



Via Email to Abby_Mccartney@warren.senate.gov

The Honorable Elizabeth Warren
United States Senate
Washington, D.C. 20515

The Honorable Edward J. Markey
United States Senate
Washington, D.C. 20515

The Honorable Tina Smith
United States Senate
Washington, D.C. 20515

July 6, 2021

Dear Members of Congress:

Nelnet received your inquiry regarding our plans to support federal student loan borrowers transitioning to repayment. Like you, we are committed to ensuring borrowers receive reliable and effective service as they manage their student loans. We also understand the impact that COVID-19 has had on many families and their financial circumstances. Since February 2018, Nelnet, Inc. has operated two federal student loan servicers, Nelnet Loan Servicing (Nelnet) and Great Lakes Educational Loan Services (Great Lakes). This letter addresses the combined transition efforts for these servicers.

Navigating COVID Relief

Nelnet and Great Lakes took measures at the start of the pandemic to ensure continuity of customer service and support for borrowers during these unprecedented times. Our call centers have been open and fully staffed throughout the pandemic, and no customer service staff were laid off. We have been available to provide timely and actionable information to borrowers with questions about student loan relief, as well as borrowers seeking to take advantage of the 0% interest rate by continuing to make payments.

At the direction of FSA, we have not conducted any proactive borrower outreach concerning payment obligations or account status since March 2020. Strategies for any such outreach, use of autodebits, and eligibility for repayment options are set by the Department of Education (ED), and we implement ED's direction as federal contractors. We understand you have requested program-wide data from FSA and defer to FSA to provide this information, as program-wide data and supporting context from the agency will better engender understanding of program implementation. As with prior servicing efforts, we remain committed to engaging with ED to develop an effective repayment communication strategy. We also welcome accountability for proper implementation and servicing both the federal government and student loan borrowers well.

Below are descriptions of voluntary actions taken by Nelnet and Great Lakes to best serve borrowers as we prepare to transition into repayment at the direction of ED.

Borrower Engagement

While servicers were advised against contacting borrowers about repayment, Nelnet and Great Lakes were able to maintain connection with borrowers and keep them engaged until repayment resumes. Leveraging



best practices from historical repayment transitions, our outreach has focused on confirming demographic information and reminding borrowers that we remain available to assist them once payments resume.

We also ran a call campaign focused on borrowers with whom we have had no contact in the last six months. The calls are educational and did not include information about when payment relief is scheduled to end. Instead agents help borrowers estimate what their payments would be in repayment, assess affordability, and discuss options for reducing payments as needed.

At-Risk Borrowers

We built a custom predictive model to help identify which customers are most at-risk for delinquency when returning to repayment. We will use this information to prioritize outreach and to design communication that is tailored to each borrower's anticipated needs. The model analyzes borrower data prior to and during the pandemic to make a quantitative assessment of each borrower's probability to need additional assistance. Rather than classify borrowers as 'at-risk' and 'not at risk', the model calculates a zero to one probability of transitioning unsuccessfully and requiring specialized help. We can more accurately estimate risk, monitor our activities, and recalibrate our servicing efforts as needed to align with borrowers' needs.

Borrowers enrolled in autodebit are traditionally our least risky customers, as they exhibit strong repayment patterns and are routinely in a healthy repayment status. Ultimately, some autodebit borrowers could still end up in a high-risk probability range if they exhibit a considerable number of other attributes (like very low engagement during the pandemic), if they have had prior delinquencies, or if they have indicated their financial situation has changed. While not specifically in the 'at risk' probability range, we have crafted and planned specific communications for customers previously on autodebit to gauge their repayment readiness, keep them informed, and determine if special help is needed.

Preparing for Autodebit

We plan to communicate autodebit status and options using multiple channels. Our website's COVID information page includes notice that the COVID forbearance has suspended auto debit, and that prior to the end of the forbearance, we will contact borrowers enrolled in auto debit to inform them of their payment amounts and due dates. In September, we are also planning to notify borrowers via text, email, and phone of their due date, payment amount, and the option to change or cancel their auto debit agreement.

Our ongoing and routine communications with consumers also inform them of their autodebit and repayment options. For example, our billing statements indicate that if a borrower is on autodebit, they can change or cancel their payment preference. Additionally, when speaking to a borrowers on the phone, agents are trained to remind them if they are enrolled in auto debit so that they can change or cancel their payment preference.

All communication plans, including those related to autodebit, are likely to change based on anticipated guidance from ED. We recommend contacting ED regarding the anticipated guidance, as it is currently pending and will apply to all servicers.



Repayment Plans

Our call model requires agents to request relevant information about each borrower's underlying circumstance in order to recommend appropriate repayment options. As a priority, we identify current or former servicemembers and route them to a specialized team for assistance. From there, agents attempt to determine whether borrowers are eligible for an income driven repayment (IDR), interested in Public Service Loan Forgiveness (PSLF), or in need of other student loan benefits. Where IDR plans are needed, agents work with borrowers to determine whether they can afford the estimated payments. If an IDR plan is affordable, we then direct borrowers to StudentAid.gov to complete the application process. For borrowers without access to StudentAid.gov, we are able to send a pre-filled income driven repayment application to the borrower to help them continue the process. Borrowers with IDR amounts higher than their standard monthly amount are encouraged to consider a graduated repayment plan. Borrowers who are unable to afford even a reduced monthly payment under an IDR plan are then evaluated for deferment eligibility. Our call model is designed to evaluate eligibility for all borrower benefits before offering forbearance as a last option for borrowers seeking payment relief.

Staffing Plan

While Nelnet and Great Lakes did not lay off any customer service staff during the pandemic, we launched an aggressive hiring strategy in April in anticipation of the significantly increased call volume from borrowers transitioning to repayment. Using our workforce management projections to identify staffing needs for the transition to repayment, we expanded our recruitment efforts to new locations and communities in acknowledgment of the increasingly competitive labor market. These efforts include underserved markets which have, based on the technological innovation for work at home, made additional communities with talented and customer-friendly individuals more accessible. Our intention is to continue hiring through early 2022 to ensure that, in addition to supporting transition to repayment, we are able to support annual peaks related to tax season and recent graduates transitioning from the grace period. As we onboard these staff, it will be imperative that we work closely with ED and the Office of Personnel Management to process security clearances in a timely manner.

All new employees complete a 17-day Initial Training Period during which receive regular communication with department leaders on the following topics:

- Student loan program knowledge, including repayment plans, income-driven repayment, deferments, forbearance, and loan forgiveness
- Customer service skills, including empathy, relating, and listening skills
- Compliance, including cybersecurity, privacy, relevant consumer law topics
- Servicing Systems, key processes and tasks required to perform core skills according to our quality standards

After the Initial Training Period, employees receive enhanced post-training support as they begin to transition from training to performing their job duties. The Post-Training Support Period is designed help employees through coaching, peer support, training, and enhanced monitoring of performance.

Ongoing training is also provided to all current associates to ensure they are equipped to address the broad range of topics presented on borrower calls. In light of our post-pandemic, hybrid work environment, we



provide training in various formats and channels to ensure all employees have the skills necessary to support borrowers from their respective locations.

American Rescue Plan Assistance

Neither Nelnet nor Great Lakes received financial assistance under the American Rescue Plan package provided to FSA.

Advocacy

Please refer to Nelnet's Lobbying Disclosure Act filing for a summary of our lobbying activity.

In closing, I thank you again for your letter and interest in a smooth resumption of repayment that best serves borrowers. Congressional messaging to borrowers plays an important role in helping them re-engage with their servicers. We hope that all members of Congress will encourage constituents to contact their servicers early and often so that we can coach them through a successful transition to repayment. Only when we are able to connect with borrowers, are we able to assist them in navigating the myriad of complex repayment options and help them avoid default.

Sincerely,

A handwritten signature in black ink that reads "Joe Popevis".

Joe Popevis
President, Nelnet Diversified Solutions
Nelnet

cc: Richard Cordray, Chief Operating Officer, Federal Student Aid
Sen. Patty Murray, Chair, Senate Committee on Health, Education, Labor, and Pensions
Sen. Richard Burr, Ranking Member, Senate Committee on Health, Education, Labor, and Pensions



July 1, 2021

The Honorable Elizabeth Warren
United States Senator
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Edward J. Markey
United States Senator
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Tina Smith
United States Senator
720 Hart Senate Office Building
Washington, DC 20510

**RE: Response to letter dated June 21, 2021 requesting information about
Edfinancial's plans for return to repayment**

Dear Senator Warren, Senator Markey and Senator Smith:

I am writing in response to your letter dated June 21, 2021 to Edfinancial Services, LLC ("Edfinancial") in which you requested information about Edfinancial's plan to support federal student loan borrowers' upcoming return to repayment following suspension of loan payments under the federal *CARES Act*. At Edfinancial our mission has always been to do the right thing for our customers. Please be assured that Edfinancial shares your concern about the challenges facing student loan borrowers, many of whom have experienced unprecedented times of difficulty during the COVID-19 pandemic. By working closely with the Office of Federal Student Aid, U.S. Department of Education (FSA) and in adherence to guidance provided to us by FSA, we are committed to ensuring the smoothest transition possible for these borrowers.

At the time of writing this letter, we understand that there is a substantial likelihood that the return to repayment date of October 1, 2021 will be extended. The final date for return to repayment is a critical factor in the timing of some of our preparation efforts, as we want to avoid any confusion for borrowers to the extent possible in our communications with them. We wanted to make you aware of this so that it can be considered as you are reviewing our responses.

Before addressing your questions, I would note that Edfinancial has a strong performance record in helping borrowers navigate their options with respect to their federal student loans. Furthermore, to the best of our knowledge, Edfinancial is unique in the student loan servicing industry because we are the only pure federal student loan servicer in the country. We do not have conflicts of interest that may otherwise compete with our number one goal of serving our customers well. We are also a privately-held company. Our senior management team's average

tenure with the company is 20.3 years. We care about our borrowers and have the experience in higher education industry to guide borrowers through the various stages of repayment of their student loans.

1. How many borrowers whose loans you service will be transitioning back to repayments in October 2021?

1,092,055 estimated borrowers entering repayment when the forbearance ends. This includes borrowers who are currently in their grace period but whose grace periods will end between now and September 30, 2021.

2. Please provide specific steps your company has taken and will take to ensure borrowers that it services successfully transition back to student loan repayments in October 2021.

Throughout the suspension of student loan payments which started in March 2020, Edfinancial has actively looked for methods to effectively counsel borrowers regarding the suspension of payments on their accounts and to gather information to help borrowers be in a good position for return to repayment through their selection of the appropriate repayment plan. As always, we are following FSA's guidance, requirements, and federal regulations as we assist borrowers. We are providing borrowers with all of their options for their unique situations and guiding them through the application process for Income-Driven Repayment (IDR) plans as needed. FSA has held meetings with student loan servicers to discuss the FSA guidance and plans for assisting borrowers during this time. As described below, Edfinancial has been supplementing FSA's guidance to provide multiple reminders to borrowers, through all available methods of communication (such as email, telephone, mail, and text messaging) to ensure the borrower is aware of the upcoming return to repayment once the COVID-19 payment pause ends.

Call Campaigns. In April 2020, we began outreach to borrowers who would be new to repayment once the original suspension of payments was scheduled to end. We wanted to answer questions they had concerning the CARES Act and what repayment would look like for them. Through this outreach, we encouraged borrowers to choose a repayment plan that would best suit their anticipated situation. In June 2020, we started another outreach campaign which initially targeted approximately 140,000 at-risk borrowers who were delinquent prior to the COVID forbearance. We used this outreach opportunity to discuss with these borrowers their standard payment amount and advise of other repayment options such as Income-Driven Repayment (IDR) plans. Our goal was to ensure the borrower's payment would be affordable for their particular situation once the COVID-19 payment pause ends.

One of the most impactful actions we have taken is performing outreach to all borrowers on the COVID forbearance irrespective of their status prior to the suspension of loan payments. This outreach began in December 2020 and continues today. As stated above, our agents use these outreach opportunities to discuss the borrower's repayment options, as well as to confirm that we have current contact information for the borrower so

that we may continue to effectively communicate with them throughout the payment pause. We are making approximately 300,000-400,000 outreach attempts each month, with a 13-14% answer rate. While we have not been able to reach every borrower through outreach, we have maintained an exceptional availability rate for our customer base which is demonstrated in the chart below.

Year	Month	% of Calls Abandoned	Avg Speed of Answer (min:sec)
2020	March	5.97%	1:17
2020	April	1.53%	0:13
2020	May	1.24%	0:11
2020	June	1.35%	0:16
2020	July	1.42%	0:17
2020	August	1.79%	0:22
2020	September	0.99%	0:11
2020	October	0.86%	0:09
2020	November	0.66%	0:07
2020	December	0.69%	0:09
2021	January	0.87%	0:14
2021	February	0.84%	0:10
2021	March	0.99%	0:13
2021	April	0.74%	0:10
2021	May	0.78%	0:08

For over 140,000 customers with whom we have spoken in the last year, we have ended each call with a satisfaction survey asking them if they would hire the representative as an employee and have received a 99.47% positive response.

