

STUDENT LOAN OMBUDSMAN

FISCAL YEAR
2022



ANNUAL
REPORT

DISB

Student Loan
Ombudsman Services

WE ARE WASHINGTON GOVERNMENT OF THE
DISTRICT OF COLUMBIA
DC MURIEL BOWSER, MAYOR



As a result of our direct support and efforts, District of Columbia residents had more than \$1M in federal student loan debt forgiven during fiscal year 2022.

Karima M. Woods

LETTER FROM THE COMMISSIONER

On February 18, 2017, the Bowser Administration and the District of Columbia Council enacted legislation that established the Student Loan Ombudsman in the Department of Insurance, Securities and Banking (DISB). As the program has continued to grow since its inception, we have been able to increase our impact thanks to our dedicated and talented staff, as well as a number of strategic policy changes made by the Biden Administration at the Department of Education.

Over the past year we have seen our work translate into real dollars for District residents, including a 398% increase in student loan debt discharge through the Public Service Loan Forgiveness (PSLF) Program from fiscal year 2021 to fiscal year 2022 distributed across six wards compared to one ward in 2021. We had a 38% increase in complaints driven by public interest in the PSLF waiver program. We similarly had a 195% increase in outreach participation over the last fiscal year.

On October 6, 2021, the Department of Education announced several one-time-limited changes to the PSLF that allowed borrowers to receive credit for past periods of repayment that would otherwise not qualify for PSLF ("Limited PSLF Waiver"). From the start of the Limited PSLF Waiver, through its conclusion on October 31, 2022, DISB led the effort in the District to spread information about the Limited PSLF Waiver to the many first responders, teachers, civil servants, and other non-profit employees who live in the District of Columbia or are employed with the District Government.

We leveraged our relationships with the Department of Education and other District Government agencies, as well as with outside advocacy groups, to guide District residents and District Government employees through the Limited PSLF Waiver process. DISB hosted live webinars, published consumer alerts and FAQs, conducted one-on-one virtual consultations, and responded to phone calls and email inquiries regarding the Limited PSLF Waiver. More than 1,500 people attended the webinars related to the PSLF waiver program and other topics and the online video links were streamed thousands of times more.

As a result of our direct support and efforts, District residents had more than \$1 million in federal student loan debt forgiven in fiscal year 2022. In alignment with the realities of the student loan debt crisis and our effort to address historic racial inequity, 53% of those persons we successfully supported were people of color including 40% African American and 13% Asian American or Pacific Islander. Also, 66% of those who achieved loan forgiveness with the assistance of the student loan ombudsman were women.

In addition to PSLF waiver outreach and support, the Student Loan Ombudsman continues to develop and promote college readiness and finance outreach programming. In July 2022, we returned to in-person engagement with DISB's Third Annual Summer Higher Education Series. The three-part series of events aimed at helping prospective college students and their families prepare for and successfully navigate college. Topics included assistance with applying for financial aid, deciphering financial aid awards, and determining family financial contribution along with strategies and resources to be a successful student. Students and families were able to receive one-on-one assistance regarding several aspects of the financial aid process in English and Spanish from qualified financial aid counselors and through student loan debt management counseling provided by the Consumer Financial Protection Bureau (CFPB).

We know that the student loan debt crisis disproportionately impacts the District more than any jurisdiction in the United States. Accordingly, the Department remains committed to support residents with student loan debt and accessing debt relief, while also educating the next generation of prospective and current college students about student loan debt through financial literacy education and outreach.

Sincerely,

Karima M. Woods, Commissioner



ROLE OF OMBUDSMAN: A POSITION CREATED BY STATUTE

The Student Loan Ombudsman Establishment and Servicing Regulation Amendment Act of 2016 established the position of the Student Loan Ombudsman within the Department of Insurance, Securities, and Banking (DISB). The primary responsibilities of the Ombudsman are to:

- ▶ Assist in the regulation of student loan servicers;
- ▶ Provide student loan education;
- ▶ Conduct outreach activities to assist District residents who are preparing for college or have student loan debt; and
- ▶ Work with District borrowers to resolve complaints regarding their student loan servicer.

