers with the other eligibility requirements. Of particular interest are those borrowers with previously ineligible loans that will now have their loans discharged. This includes several cases the Student Loan Advocate was able to reopen that had been closed because of



eligibility issues. In addition, ED is conducting a review of all borrower accounts because of inconsistencies in the way that loan servicers advised borrowers on their income-driven repayment options. This review is ongoing and will allow many more borrowers who have been paying on their loans for over 20 years to qualify for loan discharge.

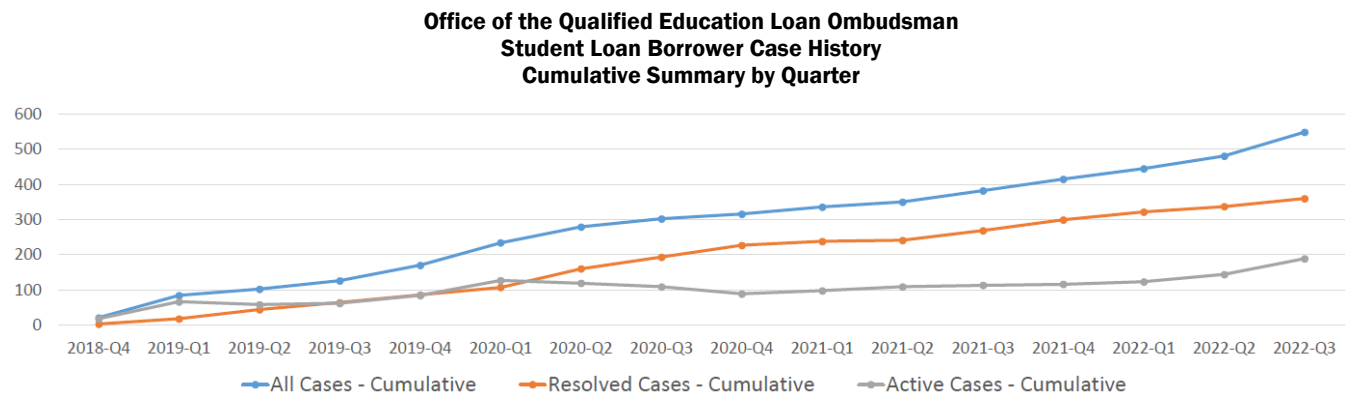
In October, President Biden announced a debt cancellation program of up to \$10,000 for borrowers who meet income requirements and up to \$20,000 for borrowers who demonstrated financial need during their undergraduate enrollment that resulted in the awarding of Pell grants. The application process began a month after the announcement but was halted by legal challenges before the first discharges could be made for eligible borrowers. By the office’s estimates, roughly 350,000 Virginians would have their entire loan balance eliminated if this program moves forward. Another 100,000 would have their loan balance cut approximately in half. By all estimates, Virginians could have \$17 billion worth of student debt eliminated from their records, allowing for a greater ability to contribute to Virginia’s economy. As a result of the legal action challenging the debt cancellation program, ED announced in November that it will extend the administrative payment pause until 60 days after the legal case is resolved, or 60 days after June 30th if the case is not resolved by then.

Each of these changes resulted in a significant number of new borrowers and existing borrowers who requested assistance from the Student Loan Advocate.

Analysis of Borrower Cases

Since October 2018, the Office has handled almost 550 unique cases involving student loans. The chart below illustrates the steady increase in cases during the first four years, along with cases that were resolved.

Table 1: Quarterly Cumulative Summary of 548 Borrowers Served by the Office of the Qualified Education Loan Ombudsman



During the first year the Office was operational, 126 borrowers received assistance. That number increased to 178 during the second year. Halfway through the third year, Federal Student Aid enacted the pause in payments for federally held loans. As a result, the number of new cases decreased to 77 in the third year. That number jumped to 167 in year four, as more borrowers became eligible under the PSLF Limited Waiver. In addition, over 25% of borrowers were transferred to new loan servicers, with a transition process that took weeks for each borrower and led to requests for assistance from the Student Loan Advocate.