Email Campaigns. In addition to outreach call campaigns, we have reached out to borrowers through email. We have sent nearly 9 million emails with an open rate of 45% with a variety of messages and communication to the borrowers. We have listed below examples of some of these campaigns:

- We sent multiple emails to borrowers who were delinquent prior to the COVID-19 suspension in loan payments and who are not on an IDR plan, encouraging these borrowers to consider an IDR plan. We explained some of the advantages to having a payment based on their household size, income, and loan balance. In this email campaign we also reminded borrowers that an IDR plan is a qualifying repayment plan for Public Service Loan Forgiveness (PSLF).

- Quarterly emails were sent to borrowers who were delinquent prior to the COVID-19 payment pause. The email encouraged the borrower to sign up for auto-debit payment if they were able to do so.
- 440,637 borrowers received an email encouraging them to create an online account if they did not already have one. As a result, 23,393 borrowers created an online account within 14 days (providing a 5.3% success rate). Text messages were sent to 49,300 borrowers. As a result, 1,162 borrowers enrolled within 14 days (providing a 2.35% success rate).
- Borrowers received emails encouraging them to make payments if they were able to do so during the COVID-19 payment pause in order to take advantage of the 0% interest rate thereby reducing their principal balance quicker, reducing the overall interest paid, and for some, potentially paying their loan(s) off sooner. We sent an email which provided borrowers with a button/quick link to easily opt-out of the COVID-19 payment pause. Approximately 7,000 borrowers responded to this email and opted out of the payment pause in order to resume repayment.
- We sent emails encouraging borrowers to enroll in auto-debit so that they will be set-up for success when they re-enter repayment. The emails included information about the 0.25% interest rate reduction available for auto-debit.
- In our December 2020 quarterly email newsletter to borrowers, we provided updates on the CARES Act payment suspension and other tips to help the borrower successfully enter repayment once the COVID-19 payment suspension ends.
- On May 11, 2021, we sent an eblast to 172,371 existing auto-debit borrowers to remind them of the option to opt-out of the forbearance and resume auto-debit if they were able and desired to do so.

Text Communications. We have utilized text communication with our customers during the loan suspension period. Below are examples of some of the text communications we have sent during the past year:

- Over 70,000 texts encouraging borrowers to use the chat functionality
- Approximately 60,000 texts suggesting that customers establish a borrower portal
- Nearly 30,000 texts encouraging customers to sign up for ACH to receive a 0.25% interest rate reduction and create an easier payment solution

We have prepared the following texts to send to customers prior to the expiration of the COVID-19 loan payment suspension, subject to pending guidance from FSA:

- Initial and reminder texts to all new to repayment borrowers encouraging them to establish their online borrower portal
- Multiple texts to the new to repayment population who have a borrower portal 1) alerting them that payments resume on “this date” and encouraging them to log into their portal to find out more (2) asking them to consider whether their monthly payment is affordable and advising them to review their repayment options in Manage My Account at Edfinancial.com and (3) reminding borrowers that their first payment due date is coming soon and to contact us if they have any questions.

- Multiple texts to the at risk population who were delinquent prior to the COVID-19 suspension in loan payments advising them that (1) their payments will resume soon, (2) they can simplify their loan payment by enrolling in an IDR plan, and (3) they might qualify for a payment as low as \$0
- Full borrower population not mentioned above will receive multiple texts 1) REMINDER: Student loan payments resume on October 1 (or such other date that is announced by the Administration) (2) Is your monthly payment affordable? Review your options 3) Have you thought about signing up for automatic-debit?
- Text to full customer base reminding them that a payment is due two days prior to the due date.

Technology updates during loan payment suspension. We created a COVID-19 borrower-facing webpage (Edfinancial.com/COVID-19) and have made ongoing updates to the page. Other technological updates that we have made during the pandemic to assist in return to repayment include the following: debit card payments by phone through pay.gov, live chat with an agent option, enrollment in auto-debit over the phone with an agent, and implementation of a process allowing an agent to create an online account for a borrower over the phone. We have also increased our efforts to locate borrowers for whom we have invalid contact (skip) information, which has allowed us to keep our skip volume down. Specifically, our skip volume is below 2,000 total accounts. By focusing on skip tracing efforts now during the loan payment suspension, we can further ensure that we will have the most up-to-date contact information once borrowers enter repayment.

CARES Act Workgroup. We formed an internal CARES Act Workgroup very early during the COVID-19 payment suspension, which is comprised of subject matter experts from across the company. This workgroup meets bi-weekly to discuss the implementation of FSA's guidance and to brainstorm on next actions. This group devised a COVID-19 communication plan that supplements but is in compliance with applicable FSA guidance. Our development of a communication plan for re-entering repayment has been ongoing and is being continually updated as the extension date moves.

Edfinancial continues to proactively work to ensure all borrowers are enrolled in a repayment plan that works for their individual situation. We want the borrower to understand what will happen once the payment suspension ends, so our agents are using this payment pause to reach out to borrowers and answer any questions they may have. For example, if a borrower indicates they are unemployed or are experiencing financial hardship, we will explore options with them, beginning with an IDR plan as IDR plans are eligible repayment plans for PSLF and long-term IDR forgiveness.

Edfinancial has created policies and procedures for assisting borrowers that follow applicable consumer protection laws to ensure all borrowers are treated fairly and in accordance with applicable laws. Edfinancial performs internal quality reviews of our calls and processing of the CARES Act related provisions and we have found no exceptions in our processing and application of the COVID-19 forbearance. In addition, our internal monitoring of calls over the past 12 months resulted in a 97.22% accuracy and a 98.34% accuracy on calls FSA has monitored through their Secret Shopper program.

3. How is your company informing borrowers enrolled in auto-payment that their accounts will be auto-debited as of October 2021?

As of the date of this letter, we are awaiting specific guidance from FSA as to when and how they want servicers to communicate with borrowers who were enrolled in auto-debit prior to the suspension of loan payments. The specific guidance that we provide to these borrowers will be consistent with the forthcoming guidance from FSA.

a) How is your company providing borrowers with the option of cancelling or delaying auto-debits?

In accordance with current guidance from FSA, Edfinancial's current plan is to email and send letter notices to borrowers who were previously enrolled in auto-debit in order to provide them with the option to either

- (1) opt-in to having their auto-debit resume after the payment suspension ends;
- OR
- (2) opt-out of auto-debit so it does not resume after the payment suspension ends

These borrowers will be presented with the following multiple options to submit their authorization for auto-debt:

- 1. Email link (no login required)
- 2. Call/Chat with CSR
- 3. Written request via email or mail
- 4. Online portal

Three attempts will be made to obtain borrower authorization via email/mail. If no contact is made with the borrower after the third attempt, that borrower will be automatically unenrolled from auto-debit prior to their next due date. A confirmation notice will be sent to the borrower, and additional outreach efforts may be performed to ensure the borrower is aware of the change. It is worth noting here again that we will follow all FSA guidance with respect to borrowers who are enrolled in auto-debit and will adjust the plan described above as needed to comply with such FSA guidance.

b) How is your company accommodating borrowers enrolled in auto-payment whose financial circumstances have changed?

As mentioned above, Edfinancial will closely adhere to existing as well as forthcoming guidance from FSA with respect to all borrowers who were enrolled in auto-payment prior to the loan payment suspension.

4. What proactive approaches has your company taken to ensure that student loan borrowers are in the right payment plan once their payments resume? Please provide details on these outreach efforts.

As described in our response to Question 2, we have worked and continue to work proactively to ensure all borrowers are enrolled in a repayment plan that works for their individual situations. We want the borrower to understand what will happen once the payment suspension ends, so our agents are using this payment pause to reach out to borrowers and answer any questions they may have. For example, if a borrower indicates they are unemployed or are having financial hardship, we will explore available repayment options with them – beginning with an IDR plan, as IDR plans are eligible repayment plans for PSLF and long-term IDR Forgiveness.

In March 2019, Edfinancial created the Repay Assist Team. The objective of this team is to assist the customer base in choosing the correct repayment plan. This team's call outreach focuses on those borrowers exiting their grace periods in order to discuss which repayment plan is best suited for their situation. The team performs this outreach prior to the borrower entering repayment, thereby preventing delinquency at the outset of repayment as well as establishing a healthy relationship between the customer and their student loan servicer. In addition to reaching out to borrowers exiting their grace periods, the team also performs follow-up with borrowers based on their exit counseling responses and repayment plan selection, as well as those borrowers who need to take further action with respect to their IDR application process. This team also supported the outreach campaigns already referenced in our responses above.

Below is an overview of our Repay Assist Team Campaigns during the COVID-19 suspension of payments:

4/27/20 – 9/23/20

- COVID Outreach – advising of changes with CARES Act, answering questions – targeting newer borrowers
- 141,112 attempts

09/24/20 – 10/05/20

- New to Repayment campaign – checking in with new borrowers, advising of changes to account with CARES Act and President's extension, checking in on present repayment plan, answering questions
- 3,882 attempts

10/06/20 – present

- Grace Outreach campaign – same purpose as New to Repayment campaign – targeting borrowers in their last month of grace.
- 234,882 attempts

We have hired and trained additional staff to assist with IDR processing so that borrowers receive a quick turnaround on their IDR requests. We are working with FSA directly to make the IDR application process as simple as possible for the borrower.

5. Millions of borrowers have allegedly been denied the benefits of programs intended to protect borrowers, including IDR, Public Service Loan Forgiveness, and the TEACH Grant

program, as a result of government mismanagement and abuses by the student loan industry. What steps have you taken to ensure all eligible borrowers can benefit from these protections before payments resume?

At Edfinancial, we consistently strive to do the right thing for our customers. We would respectfully note that we have not committed the alleged abuses referenced in the question. On the contrary, we work hard to provide our customers with the information that they need in order to make informed decisions about their student loan repayment. In addition, Edfinancial does not service loans that are determined to be eligible for Public Service Loan Forgiveness, nor do we service loans under the TEACH Grant program. However, we do work hard to make borrowers aware of and informed about these programs.

With regard to IDR, and as described in more detail in our responses to Question 2 and Question 4 above, we have engaged in a number of outreach efforts to inform our borrowers about the availability of IDR plans in order to help them determine whether they need to be enrolled now in an IDR plan prior to the return to repayment. Please refer to our responses to Question 2 and Question 4 above for a description of these specific efforts, as well as a description of the internal quality reviews that Edfinancial routinely performs with respect to its calls and processing activities with respect to loans during the COVID-19 payment suspension period.

6. Has your company identified at-risk student loan borrowers who struggled prior to the pandemic and so are likely to struggle once their payments go back into effect?

Yes, Edfinancial has identified the at-risk borrowers who struggled prior to the COVID-19 pandemic and are likely to struggle once their payments go back into effect. Specifically, 142,356 borrowers were delinquent as of 03/13/2020. This borrower population has been a focal point for outreach efforts as previously discussed in our response to Question 2.

At-Risk: 142,356 borrowers were delinquent as of 3/13/20.

a) Of these at-risk borrowers, how many were enrolled in auto-debit payments prior to the pandemic?

2,188 at-risk borrowers were on auto-debit as of 3/13/20.

b) Please describe the targeted outreach efforts, if any, that your company has taken or intends to take to prepare these at-risk borrowers for the reactivation of their student loan payments in October 2021.

We have used targeted call, text, and email campaigns as described in Questions 2 and 4 to encourage these at-risk borrowers with respect to enrollment into IDR and auto-debit. For example, a total of 112,111 outbound calls were made to this group of borrowers. As the COVID-19 payment pause comes to an end, this at-risk group will continue to receive communication that is tailored specifically for them. 9,299 borrowers who were delinquent as of 3/13/20 are now enrolled in the Partial-Financial-Hardship period of an IDR plan. We

have also implemented a process to allow borrowers to easily enroll in auto-debit via a phone call with a customer service representative. Subject to and in compliance with existing and any applicable future guidance from FSA, borrowers will be permitted to enroll in an IDR plan without having to complete an application or provide income documentation.

7. To date, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances?

Edfinancial does not currently track “change in financial circumstances” as a reason for call; however, we have identified 23,267 borrower phone calls received from 3/13/20 – 6/25/21 regarding a repayment plan.

a) How many of these individuals have been placed in modified repayments plans that will take effect in October 2021?

Of the 23,267 borrower calls identified above, 12,906 borrowers either enrolled in an IDR plan, renewed their IDR plan, changed IDR plans, or had their current IDR plan recalculated following their initial phone call to Edfinancial.

b) What steps has your company taken to be prepared to handle many of these circumstantial changes simultaneously when the pause in payments is scheduled to end in October 2021?

