



**DISB**


Government of the District of Columbia  
Department of Insurance, Securities and Banking

2019

STUDENT LOAN OMBUDSMAN  
ANNUAL REPORT



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

A photograph of a woman in a green sweater hugging a man in a blue and white checkered shirt. They are standing in front of a blue car with its trunk open. A man in a light blue sweater is loading a black bag into the trunk. A red suitcase and a white laundry basket are on the ground. The background shows a building with large windows and doors.

▶ A top priority of Mayor Muriel Bowser's Administration is **PROVIDING ALL WASHINGTONIANS WITH A FAIR SHOT** so they can share in the District's prosperity and economic growth. ◀

## HELPING STUDENTS AND FAMILIES



A top priority of Mayor Muriel Bowser’s Administration is providing all Washingtonians with a fair shot so they can share in the District’s prosperity and economic growth. Obtaining a college education is one of the best ways to achieve this goal. A major challenge facing District families and students, however, is the excessive cost of college and graduate school. Many students must obtain loans to help make their dreams a reality. Consequently, many graduates incur substantial student loan debt. As of the first quarter of 2019, the average student loan debt in the District increased by 5.8 percent from \$52,684 to \$55,882.<sup>1</sup>

The Department of Insurance, Securities and Banking (DISB) helps make higher education more available and affordable for District residents through its Student Loan Ombudsman—a position created in 2017 by the Student Loan Ombudsman Establishment and Servicing Regulation Amendment Act of 2016.

The Ombudsman assists students and their families in three key ways:

1. Helps families and prospective students identify alternate sources of funding and minimize student loan debt.
2. Shows college graduates how to understand loan repayment options and identify and qualify for debt relief programs.
3. Assists in the regulation of student loan servicers and the resolution of complaints from borrowers.

This annual report describes the activities of the Ombudsman in Fiscal Year 2018. I hope you find it a helpful and valuable resource.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Taylor", with a long horizontal flourish extending to the right.

Stephen C. Taylor  
Commissioner

<sup>1</sup>Experian, Student Loan Debt Climbs to \$1.4 Trillion in 2019, June 4, 2019



## ROLE OF OMBUDSMAN

The District of Columbia enacted the Student Loan Ombudsman Establishment and Servicing Regulation Amendment Act of 2016 on February 18, 2017. Under the Act, student loan servicers of non-federally awarded student education loans for District of Columbia residents must be licensed by the Department of Insurance, Securities and Banking (DISB).

The Act also established the Student Loan Ombudsman, whose primary responsibilities 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 with their student loan servicer.

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

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



▶ During FY 2018, the OMBUDSMAN MET WITH 119 DISTRICT RESIDENTS TO RESOLVE their student loan complaints and issues. ◀

## STUDENT LOAN SERVICERS

During 2018, the Department had a 95 percent increase in licensed student loan servicers. As of July 2019, 25 student loan servicers were licensed by the Department.

## STUDENT LOAN COMPLAINTS

The Department investigates complaints submitted against student loan servicers by District borrowers. The Ombudsman provides timely resolutions to issues raised. During FY 2018, the Ombudsman met with 119 District residents to resolve their student loan complaints and issues.

TYPE OF COMPLAINT	NUMBER OF COMPLAINTS
Public Service Loan Forgiveness	78
Cannot or struggling to repay my loan	30
Dealing with servicer or lender	5
Disagreement with fees charged	5
Trouble with how payments are applied	1
<b>TOTAL COMPLAINTS</b>	<b>119</b>

As the figures in the chart illustrate, borrowers chiefly reported problems with qualifying for PSLF and struggling to keep up with their student debt.



▶ Public Service Loan Forgiveness Program FORGIVES A REMAINING LOAN BALANCE AFTER BORROWER WORKING FULL TIME FOR QUALIFYING EMPLOYER MAKES 120 MONTHLY PAYMENTS. ◀

## PUBLIC SERVICE LOAN FORGIVENESS

Public Service Loan Forgiveness (PSLF) is a program that forgives the remaining balance of a federal loan after the borrower makes 120 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 that the borrower is signed up for PSLF. The Ombudsman also identifies whether the employer is qualified, discusses the student loan type for PSLF qualifications and provides the Employment Certification form needed for yearly certification.

## OMBUDSMAN SUPPORT

Student loan debt has ballooned because more borrowers are borrowing at higher levels. More than 44 million Americans collectively owe \$1.5 trillion in student loan debt, making student loan debt the second largest class of consumer debt behind mortgages.<sup>2</sup>

Student loan borrowers rely on student loan servicers to manage all aspects of their loans. In Washington, DC, the average student loan balance is approximately \$56,000 while the average student borrower nationally has approximately \$37,000 in student debt. That means roughly one in four American adults are paying off student loans. The District of Columbia now ranks first in the nation as having the most indebted student loan borrowers.

### SOURCES OF COLLEGE FUNDING

Besides resolving student loan borrower complaints and concerns, the Ombudsman is an unbiased resource for helping identify possible funding sources for college.