Table 2: Annual Summary of New Borrowers and Closed Cases Served by the Office of the Qualified Education Loan Ombudsman

	New Cases	Closed Cases
Year 1	126	64
Year 2	178	129
Year 3	77	76
Year 4	167	91
TOTAL	548	360

In 2023, the focus will be preparing Virginia borrowers for the resumption of payments. For most, they have not made a single payment for 33 months, and that number could increase to 40 depending on when payments officially restart.

Cases handled by the Student Loan Advocate show the following self-reported general characteristics:

Table 3: Self-Reported Characteristics of Borrower Concerns Related to their Education Loans

	Most Common	Second Most Common	Other	Not Reported
College Type	Proprietary (28%)	Public (20%)	Private (17%)	35%
Completion Status	Graduated (43%)	Withdrawn (17%)	Current (14%)	26%
Loan Type	Federal (57%)	Private (13%)	Fed & Private (9%)	26%
Degree Program	BA (24%)	Post-BA (22%)	Associates and Certificate. (19%)	34%
Primary Concern (Duplicated Count)	Loan Forgiveness (56%)	College Situation (29%)	School Closure (17%)	Other (20%)

Table 4: Demographics by Age and Amount of Debt

	Average	Range (Minimum)	Range (Maximum)	# Reported
Age of Borrower	47.4 Years	21.8 Years	75.9 Years	81
Borrower Debt	\$66,108	\$1,885	\$525,000	213

Borrowers contacted the office in various ways. The primary method was via emails sent directly to the Student Loan Advocate, followed by direct phone calls to the Office and submission of the Student Complaint Form (available through the SCHEV website). State legislators, the Governor’s office, the Attorney General’s office and the Secretary of Education’s office also referred borrowers to the Office.

To date, 46% of cases required contact with another entity to better understand the details of a borrower’s loan account and to collaborate on the next best steps for the borrower.

This included contacting loan servicers in 15% of the cases and to Federal Student Aid (FSA) for 19% of the cases. As a result of the changes in loan servicers and the difficulty with establishing new points of contact at the new servicers, the Office relied more on contacts at Federal Student Aid in order to resolve cases.

Of the 549 cases as of September 30, 2022, 360 were resolved. Most were closed after sharing requested information or clarifying the nature of the loan repayment schedules. Some involved borrowers from outside Virginia who were referred to the appropriate state or federal agency. Cases involving current students were referred to other SCHEV departments or Virginia agencies.

The most common service provided to borrowers involved helping them better understand their payment plan options –13 repayment plans are currently active. At the top of the list of concerns was the Public Service Loan Forgiveness (PSLF) Program, leading to requests for assistance from 21% of borrowers. PSLF allows borrowers who serve in government or a qualifying non-profit to earn debt forgiveness after making 120 qualifying payments. Borrowers contacted the office because they recently learned that they were ineligible for PSLF because they held the wrong type of repayment plan or the wrong type of loan. With the announcement in October 2021 of the PSLF Limited Waiver program, many previously ineligible borrowers became eligible, but the process for determining eligibility was complicated, requiring the Advocate to spend time helping borrowers walk through the process. In addition, the loan servicer managing the PSLF program transferred mid-year. Borrowers were given until October 31, 2022, to take advantage of this opportunity. Throughout the year, the program changed and

evolved, requiring constant monitoring by the Advocate to provide the most current information to borrowers. While the deadline passed on October 31, the current loan servicer reviewing these cases has a significant backlog of applications to review. It's expected that borrowers may not have their limited waiver eligibility finalized until spring 2023.

Cases that remain open the longest are those of borrowers who submitted a Borrower Defense to Repayment (BDR) claim with the FSA office. The BDR claim process allows a borrower to request loan forgiveness if the school did something or failed to do something related to the loan or to the educational services that the loan was intended to provide. Nationally, more than 180,000 cases are pending. Under new leadership, FSA began issuing loan discharges for BDR claimants that attended specific closed institutions during specified time frames. This change demonstrates movement toward resolution of the pending cases.



