



December 16, 2021

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

The Honorable Richard Blumenthal  
United States Senator  
706 Hart Senate Office Building  
Washington, DC 20510

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

The Honorable Chris Van Hollen  
United States Senator  
110 Hart Senate Office Building  
Washington DC 20510

**RE: Response to letter dated December 2, 2021, requesting information about Edfinancial's readiness for the restart of student loan payments on February 1, 2022**

Dear Senator Warren, Senator Blumenthal, Senator Smith, and Senator Van Hollen:

I am writing in response to your letter dated December 2, 2021 to Edfinancial Services, LLC ("Edfinancial") in which you requested information about Edfinancial's readiness for the restart of student loan payments on February 1, 2022. As noted in your letter, since the date of our last correspondence two of the federal servicers have announced that they will no longer be servicing federally owned student loans. As the U.S. Department of Education's selected recipient of the loan servicing volume from Granite State Management & Resources (GSMR), Edfinancial has worked diligently to successfully convert a portfolio of almost 1.3 million borrowers. This conversion has been a cooperative process among Edfinancial, GSMR, the U.S. Department of Education's Office of Federal Student Aid (FSA) and a number of regulatory agencies who have been monitoring the conversion of the borrower accounts to our system. Through collaboration, transparency and continuous communication among all of these entities, we are working to effectuate a smooth transition for these borrowers not only to a new servicer but also to repayment in February.

We have simultaneously been urgently conducting outreach to contact the borrowers in our portfolio to prepare them for the restart of payments on February 1, 2021. We have not just recently started these outreach efforts. On the contrary and as we described in detail in our July 2, 2021 letter, we have been conducting outreach campaigns throughout the course of the pandemic to inform our borrowers about their student loan options, including but not limited to auto-debit, Income Driven Repayment plans and the benefits available to them under the federal CARES Act.

**1. Please provide specific steps your company has taken and will take to ensure borrowers that its services successfully transition back to student loan repayments after January 31, 2022.**

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 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. Additionally, FSA has provided a Return to Repayment ("R2R") Communications Playbook to servicers, which details communication being sent to borrowers by FSA and communication being sent to borrowers by servicers. As described below, Edfinancial has been supplementing FSA's guidance and R2R Communications Playbook 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 during return to repayment.

Email Campaigns. In addition to outreach call campaigns, we have reached out to borrowers through email. 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.

- Quarterly emails have been sent to borrowers who were delinquent prior to the COVID-19 payment pause. These emails encouraged the borrower to sign up for auto-debit payment if they were able to do so.
- As a result of our one of email and text campaigns, 24,555 borrowers created online accounts with us.
- We have sent borrowers 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 emails 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 campaign 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 reenter repayment. The emails included information about the 0.25% interest rate reduction available for auto-debit.
- In our December 2020 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 e-blast 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.
- During the second half of 2021, we have focused on creating and sending the required servicer communications that are detailed in FSA's R2R Communications Playbook and FSA Change Requests.
- In December 2021, we have sent emails promoting the self-certification IDR option. We have plans to send additional email promotions in January 2022. We have also created a text message for use in January 2022 that will provide a direct link to complete the simplified self-certification option through StudentAid.gov. Finally, we are introducing a new ChatBot feature through Edfinancial.com that will advise of borrower options, such as the self-certification IDR option. These efforts were created to supplement FSA's borrower outreach that is described in the R2R Communications Playbook.

*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.

Additionally, we have prepared the following texts to send to borrowers in December 2021-January 2022:

- Return to Repayment text that promotes IDR option
- Auto-debit confirmation text to allow borrowers to respond directly via text message to confirm their auto-debit enrollment.

*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. 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.

*Internal Meetings.* 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 periodically to discuss the implementation of FSA's guidance and to brainstorm on next actions.

Edfinancial continues to proactively work to inform borrowers about all repayment plans so that borrowers can determine which plan 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. 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.

## **2. How is your company communicating with borrowers previously enrolled in auto-debit about the restart of payments?**

Per FSA guidance, we are contacting all borrowers who were previously enrolled in auto-debit (prior to 3/13/2020) and had their payments suspended. We are communicating via email and postal mail to request that the borrower confirm their auto-debit enrollment. We are sending up to three notices to borrowers as part of this outreach effort.

Borrowers enrolled in auto-debit who have opted-out of the COVID-19 payment pause receive a reminder that no action is needed to continue their auto-debit enrollment.

Additionally, borrowers who enrolled in auto-debit on or after 3/13/2020 will receive one reminder notification that auto-debit will resume upon return to repayment. These borrowers are

not required to confirm auto-debit enrollment, but are provided with details about how they can update their enrollment or banking information.

**(a) How many rounds of outreach have you done about auto-debits so far?**

We have completed two reminder (no action needed) notifications to borrowers who enrolled in auto-debit on or after 3/13/2020, or who opted-out of the COVID-19 payment pause. We began auto-debit confirmation outreach in September 2021, and will conclude outreach in December 2021. Once completed, we will have sent up to 3 outreach attempts per borrower, as required by FSA, to confirm auto-debit enrollment.

**(b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?**

In accordance with FSA guidance, we have contacted these borrowers via email and postal mail to describe their options to verify auto-debit enrollment. Email has had the best response rate.

Specifically, we have sent 392,117 emails to this borrower population. 100,757 borrowers have elected to continue auto-debit enrollment and 1,313 have elected to stop auto-debit for a total response rate of approximately 26%.

We have sent 7,591 postal mail communications to this borrower population. 1,710 borrowers have elected to continue auto-debit enrollment and 31 have elected to stop auto-debit for a total response rate of approximately 23%.

In addition to email and postal mail, if we speak to customers on the telephone, our customer service representatives will be prompted to describe the borrower’s options and inquire if they would like to opt-in or opt-out of auto-debit. Our borrower-facing online portal is another way that we confirm auto-debit enrollment. Borrowers who need to confirm their choice for auto-debit enrollment will receive a questionnaire upon logging in. They are able to make their selection online without being required to speak with us directly. We recently received FSA approval to send a text message to borrowers that need to confirm auto-debit enrollment prior to return to repayment. The borrower will be able to respond directly to the text message to confirm enrollment.

When considering all of the options to confirm auto-debit enrollment, we have had an overall success rate of 46.17%. Please see the chart below for details.

<b>Data as of Date</b>	<b>Total</b>	<b>Confirmed Auto-Debit</b>	<b>Removed Auto-Debit</b>	<b>Need to Confirm Auto-Debit</b>	<b>Response Rate</b>
12/7/2021	225,984	102,968	1,360	121,656	46.17%

**3. How is your company communicating with borrowers not enrolled in auto-debit about the restart of payments?**

Beginning in 2020, we performed outreach to borrowers to discuss their account and options to prepare for successful return to repayment. We advised borrowers that are not enrolled in auto-debit about the option to enroll and the 0.25% interest rate reduction that would be available to them. Our outreach has supplemented FSA's communication to this borrower population.

**(a) How many rounds of outreach have you done so far?**

Although not required by FSA, we performed proactive outreach to encourage borrowers to consider enrolling in auto-debit throughout 2020 and 2021. Additionally, FSA has sent and will send direct communication to borrowers detailing the auto-debit option. For example, FSA plans to email all borrowers not signed up for auto-debit between December 15, 2021 – December 17, 2021 to encourage enrollment.

**(b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?**

We are unable to provide response rates for this borrower population.

**4. How is your company communicating with new borrowers that have been or will be transferred to your company?**

In August 2021, FSA selected Edfinancial to receive all of Granite State Management & Resources (GSM&R)'s Direct Loan servicing volume. Edfinancial has immediately began preparation and planning, and together with FSA and GSMR developed a comprehensive loan conversion plan that allowed us to complete a transfer of almost 1.3 million borrowers well before the end of the year.

The conversion batches commenced on September 7, 2021 and were completed on November 23, 2021. Edfinancial transferred 1,278,366 borrowers with 2,278,392 unique active borrower accounts ahead of schedule.

Edfinancial has been communicating to these newly transferred borrowers through phone calls, postal mail, email and text alerts

**(a) How many rounds of outreach have you done so far?**

With almost three decades of loan servicing experience, Edfinancial recognizes that many borrowers are anxious about their loans being transferred to a new service provider. We want to make sure that each Granite State borrower converted to Edfinancial's system is fully aware of who his or her new servicer is, all the options and benefits available to them, and most importantly, to feel welcomed and secure in the fact that they will be supported during and after the loan conversion.

