

Government of the District of Columbia  
Office of the Chief Financial Officer



Jeffrey S. DeWitt  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeffrey S. DeWitt  
Chief Financial Officer 

**DATE:** October 25, 2016

**SUBJECT:** Fiscal Impact Statement - "Student Loan Ombudsman Establishment and Servicing Regulation Amendment Act of 2016"

**REFERENCE:** Bill 21-877, Committee Print provided to the Office of Revenue Analysis on October 21, 2016

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**Conclusion**

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill.

**Background**

The bill establishes a position of Student Loan Ombudsman within the Department of Insurance, Securities and Banking (DISB), and requires student loan servicers (SLSs) to obtain a license from DISB. SLSs do not need to obtain a license if they are an authorized bank, trust, loan company, or public or nonprofit college or university.

To apply for an annual license with DISB, SLSs must provide three years of audited financial statements that show a net worth of at least \$250,000, as well as a completed application and fee. The DISB Commissioner will set the license fee. Licensed SLSs must file an annual report with the Commissioner beginning in January 2018, and include data on the number of loans sold, assigned, and transferred in the previous year.

The Ombudsman, appointed by the Commissioner, will assist in the enforcement of the licensing of SLSs, including resolving complaints, providing information to borrowers on rights and responsibilities, monitoring actions of SLSs, and referring actions to the Office of the Attorney General. The Ombudsman is required to provide, beginning on October 1, 2017, an education course to student loan borrowers on understanding student education loans. The Commissioner is required to issue an annual report to the Mayor and the Council on the Ombudsman's activities beginning in March 2018.

The Honorable Phil Mendelson

FIS: "Student Loan Ombudsman Establishment and Servicing Regulation Act of 2016," Bill 21-877, Committee Print provided to the Office of Revenue Analysis on October 21, 2016.

### **Financial Plan Impact**

Funds are sufficient in the fiscal year 2017 through fiscal year 2020 budget and financial plan to implement the bill. DISB will require one full-time, Grade 13 career service position to serve as the Student Loan Ombudsman. DISB has existing vacancies it will convert to create the Ombudsman position. DISB can absorb the remaining requirements of the bill within existing resources.