- Per FSA guidance, IDR recertification dates have been extended to ensure no one is due for recertification before January 2022.
- If the repayment restart date were to be October 1, 2020 first payment due dates would be spread out through October and November to prevent all borrowers from having their first payment due in October. Notification will be sent to borrowers to advise.
- We have increased staffing for the IDR processing team to prepare for increased volume.
- We have increased staffing for our call center to prepare for increased volume.

8. How much financial assistance did your company receive as a part of the American Rescue Plan package that went toward FSA? Please explain how this funding was used to improve service for borrowers.

As permitted under the American Rescue Plan Act, Edfinancial elected to continue to offer paid sick and family leave to its employees under the Families First Coronavirus Response Act through September 30, 2021. Since April 1, 2021, Edfinancial has received just under \$10,000 through tax credits for FFCRA leave taken by its employees. This funding has helped Edfinancial care for the well-being of its employees and their families, which in turn allows Edfinancial to provide better service for borrowers.

9. Did your company lay off any of its customer service staff during the pandemic?

No, we have not laid off any staff due to the COVID-19 pandemic. Conversely, Edfinancial has used our staff who would typically be involved in outbound collection efforts to proactively counsel our customer base. In addition we have been actively preparing for an increase in borrower inquiries about their account and unique situation as the payment pause ends. Our Workforce Management and Human Resource departments have been monitoring call volume projections to ensure we are staffed appropriately to handle such an increase. We have been promoting our hiring process throughout our community. This hiring promotion has included radio ads, walk-in hiring events, and employee referrals. During COVID-19 we successfully transitioned our staff to work from home. Although some of our staff have decided to return to the office, we plan to allow employees to remain working from home to care for their family as needed during the pandemic. This plan requires employees to meet certain performance benchmarks to continue working from home to ensure we are providing exceptional customer service.

a. If so, how many staff positions have been eliminated and when were they laid off?

N/A

b. How many of those positions have been or will be restored before September 1, 2021?

N/A

10. Has your company hired any new staff in advance of the loan payment pause being lifted?

Yes

a. If so, how many new customer service staff have you hired or do you intend to hire?

May-21	6	Hired
Jun-21	18	Hired
Jul-21	15	To Be hired
Aug-21	11	To Be hired
Sep-21	17	To Be hired
Oct-21	75	To Be hired
Nov-21	10	To Be hired
Dec-21	11	To Be hired
Total	163	

b. How will you ensure that these new staff members are fully trained in advance of payments being restarted so that they can provide accurate information to borrowers and help them navigate complex processes (e.g., enrollment in income-driven repayment plans)?

With over 30 years of experience Edfinancial has a robust and well established training program for all new employees as well as recalibration training for existing employees. Our approach to onboarding an employee plays a critical role in their future success with the organization. It is our goal to quickly engage with our new hires and help them believe they are part of an organization that is performing a vital mission to assist the federal government with higher education financing assistance activities and the expectations that go along with this vital role is key. Instilling a strong sense of community and responsibility, sets the tone for all employee engagement going forward.

Our onboarding approach includes a full day of getting to know our organization, the expectations of being an employee (i.e. security training) as well as some of the benefits. New employees will be introduced to other new team members and have a chance to ask any questions they have. Once new employees have completed the required orientation activities, they will be greeted by their immediate supervisor and begin onboarding activities with their specific team. This is when training will begin.

Consistent with our core values of integrity, excellence and service, we train and provide resources to our employees so they can be successful on every call. Our contact center agents go through a comprehensive and proven training program before they are assigned to work with FSA borrowers. We use a “nesting model” for much of our contact center training. New agents sit side-by-side with skilled agents, listening to live calls. They also begin taking calls while being monitored and coached by a tenured phone agent. By investing time in our call agents’ careers, we show that we value them, recognize their importance and are committed to helping them succeed.

Our loan processing training is based primarily on applicable regulations and all of our loan processing agents go through extensive training on these regulations and related policies and procedures.

11. Please provide a breakdown of the number of federal direct loans you service that have:

- a. Received a Total and Permanent Disability discharge during the pandemic;
1,657
- b. Received a Death discharge during the pandemic;
1,345
- c. Enrolled in an IDR program during the pandemic;
23,810
- d. Achieved forgiveness under an IDR program during the pandemic;
75
- e. Received a closed school discharge during the pandemic;
324
- f. Received a false certification discharge during the pandemic;
6

- g. Received an unpaid refund discharge during the pandemic;
0
- h. Been fully repaid during the pandemic.
57,711

12. Have you advocated for policy changes, such as streamlined enrollment processes, a penalty-free period for non-payment, or debt cancellation, that would ease the transition back into repayment? Please describe any policy changes you have advocated for in conversations with ED, the White House, or Members of Congress.

As a federal servicer for the U.S. Department of Education, Edfinancial is always timely and diligent in providing responses to any of the FSA's requests or inquiries as well as any of the lawmakers' inquiries. We do not, however, advocate or lobby for policy changes. Our discussions with FSA and lawmakers normally represent updates on the current state of affairs and become a forum for expressing our concerns that may in any way affect our productivity or our ability to provide outstanding customer service to the student borrowers serviced at Edfinancial.

In closing, Edfinancial looks forward to working with borrowers to help them navigate the return to repayment and we are working hard in preparation for this event.

If you have any questions regarding this letter, please do not hesitate to contact me.

Sincerely,



Wm. Anthony Hollin



July 2, 2021

The Honorable Senator Elizabeth Warren
317 Hart Senate Office Building
Washington, DC 20510

The Honorable Senator Ed Markey
255 Dirksen Senate Office
Washington, DC 20510

The Honorable Senator Tina Smith
720 Hart Senate Office Building
Washington, DC 20510

Dear Honorable Senators,

On behalf of Granite State Management & Resources (GSM&R), a New Hampshire based non-profit, I am pleased to respond to your inquiry dated June 21, 2021, concerning the status of student loan repayment following the unprecedented global pandemic.

1) How many borrowers whose loans you service will be transitioning back to repayments in October 2021?

As of June 22, 2021, GSM&R had 667,380 borrowers transitioning back to repayment on October 1, 2021.

2) Please provide specific steps your company has taken and will take to ensure borrowers that it services successfully transition back to student loan repayments in October 2021.

GSM&R's goal is to incorporate as much proactive borrower communication as possible, through email, direct mail, and phone, to ensure that our borrowers know well in advance that their loans will be transitioning back into repayment. In addition to reminding borrowers of that transition back to repayment, we will educate them on the different repayment plans and benefits available and what steps they need to take to select options that best fits their current financial situation and long-term repayment goals.

To date, we have aligned our outreach efforts to the guidance provided by FSA given our contracting role. We have consistently advocated to the Administration, Congress, and the Department of Education for the ability to communicate as early as possible to ease the experience of those we serve to promote their future financial success. Much of GSM&R's outreach approach in the next few months will follow the forthcoming "Communication Playbook" that FSA has indicated we should receive in the very near future. Once received, we will identify

The NHHEAF Network

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areas where additional direct outreach to our borrowers will compliment FSA's communication plans.

To ensure that our borrowers receive all generated communication, we utilize a variety of communication methods, including: postal mail, direct email, electronic correspondence through the borrower portal, text message and telephone outreach. To communicate with our borrowers successfully, every borrower's contact information must be up to date within our files. We have begun identifying borrowers within our portfolio who have invalid contact information on file. Outreach campaigns are already underway to obtain updated addresses, phone numbers, and email addresses for these borrowers. Outreach efforts planned include phone calls, targeted emails and text messages, along with skip trace methods (outreach to obtain current valid demographic information) to allow for timely communication.

The GSM&R website has been updated within the past year for easier borrower navigation. Our updated site highlights the most important pieces of information that our borrowers seek, based on site analytics. We analyze traffic and click patterns to ensure our design best serves our borrowers. We are in the process of developing videos to assist navigation through student loan repayment, which will launch in the next few months.

We provide paperless and borrower portal options, making account information available 24-7. Increasing borrower's ability to self-serve on our online account page has been a major focus for Granite State. Through our borrower online account portal, borrowers are able to make payments, apply for repayment plan changes, and enroll in auto-debit. GSM&R's IVR phone system also allows easy borrower access to account information, making payments, and the ability to update demographics.

Adequate staffing is also an important part of providing support and financial education to our borrowers. GSM&R has retained its experienced and knowledgeable staff throughout the pandemic and has begun a comprehensive hiring initiative to scale to anticipated post-COVID forbearance needs.

3) How is your company informing borrowers enrolled in auto-payment that their accounts will be auto-debited as of October 2021?

FSA has recently provided GSM&R with a Change Request (CR 5881) specific to this topic. As GSM&R awaits approval for this Change Request from FSA, we anticipate completing the following activities for our serviced borrowers on behalf of ED. Final approval of this CR will be critical to a successful transition, making timely guidance urgent.

Prior to payment resumption, GSM&R will contact all borrowers with active loans who enrolled in auto-debit prior to or during the COVID forbearance and have since had their payment suspended. We will send a notification via direct email or postal mail, dependent on the borrower's elected form of communication, requesting that the borrower confirm if they want the auto-debit payments to resume after the COVID forbearance period. FSA has directed, through CR 5881,

three (3) attempts to be made to contact the borrowers, with a minimum of 10 business days between each attempt.

a) How is your company providing borrowers with the option of cancelling or delaying auto-debits?

Our notices will allow the borrower to easily select, through phone, internet, or direct mail, cancellation or continuance with their auto-debit election when repayment resumes. GSM&R will adjust the borrower's account upon their auto-debit decision and will send a confirmation notice of the selection to the borrower letting them know it was received and was processed accordingly. If a borrower indicates a need for auto-debit delay, a Customer Service Representative will provide several options, such as a repayment deferment or forbearance, or the ability to cancel and re-establish with a future auto-debit start state.

Borrowers who do not reply to the outreach or in any other way indicate they select to continue their auto-debit enrollment will be removed from that election. A notification will be sent, not less than 21 days prior to the auto-debit draw date, indicating the removal of their auto-debit election.

Borrowers who opted out of the COVID forbearance and are currently in repayment and enrolled in auto-debit will receive a notice that no action is needed for that payment method to continue.

Upon the CR approval, GSM&R will add a notification to our website alerting borrowers of the auto-debit-commencement. Language to be utilized will be provided by FSA to ensure consistent messaging is provided by all servicers. At this time, the requested language has not been received. Should the CR be amended, we will immediately adjust our action plan.

b) How is your company accommodating borrowers enrolled in auto-payment whose financial circumstances have changed?

As part of GSM&R phone counseling during the COVID forbearance period, all borrower options are discussed if the borrower indicates their financial situation has changed. Throughout the payment suspension period, GSM&R has continued to receive and process borrower-requested repayment plan changes due to changes in financial situation.

4) What proactive approaches has your company taken to ensure that student loan borrowers are in the right payment plan once their payments resume? Please provide details on these outreach efforts.

FSA has recently provided GSM&R with a Change Request (CR 5944) related to this topic. As GSM&R awaits approval for this Change Request from FSA, we anticipate the following activities for our serviced borrowers on behalf of ED.

FSA has provided guidance that, once approved, will allow servicers to offer an easier way for borrowers to apply for an IDR plan. Borrowers currently must submit an application along with proof of income, if necessary, in order to apply for IDR. The latest guidance will allow borrowers to self-certify their income and request to be placed in an IDR or recertify/recalculate their existing IDR plan verbally with one of our trained Customer Service Representatives. In one phone call, our Customer Service Representatives will be able to counsel borrowers on their options and obtain all necessary information to expedite placing the borrower into an IDR plan. All of our Customer Service Representatives have recently taken refresher trainings on repayment plan and borrower benefit counseling. Additional trainings will be scheduled as we approach repayment.

Borrowers currently on an IDR plan have had recertification requirements extended by FSA. If the borrower's financial situation has changed, they have the option of changing or recalculating their current repayment plan using the same simplified methods as described above.

Upon approval of CR 5944, the verbal acceptance and processing of IDR plans will be limited to a temporary time period, one month prior and three months post the return to repayment. Once this option is no longer available, GSM&R utilizes DocuSign, an electronic application process, to assist borrowers with IDR applications while on the phone. Borrowers can complete the application with assistance of our Customer Service Representatives, then the application is sent electronically for an electronic signature and, if required, an income verification attachment. This helps ensure that applications are properly completed and that they are accurate and can be processed upon initial receipt.

As always, repayment plan options are made visible to our borrowers through our website, their online account portal and in our monthly statements.