Edfinancial's communication methods with former Granite State borrowers have included the following:

- Each transferred borrower received a Granite State Welcome letter.
- All transferred borrowers with email addresses also received a Welcome eblast.
- All transferred borrowers with valid telephone number and cell-phone consent also received a Welcome text.
- All transferred borrowers with email addresses also received the MMA Outreach eblast. MMA (Manage My Account) is Edfinancial's borrower portal. The MMA eblast reminded borrowers to create an online account.
- Per FSA Return to Repayment Change Requests:
  - o Email and postal mail outreach to borrowers that were set up on auto-debit prior to 3/13/2020 to confirm desire to continue with auto-debit once repayment commences.

Total Emails Sent: 1,865,893

In addition, Edfinancial completed two of the three ongoing auto-debit confirmation outreach campaigns with 23% of transferred borrowers confirming the retention of ACH and 0.56% discontinuing their ACH. The remaining borrowers have not yet responded.

Below are the details for the Welcome eblast and MMA eblast we conducted for the transferred borrowers:

Send Date	Eblast Name	Sent
09/17/2021	Granite State Welcome 9-17-21	7,781
09/17/2021	Granite State Welcome 9-16-21	6
09/30/2021	Granite State Welcome - Second Notice 9-30-21	7,202
10/06/2021	Granite State Welcome - 10-7-2021	91,604
10/06/2021	Granite State Welcome - 10-6-2021	38
10/06/2021	Granite State Welcome - 10-6-2021	91,975
10/19/2021	Granite State Welcome - 10-19-2021	1
10/19/2021	Granite State Welcome - 10-19-2021	142
10/19/2021	Granite State Welcome - 10-19-2021	25,993
10/20/2021	Granite State Welcome - 10-20-2021	25,988
10/21/2021	Granite State Welcome - 10-21-2021	1
10/21/2021	Granite State Welcome - 10-21-2021	71

<b>Send Date</b>	<b>Eblast Name</b>	<b>Sent</b>
10/21/2021	Granite State Welcome - 10-21-2021	24,994
10/21/2021	Granite State Welcome - 10-21-2021	25,995
10/22/2021	Granite State Welcome - 10-22-2021	24,980
10/22/2021	Granite State Welcome - 10-22-2021	25,987
10/23/2021	Granite State Welcome - 10-23-2021	24,408
10/23/2021	Granite State Welcome - 10-23-2021	23,583
10/25/2021	Granite State Welcome - 10-25-2021	1
10/25/2021	Granite State Welcome - 10-25-2021	21
10/26/2021	Granite State Welcome - 10-25-2021	49,992
10/27/2021	Granite State Welcome - 10-26-2021	49,992
10/28/2021	Granite State Welcome - 10-27-2021	47,614
10/29/2021	Granite State Welcome - 10-29-2021	52,251
10/29/2021	Granite State Welcome - 10-29-2021	49,993
10/29/2021	Granite State Welcome - 10-29-2021	14
11/04/2021	Granite State Welcome - 11-4-2021	54,975
11/04/2021	Granite State Welcome - 11-4-2021	93
11/05/2021	Granite State Welcome - 11-5-2021	56,626
11/08/2021	Granite State Welcome - 11-8-2021	128
11/08/2021	Granite State Welcome - 11-8-2021	64,976
11/09/2021	Granite State Welcome - 11-9-2021	67,579
11/10/2021	Granite State Welcome - 11-12-2021	52,723
11/10/2021	Granite State Welcome - 11-10-2021	20
11/10/2021	Granite State Welcome - 11-10-2021	28
11/10/2021	Granite State Welcome - 11-10-2021	53
11/10/2021	Granite State Welcome - 11-10-2021	53,382
11/11/2021	Granite State Welcome - 11-11-2021	56,967
11/15/2021	Granite State Welcome - 11-15-2021	41



<b>Send Date</b>	<b>Eblast Name</b>	<b>Sent</b>
11/15/2021	Granite State Welcome - 11-15-2021	53,332
11/16/2021	Granite State Welcome - 11-16-2021	51,135
11/17/2021	Granite State Welcome - 11-17-2021	23
11/17/2021	Granite State Welcome - 11-17-2021	50,697
11/17/2021	Granite State MMA Outreach 11-17-2021	21
11/17/2021	Granite State MMA Outreach 11-17-2021	26,922
11/17/2021	Granite State MMA Outreach 11-17-2021	26,920
11/22/2021	Granite State Welcome 11-22-2021	3
11/22/2021	Granite State Welcome - 11-22-2021	19,837
11/22/2021	Granite State MMA Outreach 11-18-2021	26,940
11/22/2021	Granite State MMA Outreach 11-18-2021	26,918
11/23/2021	Granite State Welcome - 11-23-2021	10
11/23/2021	Granite State Welcome - 11-23-2021	45,520
11/23/2021	Granite State MMA Outreach 11-23-2021	28,218
11/23/2021	Granite State MMA Outreach 11-23-2021	26,907
11/30/2021	Granite State MMA Outreach 11-30-2021	167
11/30/2021	Granite State MMA Not Set Up	26,399
11/30/2021	Granite State MMA Not Set Up	26,402
12/02/2021	Granite State MMA Outreach 12-3-2021	16
12/02/2021	Granite State MMA Outreach 11-30-2021	53,916
12/03/2021	Granite State MMA Outreach 12-3-2021	79,802
12/04/2021	Granite State MMA Outreach 12-4-2021	79,756
12/05/2021	Granite State MMA Outreach 12-5-2021	57,996
12/07/2021	Granite State MMA Outreach 12-7-2021	170
12/07/2021	Granite State MMA Outreach 12-7-2021	99,648
<b>Total</b>		<b>1,865,893</b>

Transfer #	Transfer Date	Total Count of Borrowers Transferred	Count of Transferred Borrowers who have created an online account with Edfinancial	% of Transferred Borrowers who created online account
1	09/07/2021	7,833	3,378	43.13%
2	09/22/2021	184,201	32,335	17.55%
3	10/7&10/8	203,898	51,885	25.45%
4	10/20 & 10/21	250,462	43,705	17.45%
5	10/27/2021	245,698	42,809	17.42%
6	11/03/2021	268,958	39,200	14.57%
7	11/10/2021	117,316	15,546	13.25%
<b>GRAND TOTAL</b>		<b>1,278,366</b>	<b>228,858</b>	<b>17.90%</b>

We can also share that since the start of Granite State borrower transfers we have received 44,994 phone calls from them with close to 30% of callers inquiring about billing, payments and asking general transfer questions.

**(b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?**

We have identified in section (a) above all of the response rates that we have tracked for this particular population.

**5. Since our last correspondence, 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 1, 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.

Below we describe the efforts that we have undertaken since our July 2, 2021 correspondence.

**June 2021 - present**

- Since June 2021 we have been making targeted outreach calls to the “at risk” population of borrowers. Our agents focus on counseling this population on how to be successful during Return to Repayment period, which includes the right repayment plan, utilization of the borrower portal and auto-debit if applicable.

This “at risk” population includes borrowers who:

- Had not graduated and entered repayment in the last 60 months
- Entered repayment for the first time within the last 36 months
- Exited hardship, unemployment or natural disaster deferment or forbearance in the last 48 months
- Was ever 90 days delinquent or more in the year prior to payment pause

Below is a chart illustrating call campaign outreach attempts and performance.

Month	Calls Made	Calls Answered	Connect Rate
June	62,836	6,454	10.27%
July	18,537	2,875	15.51%
August	30,137	4,725	15.68%
September	47,666	6,721	14.10%
October	140,658	19,146	13.61%
November	35,390	3,788	10.70%

In addition to calls Edfinancial is conducting email and text campaigns to drive action from the “at risk” population.

Additional Outreach includes:

**November 2021** - reminder of repayment restart and advising of ability to reduce interest rates with auto pay (425,000 “at risk” borrowers).

**December 2021**- reminder of repayment restart and encouraging IDR if needed (600,000 “at risk” borrowers will have been contacted by the end of December).

To date these additional calls have resulted in over 37,000 of “at risk” borrowers being enrolled in an IDR plan.

### **Prior to July 2021**

As discussed in our July 2, 2021 letter, 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 – June 2021**

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

**6. Since our last correspondence, please describe the targeted outreach efforts, if any, that your company has taken or intends to take to prepare at-risk borrowers for the reactivation of their student loan payments in January 2022.**

Per FSA guidance, we are completing additional outreach to certain “at risk” borrowers, to ensure they are aware of various programs and flexibilities to assist them in a successful return to repayment. The outreach includes up to 3 outbound phone attempts to the borrower. The outreach began June 2021 and will go through July 2022. The outreach is designed to advise the borrower of their next payment due date, payment amount, information about payment plans such as IDR, and the option to sign-up for or confirm auto-debit information.