The Ombudsman is an unbiased and confidential resource who reviews the concerns of District borrowers and student loan servicers to promote collaborative solutions. The Ombudsman may not represent borrowers or make decisions about specific loan forgiveness or repayment plans. The Ombudsman may provide information and guidance on issues related to student debt that include:

- ▶ Sources of college funding;
- ▶ Student loan repayment programs;
- ▶ Public Service Loan Forgiveness (PSLF) Program;
- ▶ Alternative funding sources and financing;
- ▶ Resolution of complaints regarding student loan servicers;
- ▶ Student loan consolidation; and
- ▶ Student loan default prevention and rehabilitation.

The Act also requires an annual report to the Mayor and the Council. This is the report for FY2022.

28

Department-licensed Student Loan Servicers in FY 2022

28

of whom were renewals from FY 2021

STUDENT LOAN COMPLAINTS

The Department investigates complaints submitted against student loan servicers by District borrowers and provides timely resolutions to issues raised. During FY 2022, the Ombudsman met with 72 District residents to resolve their student loan complaints and issues.

TYPE OF COMPLAINT	NUMBER OF COMPLAINTS (DC Residents)	NUMBER OF COMPLAINTS (Non DC Resident Employees)
Public Service Loan Forgiveness	71	51
Repayment Modification	1	0
Total and Permanent Disability Discharge	0	0
Fraud	0	0
Borrower Defense to Repayment	0	0
Total Complaints	72	51
AGGREGATE TOTAL		123

Mayor Bowser Announces \$1 Million in Public Service Loans Forgiven with Support from the DC Student Loan Ombudsman, Encourages More Washingtonians to Apply for Loan Forgiveness

District Services Available to Navigate Process for Student Loan Debt Relief

(WASHINGTON, DC) – Today, Mayor Bowser announced that the Student Loan Ombudsman at the Department of Insurance, Securities and Banking (DISB) has already helped DC residents eliminate more than \$1 million in federal student loan debt through the Public Service Loan Forgiveness (PSLF) program. She encouraged more residents to apply for loan forgiveness under this program before the October 31, 2022 deadline, and apply before December 31, 2023 to a U.S. Department of Education (ED) program that forgives up to \$20,000 in student debt.

“This Public Service Loan Forgiveness temporary waiver program has been an important lifeline for public servants,” said Mayor Bowser. “Thanks to the Biden Administration and through the execution of the DC Student Loan Ombudsman, hard working public servants are finally getting a fair shot.”

The Student Loan Ombudsman helps borrowers navigate the PSLF temporary waiver program, which is for public service employees who work in federal, state, and local governments, along with Active-Duty military, and non-profit workers.

The PSLF program has existed since 2007, and public servants who enrolled in the program that year were eligible to have all their loans forgiven by 2017. Yet the number of borrowers approved for forgiveness after working in the public sector for a decade was abysmally low until President Biden began fixing the program in 2021. The PSLF waiver program was created on October 6, 2021 with the hopes of drawing more workers into the PSLF program and streamlining the existing flawed process. The temporary waiver is a time-limited change to PSLF program rules that allows borrowers to receive credit for past periods of repayment that would otherwise not qualify for PSLF.

Prior to Fiscal Year 2022, only one person who contacted the Student Loan Ombudsman had received Public Service Loan Forgiveness in the District, with that borrower having more than \$211,000 in federal student loans forgiven. This past year, awareness for the program and waiver expanded dramatically, resulting in 15 residents who averaged \$70,000 in federal student loan forgiveness each.