GSM&R is also creating email campaigns to send to borrowers to counsel on repayment plan options and encourage them to explore other options that may better fit their current financial situation and long-term repayment goals. To reduce borrower confusion, these campaigns are not currently scheduled, and we will evaluate their effectiveness once we receive FSA's Communication Playbook of outreach to borrowers. Once we have the opportunity to analyze the schedule, we will determine when and if it is appropriate to supplement outreach with these as well as additional campaigns.

Webinars are also being created to be available on our website to educate borrowers on how to keep their student loan payments manageable. Additional webinars will include repayment options, what happens when entering repayment for the first time after exiting school, and, if needed, how to postpone payments, to assist the borrower's navigation through the life of their student loan.

5) Millions of borrowers have allegedly been denied the benefits of programs intended to protect borrowers, including IDR, Public Service Loan Forgiveness, and the TEACH Grant program, as a result of government mismanagement and abuses by the student loan industry.

What steps have you taken to ensure all eligible borrowers can benefit from these protections before payments resume?

Finding a repayment plan that fits each borrower's current financial situation and long-term repayment goals is a major focus in our counseling efforts. All Customer Service Representatives are extensively trained and experienced on counseling all repayment plan options, especially IDR. Our Customer Service Representatives are extensively trained in the different IDR plans, benefits and qualifications of each plan, and how borrowers can apply.

If an IDR application received is incomplete, additional outreach is done to obtain the required information. All borrowers receive a phone call, email and postal mail letter alerting them that the application was received but additional information is needed.

Another major focus for borrowers who are enrolled in an IDR plan is recertifying their income on an annual basis. GSM&R does targeted outreach for borrowers who are due to recertify. Postal mail notices are sent, targeted email and text message campaigns are also used to remind the borrower that an action is needed.

Although GSM&R is not the Public Service Loan Forgiveness (PSLF) servicer, our Customer Service Representatives are experienced in identifying through conversation borrowers who may have qualifying employment to be eligible for PSLF. Identified borrowers are then directed to the PSLF servicer for additional information. Although we are unable to determine qualifying payments or employer eligibility, we encourage all eligible borrowers to contact the PSLF servicer to learn more about this benefit. Prior to borrowers entering repayment, all Customer Service staff will participate in a PSLF refresher training.

GSM&R does not currently service borrowers with TEACH Grants or counsel borrowers as to their availability or related service obligations.

6) Has your company identified at-risk student loan borrowers who struggled prior to the pandemic and so are likely to struggle once their payments go back into effect?

GSM&R has identified 114,185 borrowers who were either past due prior to the Cares Act forbearance application or enrolled in a deferment or forbearance demonstrating financial hardship.

a) Of these at-risk borrowers, how many were enrolled in auto-debit payments prior to the pandemic?

GSM&R has identified 1,192 of the at-risk borrower population having enrolled in automatic payments prior to the pandemic.

b) Please describe the targeted outreach efforts, if any, that your company has taken or intends to take to prepare these at-risk borrowers for the reactivation of their student loan payments in October 2021.

FSA has indicated that it will provide a calendar of outreach events "playbook" for specifically targeted borrowers, informing them of the reactivation of their student loan payments. To

minimize borrower confusion, GSM&R is awaiting the FSA outreach playbook before making additional outreach decisions. Once the playbook is received, GSM&R will analyze the events to determine where we might augment FSA guidance with additional outreach efforts. GSM&R has identified the at-risk population of borrowers to prepare for targeted phone outreach in addition to any mailings – paper or digital – that FSA establishes. Once FSA’s CR 5944 is approved, the acceptance of verbal enrollment in IDR plans will assist GSM&R in ensuring borrowers are quickly and efficiently helped into a manageable repayment plan.

To communicate with our borrowers successfully, it’s essential that every borrower’s contact information is up to date within our files. We regularly identify borrowers within our portfolio that have invalid contact information on file, and will continue this process in preparation for repayment. Outreach campaigns have begun to obtain updated addresses, phone numbers, and email addresses for these borrowers. Outreach efforts planned include phone calls, targeted emails and text messages, along with skip trace methods (outreach to obtain current valid demographic information) to obtain up-to-date information.

7) To date, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances?

We handled 198,622 phone calls from borrowers between March 13, 2020 and June 18, 2021. Although our call tracking systems are robust, they do not allow us to determine how many borrowers specifically mentioned a change in their financial circumstances during the call. During this time period, our top reasons for calls were Cares Act appropriation questions, borrower inquiring about the possibility of loan forgiveness as a result of pending legislation, borrowers inquiring of the best time to recertify their Income Driven Repayment plan, credit reporting impacts, and issues related to their school.

a) How many of these individuals have been placed in modified repayments plans that will take effect in October 2021?

Of the population described above, we placed 36,530 borrowers in modified repayment plans during the COVID forbearance period; these are currently scheduled to take effect in October 2021.

b) What steps has your company taken to be prepared to handle many of these circumstantial changes simultaneously when the pause in payments is scheduled to end in October 2021?

GSM&R has been actively forecasting and evaluating staffing levels for both our Customer Service and our Loan Processing departments. As a result, we have identified a need to increase our staffing levels and have devised a thoughtful hiring and training plan to do so, given the unknowns regarding potential forbearance extensions.

During the repayment pause, GSM&R has not reduced our Customer Service staff, and the team has undergone multiple refresher trainings in available options and benefits in order to ensure their knowledge is retained and expanded. We continue to add additional refresher trainings prior to borrowers entering repayment. In addition, borrowers currently enrolled on IDR Plans will not need to recertify by October 2021, per FSA’s extensions, in an effort to reduce the number of

simultaneous re-certifications. To accompany this extension, FSA has provided guidance (Change Request (CR) 5944) that will allow us to accept a verbal self-certification of income and family size for IDR plan applications over the phone with borrowers. This reduces the need for borrowers to return the application, expediting the application process. Processes will be in place to ensure all data is collected and retained by our Customer Service Representatives over the phone.

Similarly, during the repayment pause, GSM&R has maintained our Loan Processing staff, and used this as an opportunity to conduct refresher trainings to ensure their knowledge is retained. Further refresher trainings will be held prior to borrowers entering repayment.

GSM&R's Loan Processing team has undergone extensive cross training to increase the number of analysts that are able to process IDR applications in an effort to increase our daily processing capabilities. An expanded new-hire training program was established in order to efficiently and effectively train new employees on basic loan processing tasks, allowing more experienced staff to be shifted to more complex processing during peak volumes for tasks such as IDR plan applications.

Further, FSA has recently provided GSM&R with a Change Request (CR 5950) in relation to expanded operating hours to assist borrowers returning to payment. Although Granite State awaits approval for this Change Request from FSA, we anticipate the following activities for our serviced borrowers on behalf of ED:

- Call Center hours: Monday through Friday (8 am ET to 11 pm ET) & Saturday (10 am to 2 pm) no later than one month prior to the end of the Cares Act payment pause. GSM&R's hours of operation will remain in effect for a three-month period following the end of the payment pause or until instructed by FSA. FSA will provide notice of any change in the duration of this requirement no less than 30 days prior to the change effective date.

8) How much financial assistance did your company receive as a part of the American Rescue Plan package that went toward FSA? Please explain how this funding was used to improve service for borrowers.

From January 1 through June 30, 2021, our company has received approximately \$33,000 in Families First Coronavirus Response Act (FFCRA) federal payroll tax credits extended by the American Rescue Plan. These funds helped the company maintain its existing pre-pandemic workforce with zero layoffs (in fact we have added jobs to our payroll during the pandemic). Throughout calendar year 2020, we have ranked either second or third in borrower satisfaction surveys among the non-default federal loan servicers.

When repayment was paused in April, 2020, GSM&R made the decision to retain its existing staffing levels. At that time, with the expected end of the forbearance period scheduled for September 30, 2020, we determined that retaining our experienced and knowledgeable staff, especially in our loan servicing and contact center areas, would ultimately allow us to more effectively serve our borrowers when the forbearance period ends and enhanced borrower support will be critical to their success.

The organization continued to hire through early 2021, at which time we paused our hiring activities in an effort to ensure a balance between our desire to have experienced staff ready for September 1st and the many unknowns in our industry that could impact us as a Federal loan servicer. GSM&R has since restarted its hiring activities, as detailed below.

9) Did your company lay off any of its customer service staff during the pandemic?

GSM&R did not lay off any of its customer service staff during the pandemic. In fact, as described above, we have added jobs to our payroll during that time. Adequate staffing is an important part of providing support and financial education to our borrowers. GSM&R has retained its experienced and knowledgeable staff throughout the pandemic and has begun a comprehensive hiring initiative to scale to anticipated post-payment-pause needs.

10) Has your company hired any new staff in advance of the loan payment pause being lifted?

GSM&R has begun a comprehensive hiring initiative for new staff in anticipation of the loan payment pause being lifted.

a. If so, how many new customer service staff have you hired or do you intend to hire?

In an effort to prepare for borrowers to return to re-payment, GSM&R has been actively forecasting and evaluating staffing levels for both our Customer Service and our Loan Processing departments. Based upon the forecasted influx of call and processing volumes, we anticipate a need to hire up to 36 Customer Service and 21 Loan Processing staff members in preparation for the end of the loan payment pause. In order to ensure we are staffed adequately, GSM&R has launched a hiring and training plan that takes into consideration the current employment market, FSA's security clearance process, and the organization's training programs.

b. How will you ensure that these new staff members are fully trained in advance of payments being restarted so that they can provide accurate information to borrowers and help them navigate complex processes (e.g., enrollment in income-driven repayment plans)?

Newly hired customer service staff complete a comprehensive 8-10 week training program that includes e-courses, online classroom, one-on-one instruction, and live call monitoring. To ensure Customer Service staff members are able to help borrowers navigate complex processes, they are trained in the entire life cycle of student loans. As they near the end of their training, all new staff are paired with experienced staff for support and guidance as they become proficient in their ability to assist borrowers.

An extensive new hire Loan Processing training program has been established (e-courses, one-on-one instruction, and extensive QA) in order to efficiently and effectively train new employees on basic loan processing tasks. This approach allows more experienced staff to be shifted to more complex processing during anticipated peak volumes for tasks such as Income Driven Repayment plan applications.

11) Please provide a breakdown of the number of federal direct loans you service that have:

- a. Received a Total and Permanent Disability discharge during the pandemic: 7,083 Loans
- b. Received a Death discharge during the pandemic: 2,368 Loans
- c. Enrolled in an IDR program during the pandemic: 265,551 Loans
- d. Achieved forgiveness under an IDR program during the pandemic: 2 Loans
- e. Received a closed school discharge during the pandemic: 549 Loans
- f. Received a false certification discharge during the pandemic: 6 Loans
- g. Received a unpaid refund discharge during the pandemic: 2 Loans
- h. Been fully repaid during the pandemic: 105,887 Loans

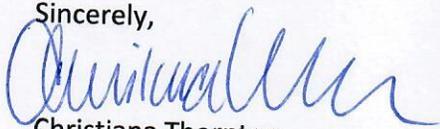
12) Have you advocated for policy changes, such as streamlined enrollment processes, a penalty-free period for non-payment, or debt cancellation, that would ease the transition back into repayment? Please describe any policy changes you have advocated for in conversations with ED, the White House, or Members of Congress.

We have remained connected with our Congressional delegation in New Hampshire and strongly engaged within our industry regarding potential policy changes that would benefit borrowers. The most beneficial such policy point at this time would be to have certainty regarding the date of resumption of payments, which will allow borrowers to better plan their repayment and servicers to better respond to borrowers' needs.

On June 16, the Education Finance Council (EFC), the national trade association representing nonprofit and state-based higher education finance organizations (including GSM&R), requested to the Senate Appropriations Committee that Congress provide certainty on the date when the COVID-19 payment pause for federally-owned loans will end. "Servicers are currently prohibited from communicating with affected borrowers regarding entering repayment," wrote Gail daMota, Interim President of EFC. "It is critical that servicers are allowed to begin this outreach as soon as possible to provide the borrowers the information they need to prepare to enter repayment on their student loans, especially certainty of the date that repayment will begin."

These comments are ones that we echo, and have consistently shared with stakeholders. We are eager to further support our borrowers, and have taken steps over the past 16 months to prepare. Today we are seeking certainty to enable us to move forward in support of those whom we have been entrusted to serve.

Sincerely,



Christiana Thornton
President & CEO



July 6, 2021

Dear Senators Warren, Markey, and Smith,

MOHELA is writing in response to your letter dated June 21, 2021, requesting information regarding our plans to support millions of federal student loan borrowers who are scheduled to end their 0% interest benefit and transition into repayment as early as October 1, 2021. While the transition of millions of student loan borrowers entering into repayment simultaneously is unprecedented, MOHELA recognizes and has been preparing for the opportunity to assist borrowers during this transition. As a nonprofit state instrumentality, we are keenly aware of our mission to assist student loan borrowers, particularly during this difficult time.