- For this outreach the “at risk” categories are defined as customers who, as of the end of the payment pause:
  - Had not graduated and entered repayment in the last 60 months
  - Entered repayment for the first time within the last 36 months
  - Exited hardship, unemployment, or natural disaster deferment or forbearance in the last 48 months
  - Any customer who was ever 90 days delinquent or more in the year prior to payment pause.

Below is a summary of our at-risk outreach efforts (calls made, calls answered, and connect rate) from June 2021 – November 2021.

Month	Calls Made	Calls Answered	Connect Rate
June 2021	62,836	6,454	10.27%
July 2021	18,537	2,875	15.51%
August 2021	30,137	4,725	15.68%
September 2021	47,666	6,721	14.10%
October 2021	140,658	19,146	13.61%
November 2021	35,390	3,788	10.70%

Since outreach began, 37,054 of at-risk borrowers have enrolled in an IDR plan.

In November 2021, we sent a return to repayment reminder to 425,000 at-risk borrowers and advised of the option to enroll in auto-debit. In December 2021, we are sending a return to repayment reminder to 600,000 at-risk borrowers with more information about IDR options.

**7. Since our last correspondence, are you on track to complete hiring in advance of the loan payment pause being lifted?**

Yes, Edfinancial is on track to complete hiring and training in advance of the loan payment pause being lifted. Since our July 2, 2021 letter, Edfinancial will have hired and through the engagement of a subcontractor, will have acquired the services of an additional total of 379 employees for loan servicing prior to January 31, 2021. I would note that we are prepared to the best of our ability from a staffing perspective for return to repayment. We have determined our staffing needs based on information available to us, including call volume projections and number of borrowers who will actually be in repayment (versus in school). As readily acknowledged by the government and servicers alike, having this number of borrowers re-enter repayment at the same time is a historic and unprecedented event. Unexpected factors can influence call volumes on a daily basis, such as news reports, communications from FSA and the like. We cannot project with absolute certainty the number of calls we will receive every day. In addition, the current job market is very tight, making it challenging to attract and replace talent. That being said, we have succeeded thus far in our hiring and engagement goals and will diligently continue to work to

retain and attract new talent. Another challenge that we have experienced in past years is timely obtaining security clearances for our newly hired employees. The length of the security clearance process has improved dramatically in the past few years, and we appreciate that. However, there remains the possibility that the occasional bottleneck in the clearance process can prevent us from having new employees start work as quickly as we would like.

**(a) How many additional staff do you need to hire before January 31, 2022? How many staff total will you have at that point, and what will the ratio of borrowers to staff be at that point? How will it compare to the ratio you had in February 2020?**

Edfinancial plans to hire or engage through a subcontractor 209 additional employees by January 31, 2022, and 79 additional employees by the end of February 2022. Please see below the ratios of borrowers to staff:

	<b>Ratio of Staff to Borrowers</b>	<b>Ratio of Staff to Borrowers in Repayment</b>
February 2020	1 to 6,401	1 to 3,172
January 2022	1 to 6,653 (projected)	1 to 3,711 (projected)
February 2022	1 to 6,097 (projected)	1 to 3,596 (projected)

**(b) How many of these staff will be Spanish-speaking? How many total Spanish-speaking customer service representatives do you plan to have on staff? How many primarily Spanish-speaking borrowers do you estimate that you will be servicing? What are the guidelines to ensure borrowers are able to get in touch with a Spanish speaking representative in a timely manner?**

Edfinancial projects the need for 12 Spanish-speaking FTEs during Return to Repayment peak period. However, we project to have approximately 25 Spanish-speaking agents by the end of January 2022. This Spanish-speaking staff will serve an estimated 3.5-5.5% of Edfinancial’s Spanish-speaking borrower population based on our historical Spanish calls data.

Each borrower who calls Edfinancial will have a choice to speak to a Spanish -speaking representative. Edfinancial’s call back feature is of great assistance to all borrowers including those whose primary language is Spanish. If all Spanish-speaking representatives are currently busy, a borrower will have a choice to stay on the line or select a call back feature.

**8. Since January 1, 2021, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances? How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?**

Edfinancial does not currently track “change in financial circumstances” as a reason for call; however, we have identified 13,566 borrower phone calls received from 1/1/21 – 12/13/21 regarding a repayment plan.

**(a) How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?**

Of the 13,566 borrower calls identified above, 4,598 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.

Below is a chart of the overall IDR processing since March 2020:

Month	New	Recertification	Recalculation	Change
Mar-20	4236	5620	336	300
Apr-20	1623	4024	179	131
May-20	631	1382	58	46
Jun-20	870	1737	76	52
Jul-20	646	2864	94	69
Aug-20	685	3068	109	74
Sep-20	968	3185	98	50
Oct-20	1205	3827	185	87
Nov-20	2531	2646	222	92
Dec-20	2551	2635	276	118
Jan-21	2267	2117	196	97
Feb-21	1120	1176	73	33
Mar-21	1403	1065	81	47
Apr-21	1203	964	71	39
May-21	957	807	56	29
Jun-21	1169	941	83	35
Jul-21	1012	881	63	33
Aug-21	1238	990	124	42
Sep-21	1138	502	127	42
Oct-21	2338	605	255	73
Nov-21	2794	454	230	50

**(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 February 2022?**

- Per FSA guidance, IDR recertification dates have been extended to ensure no one is due for recertification before August 2022.
- We have spread out the repayment start date over two months as to give the customer and the agents a responsible balance of payment
- 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.

As mentioned in our response to Question 1, in December 2021, we have sent emails promoting the self-certification IDR option. We have plans to send additional email promotions in January 2022. We have also created a text message for use in January 2022 that will provide a direct link to complete the simplified self-certification option through StudentAid.gov. Finally, we are introducing a new ChatBot feature through Edfinancial.com that will advise of borrower options, such as the self-certification IDR option. These efforts were created to supplement FSA's borrower outreach that is described in the R2R Communications Playbook.

**(c) What is the current processing time for entering into an IDR plan or recertifying with a new payment in an existing IDR plan?**

Edfinancial's current processing time for entering IDR plan or recertifying with a new payment in an existing IDR plan is 9 business days.

**9. What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?**

At Edfinancial, we consistently strive to do the right thing for our customers. As described in more detail in our responses to Questions 1, 5 and 6, 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 Questions 1, 5 and 6 for a description of these specific efforts.

**(a) What training are you providing to customer service staff to ensure borrowers receive such support and are not steered into forbearances?**

Edfinancial offers a rigorous training program to their newly hired customer service representative as well as regular calibration trainings for the experienced agents.

Newly hired customer service representatives are trained with a combination of virtual classroom instruction, online resources, quizzes, discussions and role playing. At the end of their classroom training period, they receive live mentoring with one of our veteran customer service representatives. After representatives start taking calls on their own, any applicable updates and refreshers to regulations or business decisions are communicated through an online training update alert or virtual training sessions, depending on the complexity of the change. Additionally, online resources, such as our internal wiki pages, are updated as needed.



Our training team consistently focuses on topics such as assisting borrowers with the most benefitting repayment options for their needs. This includes first offering the benefits of IDR plans and supporting borrowers in their journey of applying for an IDR plan rather than first suggesting forbearance during financial hardship. The IDR plan counseling is one of the check points during the call evaluations and always part of calibration trainings of the experienced agents.

**10. What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?**

Please see our response to Question 9.

**11. Do you expect to be able to meet FSA's expectations for expanded call center hours and Spanish-speaking call center staff by the time payments resume on February 1, 2022?**

Yes, Edfinancial is confident that its hiring and training strategy implemented over the past six month will allow us to meet FSA's expectations for expanded call center hours and Spanish-speaking call center staff by the time payments resume on February 1, 2022. One of the challenges in hiring and training new representative we must consider at all times is the process of receiving security clearances. The security clearance process has improved dramatically in the past few years, but still creates an occasional bottleneck as it takes time for the federal government to evaluate each candidate.

**Do you expect to be able to meet FSA's target thresholds for the following performance metrics by February 1, 2022?**

- a) **The percentage of borrowers who end a call before reaching a customer service representative by phone.**
- b) **How well customer service representatives answer borrower questions and help them navigate repayment options.**
- c) **Whether servicers process borrower requests accurately the first time.**
- d) **The overall level of customer service provided to borrowers.**

Edfinancial is currently meeting the above-referenced performance metrics, and as discussed in our response to Question 7 above, we have hired and continue to hire additional staff and accordingly plan to continue to meet those levels. Also as discussed in our response to Question 7, unforeseen external factors such as media reports or email communications from FSA (and these are just two examples) can cause unexpected and dramatic spikes in call volumes from day to day that could impact our performance that day. Based on our projections and assumptions with information available to us today and barring unforeseen significant events, however, yes we expect to be able to meet these performance metrics for return to repayment.

