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2 Councilmember David Grosso

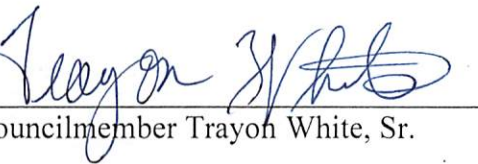

Councilmember Elissa Silverman

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7 Councilmember Anita Bonds


Councilmember Mary M. Cheh

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11 Councilmember Charles Allen


Councilmember Brianne K. Nadeau

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16 Councilmember Trayon White, Sr.

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24 A BILL

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30 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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35 To establish a finance authority in the District of Columbia to provide new student loans and
36 refinance existing student loans.

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38 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
39 act may be cited as the "Student Loan Authority Establishment Act of 2018".

40 Sec. 2. Definitions.

41 For the purposes of this act the term:

42 (1) "Authority" means the District of Columbia Student Loan Authority.

43 (2) "Board" means the executive board of the Authority.

44 (3) "Loan" means money that is given to another party in exchange for future
45 repayment of the loan value amount with interest.

46 (4) "Loan Agreement" means a contract between the Participant and the Authority
47 which specifies the promises made by each party. The Loan Agreement shall reflect the total
48 amount borrowed by the Participant as well as the terms of Repayment.

49 (5) "Interest Rate" means the money paid regularly for the use of money lent or
50 for delaying repayment of the debt. The Interest Rate shall be specified in the Loan Agreement.

51 (6) "Qualifying Program" means any accredited post-secondary educational or
52 vocational training program.

53 (7) "Participant" means any person who executes a Loan Agreement with the
54 Authority pursuant to the requirement of the financial assistance.

55 Sec. 3. District of Columbia Student Loan Authority establishment and purpose.

56 (a)(1) There is established, as an independent authority of the District government, the
57 District of Columbia Student Loan Authority.

58 (2) The Authority shall be an instrumentality of the District, created to effectuate
59 the purposes stated in this act, and shall have a legal existence separate from the District
60 government.

61 (b) The purpose of the Authority shall be to:

62 (1) Provide new student loans and refinance existing student loans to anyone
63 residing in the District at the time of application and to students of post-secondary educational
64 programs located in the District of Columbia; and

65 (2) Engage in any other activities that may help students attending higher
66 education institutions.

67 Sec. 4. Executive board establishment and membership.

68 (a) There is established an executive board to govern the Authority consisting of 5 voting
69 members appointed by the Mayor, with the advice and consent of the Council pursuant to § 1-
70 523.01(f).

71 (b) The board shall consist of five voting members and two ex-officio members. All
72 members must be residents of the District of Columbia. The voting members shall include:

73 (A) A representative of the Consortium of Universities of the Washington
74 Metropolitan Area or a similar organization;

75 (B) A representative from an education-focused advocacy organization in the
76 District of Columbia;

77 (C) A representative from an education-focused nonprofit in the District of
78 Columbia; and

79 (D) Two District of Columbia residents with student loans.

80 (c) The ex-officio members shall include:

81 (A) The Chief Financial Officer; and

82 (B) The Deputy Mayor for Education.

83 (d) Voting members of the executive board shall be appointed for a term of 4 years,
84 except that for the initial appointments:

85 (A) Two shall be for a term of 2 years;

86 (B) One shall be for a term of 3 years; and

87 (C) Two shall be for a term of 4 years.

88 (e)(1) Within 90 days after a vacancy occurs or a term expires, the Mayor shall nominate
89 someone to fill the vacancy or begin the new term.

90 (2) A member of the executive board may continue to serve until his or her
91 successor has been approved by the Council and appointed by the Mayor.

92 (3) Vacancies for an unexpired term shall be filled by Mayoral appointment in the
93 same manner of the original appointment.

94 (f)(1) The Mayor or the executive board may remove a member of the board for
95 inefficiency, neglect of duty or misconduct in office, after giving the member a copy of the
96 charges against the member and an opportunity to be heard in person or by counsel in his defense
97 upon not less than 10 days' notice.

98 (2) Removal of a member by action of the board shall require an affirmative vote
99 of 3 members.

100 (3) If a member is removed by the board, the board shall promptly notify the
101 Mayor and the Council of the action.

102 (g) Any member shall be eligible for reappointment.

103 (h) The executive board shall elect a chairperson every two years.

104 (i) The executive board shall be subject to subchapter IV of Chapter 5 of Title 2 [§ 2-571
105 et seq.]; except, that the executive board may hold closed sessions when considering matters
106 related to litigation, personnel, or contracting.

107 Sec. 5. Powers and duties of executive board.

108 (a) Subject to any limitations under this act, the executive board shall have all the powers
109 necessary to carry out the functions consistent with the purposes of the Authority.

110 (b) The executive board may enter into memoranda of understanding or information-
111 sharing agreements with federal agencies, District agencies, or agencies of other states, to carry
112 out the provisions of this chapter, provided that such agreements include adequate protections
113 with respect to the confidentiality of information and comply with all District and federal laws
114 and regulations.

