



601 Massachusetts Avenue, NW  
Washington, DC 20001-3743  
[www.HigherEdLoanCoalition.org](http://www.HigherEdLoanCoalition.org)

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June 29, 2016

The Honorable Ted Mitchell  
Under Secretary  
Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20202

Dear Under Secretary Mitchell:

We appreciate the opportunity to meet with you and your staff to discuss Phase II of the re-compete for the federal loan servicer contracts. We have developed specifications that would ensure a borrower-based customer service focus for the upcoming contracts. We believe a new model of loan servicing is in order to correct communication and customer service issues for our student borrowers. We have polled our members and developed the attached specifications. Per your request at our meeting, I am submitting those to you for consideration.

We applaud the Department's efforts to advance a new loan servicing environment and welcome the opportunity to discuss these ideas with you and your staff. I can be reached at 206-543-6107 or [sklewis@uw.edu](mailto:sklewis@uw.edu). Thank you for your efforts on behalf of our student borrowers.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Kay Lewis', is written over a light blue horizontal line.

S. Kay Lewis, Chair  
Higher Education Loan Coalition  
Assistant Vice Provost, Enrollment  
Executive Director of Financial Aid and Scholarships  
University of Washington

Enclosure



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**Re-compete specifications:**

Provide for a single web portal and phone number for borrowers to use to access their servicer. Only the US Department of Education's brand should be used for all borrower information and web-sites. The servicer is not identified to the borrower.

All servicers should process loans and communicate in exactly the same way, using common tools and materials—a common manual approach—so schools can anticipate what the borrower experience will be and thus be able to provide better counseling to assist the student.

The student's customer experience should span the life-cycle of the student through full repayment of their student loans. Through initial FAFSA application to loan counseling, to in-school communications with the servicer and all phases of repayment, the borrower's experience should be a consistently high quality experience. Communication to borrowers through web pages and printed materials should have the same look and feel to the student borrower so that one continuum of experience is present.

There must be a mobile and on-line user-friendly application for borrowers, using graphical representation to present information. This should provide state of the art self-service for borrowers to access the status of their account, see consumer information regarding their loans, select pre-payment options, make payments, switch payment plans, and confirm income for IBR plans.

Borrowers should be able to opt in to text message alerts about payment due dates, potential for late fees, and when it's time to re-confirm their income for annual IBR calculations.

Borrowers should receive proactive messages alerting them to the potential that as their income goes up (through IRS match) they may be able to afford a standard plan and vice versa, as income goes down they may need to access an IBR plan. Public Service Loan Forgiveness candidates should receive proactive messages about their status in this program.

Borrowers should receive friendly and accurate information from their servicer via phone and email response. Performance metrics should be based more on the quality of service and less on the number of phone calls answered. The servicer must provide an automatic option to capture a caller's comments (on the call, via text and via email) and require that the employee explain the complaint process to the borrower on the call. The number of complaints received by each servicer are a performance factor and as such may reduce the number of new loans assigned to each servicer. The new complaint system should be leveraged to track complaints by loan servicer.

Loan Servicers should offer the same business hours for customer contact—via phone, web chat or email response. Times should be consistent, with hours available during and after normal business hours, including availability after 5:00 pm in all time zones.



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Performance measurements should relate to the overall portfolio of the servicer as an indication of service level received. Number of students in default, delinquent, and in administrative and regular forbearance should be measured and monitored. Industry standards on the average numbers in each category and average time in each category should be used to measure performance.

Measure how much principal is being reduced in the servicer's portfolio in relation to a standard repayment plan, borrowers in repayment and number of years in repayment. This will provide an incentive to ensure that borrowers are not being placed in forbearance or more costly repayment options. Borrowers with low-income in IBR plans would be excluded from this measurement.

Students in delinquency over 90 days must be approached by the servicer for income based repayment options. Vulnerable populations (borrowers who withdrew without completing a degree or credential, low-income borrowers) should be provided with early intervention counseling to assist in preventing defaults.

The overall portfolio of each servicer should be examined and presented in a dashboard that reports the number of complaints, time to resolution, service response times, and other service expectation levels. The dashboard should be continuously maintained for review by Department monitoring and to ensure that performance incentives are working and the assignment of new loans are adjusted.

**Specific Service Level Expectations:**

Response time to answer calls and the response time on hold should meet or exceed industry standards in similar markets (such as mortgage providers) or as stated below. Absent industry standards that are substantially different, we suggest the following:

Response time from phone or email inquiry should be resolved within 24 hours; initial inquiry responded to within 15 minutes

Hold time on phone should not exceed 5 minutes, resolution should not exceed 24 hours

Complaints are acknowledged within 24 hours and resolution is complete within 48 hours

Public Service Loan Forgiveness applications should be processed within 3 days

Income Based Repayment Applications should be processed within 5 days

Direct ACH deposit applications should take no longer than 5 business days and revisions to existing accounts should be completed within 3 business days