Outreach Efforts

One of the roles of the Office is to conduct outreach efforts to potential loan borrowers, either by direct contact or indirectly through institutions of higher education or practitioners who work with borrowers. Presentations were made virtually to student groups, state conferences and national conferences. In late 2022, some presentations were able to be delivered in person and provided information about student loans and served as a resource for those seeking assistance. Collective attendance at these events was over 1,000 people. Highlights included:

- College Access Foundation Presentation: Comprised of recent college graduates preparing to start loan repayment and public service employment.
- Education Finance and Loan Symposium Panel Presentations: Comprised of members of the public and private education student loan industry. Panel topics included State of the Education Finance and Student Lending Industry and Legal/Regulatory Outlook for Student Loans at the State and Federal Level in 2022 and beyond.
- Virginia Association of State Financial Aid Administrators (VASFAA) Conference Presentation: Comprised of institution financial aid staff.
- SCHEV All Agency Staff Meeting Discussion: Provided an overview of the work of the Office to colleagues.
- Virginia College Access Network (VCAN) Fall Training Workshop Presentation: Comprised of school counselors and college access professionals who work with future college students.
- SCHEV Council Meeting: Provided an overview on the PSLF Limited Waiver program and the president's Debt Cancellation program.
- Public Service Loan Forgiveness Presentation to Eligible Employers: Agencies like Virginia Commonwealth University and the Virginia Department of Social Services hosted webinars for employers where updates on the limited waiver program were provided.
- Virginia School Counselors Association Conference Presentation: Comprised of school counselors throughout the Commonwealth.
- Jump\$tart Virginia Panel Presentation: Comprised of parents and students interested in learning strategies for financial wellness in a post-COVID world.
- Virginia College Access Network (VCAN) Conference Presentation: Comprised of college access professionals from multiple organizations that work in Virginia high schools.



Implementation of Legislation

During the 2022 General Assembly session, one key piece of legislation was enacted that revised the definition of a qualified education loan servicer and clarifies what individuals or organizations are subject to regulation by the State Corporation Commission. HB203: **Financial institutions; qualified education loan servicers, definitions** established that a qualified education loan servicer must meet the following criteria: *(i) receives any scheduled periodic payments from a qualified education loan borrower or notification of such payments or applies payments to the qualified education loan borrower's account pursuant to the terms of the qualified education loan or the contract governing the servicing; (ii) during a period when no payment is required on a qualified education loan, maintains account records for the qualified education loan and communicates with the qualified education loan borrower regarding the qualified education loan, on behalf of the qualified education loan's holder; and (iii) interacts with a qualified education loan borrower, which includes conducting activities to help prevent default on obligations arising from qualified education loans or to facilitate certain activities.* Under existing law, "qualified education loan servicer" referred to a person that meets any one or more of such criteria.



PLANS FOR THE FUTURE

Policy Recommendations

The Student Loan Advocate analyzes data and identifies trends in borrower complaints in order to provide policy recommendations for legislation that would provide relief to borrowers. There are no new policy recommendations for 2023, but some policy recommendations from last year require an update. Currently, the state is limited on policy changes to address borrower concerns proactively, but local and state legislators can advocate to the federal government and lobby Virginia's congressional delegation to implement the following policy changes:

1. Federal Servicing Contracts

Initial Recommendation: Advocate for the FSA office to revisit and improve the servicing contract requirements between the federal government and student loan servicers.

Update: The reassignment of borrowers to new servicers as existing servicers withdrew from this market proved to be problematic. Some borrowers had to wait weeks between when their account with one servicer was closed and their account with the new servicer was opened. In addition, account details for an individual borrower were sent in batches, leaving the borrower with an incomplete picture of their account status until all information was transferred. FSA continues to centralize its borrower communication and record-keeping processes to better account for the work of loan servicers. In addition, FSA has created an enforcement office to better monitor the actions of loan servicers and to follow through on inappropriate actions by the servicers.

Revised Recommendation: Continue to advocate for improvements in servicing contracts as deemed necessary and monitor the administration's work on all issues affecting Qualified Education Loans.

2. Public Service Loan Forgiveness (PSLF)

Initial Recommendation: Revise the PSLF application and approval process to ensure higher rates of loan forgiveness for eligible borrowers.

Update: The PSLF Limited Waiver program provided previously ineligible borrowers with a 12-month window where they could request a review of their loan history to determine if they were now eligible. That process provided difficult, as borrowers encountered problems with using the PSLF Help Tool, determining employer eligibility and understanding the need to



consolidate non-eligible loans prior to the October 31, 2022, deadline. While borrowers who missed the deadline cannot be considered under the limited waiver rules, ED announced program changes as a result of the negotiated rule-making process that will allow some of those borrowers to be considered again.