115 (c) The executive board shall have procurement authority independent of the Office of
116 Contracting and Procurement and shall not be subject to Chapter 3A of Title 2 [§2-352.01 et
117 seq.]; except, that §2-352.02(a), (b), (c), and (e) shall apply.

118 (d) The executive board shall submit all proposed rules adopted by the board to the
119 Council for a 30-day period of review, excluding Saturdays, Sundays, legal holidays, and days of
120 Council recess. If the Council does not approve or disapprove the proposed rules, in whole or in
121 part, by resolution, within this 30-day review period, the proposed rules shall be deemed
122 approved.

123 Sec. 6. Executive director and Authority staff.

124 (a) The executive board shall hire an executive director within 60 days of a majority of
125 executive board members being confirmed to organize, administer, and manage the operations of
126 the Authority.

127 (b) The executive director shall not be an employee in the career service and shall serve
128 at the pleasure of the executive board.

129 (c) The executive director shall become a resident of the District within 180 days of the
130 date of hire.

131 (d) The executive board shall determine the appropriate compensation for the executive
132 director; provided, that the executive director's compensation shall not exceed the maximum
133 allowable salary in the District's Excepted Service salary schedule.

134 (e) Under the direction of the executive board, the executive director shall;

135 (1) Be the chief administrative officer of the Authority;

136 (2) Direct, administer, and manage the operations of the Authority; and

137 (3) Perform all duties necessary to comply with and carry out the provisions of
138 this act, consistent with other federal and District laws and regulations.

139 (f) The executive director may employ, retain, and set compensation for staff for the
140 Authority, provided, that employee compensation shall not exceed the maximum allowable
141 salary in the District of Columbia Excepted Service salary schedule.

142 (g) Except as otherwise provided in this act, an employee of the Authority shall not be
143 subject to any law, regulation, or Mayor's Order governing District government employee
144 compensation, including furloughs, pay cuts, or any other general fund cost-saving measure.

145 Sec. 7. Conflicts of interest.

146 (a) No member of the executive board, other than the member of the board appointed as a
147 representative of the Consortium of Universities of the Washington Metropolitan Area, or of the
148 staff of the Authority shall have any of the following affiliations with an institution of higher
149 education, a financial institution invested in student loans, or a private student loan organization:

150 (1) Employee;

151 (2) Director or Officer;

152 (3) Representative;

153 (4) Consultant or employee of a consultant; or

154 (5) Other affiliation that establishes a fiduciary, principal, or agent relationship.

155 (b) No member of the executive board may use any of the Authority's programs for
156 which they have participated in setting the rules or limitations.

157 (c) No member of the executive board shall make, participate in making, or in any way
158 attempt to use his or her board position to influence the making of a decision that the board
159 members knows, or has reason to know, will have a reasonably foreseeable material financial
160 effect, distinguishable from its effect on the public generally, on:

161 (1) The board member or on a member of the board member's immediate family;

162 (2) Any source of income, other than gifts and loans by a commercial lending
163 institution in the regular course of business on terms available to the public without regard to
164 official status, aggregating \$250 or more in value provided to, received by, or promised to the
165 board member within 12 months prior to the time when the decision is made; and

166 (3) Any business entity in which the member is a director, officer, partner, trustee,
167 or employee, or holds any position of management.

168 Sec. 8. Loan programs.

169 (a)(1) The Authority shall provide financial assistance to eligible applicants seeking to
170 enroll in a qualifying program in furtherance of an educational or vocational goal.

171 (2) The financial assistance shall be made in the form of deferred payment loans
172 secured by a loan agreement that is executed by the applicant and the Authority. The amount of
173 the financial assistance shall be limited to the estimated cost of attendance.

174 (3) For the purposes of this subsection an eligible applicant is:

175 (A) A resident of the District enrolled in a post-secondary educational or
176 vocational program;

177 (B) A student:

178 (i) Whose legal guardian is a resident of the District, and

179 (ii) Who is enrolled in a qualifying post-secondary educational or
180 vocational training program, or

181 (C) A student who is not a resident of the District but who is enrolled in a
182 qualifying post-secondary educational or vocational program that is based in the District of
183 Columbia.

184 (b)(1) The Authority shall provide financial assistance to eligible applicants seeking to
185 refinance existing debt incurred for the purpose of seeking a post-secondary educational,
186 vocational, advanced, or professional education.

187 (2) The financial assistance shall be made in the form of deferred payment loans
188 secured by a Loan Agreement that is executed by the applicant and the Authority.

189 (3) An applicant shall be eligible for the financial assistance under this subsection
190 if the applicant is:

191 (A) A resident of the District of Columbia; and

192 (B) Provides evidence that the existing debt is the result of previous
193 enrollment in a qualifying program.

194 (c)(1) The Authority shall provide financial assistance to eligible applicants who are legal
195 guardians of a student who seeks to enroll or is enrolled in a qualifying post-secondary
196 educational or vocational program.

197 (2) The financial assistance shall be made in the form of deferred payment loans
198 secured by a loan agreement that is executed by the participant and the Authority.