Parents and guidance counselors still play a key role in planning for college, however. College planning should begin several years prior to arriving on campus and should not wait until a student becomes

a high school senior. Often, students and parents get caught up with day-to-day activities and do not make college planning a priority. It is imperative to set benchmarks and deadlines, from college savings to campus visits, that ultimately lead to matriculation.

While many families are concerned about the financial preparation for college, there are other factors to consider. Taking AP, ACT, and/or SAT tests can help with college admissions and possible scholarship opportunities. Additionally, parents can introduce careers and social interests to their children, help with honors course selection, encourage good study habits and be involved with parent-teacher conferences. Parental involvement can increase the opportunities for summer jobs, internships and the identification of a college major of study. Ultimately, the more prepared students are for college, the more likely they will be qualified for college admissions and scholarship opportunities.

The Ombudsman advocates effective planning for all prospective college or career students to minimize future student loan borrowing. Parents, guardians and prospective students can meet with the Ombudsman to research college funding sources and identify tax deductions and benefits.

<sup>2</sup> Board of Governors of the Federal Reserve System (U.S.)



▶ IN THE DISTRICT, THE AVERAGE STUDENT LOAN balance is approximately **\$56,000** while the AVERAGE STUDENT BORROWER NATIONALLY has approximately **\$37,000** IN STUDENT DEBT. ◀



▶ TAX BENEFITS can be used to RECOUP SOME OF THE MONEY SPENT on tuition or loan interest. ◀

## STUDENT LOAN TAX DEDUCTIONS

Understanding ever changing student loan tax laws can be difficult for a non-accountant. The Internal Revenue Code (IRC) does provide tax benefits for education, as instructed by Congress. The tax benefits can be used to recoup some of the money spent on tuition or loan interest when filing an income tax return. The IRC provides the following tax credits to help offset the cost (tuition, books, fees, supplies, equipment) of a college or career school by reducing the amount of taxable income:

- ◆ 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 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 the course and had to be purchased from the school.

## OTHER 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.
- ◆ The interest paid on federal student loans may be deducted annually. Loan servicers can provide the appropriate tax forms.



## STUDENT LOAN OMBUDSMAN OUTREACH

Many District borrowers do not know who to turn to when they experience student loan hardship or need to enroll in a student loan repayment plan. The Student Loan Ombudsman is a resource that every District borrower can access.

During FY 2018, the Ombudsman met with 1,328 District residents to share available resources for funding, PSLF, student loan repayment plan enrollment and student loan consolidation. Residents included high school students, millennial college graduates, parents, professionals, veterans, teachers, elderly residents and District employees who are working diligently to get ahead while struggling to keep up with monthly student loan payments.

To provide District residents in all eight wards with student loan education and awareness, the Ombudsman collaborated with District agencies and programs including:

- ◆ College Bound
- ◆ DC College Savings Plan
- ◆ Department of Behavioral Health
- ◆ Department of Consumer and Regulatory Affairs
- ◆ 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 Police Complaints
- ◆ 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
- ◆ University of the District of Columbia

The Ombudsman holds regular office hours during which students, parents and borrowers can meet one-on-one to discuss options for paying for college, concerns they may have with servicers or their student loan debt.

## STUDENT LOAN TIPS

- ◆ Know the consequences of being late or defaulting on student loans;
- ◆ Identify means to pay off student loans faster;
- ◆ Seek student loan forgiveness and repayment options;
- ◆ Stay aware of student loan legislative changes; and
- ◆ Discover what is owed and where to find student loans.

2018 OMBUDSMAN ACTIVITIES	ACTIVITIES	PARTICIPANTS
Education Fairs	67	1,322
Office Appointments	158	158
Meetings with Community Partners	42	84
Other Communications (email, phone)		391
<b>TOTAL</b>		<b>1,955</b>



## INFORMATION ON STUDENT LOAN DEBT

Student loan debt information can be found at [nslds.ed.gov](https://nslds.ed.gov). The National Student Loan Data System (NSLDS) is the U.S. Department of Education's central database that keeps track of federal student loan debt. NSLDS stores all loan information, so it can be accessed at any time.

### 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](mailto:DCLoanHelp@dc.gov)

### U.S. CONSUMER FINANCIAL PROTECTION BUREAU

P.O. Box 4503  
Iowa City, IA 52244  
855-411-CFPB (2372)  
[consumerfinance.gov](https://consumerfinance.gov)

