

Student Loan Advocacy at the State Level

Office of the Qualified Education Loan Ombudsman



Investment Decision of a Lifetime



Student Loan Advocate

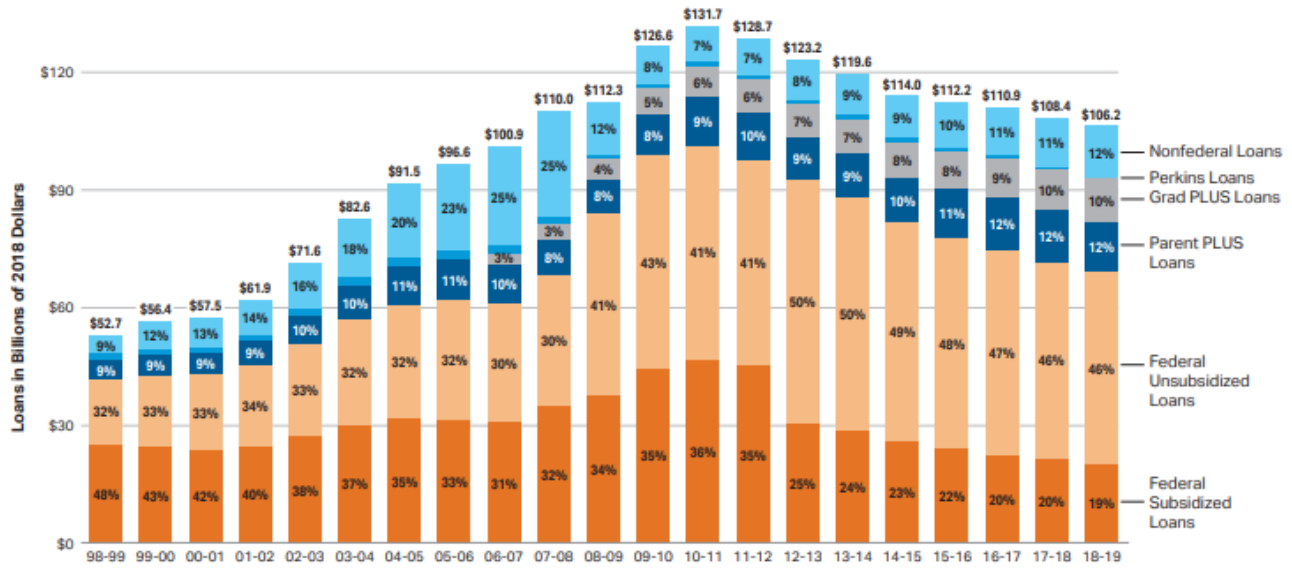
- **2018 General Assembly Session**
- **Created to be the borrower's voice in the student loan process.**
- **www.schev.edu/studentloan**
- **Mission:**
 - **Provide timely assistance to any qualified education loan borrower of any qualified education loan in the Commonwealth.**

Purpose for Advocacy

- **Student Loan Borrowers Are Struggling**
 - **Since 2007, federal student loan debt has tripled, from about \$500 billion to an estimated \$1.6 trillion.**
 - **The Three-Year Cohort Default Rate is 10.1%.**
 - **43 percent of student loans are considered in "distress", defined as:**
 - **Delinquent, at risk of default or students aren't paying enough.**
- **Efforts Are Needed to Protect Borrowers**
 - **2019 Office of the Inspector General Report stated ED failed to adequately supervise the loan servicers and rarely penalized companies out of compliance.**
 - **ED is closing Borrower Defense to Repayment applications at a snail's pace.**