Federal Student Aid and MOHELA have engaged in discussions to identify flexibilities intended to ease the repayment transition, perform outreach prior to and after repayment begins, provide additional training for customer service representatives, and to retain and hire resources. We are committed to a coordinated and proactive approach providing support for student loan borrowers as they navigate through their repayment journey. In addition, during the COVID-19 period, daily reports have been provided to Federal Student Aid regarding the portfolio status and our staffing resources.

As requested, below please find MOHELA's responses to your questions and data obtained as of June 24, 2021:

1) How many borrowers whose loans you service will be transitioning back to repayments in October 2021?

MOHELA anticipates approximately 1,625,076 borrowers will transition back into repayment in October 2021.

2) Please provide specific steps your company has taken and will take to ensure borrowers that it services successfully transition back to student loan repayments in October 2021.

The items listed below are steps that MOHELA has taken thus far:

- Resource needs for MOHELA have been evaluated.
- Actively recruiting, hiring and training Customer Service Representatives (CSRs).
- Retained CSRs during the COVID-19 period through work performed for the Missouri Department of Labor and Industrial Relations.



- Refresher training is scheduled for existing CSRs and management.
- Borrower cohorts have been identified for targeted outreach by MOHELA, however a change request was received on June 29, 2021 which is anticipated to modify the applicable cohorts.
- Anticipate the receipt of an updated Communication Playbook from Federal Student Aid.
- mohela.com/app has been evaluated for placement of general messaging revisions and customized alerts and information for validation and updates after borrower authentication.
- The Customer Relationship Management (CRM) system has been evaluated for call flow updates specifically for entering back into repayment.
- Outbound calling campaigns to “check in” with borrowers commenced June 2021.
- Began testing advanced address cleansing software to identify and address validity to resolve location discrepancy for borrowers who have moved during COVID-19.
- Actively evaluating the impact of several change requests recently issued by Federal Student Aid to support borrowers entering back into repayment.

3) How is your company informing borrowers enrolled in auto-payment that their accounts will be auto-debited as of October 2021?

MOHELA planned to send notification during July and August urging borrowers to review their Auto Debit information in advance of entering back into repayment. However, Change Request 5881,¹ Active Confirmation of ACH/Auto-Debit Payment Restart, was recently received from Federal Student Aid requiring specific action, outreach, tracking, and reporting associated with borrowers that would have otherwise automatically restarted Auto Debit in October 2021.

a) How is your company providing borrowers with the option of cancelling or delaying auto-debits?

Please refer to Change Request 5881, Active Confirmation of ACH/Auto-Debit Payment Restart, for more information. In addition, borrowers may cancel or suspend their Auto Debit up to 3 business days prior to their due date.

b) How is your company accommodating borrowers enrolled in auto-payment whose financial circumstances have changed?

¹ Please see Attachment A



Please refer to Change Request 5881, Active Confirmation of ACH/Auto-Debit Payment Restart, for more information. As of June 28, 2021, MOHELA received required communication content from FSA regarding Auto-Debit outreach.

4) What proactive approaches has your company taken to ensure that student loan borrowers are in the right payment plan once their payments resume? Please provide details on these outreach efforts.

As mentioned in the response to question 2, MOHELA is making outbound calls to “check in” with borrowers which includes repayment plan information. In lieu of specific direction from Federal Student Aid, MOHELA was planning to perform outreach targeting specific borrower cohorts through various communication channels. The communication is intended to inform them of their repayment plan and suspension options. These cohorts identified by MOHELA include but are not limited to:

- Income Driven Repayment borrowers that missed the recertification deadline prior to COVID-19;
- Income Driven Repayment borrowers that will be due for a partial financial hardship payment beginning in October 2021;
- Borrowers that were to enter into repayment for the first time after their grace period ended and this repayment start was delayed;
- Borrowers who were delinquent and others that were severely delinquent prior to the COVID-19 forbearance being applied;
- Borrowers with suspended payments prior to the COVID-19 forbearance and are scheduled to begin repayment in October 2021;
- Parent Plus borrowers for whom consolidation may be an option to enter into an Income Driven Repayment Plan;
- Borrowers on a graduated, level or fixed repayment plan.

Please note that MOHELA will modify cohorts and outreach efforts based on direction received from FSA through change requests in which MOHELA receives the required authorization to operate. Change Request 5965,² Outbound Engagement with At Risk Borrowers, was received from FSA on June 29, 2021 which identified the following cohorts for anticipated outreach:

- Had a 90+ day delinquent loan prior to March 13, 2020. Includes borrowers on an IDR plan, but who were previously delinquent.
- Had a delinquent loan under 90 days prior to March 13, 2020. Includes borrowers on an IDR plan, but who were previously delinquent.
- Exited grace on or after March 13, 2020.

² Please see Attachment B

- In a prior bankruptcy over the last 3 years.
- Successfully rehabilitated their loans and were transferred to a servicer before September 2020.
- Successfully rehabilitated their loans after October 2020
- Previously missed payments within their first three months of entering repayment between March 13, 2019 to March 13, 2020.
- Entered a non-administrative forbearance on two or more occasions or continuously for any period between March 13, 2019 to March 13, 2020.
- Missed two or more consecutive payments on three or more occasions between March 13, 2019 to March 13, 2020.
- Paused, missed, or made partial payments while enrolled in an IDR plan between March 13, 2019 to March 13, 2020.
- Borrowers who withdrew without graduating or did not complete a program of study.
- On IDR prior to March 13, 2020 but have yet to recertify their IDR before the end of the extension period.
- Had other indicators of repayment distress between March 13, 2019 and March 13, 2020 (at discretion of the servicer)
- Post COVID-19 Forbearance Period Only – Borrowers who have missed their student loan payment.

5) Millions of borrowers have allegedly been denied the benefits of programs intended to protect borrowers, including IDR, Public Service Loan Forgiveness, and the TEACH Grant program, as a result of government mismanagement and abuses by the student loan industry. What steps have you taken to ensure all eligible borrowers can benefit from these protections before payments resume?

Please refer to responses for questions 2:

The items listed below are steps that MOHELA has taken thus far:

- Resource needs for MOHELA have been evaluated.
- Actively recruiting, hiring and training Customer Service Representatives (CSRs).
- Retained CSRs during the COVID-19 period through work performed for the Missouri Department of Labor and Industrial Relations.
- Refresher training is scheduled for existing CSRs and management.
- Borrower cohorts have been identified for targeted outreach by MOHELA, however a change request was received on June 29, 2021 which is anticipated to modify the applicable cohorts.
- Anticipate the receipt of an updated Communication Playbook from Federal Student Aid.



- mohela.com/app has been evaluated for placement of general messaging revisions and customized alerts and information for validation and updates after borrower authentication.
- The Customer Relationship Management (CRM) system has been evaluated for call flow updates specifically for entering back into repayment.
- Outbound calling campaigns to “check in” with borrowers commenced June 2021.
- Began testing advanced address cleansing software to identify and address validity to resolve location discrepancy for borrowers who have moved during COVID-19.
- Actively evaluating the impact of several change requests recently issued by Federal Student Aid to support borrowers entering back into repayment.

Please refer to response for question 4:

As mentioned in the response to question 2, MOHELA is making outbound calls to “check in” with borrowers which includes repayment plan information. In lieu of specific direction from Federal Student Aid, MOHELA was planning to perform outreach targeting specific borrower cohorts through various communication channels. The communication is intended to inform them of their repayment plan and suspension options. These cohorts identified by MOHELA include but are not limited to:

- Income Driven Repayment borrowers that missed the recertification deadline prior to COVID-19;
- Income Driven Repayment borrowers that will be due for a partial financial hardship payment beginning in October 2021;
- Borrowers that were to enter into repayment for the first time after their grace period ended and this repayment start was delayed;
- Borrowers who were delinquent and others that were severely delinquent prior to the COVID-19 forbearance being applied;
- Borrowers with suspended payments prior to the COVID-19 forbearance and are scheduled to begin repayment in October 2021;
- Parent Plus borrowers for whom consolidation may be an option to enter into an Income Driven Repayment Plan;
- Borrowers on a graduated, level or fixed repayment plan.

Please note that MOHELA will modify cohorts and outreach efforts based on direction received from FSA through change requests in which MOHELA receives the required authorization to operate. Change Request 5965, Outbound Engagement with At Risk Borrowers, was received from FSA on June 29, 2021 which identified the following cohorts for anticipated outreach:



- Had a 90+ day delinquent loan prior to March 13, 2020. Includes borrowers on an IDR plan, but who were previously delinquent.
- Had a delinquent loan under 90 days prior to March 13, 2020. Includes borrowers on an IDR plan, but who were previously delinquent.
- Exited grace on or after March 13, 2020.
- In a prior bankruptcy over the last 3 years.
- Successfully rehabilitated their loans and were transferred to a servicer before September 2020.
- Successfully rehabilitated their loans after October 2020
- Previously missed payments within their first three months of entering repayment between March 13, 2019 to March 13, 2020.
- Entered a non-administrative forbearance on two or more occasions or continuously for any period between March 13, 2019 to March 13, 2020.
- Missed two or more consecutive payments on three or more occasions between March 13, 2019 to March 13, 2020.
- Paused, missed, or made partial payments while enrolled in an IDR plan between March 13, 2019 to March 13, 2020.
- Borrowers who withdrew without graduating or did not complete a program of study.
- On IDR prior to March 13, 2020 but have yet to recertify their IDR before the end of the extension period.
- Had other indicators of repayment distress between March 13, 2019 and March 13, 2020 (at discretion of the servicer)
- Post COVID-19 Forbearance Period Only – Borrowers who have missed their student loan payment.

MOHELA provides information relative to these programs through various communications media and as directed by Federal Student Aid.

6) Has your company identified at-risk student loan borrowers who struggled prior to the pandemic and so are likely to struggle once their payments go back into effect?

Yes.

a) Of these at-risk borrowers, how many were enrolled in auto-debit payments prior to the pandemic?

Due to the issuance of Change Request 5965, Outbound Engagement with At Risk Borrowers, MOHELA will identify the at-risk populations requested for outreach when the authority to



operate has been received. Auto-Debit outreach will occur as identified under Change Request 5881, Active Confirmation of ACH/Auto-Debit Payment Restart.

b) Please describe the targeted outreach efforts, if any, that your company has taken or intends to take to prepare these at-risk borrowers for the reactivation of their student loan payments in October 2021.

Please refer to the responses for question 2:

The items listed below are steps that MOHELA has taken thus far:

- Resource needs for MOHELA have been evaluated.
- Actively recruiting, hiring and training Customer Service Representatives (CSRs).
- Retained CSRs during the COVID-19 period through work performed for the Missouri Department of Labor and Industrial Relations.
- Refresher training is scheduled for existing CSRs and management.
- Borrower cohorts have been identified for targeted outreach by MOHELA, however a change request was received on June 29, 2021 which is anticipated to modify the applicable cohorts.
- Anticipate the receipt of an updated Communication Playbook from Federal Student Aid.
- mohela.com/app has been evaluated for placement of general messaging revisions and customized alerts and information for validation and updates after borrower authentication.
- The Customer Relationship Management (CRM) system has been evaluated for call flow updates specifically for entering back into repayment.
- Outbound calling campaigns to “check in” with borrowers commenced June 2021.
- Began testing advanced address cleansing software to identify and address validity to resolve location discrepancy for borrowers who have moved during COVID-19.
- Actively evaluating the impact of several change requests recently issued by Federal Student Aid to support borrowers entering back into repayment.

Please refer to the responses for question 4:

As mentioned in the response to question 2, MOHELA is making outbound calls to “check in” with borrowers which includes repayment plan information. In lieu of specific direction from Federal Student Aid, MOHELA was planning to perform outreach targeting specific borrower cohorts through various communication channels. The communication is intended to inform them of their repayment plan and suspension options. These cohorts identified by MOHELA include but are not limited to:



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- Borrowers with suspended payments prior to the COVID-19 forbearance and are scheduled to begin repayment in October 2021;
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- Borrowers who withdrew without graduating or did not complete a program of study.
- On IDR prior to March 13, 2020 but have yet to recertify their IDR before the end of the extension period.



- Had other indicators of repayment distress between March 13, 2019 and March 13, 2020 (at discretion of the servicer)
- Post COVID-19 Forbearance Period Only – Borrowers who have missed their student loan payment.

7) To date, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances?

This information was not tracked for reporting purposes.

a) How many of these individuals have been placed in modified repayments plans that will take effect in October 2021?

Please refer to the response for question 7:
This information was not tracked for reporting purposes.

b) What steps has your company taken to be prepared to handle many of these circumstantial changes simultaneously when the pause in payments is scheduled to end in October 2021?