**12. Please describe your process for responding to borrower complaints made to state and federal agencies. How has this process been changed to support increased accountability?**

Escalated complaints are managed and tracked by the Customer Resolutions Unit (CRU) within our Compliance department. Complaints are analyzed for trends/root cause, and if

necessary, will lead to policy/procedure changes or additional staff training. CRU reviews each complaint received by a customer or third party and issues a response to the customers to ensure their concerns are addressed and to ensure they are provided with necessary information to satisfy the complaint.

An escalated complaint is one that is received from:

- a. Federal Student Aid's (FSA) Feedback and Dispute Management System (FDMS)
- b. a consumer or governmental agency
- c. Consumer Financial Protection Bureau (CFPB) Complaint Portal
- d. a congressional office (FSA Control Mail)
- e. the FSA Ombudsman's Group
- f. Better Business Bureau (BBB)
- g. Customer Care and Loan Servicing departments, such as:
  - i. correspondence that includes a threat of litigation or legal action from an attorney;
  - ii. correspondence written directly to executives, corporate officers, or directors of the company;
    1. communication alleging non-compliance with regulations or laws, such as fair lending, fair treatment, privacy laws, or those that may allege unfair, deceptive or abusive acts or practices;
  - iii. Escalated customer phone calls, emails and/or requests for supervisor callback that the frontline staff is unable to resolve
- h. a customer (or attorney representing the customer) regarding a lawsuit for conduct alleged to have occurred in the course of Edfinancial's servicing activities

**13. What protections has your company put in place to ensure that account and payment histories are fully and accurately transferred for accounts being transferred between servicers?**

As described in our response to Question 4, all Granite State borrowers transferred to Edfinancial between September and November 2021 were part of a careful and diligent conversion process that involved cooperation among Edfinancial, GSMR and FSA. As part of the post-transfer validation process, Edfinancial confirms that every borrower's account history is included in each transferred batch of loans, and each borrower's payment history is included in the account history.

**14. What protections has your company put in place to ensure that borrowers are not harmed if their current servicer does not receive an on time payment due to uncertainty about how to make a payment, where to send a payment, the amount due or date due, or because of a change in financial circumstances that has not yet been fully addressed through completion of the recertification process or provision of a requested deferment or forbearance?**

In an effort to keep borrowers from being harmed as a result of return to repayment and in recognition of the historic impact of a nearly two-year suspension in student loan payments, borrowers will be allowed additional flexibilities in the early stages of the return to repayment.

Specifically, FSA established a three-month Safety Net Period effective February 1, 2022, and Edfinancial will fully comply with the Safety Net Period requirements:

- Borrowers who are unable to make payments up to 90 days after their first payment is due will not be adversely affected by negative reporting for credit purposes
- The delinquency will be resolved through use of a retroactive non-capping forbearance

Upon exiting the Safety Net Period Edfinancial will send one notification via direct email or post mail notifying those borrowers who were placed in the administrative forbearance to resolve delinquency.

**15. Do you expect to be able to implement any policy changes, such as streamlined enrollment processes, extended grace periods, or targeted or broad-based debt forgiveness, before payments resume on February 1, 2022?**

Edfinancial is consistently timely in implementing policy changes that are communicated to the federal servicers via FSA's CRs (Change Requests). To date, all CRs that Edfinancial has received from FSA regarding Return to Repayment have not raised concerns with respect to our ability to implement them on time and accommodate the borrowers who will start making their student loan payments on February 1, 2022. Barring any unforeseen circumstances, we anticipate being able to implement additional CRs that we receive from FSA before payments resume on February 1, 2022.

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.



Wm. Anthony Hollin  
President and Chief Executive Officer



December 16, 2021

Dear Senators Warren, Blumenthal, Van Hollen, and Smith,

MOHELA, the Higher Education Loan Authority of the State of Missouri, is writing in response to your letter dated December 2, 2021, requesting updated information for our plans to support the millions of federal student loan borrowers who are scheduled to resume payment on their loans beginning February 2022. With the scheduled resumption of payments fast approaching, you are also requesting an update on how MOHELA is preparing for this historic transition to repayment while clearing the higher bar for supporting borrowers resulting from new contract extensions which includes higher standards for customer service and borrower support. 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 and to prepare for the new key contract terms and associated change requests issued by Federal Student Aid (“FSA”). 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 continued to engage 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 and weekly reports have been provided to FSA regarding the portfolio status, staffing resources, and the implementation status of FSA change requests.

As requested, below please find MOHELA’s responses to your questions and data obtained as of December 15, 2021:

- 1) Please provide specific steps your company has taken and will take to ensure borrowers that its services successfully transition back to student loan repayments after January 31, 2022.***

Attachment A sets forth the specific steps that MOHELA has taken and will take to ensure a successful transition back to repayment status.



2) *How is your company communicating with borrowers previously enrolled in auto-debit about the restart of payments?*

Per FSA Change Request (CR) 5811, MOHELA is sending email communication to borrowers with a valid email address and letters to those without a valid email address for the following cohorts:

**Cohort 1** - The servicer shall contact all borrowers with active loans who were participating in auto-debit/ACH payments prior to the start of the COVID forbearance (prior to 3/13/20) and had their payments suspended. Note: This requires the borrower to respond to one of the 3 required outreaches to continue their Auto Debit or they will be automatically removed.

**Cohort 2-** The servicer shall contact all borrowers once via direct email (no e-correspondence) or postal mail who have selected to participate in auto-debit/ACH payments on/after 3/13/2020 but are currently in COVID forbearance, to inform those borrowers that auto-debit/ACH will resume once the COVID forbearance ends.

**Cohort 3** - The servicer shall contact all borrowers once via direct email (no e-correspondence) or postal mail who are currently opted out of the COVID forbearance and have selected to participate in auto-debit/ACH payments to remind them that no actions are needed by the borrower to continue that payment method.

a) *How many rounds of outreach have you done about auto-debits so far?*

- Cohort 1 – 2 rounds of outreach completed
  - 1<sup>st</sup> outreach: 10/21/2021
  - 2<sup>nd</sup> outreach: 12/03/2021
  - 3<sup>rd</sup> outreach: Anticipated completion 12/17/2021
- Cohort 2 – 1 outreach
  - Completed 12/03/2021
- Cohort 3 – 1 outreach
  - Completed 12/03/2021

b) *What method of communication have had the best response rates? What is the response rate for each method of communication you have used?*

To date, the email response rate of 42.95% is the best response rate. The response rate for letters (USPS) to date is 16.60%. Of the borrowers in Cohort 1 that are required to respond, so far 57.39% have opted to remain on Auto Debit.



**3) *How is your company communicating with borrowers not enrolled in auto-debit about the restart of payments?***

CR 5965 – Outbound Engagement with At Risk Borrowers: “As a result of the student loan payment pause certain “at-risk” borrowers will require additional engagement to ensure they are aware of various programs and flexibilities in place to assist them in their successful return to repayment. FSA and loan servicers will need to reach out to these borrowers before and after the payment pause as quickly as possible to provide ample time for them to prepare for payments to resume.”

MOHELA is completing outbound call campaigns to borrowers in the following categories:

“At-Risk” Categories, as of the end of the payment pause:

- Had not graduated and entered repayment in the last 60 months
- Entered repayment for the first time within the last 36 months
- Exited hardship, unemployment or natural disaster deferment or forbearance in the last 48 months
- Any borrower who was ever 90 days delinquent or more in the year prior to payment pause

CR 6006 - Reminder email campaign (letter in lieu of valid email address) to prepare borrowers for return to repayment - December 2021.

CR 5963 - Reminder email campaign (letter in lieu of valid email address) scheduled 14 days in advance of the borrowers’ due date to occur January 2022- mid February 2022.

Targeted messaging added to the Repayment Obligation Disclosures and Billing Statements promoting IDR self-certification, Paperless Delivery and Auto Debit. Other efforts include Customer Service Counselors, Web, and IVR.

***a) How many rounds of outreach have you done so far?***

Below are the FSA CR related outreaches for MOHELA to perform:

- CR 5965 - Three outreach attempts will be completed prior to 7/31/2022:
  - Outreach 1: In progress, anticipated to be completed prior to 1/31/2022
  - Outreach 2: Anticipated to begin after 2/01/2022
  - Outreach 3: Anticipated to be completed prior to 7/31/2022



- CR 6006 - Reminder email campaign (letter in lieu of valid email address) to prepare borrowers for return to repayment - December 2021.
- CR 5963 - Reminder email campaign (letter in lieu of valid email address) scheduled 14 days in advance of the borrowers' due date to occur January 2022 - mid February 2022.