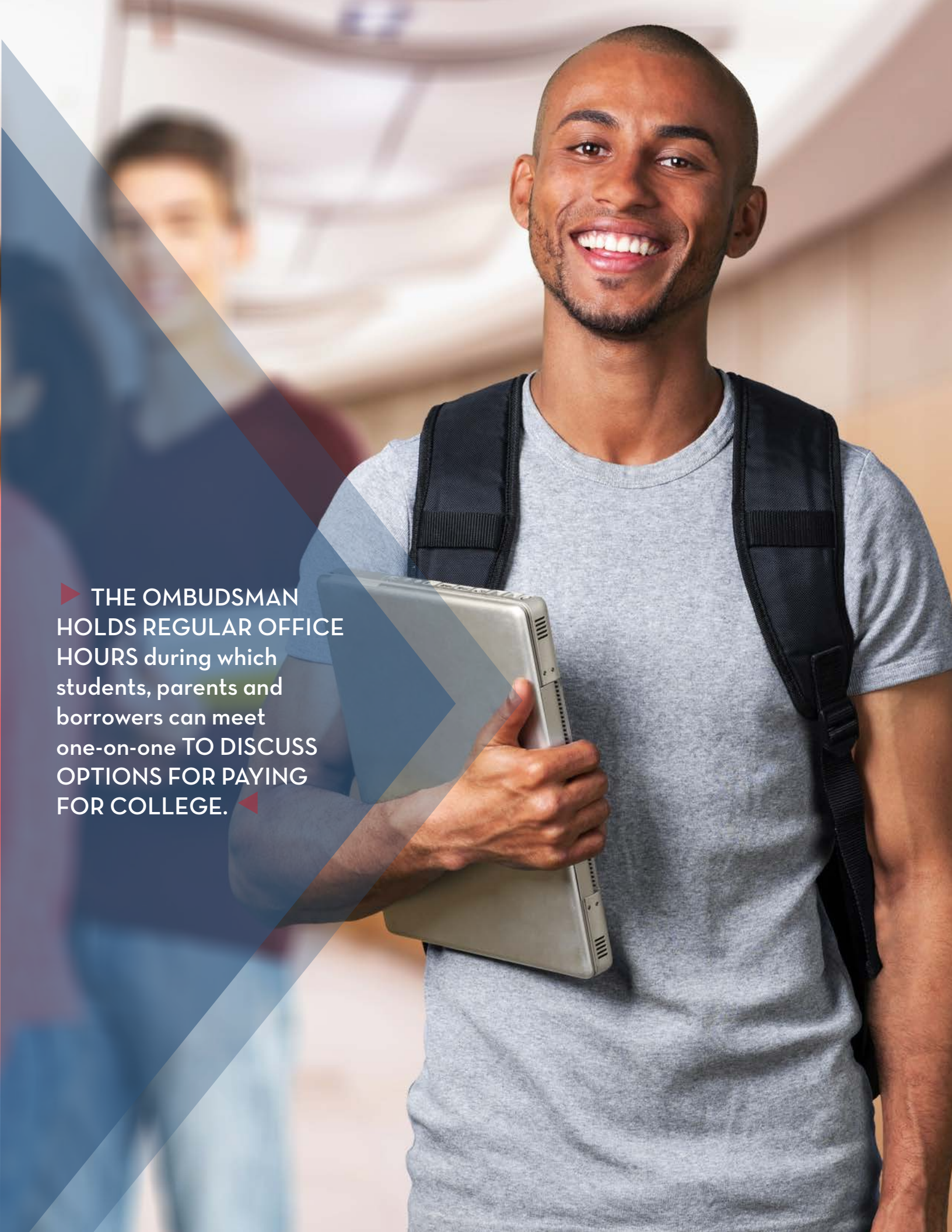
Submit a student loan complaint to the CFPB at:  
[consumerfinance.gov/complaint/#student-loan](https://consumerfinance.gov/complaint/#student-loan)

### U.S. DEPARTMENT OF EDUCATION

FEDERAL STUDENT AID INFORMATION CENTER

P.O. Box 84  
Washington, DC 20011-0084  
800-FED-AID  
(TTY: 800-730-8913)  
[StudentAid.gov](https://StudentAid.gov)

If you have a complaint with your lender or servicer that you are not able to resolve, contact the Department's Student Loan Ombudsman at [disb.complaints@dc.gov](mailto: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](https://studentaid.gov/repay-loans/disputes/prepare).

A young man with a shaved head and a goatee is smiling broadly. He is wearing a grey t-shirt and a black backpack. He is holding a silver laptop under his left arm. The background is a blurred hallway with other people. A large blue arrow graphic points from the left towards the center of the image.

▶ THE OMBUDSMAN  
HOLDS REGULAR OFFICE  
HOURS during which  
students, parents and  
borrowers can meet  
one-on-one TO DISCUSS  
OPTIONS FOR PAYING  
FOR COLLEGE. ◀



**DEPARTMENT OF INSURANCE,  
SECURITIES AND BANKING**

**Stephen C. Taylor, Commissioner**

1050 FIRST STREET NE, SUITE 801  
WASHINGTON, DC 20002

202-727-8000

DISB.DC.GOV

DISB.COMMUNICATIONS@DC.GOV

 @DCDISB



 **GOVERNMENT OF THE  
DISTRICT OF COLUMBIA  
MURIEL BOWSER, MAYOR**