Please refer to the responses for questions 2:

The items listed below are steps that MOHELA has taken thus far:

- Resource needs for MOHELA have been evaluated.
- Actively recruiting, hiring and training Customer Service Representatives (CSRs).
- Retained CSRs during the COVID-19 period through work performed for the Missouri Department of Labor and Industrial Relations.
- Refresher training is scheduled for existing CSRs and management.
- Borrower cohorts have been identified for targeted outreach by MOHELA, however a change request was received on June 29, 2021 which is anticipated to modify the applicable cohorts.
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- Began testing advanced address cleansing software to identify and address validity to resolve location discrepancy for borrowers who have moved during COVID-19.
- Actively evaluating the impact of several change requests recently issued by Federal Student Aid to support borrowers entering back into repayment.

Please refer to the responses for question 4:

As mentioned in the response to question 2, MOHELA is making outbound calls to “check in” with borrowers which includes repayment plan information. In lieu of specific direction from Federal Student Aid, MOHELA was planning to perform outreach targeting specific borrower cohorts through various communication channels. The communication is intended to inform them of their repayment plan and suspension options. These cohorts identified by MOHELA include but are not limited to:

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- Parent Plus borrowers for whom consolidation may be an option to enter into an Income Driven Repayment Plan;
- Borrowers on a graduated, level or fixed repayment plan.

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- Missed two or more consecutive payments on three or more occasions between March 13, 2019 to March 13, 2020.
- Paused, missed, or made partial payments while enrolled in an IDR plan between March 13, 2019 to March 13, 2020.
- Borrowers who withdrew without graduating or did not complete a program of study.
- On IDR prior to March 13, 2020 but have yet to recertify their IDR before the end of the extension period.
- Had other indicators of repayment distress between March 13, 2019 and March 13, 2020 (at discretion of the servicer)
- Post COVID-19 Forbearance Period Only – Borrowers who have missed their student loan payment.

8) How much financial assistance did your company receive as a part of the American Rescue Plan package that went toward FSA? Please explain how this funding was used to improve service for borrowers.

Change Request 5475 was issued to MOHELA on March 16, 2020 to provide Coronavirus Pandemic National Emergency ED emergency relief for student loan borrowers:

- This work involved changing over 2 million borrowers and their individual loans to accrue 0% interest retroactively beginning March 13, 2020.
- In addition, this work involved maintaining this 0% interest rate for all existing and new loans until notified by Federal Student Aid to end this rate.
- The implementation cost of this change request effort approved by Federal Student Aid and paid to MOHELA was \$28,742.18.

Change Request 5505 was issued to MOHELA on March 31, 2020 to provide Coronavirus Pandemic National Emergency relief for student loan borrowers:

- This work involved ceasing collections, billing, and Auto-Debit and to apply a non-capping Administrative Forbearance (COVID-19) to over 1.2 million borrowers and their individual loans retroactively beginning March 13, 2020 and ending September 30, 2020, while following specified and requirement exceptions.



- The cost of this implementation effort was approved by Federal Student Aid and MOHELA was paid \$36,515.60.
- Ongoing Costs:
 - Required notification of the forbearance being applied cost \$0.48 per USPS notice and \$0.02 per email/paperless delivery. As of May 2021, MOHELA has been paid \$422,112.48 for USPS notifications and \$48,581.54 for emails/paperless delivery.
 - Required creation and daily delivery of a required report cost \$36.46 per report. As of May 2021, MOHELA has been paid \$10,536.94 for report delivery.
 - Borrower forbearance web verbiage updates requested by Federal Student Aid cost \$96.80 per hour. As of May 2021, MOHELA has been paid \$96.80 for Federal Student Aid requested web verbiage updates.
 - IVR verbiage updates requested by Federal Student Aid cost \$133.07 per hour. No specific Federal Student Aid requested changes have been made.

9) *Did your company lay off any of its customer service staff during the pandemic?*

Yes.

a. *If so, how many staff positions have been eliminated and when were they laid off?*

A total of 63 staff members were laid off early in the pandemic between 4/3/2020 and 5/29/2020.

b. *How many of those positions have been or will be restored before September 1, 2021?*

MOHELA is on schedule to hire and train 74 staff members. We are evaluating additional staffing needs based on recent change requests issued by Federal Student Aid.

10) *Has your company hired any new staff in advance of the loan payment pause being lifted?*

Yes.

a. *If so, how many new customer service staff have you hired or do you intend to hire?*

MOHELA is on schedule to hire and train 74 staff members. We are evaluating additional staffing needs based on recent change requests issued by Federal Student Aid. MOHELA also intends to redeploy for Direct Loan servicing approximately 50 CSRs who are currently assisting the Missouri Department of Labor and Industrial Relations.



b. How will you ensure that these new staff members are fully trained in advance of payments being restarted so that they can provide accurate information to borrowers and help them navigate complex processes (e.g., enrollment in income-driven repayment plans)?

MOHELA has a comprehensive training approach and scheduled onboarding for these new staff members to be trained and ready to support repayment start by 9/1/2021.

11) Please provide a breakdown of the number of federal direct loans you service that have:

a. Received a Total and Permanent Disability discharge during the pandemic;

Based on a recent data query, 8,458 loans received a Total and Permanent Disability discharge.

b. Received a Death discharge during the pandemic;

Based on a recent data query, 6,089 loans received a Death discharge during the pandemic.

c. Enrolled in an IDR program during the pandemic;

Based on a recent data query, 257,148 loans enrolled in IDR during the pandemic.

d. Achieved forgiveness under an IDR program during the pandemic;

Based on a recent data query, 94 loans were forgiven under an IDR program during the pandemic.

e. Received a closed school discharge during the pandemic;

Based on a recent data query, 1,228 loans received a closed school discharge during the pandemic.

f. Received a false certification discharge during the pandemic;

Based on a recent data query, 8 loans received a false certification discharge during the pandemic.

g. Received a unpaid refund discharge during the pandemic; and



Based on a recent data query, 0 loans received an unpaid refund discharge during the pandemic.

h. Been fully repaid during the pandemic.

Based on a recent data query, 476,342 loans have been fully repaid during the pandemic.

12) Have you advocated for policy changes, such as streamlined enrollment processes, a penalty-free period for non-payment, or debt cancellation, that would ease the transition back into repayment? Please describe any policy changes you have advocated for in conversations with ED, the White House, or Members of Congress.

MOHELA has advocated for policy changes and communication ideas with Federal Student Aid to:

- Eliminate the requirement for borrowers to make at least a \$5.00 payment with a reduced payment forbearance to switch from one Income Driven Repayment (IDR) plan to another IDR plan.
- Increase the maximum number of eligible months for deferments e.g. unemployment, economic hardship.
- Authorize the Disaster Forbearance option if the repayment begin date is not extended beyond 9/30/2021 and loans reach 30 days past due.
- Remove pending guidance for the alternative repayment plans in which the borrower will be required to provide supporting documentation of hardship within 3 months to retain a lower fixed payment or fixed repayment term.
- Provide borrowers additional time to resolve and budget for repayment while allowing delinquency outreach to be phased in for servicers to focus on incoming customer inquiries.
- Allow servicers to automatically apply a 60-day, non-capping administrative forbearance if any loan becomes 15 days past due between 10/15/2021 and 12/31/2021, while maintaining the COVID-19 Credit Reporting during the Administrative Forbearance period.
- Simplify communication to alert and assist borrowers regarding the status of their StudentAid.gov log in credentials, the need to create one or if a reset is required.
- Exchange files with servicers to identify which customers have a valid and active user ID and Password for StudentAid.gov for servicers to know which customers need to create their log in.



- Provide servicers with information to communicate with borrowers regarding the ease of resetting StudentAid.gov.
- Ease the StudentAid.gov IDR esign process when Alternative Documentation of Income (ADOI) is required by allowing borrowers to upload their ADOI on StudentAid.gov and send this information electronically with the completed IDR application to the servicers for processing.
- Simplify the borrower process for completing and submitting a deferment/forbearance application on StudentAid.gov and establish a file exchange with servicers if the deferment/forbearance is self-certifying (no 3rd party certification necessary).
- Validate Auto-Debit information prior to billing/extraction.

Thank you for taking time to reach out to MOHELA requesting this important information.

MOHELA



Troy Standish
Senior Vice President
Asset Management and Servicing Operations
220 Lasley Ave.
Wilkes-Barre, PA 18706

July 6, 2021

The Honorable Elizabeth Warren
United States Senate
309 Hart Senate Office Building
Washington, DC 20510

The Honorable Edward J. Markey
United States Senate
255 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Tina Smith
United States Senate
720 Hart Senate Office Building
Washington, DC 20510

Dear Senator Warren, Senator Markey, and Senator Smith:

Thank you for your letter. We agree with each of you that supporting Americans with federal student loans to successfully resume repayment is a critical moment for the U.S. Department of Education and its servicing partners, and we stand ready to help.

Throughout the pandemic, we have provided needed assistance to borrowers, often going above and beyond what is required by the Department of Education, as well protecting our own employees. Within days of the pandemic's onset, more than 90 percent of our workforce transitioned to remote work, including our customer service call center and back-office processing teams. Not only did we make this transition rapidly, we made it without any disruption in service to borrowers and without laying off a single employee doing this critical work. Navient also rapidly and accurately implemented the student loan provisions of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

When the time comes to help Department of Education borrowers transition back into repayment, we will draw on our experience and success in easing FFELP and private loan borrowers back into repayment earlier in the pandemic. At the onset of the pandemic, we provided payment suspensions, using non-capping disaster forbearances, to FFELP



borrowers who were impacted by COVID-19. The number of FFELP borrowers accessing this assistance peaked one year ago. For many, this need was only temporary, and the number of borrowers accessing this suspension dropped throughout last summer as borrowers were able to resume payments. Today, we continue to offer disaster forbearances to borrowers affected by COVID-19 but suspensions are only slightly elevated from pre-pandemic levels while delinquency rates are at or near historic lows. We also acted quickly to implement disaster relief for our private loan borrowers impacted by the pandemic or job loss, including providing options to suspend payments. We helped these borrowers successfully navigate these transitions using data-driven outreach and proactive communication—experience which we will put to work for Department of Education borrowers.

As we made these changes to our business practices during the pandemic, we have done so without taking any financial assistance from the American Rescue Plan or any other relief legislation.

In addition, over the years, Navient has consistently advocated for improvements to income-driven repayment (IDR) plans, which are unnecessarily complex and often difficult for borrowers to navigate. Our efforts to promote IDR, including an eSign application for struggling borrowers, has led to the highest rates of IDR among similar federal servicers. We have advocated for eliminating regulatory and statutory hurdles that complicate borrower repayment. In that regard, we were pleased to see Federal Student Aid (FSA) moving to simplify the IDR enrollment process during payment reentry and potentially allowing verbal self-certification of borrower income and family size. Once implemented, we believe these simplifications can help serve as a roadmap to further streamline IDR applications. We have also advocated for student loan bankruptcy reform for over a decade, a step that still needs to be taken.

Your letter raised important issues, and we are actively engaged with the Department of Education to help ease borrowers' transitions back to repayment. The Department is still addressing a number of issues and making decisions that are necessary to fully answer your questions, including the critical decision about when to resume repayment. These decisions are necessary to complete planning for successful borrower transitions. Below, we are providing you with information based on where we are today. We are completely committed to assisting borrowers during this difficult time.

Navient has developed and continues to refine a comprehensive communication strategy to assist borrowers in the successful transition back to repayment at the conclusion of the payment pause.

Navient's approach is based on the Consumer Financial Protection Bureau's mortgage servicing transfer recommendations, previous experience with other large-scale transitions, and data-driven personalization capabilities. We have and will continue to collaborate with FSA and implement applicable simplification measures to assist borrowers, particularly at-risk borrowers and other segmented populations who may need additional support.

In late May, Navient launched its personalized communication strategy with a “Warm Up” communication to all borrowers impacted by the payment pause. This initial communication utilized a combination of standardized messaging and dynamic content driven by segmentation.

Based on customer listening, borrower behavior, and FSA guidance, our ongoing personalized outreach plan involves a series of additional targeted communications via email, USPS mail, telephone, and text messaging. Each touchpoint will emphasize a greater sense of urgency and importance as the payment pause end date approaches. Navient will continue to work collaboratively with FSA to ensure our borrower communications support and complement FSA’s communication strategy.

It is Navient’s plan to target borrowers currently enrolled in Auto Pay with specific messaging about the actions they need, or don’t need, to take.

Borrowers enrolled in Auto Pay will have the ability to easily reconfirm their current bank account information. In addition, we plan to proactively validate borrower bank account information to determine validity prior to the payment restart. Tailored communications to Auto Pay borrowers will be based on the outcome of the validation process. Borrowers will have the ability to update their account information or opt out of the program at any time.