***b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?***

FSA CR outreach is either in progress or has not yet begun as outlined in 3a).

***4) How is your company communicating with new borrowers that have been or will be transferred to your company?***

Prior to the transfer, the sending servicer sends a transfer notification to the impacted borrowers. FSA also sends email communications to the impacted borrowers. MOHELA sends communication to borrowers during the transfer and after the transfer is complete.

- Transfer is in process – email.
- Transfer is complete – welcome letter and email.

Additionally, MOHELA has information available for transferring borrowers on mohela.com, on our IVR phone system, and through our contact center agents.

**Website**

- [Homepage](#): We added a link at the top of the page to direct borrowers to the New Transfer Page.
- [New Transfer Page](#): We created this page specifically about the FedLoan Servicing Transfer, with information about the transfer process and FAQs.
- [Transfer Status Page](#): Borrowers can search and see where they are in the transfer process.

**IVR Phone System**

- During the transfer process, borrowers receive information about the status of the transfer and when their information is expected to be available.

**Customer Service Representatives (CSRs)**

- During the transfer process, agents can search for borrowers and provide information about the status of the transfer and when the borrower's information is expected to be available.



***a) How many rounds of outreach have you done so far?***

For each transfer, the sending servicer notifies borrowers approximately 15 days prior to the transfer. Shortly after receipt of the transfer, MOHELA sends an in-process email and after the loan transfer is complete, an email and a letter are sent to borrowers. To date, we have received just over 1 million borrowers from FedLoan Servicing (PHEAA) since October 4, 2021.

***b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?***

- The open-rate for emails relative to the transfer has been averaging 32%.
- The returned letters that were sent USPS relative to the transfer has been averaging 1.5% of for addresses to be updated or marked as undeliverable.

***5) Since our last correspondence, [June 2021], 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 issued CR 5944- Temporary IDR Application, IDR Recertification and Cancer Deferment Recertification Simplification and CR 5992 – DCC IDR Application Changes on StudentAid.gov
- When working with a borrower, servicers are able to take their IDR information verbally thus eliminating the delay in placing the borrower in the requested plan or recalculating an existing plan.
- Customer Service Counselors, Web, IVR

***6) Since our last correspondence, [June 2021], please describe the targeted outreach efforts, if any, that your company has taken or intends to take to prepare at-risk borrowers for the reactivation of their student loan payments in January 2022.***

- FSA issued CR 5965 – Outbound Engagement with At Risk Borrowers:  
“As a result of the student loan payment pause certain “at-risk” borrowers will require additional engagement to ensure they are aware of various programs and flexibilities in place to assist them in their successful return to repayment. FSA and loan servicers will need to reach out to these borrowers before and after the payment pause as quickly as possible to provide ample time for them to prepare for payments to resume.”





- MOHELA is required to complete outbound call campaigns to borrowers in the following “At-Risk” Categories:
  - Had not graduated and entered repayment in the last 60 months
  - Entered repayment for the first time within the last 36 months
  - Exited hardship, unemployment or natural disaster deferment or forbearance in the last 48 months
  - Any borrower who was ever 90 days delinquent or more in the year prior to payment pause
  
- Three outreach attempts for the “At-Risk” borrowers will be completed prior to 7/31/2022 a required:
  - Outreach 1: In progress with an anticipated completion prior to 1/31/2022
  - Outreach 2: Anticipated to begin after 2/01/2022
  - Outreach 3: Anticipated to be completed prior to 7/31/2022
  
- Other efforts include Customer Service Counselors, Web, and IVR

**7) Since our last correspondence, [June 2021], are you on track to complete hiring in advance of the loan payment pause being lifted?**

Yes.

***a) How many additional staff do you need to hire before January 31, 2022? How many staff total will you have at that point, and what will the ratio of borrowers to staff be at that point? How will it compare to the ratio you had in February 2020?***

During this unprecedented time in which virtually all student loan borrowers that were recipients of the COVID-19 administrative forbearance will enter back into repayment simultaneously, coupled with the volatile job market and economic uncertainties, we are faced with many unknowns which may alter staffing needs.

MOHELA has been aggressively increasing Customer Service Representative and Loan Servicing Specialist to support borrower inquiries and processing to meet our service levels and to meet the new hours of operation. Please refer to the current staffing information:



Position	Status	# of Positions
CSRs	In the Contact Center	134
	In Training	211
	Scheduled for Training	89
	Being Pursued for Hire by Jan. 31, 2022	95
<b>Total CSRs</b>		<b>529</b>
Position	Status	# of Positions
Loan Servicing Specialists	In Loan Servicing	53
	In Training	23
	Being Pursued for Hire by Jan. 31, 2022	2
<b>Total Loan Servicing Specialists</b>		<b>78</b>

We anticipate servicing approximately 4.4 million student loan borrowers by January 31, 2022, of which 22% are expected to be in an In-School status. We anticipate a ratio of 7,248 borrowers for each CSR/Loan Servicing Specialist. This ratio does not include all other support and management personnel such as Supervisors, Managers, Directors, IT, Quality Assurance, Customer Advocacy, Human Resources, Payment Processors, Reporting and Reconciliation Analysts, etc. MOHELA will provide overtime opportunities in all applicable departments to assist with peak periods.

MOHELA continues to be committed to the borrowers we serve while meeting the service level expectations and hours of operation. The following table compares the number of staffed CSRs and Loan Servicing Specialists, the number of direct loan borrowers serviced, the ratio per staff member and the service levels from February 2020, prior to the COVID-19 period, to January 31, 2022, when borrowers will resume repayment.

Month	# of Staffed CSRs and Loan Servicing Specialist	# of Direct Loan Borrowers Serviced	Ratio Per Borrower	Service Levels
February 2020	179	2.4 million	13,765	:45 Second Average Speed of Answer (ASA) and a 2.32% Abandoned Rate
Anticipated January 2022	607	4.4 million	7,248	Required Per FSA Issued CR 5952:

				<p>Jan 1 -Apr 30, 2022 period to be less than or equal to 5% Abandon Rate and an Average Speed of Answer of 60 seconds or less (ASA)</p> <p>May 1, 2022 – June 30, 2022 period to be less than or equal to 4% Abandon Rate and an Average Speed of Answer of 60 seconds or less (ASA)</p>
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In summary, MOHELA is substantially increasing Customer Service and Loan Servicing Specialist from a total of 179 in February 2020 to 607 anticipated by January 31, 2022 thus significantly reducing the ratio of borrowers serviced by these staff members.

***b) How many of these staff will be Spanish-speaking? How many total Spanish-speaking customer service representatives do you plan to have on staff? How many primarily Spanish-speaking borrowers do you estimate that you will be servicing?***

We currently have 25 Spanish-speaking CSRs released to the contact center and 47 in training for a grand total of 72. We anticipate approximately 4,700 Spanish-speaking borrowers will contact us on a monthly basis. However, this volume is dependent on whether a Spanish-speaking borrower who also speaks English chooses to conduct an inbound call with MOHELA in Spanish. For transferred borrowers, their preference of English versus Spanish-speaking is not provided, therefore the anticipated volume may increase or decrease and as such we will adjust our staffing levels accordingly.

***c) What are the guidelines to ensure borrowers are able to get in touch with a Spanish speaking representative in a timely manner?***

Spanish-speaking callers will be presented with an IVR option to speak with a Spanish-speaking CSR. We are also working to establish an in-queue call back for these borrowers which will allow them to hold their place in queue during heavy call volume periods.



***8) Since January 1, 2021, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances? How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?***

This information was not tracked for reporting purposes.

***a) How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?***

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 February 2022?***

MOHELA continues to hire and train new CSRs and Loan Servicing Specialists, for back office processing, to handle the anticipated increased volume of borrower inquiries, applications and other requests, including working with subcontractors to ensure adequate staffing is in place. Existing CSRs received refresher training focused on assisting borrowers with entering back into repayment. Existing Loan Servicing Specialists have been cross-trained to process multiple request types so that management can adjust task assignments as needed to focus on the highest volume requests without requiring additional staff and if necessary providing overtime opportunities. The verbal requests for IDR plans and processing applications from StudentAid.gov with no proof of income documentation required has been implemented, per FSA change requests 5992 and 5994. We have also extended the renewal deadlines for IDR plans and Cancer Treatment Deferments, per FSA change request 6006. We continue to establish system enhancements and processing automation where possible.