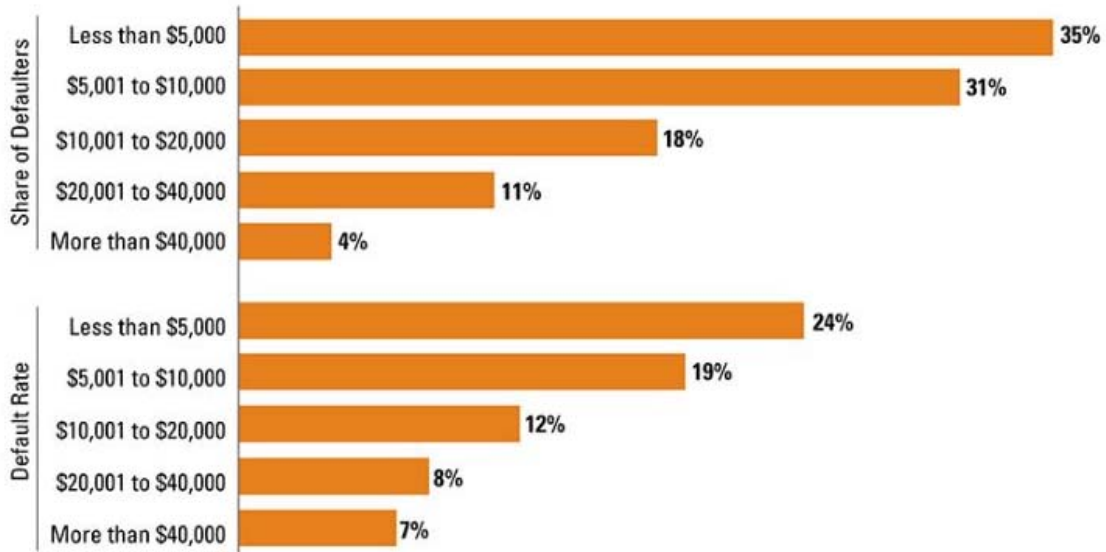
Total Federal and Nonfederal Loans in 2018 Dollars since 98-99

trends.collegeboard.org



Share of Defaults and Three-Year Default Rate for 2011 Cohort

trends.collegeboard.org



Virginia's Federal Loan Portfolio

- **1,036,000 - Borrowers**
- **\$39,200,000,000 – Debt**
- **\$37,837 – Per borrower**
 - **Standard Repayment: \$435/month**
 - **Principal & Interest: \$52,252**

2019 Federal Student Aid

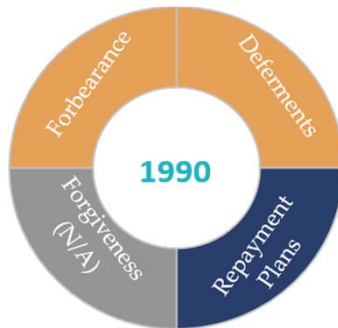
Student Loan Repayment Options In 1990

Forbearance

Discretionary Forbearance

- Hardship Forbearance

In 1990, the most complex aspect of student loan repayment centered around the eligibility criteria for deferment, there were just two repayment plans, one type of forbearance, and loan forgiveness programs did not exist.



Repayment Plans

- Standard
- Graduated

Deferment

- School Full-Time
- School Half-Time
- Graduate Fellowship
- Unemployment Deferment – 2 years
- Rehabilitation Training Program
- Teacher Shortage
- Internship/Residency Training
- Temporary Total Disability
- Armed Forces or Public Health Services
- National Oceanic and Atmospheric Administration Corps
- Peace Corps, ACTION Program, and Tax-Exempt Organization Volunteer
- Parental Leave
- Mother Entering/Re-entering Work Force

Student Loan Repayment Options Today

Forbearance

- Discretionary Forbearance*
- Hardship Forbearance
- Mandatory Forbearance*
- Medical or Dental Internship Residency
 - Department of Defense Student Loan Repayment Programs
 - National Service
 - Active Military State Duty
 - Student Loan Debt Burden
 - Teacher Loan Forgiveness
- Mandatory Administrative Forbearance*
- Local or National Emergency
 - Military Mobilization
 - Designated Disaster Area
 - Repayment Accommodation
 - Death
 - Teacher Loan Forgiveness