One of the most critical elements in Navient’s borrower communication strategy is messaging that encourages the utilization of different online resources to explore different repayment options.

Navient consistently encourages borrowers to take advantage of our AI-powered Customer Online Resource Assistant (CORA), as well as the option on our Repayment Options webpage to schedule a call with a trained expert. We also encouraged customers in the “Warm Up” communication to take action now by utilizing one of the options discussed above or by calling Navient ahead of the payment resumption to prepare for a successful transition back into repayment.

Navient has taken important steps to ensure that eligible borrowers benefit from programs like IDR and Public Service Loan Forgiveness (PSLF). We continue to push to streamline the processes for these programs, which will make an important difference for borrowers once payments resume this fall.

The enrollment and renewal requirements for federal student loan programs such as IDR and PSLF can be challenging for borrowers. Navient has dedicated resources and tools to help borrowers successfully navigate the process, particularly borrowers in IDR plans. The standard process for IDR enrollment and reenrollment requires a borrower to complete a 10-page form online or via the Department of Education website, along with submitting income documentation, to enroll in IDR. Recognizing the difficulties borrowers were having, Navient initiated a pilot eSign IDR program focusing on past-due FFELP borrowers. Under the pilot, we gathered the necessary information from borrowers over

the phone to complete their IDR application, and then securely transmitted the completed application to the borrower so they could add their electronic signature. During this pilot, we nearly tripled the IDR enrollment rate for past-due borrowers and have since expanded it to include all federal borrowers we serve.

As we noted earlier, we have advocated to allow borrowers to self-certify verbally their income when they have lost their job or have no income. During the pandemic, we have recommended that borrowers be allowed to self-certify changes in income or family circumstances, without having to repeat the 10-page enrollment form. FSA included this option in a recent change request, which can serve as a roadmap to further streamline IDR and make the application process easier for borrowers. Broadly, during the past decade, we assisted 3.6 million people to enroll in IDR plans. Today, 34 percent of all federal borrowers we serve – 51 percent of balances – are enrolled in IDR plans.

We have also learned significantly from our experiences working with borrowers pursuing PSLF. Though this program, too, is in need of reform so that a greater number of borrowers can benefit, Navient is always improving our communications with our borrowers, our websites and our training materials as a result of our experiences. Importantly, Congress can help borrowers access PSLF by making FFELP loans eligible for PSLF, eliminating an unnecessary step for borrowers and drastically reducing the confusion and unfairness of the current program.

Navient’s borrower communication strategy is designed to be dynamic and segmented, with a specific focus on at-risk borrowers.

Navient is leveraging its more than 45 years of data and experience to identify at-risk borrowers and target additional outreach to those borrowers. This has been the basis of Navient’s success in default prevention, with its borrowers averaging a 34 percent lower cohort default rate over the last six cohorts.

For the upcoming repayment reentry, we will identify at-risk borrowers by looking at a variety of attributes including payment history, status prior to the emergency forbearance, and other considerations. These at-risk borrowers will then be targeted with personalized messaging to help them ease back into repayment. We will make sure that at-risk borrowers receive a higher level of outreach, including outbound calling, to provide sufficient opportunity for borrowers to access the federal benefits available to them.

Navient’s complete and comprehensive hiring plan is contingent on a confirmation of the actual payment pause end date, though we continue to add new employees.

We expect to hear from the Department of Education soon as to the actual date for reentry in repayment. Much of the hiring will be based on that start date, ensuring we can staff up and begin outreach well in advance of the deadline. We have already begun recruiting and hiring more call center agents, and started discussions with external staffing vendors as part of our staffing plan. All newly hired customer service representatives go through a

rigorous four-to-six-week training program that also involves mentoring and quality monitoring, including specialized training on IDR plans.

We believe that there are several practical, achievable measures that the Biden-Harris Administration can implement to ease the transition back into repayment, which we have advocated for with ED, the White House, and Members of Congress as well as in our testimony in front of the Senate Committee on Banking, Housing, and Urban Affairs Subcommittee on Economic Policy.

We have recommended that the first action the Department of Education should take before student loan payments resume is to provide an additional grace period to recent college graduates and other borrowers who separated from school during the pandemic, to give them more time to secure a job and ease into repayment for the first time. A decade ago, we saw the outsized impact on borrowers who entered the workforce during the Great Recession, with nearly one in five facing serious delinquency. We do not know the complete impact on pandemic graduates yet, but the consequences could be severe. The Department of Education should leverage its authority under the HEROES Act of 2003 to automatically extend the grace period, to give borrowers much-needed flexibility.

On the opposite side of the spectrum, we have recommended that the Department of Education should direct its servicers to conduct outreach to specific groups of borrowers to encourage those who can to begin repayment early. The Department should identify these borrowers using data-driven approaches, but early repayment waves could include: 1) borrowers who have been making payments voluntarily during the pandemic forbearance; 2) borrowers with a previous successful track record of repayment; or 3) borrowers who have successfully enrolled in IDR and qualified for zero-dollar payments on the basis of their incomes.

As stated above, Navient has also vigorously supported reforming IDR to allow verbal self-certification of borrower income. Under IDR plans, borrowers who earn less than 150 percent of the poverty level for their family size can qualify to pay nothing each month. Borrowers who experience a reduction in their income, such as those who lost jobs due to the pandemic, can request their payment be recalculated based on their new income levels. However, under federal rules, the borrower must complete a 10-page enrollment application all over again, a burdensome and unnecessary process. We were pleased to see that part of FSA's plans are to allow borrowers to instruct servicers to adjust their payment amounts and family size based on self-certification without having to complete the full enrollment form. Navient has advocated in favor of this change for years.

Finally, Navient believes that Congress and the Biden-Harris Administration should enact targeted and tax-free loan forgiveness for the most distressed borrowers. Specifically, we recommend forgiveness for borrowers who have been in repayment for 30 years or longer and those who have been in default for 10 years or longer. We recognize there are policy debates currently underway about larger, broader-based loan forgiveness programs and leave it to Congress to decide whether it should forgive more loans. Our point is that you cannot have meaningful reform unless you at least forgive the loans we identify here.

We have been proud of how our Navient team is supporting borrowers during this challenging period. The upcoming repayment reentry will be challenging as well. We are confident that, with the right planning, borrowers can successfully transition back to repayment or access the many relief opportunities available to them. We are excited to implement the self-certification for IDR enrollment to test whether this can be a workable and accountable process for the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'T Standish', with a stylized flourish at the end.

Troy Standish

cc: Senator Patty Murray
Senator Richard Burr



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oslaboard@osla.org

July 2, 2021

The Honorable Senator Warren
United States Senator for Massachusetts
309 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Senator Smith
United States Senator for Minnesota
720 Hart Senate Office Building
United States Senate
Washington, DC 20510

The Honorable Senator Markey
United States Senator for Massachusetts
255 Dirksen Senate Office Building
United States Senate
Washington, DC 20510

Dear Senators,

OSLA is proud to provide exceptional customer service to our borrowers, guiding them from initial loan disbursements through repayment and through the various repayment programs that best fit their individual situations. We understand how challenging the past year and a half have been, and look forward to continuing to provide guidance as we transition back into repayment. We have worked successfully with FSA in both the Federal Family Education and Direct Loan Programs and support FSA's culture and mission designed to benefit all borrowers.

Our responses to your questions are designed to provide a better understanding of how OSLA plans to ensure a smooth transition to repayment and protect at-risk student loan borrowers.

1) How many borrowers whose loans you service will be transitioning back to repayments in October 2021?

As of 6/27/2021, OSLA had approximately 398,000 borrower accounts in the COVID 19 Forbearance / Payment Pause.

Questions 2), 3), 4) and 6) are all significant borrower issues that are the focus among FSA, OSLA and the other loan servicers. The collaborative effort has us working closely with FSA and

anticipating guidance will be forthcoming very soon. FSA will provide requirements for the servicers as a group for compliance as part of our contract with them.

5) Millions of borrowers have allegedly been denied the benefits of programs intended to protect borrowers, including IDR, Public Service Loan Forgiveness, and the TEACH Grant program, as a result of government mismanagement and abuses by the student loan industry. What steps have you taken to ensure all eligible borrowers can benefit from these protections before payments resume?

Our Customer Service Representatives are trained with basic knowledge to discuss Public Service Loan Forgiveness and the TEACH Grant programs with borrowers. Because those programs are managed by other entities, OSLA does not counsel borrowers in detail. We provide program contact information to anyone who inquires.

OSLA Customer Service Representatives are trained to determine if borrowers qualify for the various IDR programs. They will spend any amount of time necessary to walk persons through the qualification process and help them to complete a new or recertification IDR application. Representatives advise of the appropriate documentation the borrower must include with the application. The representative provides options to the borrower for sending in the IDR application and explain how they can either complete the application on the FSA website or on OSLA's borrower portal, Manage My Account. Representatives will send an application by email or postal mail to the borrower, and/or they will advise how a borrower can send a completed application with documentation to OSLA by email – we are very accommodating to the borrower so they are aware of their options and to make the overwhelming process as easy as possible for the borrower.

7) To date, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances?

12,560

a) How many of these individuals have been placed in modified repayments plans that will take effect in October 2021?

1,455

b) What steps has your company taken to be prepared to handle many of these circumstantial changes simultaneously when the pause in payments is scheduled to end in October 2021?

Payment plan changes are processed by OSLA staff when they are received. As we stay day current with processing requests and other documents received, OSLA will be prepared to assist borrowers with any other questions or concerns they may have when they enter repayment in

October 2021. Processors will be available to assist with any influx of repayment plan change requests should that occur.

8) How much financial assistance did your company receive as a part of the American Rescue Plan package that went toward FSA? Please explain how this funding was used to improve service for borrowers.

OSLA received NO financial assistance from the American Rescue Plan funds allocated to FSA.

9) Did your company lay off any of its customer service staff during the pandemic?

OSLA did not lay off nor furlough any staff during the COVID 19 Forbearance / Payment Pause Period.

a) If so, how many staff positions have been eliminated and when were they laid off?

N/A

b) How many of those positions have been or will be restored before September 1, 2021?

N/A

10) Has your company hired any new staff in advance of the loan payment pause being lifted?

Yes

a) If so, how many new customer service staff have you hired or do you intend to hire?

We are in the process of increasing customer service staffing by over two times our existing level, from the current count of 60 to approximately 130.

b) How will you ensure that these new staff members are fully trained in advance of payments being restarted so that they can provide accurate information to borrowers and help them navigate complex processes (e.g., enrollment in income-driven repayment plans)?

OSLA's Customer Service training program is very comprehensive and takes approximately 6 weeks to complete. The program contains detailed information regarding all deferments, forbearances, and repayment plans along with professional and correct management of inbound telephone calls. There are many other aspects of servicing student loans that are included with the training besides those just noted. Trainees are tested throughout training to ascertain skill levels and comprehension and retention of materials and information presented. When the trainees have successfully completed their training and are released to the floor, they are placed in an office quadrant. Each quadrant of four persons has one or two experienced Customer Service Representatives to mentor the new representatives. These staff, our floor monitors/ leaders, and supervisors on the floor are available to quickly assist as part of ongoing

training and support.

11) Please provide a breakdown of the number of federal direct loans you service that have:

- a) Received a Total and Permanent Disability discharge during the pandemic;
1003 loans, 312 borrowers
- b) Received a Death discharge during the pandemic;
766 loans, 246 borrowers
- c) Enrolled in an IDR program during the pandemic;
66,863 loans, 12,204 borrowers
- d) Achieved forgiveness under an IDR program during the pandemic;
0
- e) Received a closed school discharge during the pandemic;
90 loans, 29 borrowers
- f) Received a false certification discharge during the pandemic;
0
- g) Received an unpaid refund discharge during the pandemic; and
0
- h) Been fully repaid during the pandemic.
73,552 loans, 36,295 borrowers

12) Have you advocated for policy changes, such as streamlined enrollment processes, a penalty-free period for non-payment, or debt cancellation, that would ease the transition back into repayment? Please describe any policy changes you have advocated for in conversations with ED, the White House, or Members of Congress.

OSLA has recommended "phased-in" returns to repayment for various groups of at-risk borrowers to FSA staff. We have not had conversations with the White House or Members of Congress.

Sincerely,



Patrick Rooney
Chairman
Oklahoma Student Loan Authority



July 2, 2021

The Honorable Elizabeth Warren
U.S. Senate
309 Hart Senate Office Building
Washington, DC 20510

Via Electronic Delivery

Dear Senator Warren:

This letter is in response to your June 21, 2021 inquiry requesting information about Pennsylvania Higher Education Assistance Agency's (PHEAA) plans to support students as the CARES Act benefits are expected to expire, bringing an end to the pause on student loan payments. We respectfully ask your office to share this response with the cosigners of the June 21, 2021 inquiry.