***c) What is the current processing time for entering into an IDR plan or recertifying with a new payment in an existing IDR plan?***

Average of 3.6 days.



**9) What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?**

MOHELA's Customer Relationship Management ("CRM") system provides for a hierarchy of options of which a general hardship forbearance is the last option for discussion. CSRs are prompted and expected to flow through the CRM to ask borrowers fact finding questions to assist them with repayment plans to fit their needs and if necessary options to postpone payment.

**a) What training are you providing to customer service staff to ensure borrowers receive such support and are not steered into forbearances?**

Existing CSRs have received refresher training and new CSRs are trained to utilize a call flow process through MOHELA's CRM system. This CRM provides for a hierarchy of options of which a general hardship forbearance is the last option for discussion. CSRs are prompted through the CRM to ask the borrower for the following information:

- Family Size/Marital Status
- Household Adjusted Gross Income
- Outside Federal Student Loan debt

Based on the information gathered, the CSR will be presented with the applicable IDR repayment options. Resources are available to the CSR throughout the call flow to present information regarding each plan or option by clicking on an Information radio button. If the borrower does not want to take advantage of the IDR option, the CSR continues through the call flow to explore the remaining options available. To simplify the IDR request process, Change Request 5944, Temporary Simplification of IDR Certification/Application, now allows the CSR to temporarily accept the IDR application verbally instead of offering to send the prefilled application by mail or deliver behind the log in on mohela.com or offering the StudentAid.gov e-sign process.

Also, per FSA Change Requests 5944 and 5992, borrowers who elect to apply for IDR via the e-sign process on mohela.com or through StudentAid.gov are not required to provide supporting documentation.

In addition to the available information provided to borrowers on StudentAid.gov, a Repayment Calculator is available on mohela.com, to assist the borrower with IDR information.

***10) What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?***

Existing CSRs have received refresher training and new CSRs are trained to utilize a call flow process through MOHELA's CRM system. This CRM provides for a hierarchy of options of which a general hardship forbearance is the last option for discussion. CSRs are prompted through the CRM to ask the borrower for the following information:

- Family Size/Marital Status
- Household Adjusted Gross Income
- Outside Federal Student Loan debt

Based on the information gathered, the CSR will be presented with the applicable IDR repayment options. Resources are available to the CSR throughout the call flow to present information regarding each plan or option by clicking on an Information radio button. If the borrower does not want to take advantage of the IDR option, the CSR continues through the call flow to explore the remaining options available. To simplify the IDR request process, Change Request 5944, Temporary Simplification of IDR Certification/Application, now allows the CSR to temporarily accept the IDR application verbally instead of offering to send the prefilled application by mail or deliver behind the log in on mohela.com or offering the StudentAid.gov esign process.

Also, per FSA Change Requests 5944 and 5992, borrowers who elect to apply for IDR via the e-sign process on mohela.com or through StudentAid.gov are not required to provide supporting documentation.

In addition to the available information provided to borrowers on StudentAid.gov, a Repayment Calculator is available on mohela.com, to assist the borrower with IDR information.

***11) Do you expect to be able to meet FSA's expectations for expanded call center hours and Spanish-speaking call center staff by the time payments resume in February 1, 2022? Do you expect to be able to meet FSA's target thresholds for the following performance metrics by February 1, 2022?***



MOHELA will be scheduling staff based on the forecast to provide staff to support the expanded call center hours and to support Spanish-speaking call center staff. During this unprecedented time in which virtually all student loan borrowers that were recipients of the COVID-19 administrative forbearance will enter back into repayment simultaneously, coupled with the volatile job market and economic uncertainties, we are faced with many unknowns which may alter staffing needs.

***a) The percentage of borrowers who end a call before reaching a customer service representative by phone.***

Less than 5% of borrowers end a call before reaching a CSR.

***b) How well customer service representatives answer borrower questions and help them navigate repayment options.***

Quality will be scored by MOHELA and FSA to gauge how well CSRs answer borrower questions and help them navigate repayment options. In addition, these are our FSA Servicer Level Agreement Metrics (“SLA Metrics”) – Total Weight 65% which will assist with gauging customer satisfaction:

A. 25% Customer Satisfaction Survey: Customer satisfaction survey(s) will be conducted at least quarterly. The survey will measure borrower satisfaction with the servicer and results will be based on a scale of 0-100, with 100 representing a perfect score. FSA or an agent of FSA will conduct the survey(s).

B. 15% Abandon Rate: The percentage of calls that are terminated by the caller once offered out of the Interactive Voice Response (IVR) menu to be answered by an agent.

C. 15% Quality Monitoring: The percentage of customer interactions that received a passing score. FSA or an agent of FSA will score the interactions.

D. 10% Accuracy Rate: The percentage of tasks performed by the servicer and reviewed by FSA that were completed correctly the first time. FSA or an agent of FSA will evaluate the accuracy.

***c) Whether servicers process borrower requests accurately the first time. And,***

Quality will be scored by MOHELA and FSA to gauge how well CSRs answer borrower questions and help them navigate repayment options. In addition, these are our FSA Servicer Level Agreement Metrics (“SLA Metrics”) – Total Weight 65% which will assist with gauging customer satisfaction:

- A. 25% Customer Satisfaction Survey: Customer satisfaction survey(s) will be conducted at least quarterly. The survey will measure borrower satisfaction with the servicer and results will be based on a scale of 0-100, with 100 representing a perfect score. FSA or an agent of FSA will conduct the survey(s).
- B. 15% Abandon Rate: The percentage of calls that are terminated by the caller once offered out of the Interactive Voice Response (IVR) menu to be answered by an agent.
- C. 15% Quality Monitoring: The percentage of customer interactions that received a passing score. FSA or an agent of FSA will score the interactions.
- D. 10% Accuracy Rate: The percentage of tasks performed by the servicer and reviewed by FSA that were completed correctly the first time. FSA or an agent of FSA will evaluate the accuracy.

*d) The overall level of customer service provided to borrowers.*

The customer satisfaction survey issued by FSA will assist with understanding the level of customer service provided. However, based on comments from borrowers in past surveys, including the most up-to-date surveys conducted in the early summer of 2021, some of the borrower comments were relative to the program itself rather than the level of customer service provided by the servicer. In addition, quality will be scored by MOHELA and FSA to gauge how well CSRs answer borrower questions and help them navigate repayment options. MOHELA will continue to perform Quality Assurance of which CSRs are expected to receive a score of 85% or higher for any quality monitoring performed. In addition, these are our FSA Servicer Level Agreement Metrics (“SLA Metrics”) – Total Weight 65% which will assist with gauging customer satisfaction:

- A. 25% Customer Satisfaction Survey: Customer satisfaction survey(s) will be conducted at least quarterly. The survey will measure borrower satisfaction with the servicer and results will be based on a scale of 0-100, with 100 representing a perfect score. FSA or an agent of FSA will conduct the survey(s).
- B. 15% Abandon Rate: The percentage of calls that are terminated by the caller once offered out of the Interactive Voice Response (IVR) menu to be answered by an agent.
- C. 15% Quality Monitoring: The percentage of customer interactions that received a passing score. FSA or an agent of FSA will score the interactions.
- D. 10% Accuracy Rate: The percentage of tasks performed by the servicer and reviewed by FSA that were completed correctly the first time. FSA or an agent of FSA will evaluate the accuracy.





*12) Please describe your process for responding to borrower complaints made to state and federal agencies. How has this process been changed to support increased accountability?*

**Federal Agencies:**

MOHELA has two separate procedures for responses to federal agencies, based on the source of the complaint: Control Mail or Consumer Financial Protection Bureau (CFPB).

MOHELA receives complaints through the CFPB Portal from borrowers who submit complaints to the CFPB or Federal Trade Commission. Complaints received through this portal are assigned to Customer Advocacy Specialists for review and a draft response. These Specialists are highly trained individuals who are empowered to resolve any complaints borrowers may have by working with the appropriate internal departments. The draft response is reviewed by management before being returned to the CFPB through the portal, and the borrower by mail. As needed, MOHELA's Customer Advocacy Team (CAT) may contact the borrower by phone to assist with resolving the complaint, in addition to the written response.

Borrower complaints to FSA, the Secretary of Education, the President of the United States, or other federal agencies are forwarded to FSA, then MOHELA, through the Control Mail process. MOHELA assigns the complaint to a Customer Advocacy Specialist for review and a draft response. Management reviews the response prior to returning the draft to FSA through the Control Mail process. After review, FSA will confirm that they have responded to the borrower, or if any adjustments are needed to the draft. On occasion, MOHELA may reach the borrower by phone in response to such a complaint if it will aid in resolving the concern. This is in addition to the written response.