“This is a testament to the incredible work of Student Loan Ombudsman Ricardo Jefferson and his team at DISB,” said DISB Commissioner Karima Woods. “Ombudsman Jefferson enlisted everyone not only across DISB, but also through all DC agencies to spread the word about this unique and temporary waiver program. We look forward to continuing to advise the public about what to look for in all aspects of the student loan process – from taking loans out, to applying for college scholarships and financial aid, to understanding the positives and pitfalls of financing higher education.”

The PSLF temporary waiver program is ending on October 31, 2022, and District residents who have completed 10 years of public service are encouraged to submit their applications immediately to be able to have their federal student loans forgiven.

The PSLF temporary waiver program is part of a series of actions by the Biden administration to help working and middle-class borrowers reduce student loan debt. Another program will forgive up to \$20,000 in student debt for income-qualified borrowers (Pell and non-Pell grants). The ED estimates 8 million borrowers may be automatically eligible based upon its own income data records, and on October 17, opened up an application portal to capture borrowers whose income data it doesn't have. Borrowers are advised to apply by mid-November in order to receive relief before this payment pause expires on December 31, 2022.



LINDSEY APPIAH

Deputy Mayor for Public Safety and Justice Lindsey Appiah has been committed to higher education throughout her adult life. Appiah, who has been working in public service since 2009 and in DC government for more than a decade, found that her degrees from Brown University and Georgetown Law cost a lot of money.

“I had about \$120,000 in student debt,” Deputy Mayor Appiah said.

She consolidated her debt after law school and began the arduous process of repaying the federal student loans. This was long before the Public Service Loan Forgiveness (PSLF) program began. Once Appiah learned about the PSLF program, she was excited by the possibility of having her student loan debt forgiven. But she was also skeptical that, once her 10 years of service were complete, she would never achieve true loan forgiveness.

The deputy mayor believed she was at a dead end with the PSLF program and considered paying the debt down more aggressively. She had \$60,000 in student loan debt at that point, with no forgiveness in sight.

Then Mayor Bowser held a Cabinet meeting and Appiah heard about Ricardo Jefferson, the DC Student Loan Ombudsman. She hoped Jefferson would be able to sort out whether she could obtain student loan forgiveness.

“I met with Mr. Jefferson, and he was great, right from the beginning. He’s like, ‘Okay, let me figure out what’s going on. We’ll figure this out.’”

Jefferson was able to investigate Appiah’s situation and apply the PSLF waiver to her situation. After consulting with Jefferson, Appiah waited.

“I think it was July, I got the letter stating, essentially, ‘your loans are zero,’” Appiah beamed. “So, you know, it’s big. It’s such a big deal to go from \$60,000 to zero. It changes your entire picture of things in a day.”

Appiah said that her life has noticeably improved since Jefferson guided her to public service loan forgiveness.

“I just sort of resigned myself to the fact that those loans were going to be with me because I’ve chosen local government, and that’s a choice that I’ve made,” Appiah said. “Because \$60,000 means no house, no nothing. It’s like, oh, now I can save for house, or I have the resources to help my family or whatever the case may be. And I’m not so constrained by the fact that I have had significant debt since 2004, when I graduated law school.”

Lastly, the deputy mayor had a message for those who might be concerned about student loan debt and are in DC.

“I don’t think a lot of people know about the student loan ombudsman,” Appiah noted. “There are all these resources that are actually available to help those of us who choose to work particularly in local government, that people just don’t know about. I’m a highly educated individual and I found it deeply confusing and very disconcerting, because it’s like, what if I missed the window (for the waiver)? And then I know a lot of people who just choose not to even try because they think it’s just too difficult. You should feel like you have choices, no matter what your financial situation or background is. That is important.”



SUSAN LEIGH

"I would encourage DC residents to take advantage of the programs and services offered by this agency. This program was free and if you don't know what is available to you, there may be many valuable opportunities that are missed. These opportunities are designed to help us be in a better position to thrive economically. Education debt should not hold people back."