Deferment

- School (1)
 - School Full-Time (2)
 - School Half-Time (2)
 - Post Enrollment (1)
 - Graduate Fellowship (3)
 - Unemployment Deferment – 2 years (2)
 - Unemployment Deferment – 3 years (1)
 - Economic Hardship (1)
 - Rehabilitation Training Program (3)
 - Military Service (3)
 - Post-Active Duty Student (3)
 - Teacher Shortage(2)
 - Internship/Residency Training (2)
- Temporary Total Disability (2)
 - Armed Forces or Public Health Services (2)
 - National Oceanic and Atmospheric Administration Corps (2)
 - Peace Corps, ACTION Program, and Tax-Exempt Organization Volunteer (2)
 - Parental Leave (2)
 - Mother Entering/Re-entering Work Force (2)

Forgiveness

- Teacher Loan Forgiveness
- Loan Forgiveness for Service in Areas of National Need
- Civil Legal Assistance Attorney Student Loan Repayment Program
- Income Contingent Repayment Plan Forgiveness
- Income Based Repayment Plan Forgiveness
- Pay As You Earn Repayment Plan Forgiveness
- Income Based 2014 Repayment Plan Forgiveness
- REPAYE Repayment Plan Forgiveness
- Public Service Loan Forgiveness

Effective Date Details

- (1) Limited to FFELP borrowers with all new loans made on or after July 1, 1993; All DL are eligible.
- (2) Limited to FFELP borrowers with all loans made on or after July 1, 1987 and prior to July 1, 1993; DL eligible if borrower has FFELP loan made during this period.
- (3) All FFELP and DL loans eligible regardless of disbursement date
- (4) HERA aligned FFELP and DL repayment plans for loans first entering repayment on or after July 1, 2006.
- (5) Pre July 1, 1996, ICR plans, the DL borrower can choose between ICR1 - the Formula Amount, or ICR2 - the Capped Amount.
- (6) The DL borrower can request from 5 alternative repayment plans: Fixed Payment Amount, Fixed Term, Graduated Repayment, Negative Amortization, or Post REPAYE.

Repayment Plans

- DL Standard Pre-HERA
- FFELP/DL Standard Post-HERA (4)
- DL Graduated Pre-HERA
- FFELP/DL Graduated Post – HERA (4)
- DL Extended Pre-HERA
- FFELP/DL Extended Post-HERA (4)
- Income-Sensitive
- Income-Contingent Ver. 1 (5)
- Income-Contingent Ver. 2 (5)
- Income-Contingent Ver. 3
- Forced Income-Driven
- Income-Based
- Pay As You Earn
- Income-Based 2014
- Alternative (6)
- REPAYE

Student Loan Advocate

1. Receive, review and attempt to resolve any complaints from ***Qualified Education Loan Borrowers***
2. Establish and maintain a qualified education loan borrower education course
3. Collect data and make policy recommendations for resolving problems and concerns

Student Loan Homepage

HOME / FOR STUDENTS / Student Loan Advising

Student Loans

Office of the Qualified Education Loan Ombudsman

Providing timely assistance to any qualified loan borrower from the Commonwealth of Virginia.

The Office was created to provide an advocate and online resources to citizens of the Commonwealth of Virginia who are thinking about using student loans to help fund their higher education goals, or who already have loans and need help avoiding default or getting out of default. The Student Loan Advocate can serve as a liaison between the student loan borrower and loan servicers or other agencies, helping to explore repayment options and attempt to resolve complaints. Any matters that are considered to be abusive, unfair, deceptive or fraudulent will be referred to the Office of the Attorney General.

QUALIFIED EDUCATION LOAN BORROWER EDUCATION COURSE

The Office now provides future, current and former students with a concise overview of the student loan borrower process in the form of online modules. Links to the modules are listed on the right hand sidebar. It is organized so that you can review the content from the start of the loan exploration process to the finish of loan repayment, or you can select the content that is most relevant to where you are in the student loan borrowing process. Phase One of this project includes a summary of the major topics and links to more detailed content. The major topics focus on borrower needs expressed through work completed by the Student Loan Advocate. Phase Two will provide video and interactive content. If at any time, you have questions about your own loan situation, please contact the Student Loan Advocate. If you are ready, you can proceed to the first module: [Understanding Student Loans](#).