Revised Recommendation: The Virginia Office of the Qualified Education Loan Ombudsman's office is monitoring over 100 PSLF-related cases that are awaiting a final assessment of their eligibility for updated PSLF payment counts and loan discharge. This includes several that met the 120 payment count threshold months ago but are still waiting for the loan discharge to be completed.

3. Borrower Defense to Repayment Claim Process

Initial Recommendation: Resolve the more than 180,000 Borrower Defense to Repayment (BDR) claims that mostly are related to school closures. Some claimants have been waiting for more than three years for a decision from FSA.

Update: FSA has reopened existing claims and is resolving some complaints for certain BDR claimants who attended specific closed institutions during specified time frames. In addition, the [Sweet vs. Cardona](#) legal case was resolved in November, allowing for ED to move forward with loan discharges for eligible borrowers.

Existing Recommendation: FSA should expedite the review of Borrower Defense to Repayment claims and ensure a more timely process moving forward.

4. Annual Loan Counseling and Truth-In-Lending

Initial Recommendation: Require annual loan counseling for students taking out loans, including providing a truth-in-lending statement. Currently, entrance and exit counseling is required. ED is in the process of requiring institutions to provide annual loan counseling to keep students apprised of their loan situation as it increases each year. That implementation is delayed, but some institutions have voluntarily chosen to provide it for their students.

Update: None.

Existing Recommendation: FSA should continue to implement this annual program. It will help ensure that borrowers understand the long-term impact of debt, what their monthly loan payments will be and how long it will take to pay off their loans.



5. Loan Repayment Plan Options

Initial Recommendation: Simplify repayment plan options to reduce confusion about the payment plan process. Options for payment plan simplification are included in both proposals for the reauthorization of the federal Higher Education Act.

Update: None.

Existing Recommendation: Continue to advocate for fewer repayment plan options. Reducing the number of options will make it easier for students to choose the best plan for their current situation. In addition, the income-driven repayment plan option should be automated using the IRS Data Retrieval tool to determine payment amounts. Currently, borrowers must submit annual employment forms for review by their loan servicer.

6. Spousal Consolidation Loan

Initial Recommendation: Allow borrowers to separate loans that initially were consolidated through the Spousal Consolidation Loan program. Married couples could combine federal loans into one payment for ease of administration. However, there were no provisions for separating the loan in situations such as divorce or domestic abuse. If one spouse stops paying their share, the other spouse is liable for the entire amount. In addition, these loans are not eligible for any of the loan forgiveness programs, such as PSLF.

Update: The Joint Consolidation Loan Separation Act (S.1098) was introduced by Senator Mark Warner in 2021 and was signed into law in September 2022. The bill allows two borrowers who consolidated each person's individual education loans into one joint consolidation loan to submit an application to sever the consolidation into two separate loans. This action also allowed for borrowers working in public service to become eligible for consideration under the PSLF limited waiver rules. However, the turnaround time was very brief, and the Advocate worked diligently with four Virginia borrowers to complete the complicated steps.

Revised Recommendation: The Office will continue to monitor each borrower's progress towards eligibility for PSLF, and in a few cases, complete loan discharge after over 10 years of pre-existing service.

7. Loan Default and Collections

Initial Recommendation: Stop the practice of putting all defaulted loans into collections because it increases the debt load for borrowers and causes other financial restrictions. All federal loans can be rehabilitated out of default once during the life cycle of the loan.



However, the defaulted loan adds a collection fee, making the principal amount even larger. Borrowers in financial distress have the option of moving to an income-driven repayment (IDR) plan. In some cases, the payment amount is zero, and the government pays the interest on that loan for the first two years if a borrower's income is low enough. As stated earlier, use of the IRS Data Retrieval Tool would ease this process and facilitate moving delinquent loans (missing payments for more than 30 days but less than 270 days) directly into an IDR plan.