RENE T

"Being able to think and plan for other life events, like marriage, choosing another career, or saving more for retirement...these are things I wouldn't have been able to even think about had I had student loan debt looming over me."



KATIE COESTER

"I graduated from graduate school in 2009 and have worked in public service the entire time since. However, I was never on the right student loan payment plan for forgiveness. Despite paying nearly the full amount of the loan in payments in that time period, my principal had barely budged. It felt like something that would be with me forever. Both my loans and my husband's loans were forgiven within months of each other, lifting a huge financial burden off our shoulders and ensuring that we could stay in public service for the foreseeable future."

LINDA CHAPMAN

"I'm so thankful to Mr. Jefferson for guiding me through the PSLF and TEPSLF programs. I hope that more DC residents who work in the public sector are able to take advantage of these programs and have someone as compassionate, understanding, and professional as Mr. Jefferson to help them through the process."



MIA OLSEN

"A big thank you to DISB. I really encourage any resident who has student loans to reach out to utilize the services that you all offer. You are a tremendous asset to the city. And really, you know, cannot thank you all enough for the services that you provide."

DISTRICT OF COLUMBIA PUBLIC SERVICE LOAN FORGIVENESS

\$211,000

in forgiveness in FY21

\$1,050,934.52

in forgiveness in FY22

398%

Increase in PSLF for District residents working with the Ombudsman Districtwide





PUBLIC SERVICE LOAN FORGIVENESS: A WORK IN PROGRESS

Public Service Loan Forgiveness (PSLF) is a program that forgives the remaining balance of a direct loan after the borrower makes 120 on-time monthly payments. The payments must be made under a qualifying repayment plan while the borrower is working full time for a qualifying employer.

Qualifying employers include:

- ▶ Government organizations at any level (federal, state, local, or tribal);
- ▶ Not-for-profit organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code (IRC); and
- ▶ Other types of not-for-profit organizations that are not tax-exempt under IRC Section 501(c)(3) if their primary purpose is to provide certain types of qualifying public services.

As part of the complaint resolution process, the Ombudsman confirms the borrower has met the eligibility criteria to participate in the PSLF Program, and that PSLF payments are properly credited. If the borrower does not meet the eligibility criteria or is out of compliance with the requirements of the PSLF Program, the Ombudsman can help. The Ombudsman assists the borrower by engaging the loan servicer or employer and facilitating the steps to come into compliance.

OMBUDSMAN: WORKING FOR DC

The services and resources provided by the Student Loan Ombudsman to District residents are more important than ever. Student loan debt has dramatically increased in recent years because of increased borrowing, and at higher loan amounts. This debt increase is due, in large part, to rising tuition costs and declines in student aid. The increased demand for college education, which jumped by 27%—from 13.2 million undergraduates in 2000 to 16.8 million undergraduates in 2017—has also contributed to the problem.¹ Today, 45 million Americans have student loan debt, making it the second largest class of consumer debt behind mortgages.²



Ricardo Jefferson

Student Loan Ombudsman
Mortgage Foreclosure and
Mediation Program Manager
Banking Bureau

District of Columbia Department of
Insurance, Securities and Banking

¹ nces.ed.gov/programs/coe/indicator_cha.asp (May 2019)

² Board of Governors of the Federal Reserve System (U.S.)

SOURCES AND STRATEGIES FOR COLLEGE FUNDING

In addition to helping District borrowers address existing student loan debt, the Ombudsman is committed to reducing reliance on student loans among District residents planning to attend college. The Ombudsman engages in outreach activities in partnership with agencies, community groups, and schools to provide students and families with an array of strategies and resources they may use to plan for college. The Ombudsman encourages students and families to begin planning for college long before the 11th and 12th grade years to secure the funding necessary to avoid or minimize student loans.