We want to support borrowers and ensure a smooth transition into a restart of repayment for the 43+ million borrowers nationally and continue our efforts to do so. It is important to note that we are awaiting a decision as to whether the CARES Act relief period will end, and the loans will enter repayment in October 2021. Additionally, the responses in this letter are provided based on what information we have at the time of this response.

Question 1: PHEAA currently services approximately 8.5 million borrowers. Along with the restart of repayment for the vast majority of borrowers, there are hundreds of thousands of borrowers who will be making payment for the first time since leaving school and their grace period. Those borrowers must be given special care as well as those borrowers who were distressed prior to the CARES Act relief period and, as you indicate in your letter, will likely be distressed when repayment resumes.

Question 2: It is important to note, we have been in regular communication with FSA about the restart of repayment and the issues before us all in ensuring we provide the best outcomes for borrowers in an unprecedented situation. That word – unprecedented – gets used quite often in descriptors lately, however, in this case it is accurate. The Federal Student Aid servicers have never attempted to move 43+ million accounts into a repayment status all at once across the country. We have, since the first pause was set to end (and subsequently extended) collaborated with FSA to work together to plan appropriately. These discussions included PHEAA's suggestions for addressing at risk customers, preventing early stages of delinquency, self-certification and recertification of income driven repayment requests, the need for additional staffing, the reinstatement of auto debit, communication plans for FSA and servicers, and many other questions to pro-actively develop plans for advanced outreach to customers who require direct care, as well as to provide guidance on self-service tools available to borrowers. Proper planning and collaboration by PHEAA, FSA and its servicers, along with anticipation of operational and implementation challenges will help reduce the impact and speed the resolution of any issues that may arise.

We understand that discussion remains underway regarding the repayment start date; however, until we have certainty regarding the repayment restart date and obtain plans, direction, and permissions from FSA to begin the necessary operational and technical changes, we are limited to making only those changes that are within our authority. Some will turn that statement into a negative to broad brush servicers as not doing enough. That is simply not the case. For example, many of the communications to prepare for repayment must be authorized by FSA before servicers can send them to customers, as well as, changes to regulations or requirements around what is considered acceptable documentation for an income drive repayment request. We will implement the needed changes as soon as we have authority to do so.

PHEAA staff has had vast amounts of information sharing, submitted questions, and had conversations with the FSA staff directly responsible for moving this process forward, and we appreciate them and their work. However, time is quickly passing and with less than three months now until the currently stated restart of repayment date, our concerns over being best prepared to provide a smooth transition for FSA borrowers continues to grow. We have consistently shared these concerns with FSA's leadership and sought guidance and authority to allow us to proactively interact with borrowers.

Question 3 a and b: As we do what we can at this juncture to prepare for the restart of repayment, we continue to have regular conversations with FSA Staff, share ideas, provide information as requested, and explain the need for additional guidance. Just recently, FSA provided information as to the management of auto-debit/ACH payments. PHEAA will be contacting those borrowers utilizing auto-debit prior to the onset of the declaration of the pandemic, March 13, 2020, who had their payments suspended. PHEAA will be sending those borrowers several notifications, up to three in a cadence of 10 days apart, seeking confirmation of their desire for auto-debit to resume. Those notifications must be provided by FSA; therefore, we will be unable to begin such outreach until the approved verbiage and an authority to move forward with implementation of this initiative is received from FSA. For those borrowers with any change in their financial situation, they are always able to opt-out of auto-debit once enrolled. With that, our customer care representatives would, as they always do, work with those borrowers to ascertain the payment options that will best serve their current financial situation. We provide in-depth training to our staff so that they listen and understand the customers' needs while explaining the multiple federally regulated repayment options.

Question 4: We continue to provide outreach across the Commonwealth with webinars, financial aid presentations and repayment information. We also have information on our website, via our mobile app and through conversations with our contact center team to provide all the repayment options available. We are not, however, able to presume that we know better than the borrower what is best for them. Based on the information we have; we provide the options eligible to each customer's unique situation. The ultimate decision is that of the borrower and we respect their right and ability to make that determination.

Question 5: In our effort to provide options and clarity regarding those options, PHEAA has for years, provided insight into the pain points for borrowers within loan forgiveness programs, specifically Teacher Education Assistance for College and Higher Education (TEACH) and Public Service Loan Forgiveness (PSLF).

While we have been successful in working with FSA recently in the development of the PSLF Task Force and with TEACH by providing regular reporting and information sharing with FSA, there is more to do.

PHEAA undertook a technology initiative to increase transparency for borrowers into their accounts and each payment made with specificity as to which payments are eligible to be counted towards PSLF versus those that are ineligible and the reasons for each status. That upgraded portal has been received well and has helped borrowers monitor their accounts easily and securely. We continue to explore ways to provide increased transparency and opportunities for borrowers to have greater insight into their progress for the benefit and forgiveness programs established by Congress and implemented by the Department of Education.

Question 6: PHEAA fully understands those borrowers who were distressed or considered “at-risk” prior to the pandemic will most likely need additional assistance as repayment resumes. Just two days ago, on June 30, 2021, FSA provided the servicers with their definition for “at-risk” borrowers in a Change Request (CR), which outlined FSA’s requirements for outreach to this cohort of borrowers. PHEAA is currently reviewing the information FSA provided and will work together with FSA to ensure that “at-risk” borrowers are provided with the level of support needed to assist them as they return to repayment. PHEAA currently reaches out to those borrowers who opted out of the forbearance provided for by the CARES Act if they become five days past due on their account. This allows PHEAA to ensure the borrower has a point of contact and establishes a positive and assistive relationship should there be a need for intervention.

Question 7: More than 320,000 borrowers have contacted PHEAA regarding a change in their circumstances. Of those, approximately half have modified their repayment plans for the upcoming repayment restart – currently set for October 1, 2021. As previously stated, PHEAA is staying in close contact with FSA to determine next best steps and continues to respond to numerous poll questions regarding repayment restart to fully prepare to provide for the best transition experience for the customers we service on behalf of FSA.

Questions 8 and 9: As stated in your letter, we will need to staff up. While we have been prudent in our activities and talent management and have not had the need to lay off any employees performing work in our customer care contact centers, we initially performed limited backfilling of staff who voluntarily sought other opportunities. However, as we move toward the expected repayment start date, we have begun staff augmentation. We recognize the value of seasoned staff with detailed and long-term knowledge of the complexities of the Federal programs and have therefore reassigned certain staff members to other Pennsylvania State agencies to aid their contact centers as we all manage workloads related to the COVID-19 impact. Those valued staff members can be recalled back to PHEAA as appropriate once we receive confirmation of the restart of repayment date by FSA. You will understand that we are also sensitive to hiring large numbers of staff that cannot be utilized for an indefinite period. We are committed to continuing a staggered approach to increase staff support while monitoring any change in the repayment start date. However, it is important to state, we would have expected to know if the repayment start date

was going to change before the date of this letter so that we could prepare accordingly to serve customers and ensure our employees have stable and sustainable employment.

We have and continue to share with FSA the time needed to recruit, hire, train, and move through the security clearance process FSA requires for any new employees. Having not received any direct funding from the American Rescue Plan, PHEAA is working diligently to manage resources around preparation and staffing for the repayment restart.

Question 10: As we await guidance from FSA, we have made the decision to begin a limited level of hiring to start the ramp up process. We believe we will need an additional 600-900 contact call center staff members in order to meet FSA's recent SLA/ASA requirement, however final staff figures cannot be fully determined until FSA provides formal guidance, ATOs on the incoming Change Requests and of course the date certain on which repayment will begin. When that happens, PHEAA already has a robust on boarding process that provides both classroom and in person, hands on training that connects new employees with seasoned staff.

Question 11: See attachment providing requested data. It is noteworthy to report the number of borrowers achieving forgiveness in PSLF and TEPSLF, since inception of the program, has more than doubled during the pandemic. We fully expect to see continued escalation of those numbers over the coming months based on more borrowers reaching the required eligibility status in making 120 qualified payments.

Question 12: PHEAA continues to offer insight and suggestions to FSA as how best to prepare for a smooth and orderly transition for our borrowers back into repayment. We have, as mentioned above, made systems more accessible and account level detail more transparent to borrowers and have shared those advancements with Hill staff. We have, in conversations with our Congressional delegation and others, discussed many of the issues included in this letter – need for certainty, enough time to prepare, hire, train and obtain federal clearance for staff, the need for a robust communication plan for borrowers giving them ample time to address questions they may have and repayment options, as well as ways we can, together in collaboration, make the process as smooth and painless as possible.

The characterization of our work in helping borrowers navigate financial problems and complex repayment plans as “abysmal” we believe is unfair. We have and continue to work diligently on behalf of the borrowers we service, doing whatever possible to serve customers and serve them well. It is relevant to note – our Agency, staff, vendors, and clients have been impacted by this pandemic as well. The human toll is great, and we could not be prouder of the efforts put forward by our staff and partners to serve others while managing their own concerns and real life COVID-19 experiences. This point cannot be discounted. PHEAA worked to promptly implement teleworking for our contact centers so that FSA customers could continue to reach our customer care representatives, while the COVID-19 impact was worsening across the nation and in some cases within their own families.

As an example, the work PHEAA has done throughout this pandemic includes putting more than 30 million accounts into forbearance just 10 days after instructions were received by FSA after the passage of the CARES Act. This is no small feat. We also ceased all collection activity on those accounts two days prior to the deadline established by FSA. We updated our customer facing systems to provide additional avenues for borrowers to communicate with us and be able to “self-serve” if that was preferred. Through our mobile app, web, and contact center options, borrowers were able to move forward with several actions through the channel of their choosing. PHEAA also reached out to our commercial clients to develop various options to serve those Federal Family Education Loan (FFEL) borrowers omitted by Congress from the student loan benefits provided in the CARES Act and extensions thereafter.

For the private loans owed by PHEAA; the PA Forward Student Loan Program, our state-based student loan program, we waived interest and offered a special forbearance period for the period of March 13, 2020 through September 30, 2020. For anyone delinquent prior to March 13, 2020, PHEAA applied an administrative forbearance to bring that account current. There were no late fees charged on the in-school portfolio and all late fees were waived on the refinance program. Additionally, we’ve waived Administrative Wage Garnishment from March 13, 2020 through September 30, 2021. These accommodations were afforded to any cosigner of the PA Forward student loans as well.

Finally, PHEAA proactively reached out to all PA Forward Student Loan Program borrowers considering refinancing of their Federal student debt to encourage them to carefully consider their options before refinancing that debt as they would be waiving the benefits under the CARES Act if they did so. A borrower’s best interest takes precedence always over any proprietary program we may have.

As we get ever closer to repayment restart date for our borrowers, we continue to share information with FSA; however, we have limited ability to advance the process. This is no small task for anyone involved. There needs to be a focus on borrowers and assisting them to the best of all our abilities and an avoidance of negative communications that only serve to confuse the actions that must be taken between the customer and their service provider. The student loan industry and the Department of Education with FSA all working together can make this transition efficient and effective for borrowers. PHEAA is assisting borrowers in this important transition back to repayment.

Sincerely,



Stephanie Martella
Senior Vice President

Client Relations, Loan Operations, and External Audits

Attachment

Congressional Inquiry 6-21-2021



		Borrowers
7	To date (since the pandemic began in March 2020), how many student loan borrowers have contacted FLS about a change in their financial circumstances? ¹	322,090
7a	How many of these individuals have been placed in modified repayments plans that will take effect in October 2021? ²	142,954

¹ We do not have a way to query this volume directly. This figure represents the unique count of all borrowers who contacted us during the period to request a recalculation of their repayment installment amount, to request a financially related deferment or forbearance, or to indicate that their payment was not affordable per business event data.

² System operations similarly prevent us from querying this volume directly. This figure represents a unique count of borrowers whose repayment installment amount was lowered within the time period.

		REASON	BRWRS	LOANS
11a	Received a Total and Permanent Disability discharge during the pandemic	DISABILITY	11,808	51,098
11b	Received a Death discharge during the pandemic	DEATH	4,292	16,666
11c	Enrolled in an IDR program during the pandemic		1,093,681	5,693,777
11d	Achieved forgiveness under an IDR program during the pandemic	IDR FORGIVE	2	7
11e	Achieved forgiveness under PSLF during the pandemic	PUBLIC SERVICE FGV	5,075	13,942
11f	Achieved forgiveness under TEPSLF during the pandemic	TEMP EXPAND PSLF	1,656	4,168
11g	Received a closed school discharge during the pandemic	SCHOOL CLOSURE	695	2,433
11h	Received a false certification discharge during the pandemic	FALSE CERT	14	58
11i	Received a unpaid refund discharge during the pandemic	UNPAID REFND	-	-
11j	Been fully repaid during the pandemic	TOTAL OF REPAY SUBTYPES	587,939	1,785,367