**State Agencies:**

Complaints from State Agencies follow a similar format to those listed above from federal agencies. Response drafts to borrower complaints from State Attorneys General are reviewed by MOHELA's Legal Department prior to sending the response back to that entity. CAT responds directly to State Ombudsman entities when they send inquiries or borrower complaints to MOHELA. Management reviews all complaint responses before they are sent to borrowers or their representatives.





### **Federal and State:**

MOHELA's response to the entity is written in plain and clear language that can be forwarded to the borrower by the entity, as needed. MOHELA will make any appropriate corrections to errors that are identified in review of the complaints. MOHELA includes details of any adjustments or corrections that are made when responding. If the borrower alleges that there is an error, but MOHELA disagrees, a thorough explanation of MOHELA's position is provided along with documentation justifying why MOHELA does not believe there is an error and is not taking further action.

MOHELA strives to respond to all written complaints within five business days, as stated in policy. MOHELA responds to all entities within timeframes required by statute or contract. If a complaint takes longer than the statutory or contractually required timeframe, MOHELA follows applicable entities' policies to request an extension for response deadlines, and provides an explanation to the entity as to why the additional time is necessary. These are rare occurrences.

The most recent improvement to these policies that improves transparency and accountability is MOHELA's upgrade from a different Escalation Management System (EMS) to a Salesforce based EMS in June 2020. The Salesforce EMS provides increased reliability and data consistency over the prior system. All complaints, associated research, resolution and responses are thoroughly documented through the EMS system. Each complaint "case record" records more than thirty standard data points which include open date, closed date, complaint categorization values, the source of complaint, and borrower identification. Each complaint case also stores several free-form text entries from users which capture call notes, emails, internal tickets, and research notes. The Salesforce system provides several features to MOHELA management users which allow us to better manage our overall complaint portfolio, including those responses to federal and state agencies.

### ***13) What protections has your company put in place to ensure that account and payment histories are fully and accurately transferred for accounts being transferred between servicers?***

MOHELA follows the servicer to servicer transfer process per the requirements established by FSA. The transfer of data is provided through the EA27 file process. Supplemental data for IDR plans is provided via the required supplemental files. Images for the financial and account servicing histories are provided in the required EA80 files for each borrower transferred. Items in process but not yet completed prior to the transfer are required to be



included in the WIP EA80 file. Servicers coordinate with each other to resolve data conflicts and to reconcile the files sent and received.

Specifically, regarding the financial and account histories, shortly after receipt of the EA80 files, the index files are loaded into tables and a SAS query is run to perform reconciliation and verify that a financial and account history is received for each borrower. If there is a discrepancy identified, MOHELA will reach out to the sending servicer for immediate resolution.

***14) What protections has your company put in place to ensure that borrowers are not harmed if their current servicer does not receive an on-time payment due to uncertainty about how to make a payment, where to send a payment, the amount due or date due, or because of a change in financial circumstances that has not yet been fully addressed through completion of the recertification process or provision of a requested deferment or forbearance?***

FSA Change Request 6022 – Safety Net Period: MOHELA will be implementing CR 6022 to apply when the applicable borrowers reach 90 days of delinquency within the specified CR period after return to repayment. The CR states: “In recognition of the historic impact of a nearly two-year pause in student loan payments, borrowers will be allowed additional flexibilities in the early stages of the return to repayment. During the critical first days after the resumption of payments, borrowers who are unable to make a payment up to 90-days after their first payment is due, will not be adversely affected by negative reporting for credit purposes, and will have their delinquency resolved through use of a retroactive non-capping forbearance.” The borrowers will be monitored and at the end of the monitoring period, for any borrower identified as delinquent, a non-capping administrative forbearance will be applied and no negative credit reporting will occur.

For borrowers that are transferred from PHEAA to MOHELA there is an established:

- Placement of a forbearance if the loans were delinquent when transferred or due to timing of the transfer the Auto Debit cannot be extracted.
- IPAC process that servicers follow when a payment is received by the previous servicer. The new servicer receives the payment information and it is applied with the original effective received date.

The WIP EA80 transfer process is used to receive correspondence (deferment, forbearance, IDR, etc.) not yet processed by the sending servicer.



***15) Do you expect to be able to implement any policy changes, such as streamlined enrollment processes, extended grace periods, or targeted or broad-based debt forgiveness, before payments resume on February 1, 2022?***

MOHELA anticipates completing several FSA Change Requests that are in progress, such as CR 6022, the “safety net” forbearance. If other change requests or policy changes are issued by FSA requiring implementation before the return to repayment date, we will prioritize accordingly. MOHELA continues to look for ways to streamline processes that are within our control.

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

Sincerely,  
MOHELA



## Attachment A

### MOHELA Actions for Return to Repayment (R2R) and Transfers from FedLoan Servicing

Category	Detail
<b>Staffing</b>	Continued recruitment, hiring and training Customer Service Representatives (CSRs) and Loan Servicing Specialists staff.
	Retained CSRs during the COVID-19 period through work performed for the Missouri Department of Labor and Industrial Relations. Ended this work November 2021 to focus on outreach efforts.
	Offering nonexempt (hourly) staff Operation Retention Incentives.
	Providing work from home for staff.
	Scheduling shifts/staff for expanded hours of operation (FSA Change Request 5950).
	Offering shift differentials.
	Refresher training for existing CSRs, management and other operational staff to support return to repayment.
<b>Outreach</b>	Outbound calling campaigns to “check in” with borrowers commenced June 2021 - Affordable payments, IDR, Demographics, Auto Debit.
	Additional targeted outbound calling and email campaigns underway by MOHELA supporting the applicable FSA Change Requests for Auto Debit and At-Risk borrowers (FSA Change Request 5881 and 5965).
	Continued updates received for the Communication Playbook from Federal Student Aid and their continued email campaigns to prepare for return to repayment.
	Auto-Debit email campaigns to specific cohorts with one cohort requiring action by the borrower to resume Auto Debit (FSA Change Request 5881)
	Reminder email campaign (letter in lieu of valid email address) to prepare borrowers for return to repayment - December 2021 (FSA Change Request 6006).
	Reminder email campaign (letter in lieu of valid email address) 14 days in advance of the borrower due dates January 2022- mid February 2022 (FSA Change Request 5963).
	Targeted messaging added to the Repayment Obligation Disclosures and Billing Statements promoting IDR self-certification, Paperless Delivery and Auto Debit.
	Transfer in process emails sent to transferred borrowers.
	Transfer completed Welcome letter sent to transferred borrowers.
	Transfer completed Welcome email sent to transferred borrowers.

**Attachment A**

**MOHELA Actions for Return to Repayment (R2R) and Transfers from FedLoan Servicing**

Category	Detail
<b>Customer Relationship Management (CRM system)</b>	Updated call flow to verbally collect and auto populate internal processing request for self-certification of Income Driven Repayment plans versus sending a pre-filled application to the borrower for completion or redirecting the borrower to StudentAid.gov (FSA Change Requests 5944, 5992).
	Updated call flow to accept verbal request to confirm or remove Auto Debit (FSA Change Request 5881).
	First time caller alerts continue to be in place to Welcome first time callers.
	Advanced search for CSRs to locate borrowers pending transfer to MOHELA from FedLoan Servicing and for those pending release to servicing.
	Limited PSLF Waiver information added to call flow.
	Transfer information added to call flow.
	Revising COVID-19 forbearance information.
<b>IVR</b>	Skilled based routing to CSRs relative to caller selection.
	In-Queue call back feature to hold the callers place in line without the need to wait in queue. (FSA Change Request 5962).
	Continued updates to general messaging for COVID-19 return to repayment and transfers.
<b>Website and Mobile App</b>	Modified email subject lines and content for borrowers participating in paperless delivery. Change provides further clarification for the borrower to understand the content of their mail to be retrieved after logging into mohela.com (FSA Change Request 5970).
	Continued updates for general messaging regarding COVID-19 and the return to repayment.
	Customized alerts and information for validation and updates after borrower authenticates- e.g. Demographics, Auto Debit.
	Auto Debit landing page for confirmation to resume or remove Auto Debit participation (FSA Change Request 5881).
	Modified mohela.com to collect and process self-certification for Income Driven Repayment instead of producing an application for signature and submission of income documentation/tax information or being redirected to StudentAid.gov (FSA Change Requests 5944, 5992).
	Demographic confirmation page presented after authentication (based on length of time since last log in and status of demographics).
Continued updates for transfers from FedLoan Servicing.	



