

## **Department of Planning and Budget**

### **2018 Fiscal Impact Statement**

**1. Bill Number:** SB 394

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
<b>Second House</b>	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Senator Howell

**3. Committee:** Education

**4. Title:** Establish the Office of the Qualified Education Loan Ombudsman

**5. Summary:** This bill establishes the Office of the Qualified Education Loan Ombudsman (OQELO) within the State Council of Higher Education for Virginia (SCHEV). The OQELO's duties include:

- receiving, reviewing, and attempting to resolve complaints from qualified education loan borrowers;
- compiling and analyzing data on such complaints;
- assisting qualified education loan borrowers to understand their rights and responsibilities under the terms of qualified education loans;
- providing information regarding the problems and concerns of qualified education loan borrowers;
- analyzing and monitoring the development and implementation of applicable laws and policies;
- reviewing complete qualified education loan histories of borrowers who have consented;
- disseminating information concerning the availability of the OQELO to assist qualified education loan borrowers and any other participant in qualified education loan lending, with qualified education loan servicing concerns; and
- taking necessary actions to fulfill the duties of the OQELO.

The OQELO is required to establish and maintain a course on qualified education loans for potential borrowers by December 1, 2019. In addition, beginning on or before January 1, 2019, and continuing annually thereafter, SCHEV will 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 regarding the implementation of the OQELO and its effectiveness. Finally, this proposed legislation is contingent upon funding being included in an appropriation act passed by the 2018 General Assembly and signed into law by the Governor.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Preliminary (see Section 8)

- 8. Fiscal Implications:** SCHEV estimates that the personnel costs associated with an ombudsman position would be approximately \$117,000 (GF) (\$75,000 salary plus benefits) per year. The cost associated with establishing and maintaining an education course could range from a minimum of \$15,000 to over \$100,000 depending upon the quality and complexity of the information. Online educational materials are relatively inexpensive to produce. However, the cost of a facilitated course or an enhanced website can be substantial.

The introduced budget proposes \$115,333 for FY 2019 and \$124,000 for FY 2020 to support a student loan ombudsman position. This funding would essentially cover the estimated salary and benefits for the position proposed by this bill. The expectation is that the delay in filling the position in FY 2019 should provide sufficient funds for the development of a basic qualified educational loan course. However, if the legislative intent were for a more robust course, then additional general fund support would be necessary.

- 9. Specific Agency or Political Subdivisions Affected:** State Council of Higher Education for Virginia

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** This bill is similar to HB 1138 and incorporates SB 439.

**Date:** 02/13/18  
c: Secretary of Education