Update: Loan default was suspended in March 2020 with the implementation of the CARES Act. In April 2022, ED announced the Fresh Start initiative, allowing borrowers temporarily to regain several student aid benefits, along with providing an opportunity for the borrower to get out of default and return to repayment. Borrowers will need to opt-in to the program, so it's imperative that ED work with state advocates to inform defaulted borrowers of this opportunity. Some defaulted borrowers have not interacted with ED in years, and the only confirmation that they have loans is the punitive action of wage and tax refund garnishment that occurs.

Revised Recommendation: ED needs to conduct an extensive campaign to promote this program.

8. Early Loan Repayment Incentives

Initial Recommendation: Create incentives for borrowers to pay off their loans early. Borrowers looking to fast track the repayment of their loans sooner than the 10-year standard plan should receive incentives in the form of tax breaks or reduced interest if they pay it off early.

Update: None.

Revised Recommendation: None

9. Incentives for Companies Assisting Borrowers with Loan Repayment

Initial Recommendation: Companies that offer to make student loan payments as part of the compensation package offered to a prospective employee should receive tax incentives for those efforts. Currently, there are tax incentives for existing employees who pursue additional training, so this recommendation would make that retroactive to training that the borrower has already received.

Update: None.

Revised Recommendation: None



While this list of policy recommendations requires action at the federal level, the state can assist the work of the Student Loan Advocate in two ways:

- Continue to support collaboration between the licensure and regulatory processes that the State Corporation Commission (SCC) is implementing so that borrowers get assistance with their individual problems, and loan servicers are held accountable for any improper actions.
- Support the collaboration between the Virginia Department of Education and SCHEV to incorporate the education loan course content into the curriculum for the Economics and Personal Finance Course required of all Virginia high school graduates. This will help ensure that future college students clearly understand the options in funding higher education and the consequences of their decisions.



THE QUALIFIED EDUCATION LOAN BORROWER EDUCATION COURSE

The Code of Virginia charges the Office of the Qualified Education Loan Ombudsman to create and maintain an online course on education loans that is available to the public and covers key topics.

§ 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.

As the enabling legislation indicates, the Qualified Education Loan Borrower education course is intended to provide self-help content and will serve three primary audiences: future loan borrowers wanting to know the benefits and consequences of borrowing for their education; current college students preparing to begin the repayment process; and former students needing assistance with their student loans.

SCHEV awarded a contract in April 2021 to a collaboration between Mapping Your Future, Decision Partners, Educational Credit Management Corporation (ECMC) and The Institute of Student Loan Advisors (TISLA). The course was launched in fall 2021 on a web platform for Virginia Student Loan Help (www.virginiastudentloanhelp.org). While the content is open to all future and current loan borrowers, the launch page tailors content based on the three target audiences: high school students looking to make smart decisions about paying for college; college students exploring repayment plans and loan forgiveness options; and borrowers managing repayment and seeking assistance with loan questions. In addition, there is a dedicated module that aligns with the Standards of Learning in the Economics and Personal Finance Course required of all high school graduates. Below is a list of the 11 modules:

- Economics and Personal Finance Course Module
- Financial Aid 100 - Applying for Financial Aid
- Financial Aid 110 - Understanding Student Loans
- Financial Aid 120 - Private Student Loans