NEED ASSISTANCE WITH YOUR STUDENT LOAN SITUATION?

The Student Loan Advocate can assist you with your unique student loan situation. In order to help determine the best way to address your student loan issue, complete the [Student Complaint Form](#), skipping any questions that do not seem relevant to your situation. Answer "Yes" to question #15 about whether your complaint is related to a student loan, and the Student Loan Advocate will follow up with you within 4-6 business days.

STUDENT LOAN ADVOCATE

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Tweets by @SCHEVloanhelp

SCHEV Student Loan Advocate
@SCHEVloanhelp

Thanks @RTDOpinions for highlighting the importance of a proactive approach to the student loan crisis. Well informed consumers can make fiscally responsible decisions that minimize debt problems in the future.
<https://twitter.com/RTDOpinions/status/1222719477838406144>

I WANT TO...

- Understand student loans
- Explore loan repayment
- Avoid loan default
- Escape loan crisis
- Define loan terms

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Qualified Education Loan Borrower Course

- Understanding Student Loans
www.schev.edu/loan101
- Exploring Federal Loan Repayment Plans
www.schev.edu/loanrepayment
- Avoiding Loan Default
www.schev.edu/avoiddefault
- Escaping Loan Crisis
www.schev.edu/loancrisis
- Key Loan Terms
www.schev.edu/keyloanterms

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Qualified Education Loan Borrower Course (V1)

Understanding Student Loans

- FSA ID
- Federal Loans
- Federal vs. Private Loans
- Documentation Requirements
- Entrance Counseling and Master Promissory Note
- NSLDS
- CFPB

schev.edu/loan101

Exploring Federal Repayment Plans

- Disclosure Requirements
- Exit Counseling
- Loan Servicing
- Repayment Plans
- Loan Consolidation
- Public Service Loan

Forgiveness

- TEPSLF

schev.edu/loanrepayment

Qualified Education Loan Borrower Course (V1)

Avoiding Loan Default

- Deferment/Forbearance
- Capitalized Interest
- Forgiveness/Discharge
- Resolving Disputes
- Avoiding Loan Scams
- Borrower Defense to Repayment

schev.edu/avoiddefault

Escaping Loan Crisis

- Delinquency/Default
- Collections
- Getting Out of Default
- Bankruptcy
- Private Student Loan

Repayment

- School Closure

schev.edu/loancrisis

Effective Strategies for Student Loan Borrowers

1 PREPARE

Starting the Financial Aid Process

Explore Interests and Learn the Earning Potential of Desired Careers
www.iwizard.org

Prioritize Grants, Scholarships and Work-Study over Loans
fnaid.org

Explore the Unique Nature of Student Loans
studentaid.ed.gov/sa/types/loans

Download FSA's Next Gen App - myStudentAid
studentaid.gov

2 APPLY

Becoming Eligible for Student Loans

Complete the FAFSA Early
fafsa.edu.gov

Identify Net Cost of Attendance for Desired College
studentaid.ed.gov/sa/prepare-for-college/students/choosing-schools

Apply for Scholarships and Grants
fastweb.com

Understand Interest Accrual and Pay Interest for Unsubsidized Loans During College
meritwaitlist.com/blog/loans/student-loans/student-loan-calculator/

3 PAY

Making College Affordable

Compare Cost of Attendance to the Career Earning Potential
www.bls.gov/careeroutlook/2018/data-on-display/education-pays.htm

Compare Financial Aid Notification Letters
fnaid.org

Consider Community College Transfer
www.vccs.edu/students/transfers/

Make a Budget for Aid Eligibility and Borrow Based on True Need
studentaid.ed.gov/sa/prepare-for-college/budgeting

Get a Part-Time Job and Apply Some of the Money to the Student Loan
thebalance.com/can-i-work-and-go-to-college-2386212

Go!