Ombudsman outreach activities help aspiring students and families plan for college:

- 1 The Ombudsman provides an overview of ways to pay for college and provides:
 - Assistance completing the Free Application for Federal Student Aid (FAFSA);
 - Guidance in understanding the types of aid available through FAFSA, including Pell Grant, the Federal Work-Study Program and the William D. Ford Federal Direct Loan Program;
 - Help decoding financial aid award letters;
 - Estimates of expected family contribution and costs of attendance;
 - Information about institutional, state, and third party scholarship awards and grants and their prospects for renewal; and
 - Guidance as to how these factors may influence final college selection.
- 2 The Ombudsman provides information on savings plans for college including:
 - 529 Plans;
 - Uniform Transfers to Minors Act (UGMA) and Uniform Gifts to Minors Act (UTMA) savings plans;
 - Coverdell Education Savings Account;
 - Lifetime Learning Credit; and
 - Ways that families can use savings plans to reduce tax liability while taking affirmative steps to avoid future student loan debt.
- 3 The Ombudsman helps students and families navigate the financial aspects of the college admissions process. This support includes recommendations for maximizing college credit in high school through Advanced Placement testing, the College-Level Examination Program, and International Baccalaureate Program.
- 4 The Ombudsman also supports adult learners returning to college by guiding them through the process of converting life experience into college credit and transferring credits to avoid paying for additional classes.

STUDENT LOAN TAX DEDUCTIONS

Understanding ever changing student loan tax laws can be difficult for a non-accountant. The Internal Revenue Code (IRC) provides tax benefits for education. The tax benefit may be used to recover a percentage of tuition cost and/or loan interest when filing an income tax return. The IRC provides the following tax credits to help offset the cost of a college or career school (e.g., tuition, books, fees, supplies, and equipment) by reducing the amount of taxable income.

- ▶ Subject to income limits, the American Opportunity Credit allows families to claim up to \$2,500 per student per year for the first four years of school as the student works toward a degree or similar credential.
- ▶ The Lifetime Learning Credit, also subject to income limits, allows families to claim up to \$2,000 per student per year for any college or career school tuition and fees, as well as for books, supplies, and equipment that were required for a course and had to be purchased from the school.

29

Events hosted by Student Loan
Ombudsman Office

2,335

People participated in these events

72

Complaints representing \$2,016,917.69
in debt burdening District residents

ADDITIONAL TAX BENEFITS FOR EDUCATION

- ▶ The Coverdell Education Savings Account allows up to \$2,000 a year to be put aside for a student's education expenses (elementary, secondary, or college);
- ▶ The District of Columbia Qualified Tuition 529 Plan allows families to withdraw money without paying any tax on accumulated gains if the money is spent on college costs;
- ▶ DC taxpayers receive a tax deduction for money deposited in the plan, up to \$8,000 per year for married couples who are filing jointly; and
- ▶ Student loan interest can be deducted for student loans taken for an individual, spouse or dependent. This benefit applies to all loans (not just federal student loans) used to pay for higher education expenses.

PARTNERSHIPS ACROSS THE DISTRICT

Public Service Loan Forgiveness (PSLF) is a program that forgives the remaining balance of a direct loan after the Ombudsman collaborates with District agencies, non-profits, colleges, and universities including:

- ▶ College Bound
- ▶ Consumer Financial Protection Bureau
- ▶ DC College Savings Plan
- ▶ Department of Behavioral Health
- ▶ Department of Buildings
- ▶ Department of Licensing and Consumer Protection
- ▶ Department of General Services
- ▶ Department of Human Resources
- ▶ Department of Youth Rehabilitation Services
- ▶ District of Columbia Housing Authority
- ▶ District of Columbia Public Schools
- ▶ Mayor's Office of Community Relations and Services
- ▶ Mayor's Office on Latino Affairs
- ▶ Metropolitan Police Department
- ▶ Office of the Attorney General for the District of Columbia
- ▶ Office of the Deputy Mayor for Education
- ▶ Office of the Inspector General
- ▶ Office of the State Superintendent of Education
- ▶ The Thurgood Marshall College Fund
- ▶ United Negro College Fund
- ▶ University of the District of Columbia

To schedule an appointment, contact the Student Loan Ombudsman at 202.727.8000 or DCLoanHelp@dc.gov.