199 (3) An applicant shall be eligible for the financial assistance under this subsection
200 if the applicant:

201 (A) Is a current resident of the District; and

202 (B) Provides evidence that the applicant is the legal guardian of a student
203 who is enrolled at a qualifying post-secondary educational or vocational program.

204 (d)(1) The Authority shall provide financial assistance to eligible participants seeking to
205 enroll in a postgraduate degree program.

206 (2) The financial assistance shall be made in the form of deferred payment loans
207 secured by a Loan Agreement that is executed by the Participant and the Authority.

208 (3) An applicant shall be eligible for the assistance under this subsection if the
209 applicant is:

210 (A) A resident of the District of Columbia;

211 (B) Enrolled in a qualifying advanced or professional degree program, or

212 (C) A student who is not a resident of the District of Columbia but who is
213 enrolled in a qualifying advanced or professional degree program that originates in the District of
214 Columbia.

215 Sec. 9. Loan terms.

216 Financial assistance provided pursuant to section 8 shall be subject to the following
217 conditions:

218 (1) The Authority shall not charge any applicant or participant origination,
219 application, or associated fees for application or receipt of the financial assistance.

220 (2) Any loan agreement executed for the amount of \$5,000 or less shall not be
221 subject to interest charges.

222 (3) Repayment of loans made in connection with the financial assistance shall be
223 deferred and not subject to interest charges while the participant is enrolled in a qualifying
224 program.

225 (A) Repayment shall begin six months after the Participant completes or
226 withdraws from a Qualifying Program.

227 (B) Repayment of loans shall be made on a scheduled monthly basis.

228 (C) Monthly repayments shall not exceed 30% of the Participant's annual
229 gross income.

230 (4)(A) Any participant who has entered into repayment under the terms of a loan
231 agreement may have any outstanding balance discharged after completing 10 cumulative years of
232 public service employment.

233 (B) For the purposes of this paragraph:

234 (i) "Public service employment" means employment with any
235 local, state, or federal government entity or public non-profit organization; and

236 (ii) The 10 cumulative years of public service employment:

237 (I) May be with more than one qualifying employer; and

238 (II) Must begin upon completion of or withdrawal from a
239 qualifying program.

240 Sec. 10. Limitation of liability.

241 There shall not be any liability, in a private capacity, on the part of the executive board
242 members, or any officer, or employee of Authority, for or on account of any act performed or
243 obligation entered into in an official capacity when done in good faith, without intent to defraud,

244 and in connection with the administration, management, or conduct of this act or affairs related
245 to this act.

246 Sec. 11. Dissolution of the Authority.

247 Upon dissolution, liquidation, or other termination of the Authority:

248 (1) All rights and properties of the Authority shall pass to and be vested in the
249 District, subject to the rights of lien holders and other creditors;

250 (2) Any net earnings of the Authority, beyond that necessary for retirement of any
251 indebtedness or to implement a public purpose or program of the District authorized under this
252 act, shall not inure to the benefit of any person other than the District; and

253 (3) The expenditure of any net earnings shall be restricted to costs related to the
254 direct delivery of student loan financing for residents of the District.

255 Sec. 12. Reports.

256 (1) The Authority shall release an annual report, detailing the Authority's
257 activities during the year, including:

258 (A) Loans given, broken down by type of loan and length of term;

259 (B) Amount and number of loans in repayment status;

260 (C) Amount and number of loans forgiven;

261 (2) The Authority shall also issue quarterly financial reports.

262 (3) All reports published by the Authority must be available on its website.

263 (4) The Authority shall contract at least once each year with an independent
264 certified public accountant to audit the books and accounts of the Authority. The Authority shall
265 transmit the audit to the Mayor and Council within 10 days of receipt.

266 Sec. 13. Outsourcing.

267 (a) The Authority may not contract out the servicing of student loans.

268 (b) The Authority may contract out for supplies, technology, and advice necessary for the
269 servicing of loans.

270 Sec. 14. Rules.

271 (a) The executive board, pursuant to subchapter I of Chapter 5 of Title 2 [§ 2-501 et seq.],
272 shall issue rules to implement the provisions of this chapter.

273 Sec. 15. Delegation of Council authority to issue revenue bonds, notes and other
274 obligations for Authority undertakings.

275 (a) The Council delegates to the Authority the authority of the Council under § 1-204.90
276 to issue revenue bonds, notes, and other obligations to borrow money to finance or assist in the
277 financing of undertakings authorized by this chapter.

278 (b) Bonds, notes, and other obligations issued under the provisions of this chapter do not
279 constitute an obligation of the District but are payable solely from the revenues or assets of the Authority.
280 Each bond, note, or other obligation issued under this chapter must contain on its face a statement that the
281 Authority is not obligated to pay principal or interest except from the revenues or assets pledged and that
282 neither the faith and credit nor the taxing power of the District is pledged to the payment of the principal
283 or interest on a bond, note, or other obligation.

284 (c) Assets and income of the Authority or of any entity established by the Authority are exempt
285 from District taxation. The Authority may make, at its discretion, payment in lieu of taxation.

286 (d) Bonds and notes issued by the Authority and the interest thereon are exempt from District
287 taxation except estate, inheritance, and gift taxes.

288 Sec. 16. Fiscal impact statement.