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2 Councilmember David Grosso

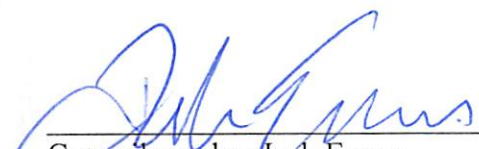

Councilmember Elissa Silverman


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6 Councilmember Anita Bonds

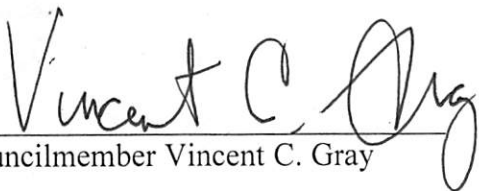

Councilmember Mary M. Cheh

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10 Councilmember Charles Allen


Councilmember Brianne K. Nadeau

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14 Councilmember Jack Evans


Councilmember Robert C. White, Jr.

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18 Councilmember Vincent C. Gray

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30 A BILL

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36 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

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41 To establish a finance authority in the District of Columbia to provide new student loans and
42 refinance existing student loans.
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BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Student Loan Authority Establishment Act of 2019”.

Sec. 2. Definitions.

For the purposes of this act the term:

(1) “Authority” means the District of Columbia Student Loan Authority.

(2) “Board” means the executive board of the Authority.

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

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

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

(6) “Qualifying Program” means any regionally accredited post-secondary educational or vocational training program.

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

(8) “Discretionary Income” means the difference between a participant’s annual adjusted gross income and 150% of the poverty guideline based on family size.

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

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

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

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

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

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

75 Sec. 4. Executive board establishment and membership.

76 (a) There is established an executive board to govern the Authority consisting of 5 voting
77 members appointed by the Mayor, with the advice and consent of the Council pursuant to § 1-
78 523.01(f).

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

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

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

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

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

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

89 (A) The Chief Financial Officer; and

90 (B) The Deputy Mayor for Education.

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 5. Powers and duties of executive board.

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

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

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

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

Sec. 6. Executive director and Authority staff.

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

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

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

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

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

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

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

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

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

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

Sec. 7. Conflicts of interest.

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

- 158 (1) Employee;
159 (2) Director or Officer;
160 (3) Representative;
161 (4) Consultant or employee of a consultant; or
162 (5) Other affiliation that establishes a fiduciary, principal, or agent relationship.

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

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

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

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

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

176 Sec. 8. Loan programs.

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

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

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

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

185 (B) A student:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) A resident of the District of Columbia;

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

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

Sec. 9. Loan terms.

224 Financial assistance provided pursuant to section 8 shall be subject to the following
225 conditions:

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

228 (2) The first \$5,000 of any loan made pursuant to this section shall not be subject
229 to interest charges.

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

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

235 (B) Repayment of loans shall be made on a scheduled monthly basis for a
236 term of no more than 360 months.

237 (C) Monthly repayments shall not exceed 15% of the Participant's annual
238 discretionary income.

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

242 (B) For the purposes of this paragraph:

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

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

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

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

(III) The 10 cumulative years do not have to be consecutive
years to qualify for this section.

Sec. 10. Limitation of liability.

There shall not be any liability, in a private capacity, on the part of the executive board
members, or any officer, or employee of Authority, for or on account of any act performed or
obligation entered into in an official capacity when done in good faith, without intent to defraud,
and in connection with the administration, management, or conduct of this act or affairs related
to this act.

Sec. 11. Dissolution of the Authority.

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

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

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

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

Sec. 12. Reports.

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

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

270 (B) Amount and number of loans in repayment status;
271 (C) Amount and number of loans forgiven;
272 (2) The Authority shall also issue quarterly financial reports.
273 (3) All reports published by the Authority must be available on its website.
274 (4) The Authority shall contract at least once each year with an independent
275 certified public accountant to audit the books and accounts of the Authority. The Authority shall
276 transmit the audit to the Mayor and Council within 10 days of receipt.

277 Sec. 13. Outsourcing.

278 (a) The Authority may not contract out the servicing of student loans.
279 (b) The Authority may contract out for supplies, technology, and advice necessary for the
280 servicing of loans.

281 Sec. 14. Rules.

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

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

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

289 (b) Bonds, notes, and other obligations issued under the provisions of this chapter do not
290 constitute an obligation of the District but are payable solely from the revenues or assets of the Authority.
291 Each bond, note, or other obligation issued under this chapter must contain on its face a statement that the
292 Authority is not obligated to pay principal or interest except from the revenues or assets pledged and that

neither the faith and credit nor the taxing power of the District is pledged to the payment of the principal or interest on a bond, note, or other obligation.

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

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

Sec. 16. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

Sec. 17. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)) and publication in the District of Columbia Register.