TIPS TO UNDERSTAND AND MAKE BEST USE OF STUDENT LOANS

- ▶ Sign up for auto-debit, which will lower the interest rate and provide significant savings over the lifetime of the loan;
- ▶ Create a budget that includes the student loan payment and stick to it;
- ▶ Take advantage of tax deductions on interest paid for the tax year;
- ▶ Seek student loan forgiveness and repayment options;
- ▶ Avoid taking on additional major debt while paying down student loans;
- ▶ Monitor proposed changes in legislation and the law that may impact loans;
- ▶ Research loans by checking the National Student Loan Data System (NSLDS) to find your federal student loan history;
- ▶ Review your credit report to identify private loans and make sure there are no errors on your report; and
- ▶ Research income-based repayment plans and decide if one is best for your situation.

TOOLS FOR PROSPECTIVE STUDENTS

- ▶ For information on available scholarships, visit [DISB.dc.gov/page/college-planning-and-funding](https://disb.dc.gov/page/college-planning-and-funding); and
- ▶ Access important tools when planning for college at [DISB.dc.gov/page/tools-aspiring-college-students-and-families](https://disb.dc.gov/page/tools-aspiring-college-students-and-families).



WEBINARS

Student Loan Ombudsman educational webinars are available for review on the following topics:

- ▶ Sources of college funding;
- ▶ Student loan repayment programs;
- ▶ Public Service Loan Forgiveness (PSLF) Program;
- ▶ Resolution of complaints with student loan servicers;
- ▶ Student loan consolidation; and
- ▶ Student loan default prevention.

Visit the Student Loan Ombudsman webinar page at: [DISB.dc.gov/page/student-loan-ombudsman-webinars](https://disb.dc.gov/page/student-loan-ombudsman-webinars)

INFORMATION ON STUDENT LOAN DEBT

Federal student loan debt information

Student loan debt information can be found at [StudentAid.gov](https://studentaid.gov).

Student Loan Ombudsman Office

Department of Insurance, Securities
and Banking
1050 First Street NE, Suite 801
Washington, DC 20002
202.727.8000
DCLoanHelp@dc.gov
DISB.dc.gov/studentloanhelp

U.S. Department of Education

Federal Student Aid Information Center
P.O. Box 84
Washington, DC 20011-0084
800.4.FED.AID (800.433.3243)
(TTY: 800.730.8913)
[StudentAid.gov](https://studentaid.gov)

U.S. Consumer Financial Protection Bureau

P.O. Box 4503
Iowa City, IA 52244
855.411.CFPB (2372)
ConsumerFinance.gov

Submit a student loan complaint to the CFPB at: consumerfinance.gov/complaint/#student-loan.

If you have a complaint with your lender or servicer that you are not able to resolve, contact the DISB Student Loan Ombudsman at DISB.complaints@dc.gov. You may also contact the Federal Student Aid Ombudsman at 1.877.557.2575 or studentaid.gov/repay-loans/disputes/prepare.

For a list of meetings and events held in FY22 or to schedule a presentation, contact the Student Loan Ombudsman.

DISB MISSION

The mission of the Department of Insurance, Securities, and Banking is three-fold:

(1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for District small businesses.



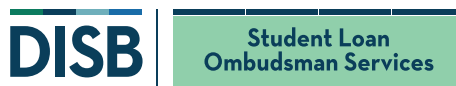
CONNECT WITH US

1050 First Street NE
Suite 801
Washington, DC 20002

Phone: 202.727.8000
Fax: 202.535.1194
Email: DCLoanHelp@dc.gov



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