Managing Student Loan Debt

Choose a Repayment Plan Based on Salary and Household Expenses
studentaid.ed.gov/sa/repay-loans/understand/plans

Prioritize Student Loan Payments Every Month
meritwaitlist.com/blog/loans/student-loans/which-student-loan-to-pay-off-first/

Explore Loan Forgiveness Options Tied to Service or Career Choices
studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation

Avoid Forbearance When Struggling and Request Income-Based Repayment Plans
studentaid.ed.gov/sa/repay-loans/deferment-forbearance

Don't Pay for Help When Struggling with Payments
studentaid.ed.gov/sa/repay-loans/avoiding-loan-scams

Monitor Loan Activity through the Loan Servicer Account or FSA App
studentaid.ed.gov/sa/repay-loans/understand/services

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Public Service Loan Forgiveness (PSLF)

PSLF is one of the most popular loan forgiveness programs, because it forgives the remaining balance on loans for borrowers who choose to work for the government or for a qualifying non-profit organization. But it also has very specific eligibility requirements and currently has a low approval rate. To qualify, a borrower must:

- Have the correct type of loans.
- Make 120 qualifying payments under a qualifying repayment plan.
- Work full-time (30 or more hours a week) for a qualifying employer or part-time at multiple qualifying employers that add up to 30 or more hours.

Helpful Tip:

If you have trouble with your FSA ID, go to: studentaid.gov/fsa-id

The PSLF Help Tool allows you to log in with your Federal Student Aid Identification (FSA ID) to learn more about the program. It also uses information about your federal student loans to explain what actions you should take to receive loan forgiveness.

Public Service Loan Forgiveness (PSLF) Help Tool

studentaid.gov/PSLF

Best Practice

Borrowers are encouraged to complete the PSLF Employment Certification Form annually to ensure initial eligibility for the program and to monitor continued progress towards program completion. Once the 120 payments are completed, submit the PSLF Application for Forgiveness to have the remaining balance forgiven. The program has very specific requirements, so the best way to ensure you are on track is to complete the Employment Certification Form. Both documents can be downloaded from the PSLF Help Tool.

Temporary Expanded Public Service Loan Forgiveness (TEPSLF)

If you applied for PSLF and were rejected because you met all the requirements except having the correct repayment plan, the **TEMPORARY EXPANDED PUBLIC SERVICE LOAN FORGIVENESS (TEPSLF)** program is available for a limited time to borrowers. The application process is fairly simple, but it does require a borrower to be rejected from PSLF first.

schev.edu/loanrepayment/TEPSLF

For help with your PSLF situation, or any other student loan related situation, contact the Student Loan Advocate at: sceltkamp@schev.edu

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Qualified Education Loan Borrower Course (V2)

- Online modules that can be completed independently.
- Lesson plans provided for inclusion in the financial literacy course required for high school graduation and for use in entrance and exit counseling as required of all student loan borrowers.
- Seeking funding from the General Assembly

Economics & Personal Finance Course (VDOE)

- **General Assembly Mandate**
 - Economic Value of Postsecondary Studies, including Net Cost of Attendance; Potential Student Loan Debt; and Potential Earnings
- **Demonstrate knowledge of how to finance postsecondary education**
 - Cost Benefit Analysis of Postsecondary Education
 - Sources of Postsecondary Funding
 - Free Application for Federal Student Aid (FAFSA)
 - Grants; Scholarships; Student Loans
 - Maintaining Eligibility for Financial Aid
 - Selecting a Repayment Plan
 - Consequences of Non-payment of Student Loans
 - Investment Options for Education
 - Understanding the Financial Aid Award Letter
 - Ways to Make Postsecondary Education Affordable

Effective:
July 1, 2020

Policy Considerations

- **Simplify Repayment Plans**
- **Fix Public Service Loan Forgiveness (PSLF)**
 - Wrong Repayment – TEPSLF
 - Wrong Loans – FFELP Consolidation
 - 50% Forgiveness for 5 years of Service
- **Fix Spousal Consolidation Loan**
- **Stop Collections – Move all defaulted loans to IDR**
- **Resolve Borrower Protection Cases (School Closures)**
- **Require Annual Loan Counseling in College**
- **Incentivize Early Loan Payoff**

Questions?

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- www.schev.edu/studentloan
- Twitter: @SCHEVloanhelp