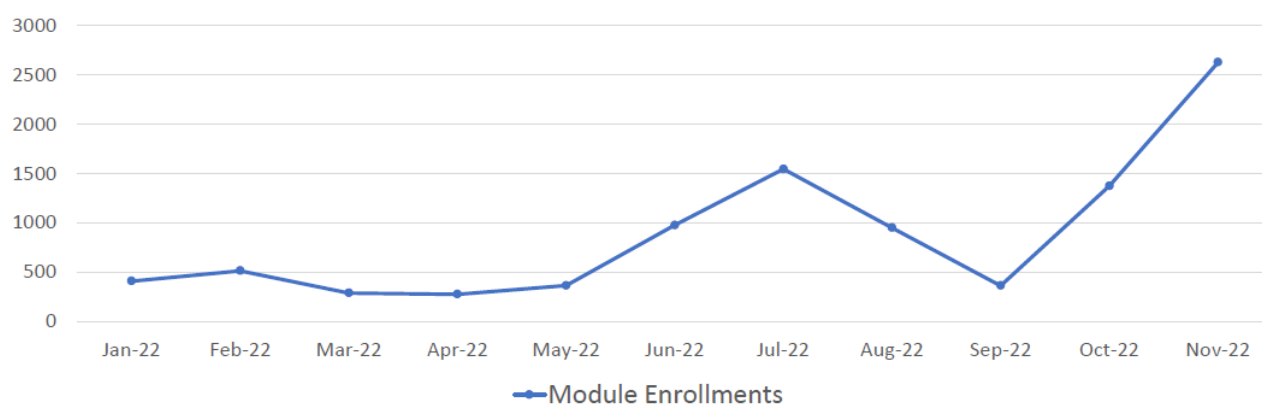


- Loan Repayment 200 - Basics
- Loan Repayment 210 - Payment Plans
- Loan Repayment 220 - Managing Repayment
- Loan Repayment 230 - Loans in Crisis
- Loan Forgiveness 300 - Forgiveness, Cancellation and Discharge
- Loan Forgiveness 310 - Public Service Loan Forgiveness (PSLF)
- Loan Forgiveness 320 - Teacher Loan Forgiveness

In addition to the modules, the vendors provided loan repayment and loan amount calculators, career exploration tools and other consumer tools. Borrowers have the option of accessing all content without an account, but they are encouraged to create an account to save their progress and continue to use the available tools over the years. Finally, a library of topics related to financial aid, budgeting and spending, financial health and managing credit is included. While the legislative mandate was to create course content related to education loans, the Office wanted to create a comprehensive tool that borrowers can use over time. It begins with educating new students about educational financing options. Continuous use through college and after graduation will prevent the need to access the servicers of the Student Loan Advocate, but also create a trustworthy relationship should the borrower have questions in the future about their student loans.

SCHEV began word of mouth promotion of the education loan course in October 2021, and the site has seen significant usage in its early stages. During the spring and summer, outreach efforts continued, leading to an increase in usage.

Table 5: Monthly New Module Enrollments for the Education Loan Course



Throughout the year, the most commonly module used was ‘Financial Aid 120 – Private Student Loans’. A link to this module was sent to all students attending a Virginia institution who applied for private education loans, per the implementation of § 23.1-233.1. in July 2021. The second most commonly used module is the Economics and Personal Finance Course module, as a result of a concerted effort to promote this option for instructors teaching the course to high school students mandated to take the course for graduation. Usage for the rest of the modules is listed below.

Table 6: Monthly New Course Enrollments for the Education Loan Course

Modules	Percentage of Modules
Financial Aid 120 – Private Student Loans	22.35%
Economics and Personal Finance Course	13.62%
Financial Aid 110 – Understanding Student Loans	13.57%
Financial Aid 100 – Applying for Financial Aid	13.54%
Loan Repayment 200 – Basics	11.10%
Loan Forgiveness 300 – Forgiveness, Cancellation and Discharge	7.29%
Loan Repayment 230 – Loans in Crisis	7.25%
Loan Repayment 210 – Payment Plans	3.86%
Loan Repayment 220 – Managing Repayment	3.85%
Loan Forgiveness 310 – Public Service Loan Forgiveness (PSLF)	3.53%
Loan Forgiveness 320 – Teacher Loan Forgiveness	0.04%

SCHEV would like to thank the General Assembly for their continued support of work that impacts the economic stability of Virginia’s education loan borrowers. Student loans are a necessary tool that create and expand opportunities for higher education to many students, but the complex nature of student loans makes the work of the Student Loan Advocate vital to borrowers.



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.

§ 23.1-233.1. (Effective July 1, 2021) Qualified education loans; certain providers; contact information and summary.

Any provider of private education loans, as defined in 12 C.F.R. § 1026.46(b)(5), shall disclose to any student attending an institution of higher education in the Commonwealth, prior to issuing a qualified education loan to such student, the contact information for the Office of the Qualified Education Loan Ombudsman and a summary of the student loan information applicable to private education loans that may be found on the Council's website. Any such disclosure may be made in conjunction with or incorporated into another disclosure to such student prior to issuing the qualified education loan. The summary shall be developed by the Office of the Qualified Education Loan Ombudsman in consultation with relevant stakeholders.

§ 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.