**Attachment A**

**MOHELA Actions for Return to Repayment (R2R) and Transfers from FedLoan Servicing**

Category	Detail
<b>Additional Reporting and Portfolio Tracking</b>	Daily COVID status and staffing reporting continues to be provided to FSA.
	At-Risk borrower outreach weekly campaign reporting to FSA (FSA Change Request 5965).
	Auto Debit outreach weekly campaign reporting to FSA (FSA Change Request 5881).
	Return to Repayment daily data reporting to FSA (FSA Change Request 6019).
	Advanced reporting for Contact Center and Processing statistics to FSA (Pending FSA Change Request).
	IDR self cert weekly reporting to FSA (FSA Change Request 5944, 5992).
	Safety Net forbearance weekly reporting to FSA (FSA Change Request 6022).
	FSA Vendor Oversight transfer reporting and reconciliation.
<b>Processing</b>	Performing advanced address cleansing to validate USPS addresses and process skiptracing due diligence efforts to resolve borrower location discrepancies.
	IDR self-cert processing modifications for verbal, mohela.com and StudentAid.gov requests (FSA Change Request 5944, 5992).
	Work in process (applications/forms etc.) received from FedLoan Servicing for transfers.
<b>Complaints</b>	Preparing for anticipated complaints due to returning to repayment e.g. removal of Auto Debit if no response to resume, delayed uncapping and recapping of interest, loan forgiveness, interest rate no longer 0%, restarting payments etc.



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December 14, 2021

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

The Honorable Senator Van Hollen  
United States Senator for Maryland  
110 Hart Senate Office Building  
Washington, DC 20510

The Honorable Senator Blumenthal  
United States Senator for Connecticut  
706 Hart Senate Office Building  
Washington, DC 20510

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

Dear Honorable Senators,

This letter is in response to your December 2, 2021 letter requesting our updated plans to assist borrowers with their transition back into repayment after January 31, 2022. Our focus remains on providing exceptional customer service and coordinating our efforts with those of FSA as we prepare for the return to repayment.

**1) Please provide specific steps your company has taken and will take to ensure borrowers that its services successfully transition back to student loan repayments after January 31, 2022.** We are working closely with Federal Student Aid (FSA) to implement the many key change requests and following the return to repayment playbook that details their plan and how together we do successfully transition borrowers back to repayment. We have coordinated with FSA to undertake other steps working toward the same goal. Specific steps are detailed below, and include:

Increasing staff size by 80% to quickly assist borrowers when they call or submit repayment plan applications.

Expand operating hours by nearly double to make our representatives available for longer times during the week and weekend.



Executing outreach campaigns to make sure borrowers are aware of the payment restart date and repayment options.

Communicating with borrowers who've chosen the convenience of auto-debit to ensure those who wish to continue on the program keep the plan in place.

Expanding the ways in which borrowers can reach us, and how we communicate with borrowers to include text and chat.

Outreach to at-risk borrowers to assist with concerns they may have and help place them in the right repayment programs for their circumstances.

Ensuring our representatives are skilled at assisting borrowers who are eligible for IDR to successfully apply for the right plan and use forbearance only when all other programs are not an option.

Frequent meetings, discussions, emails and updates with FSA to coordinate their efforts for a successful transition with ours.

**2) How is your company communicating with borrowers previously enrolled in auto-debit about the restart of payments?** We are communicating with borrowers previously on auto-debit as guided by an FSA change request. All borrowers have received a direct email or postal mail, with text provided by FSA, requesting confirmation if they want the auto-debit to resume once payments restart. We also placed a banner on our website alerting borrowers. Borrowers may select to continue with auto-debit or no longer want to participate by clicking on a link in email communications, by phone if they choose to call, or logging onto their account.

**a) How many rounds of outreach have you done about auto-debits so far?** Three rounds have been completed.

**b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?** Email communication is primarily used, with postal mailings to borrowers without an email address. Outreach communications have also been conducted by outbound agented telephone calls. Accordingly, we aren't able to identify specific response rates.

**3) How is your company communicating with borrowers not enrolled in auto-debit about the restart of payments?** We've been actively communicating with borrowers primarily through email. The messaging may be targeted, such as to borrowers who will exit grace when payments begin again, or to all borrowers for more broad-based messages. Topics include: reviewing payment options to encourage IDR; updating demographic information; link to the loan simulator tool found on studentaid.gov; preparing for repayment; and registering for

electronic correspondence for more efficient communication. We also stay mindful of direct to the borrower FSA communications also occurring.

**a) How many rounds of outreach have you done so far?** Outreach is at least weekly, and often twice a week depending on the target borrowers.

**b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?** Most communications are informational, encouraging borrowers to use FSA provided tools, update their accounts, learn about repayment plans and call us for assistance as a few examples. Accordingly, we aren't able to identify specific response rates. We can see the benefits of the messaging in increased IDR applications or calls requesting information; more trend type of response.

**4) How is your company communicating with new borrowers that have been or will be transferred to your company?** Current FSA plans do not call for any transfers to OSLA of borrowers from non-continuing loan servicers. Should such transfers begin, OSLA will communicate by emails, letters or other outreach designed to welcome transferred borrowers and assist with the transition to OSLA.

**a) How many rounds of outreach have you done so far?** Not applicable.

**b) What method of communication have had the best response rates? What is the response rate for each method of communication you have used?** Not applicable.

**5) Since our last correspondence, 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.** We have been completing email outreach communications to inform borrowers who will enter repayment when payments resume about repayment plan options and IDR. We vary the message to help get higher open rates and improved understanding.

**6) Since our last correspondence, please describe the targeted outreach efforts, if any, that your company has taken or intends to take to prepare at-risk borrowers for the reactivation of their student loan payments in January 2022.** Targeted outreach designed to prepare at-risk borrowers for return to repayment is in progress and is the focus of an FSA change request. We are calling at-risk borrowers to inform them that payments are scheduled to resume in after January 31, 2022, when their first payment will be due, and the payment amount. We also discuss repayment plans such as IDR and assist the borrower in applying or recertifying for IDR.

We began the outreach in November and our efforts continue.

**7) Since our last correspondence, are you on track to complete hiring in advance of the loan payment pause being lifted?** Yes.

**a) How many additional staff do you need to hire before January 31, 2022?** 50. **How many staff total will you have at that point, and what will the ratio of borrowers to staff be at that point?** 200 staff total. Ratio is 1staff per 5,000 borrowers. **How will it compare to the ratio you had in February 2020?** February 2020 ratio was 1 staff per 10,000 borrowers.

**b) How many of these staff will be Spanish-speaking?** 20. **How many total Spanish-speaking customer service representatives do you plan to have on staff?** 20. **How many primarily Spanish-speaking borrowers do you estimate that you will be servicing?** We estimate 100,000 of our borrowers are primarily Spanish-speaking.

**i) What are the guidelines to ensure borrowers are able to get in touch with a Spanish speaking representative in a timely manner?** OSLA specifically trains staff to ensure borrowers reach a Spanish-speaking representative. Representatives promptly route calls to our Spanish-speaking representatives. Our interactive voice response phone system offers a prompt to borrowers that transfers the call directly to a Spanish-speaking representative. Emails and paper correspondence are directed to and promptly responded to by Spanish-speaking representatives.

**8) Since January 1, 2021, how many student loan borrowers whose loans you service have contacted you about a change in their financial circumstances?** We don't specifically track this information.

**How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?** 14,000.

**a) How many of these individuals have been placed in income-driven repayment (IDR) plans that will take effect in February 2022?** 14,000.

**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 February 2022?** We have changed our internal processes to increase efficiency and enable all representatives to assist borrowers – we stay on the line as borrowers complete the IDR application on studentaid.gov; dedicated OSLA email address for borrowers to send applications; implemented self-certification forms as part of the related change request; and provide borrowers with a fillable pdf form.

**c) What is the current processing time for entering into an IDR plan or recertifying with a new payment in an existing IDR plan?** The current processing time is one business day.

**9) What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?** We train our representatives to review with borrowers the benefits of an IDR and ask relevant questions to help guide them to the appropriate plan. When on calls with borrowers, IDRs are our first order of offering; forbearances are presented only when borrowers are not eligible for an IDR, term-based options or deferment.

Our support to ensure borrowers successfully enter IDR includes remaining on the phone while they complete the IDR application utilizing studentaid.gov, assisting with questions as needed until the borrower has successfully submitted the application. When borrowers do not have the ability to connect to studentaid.gov and complete the form online, we send them a fillable form and provide return options, including secure dedicated email and upload to the borrower online account. We process IDR applications within three days, currently that timing is one day.

FSA has worked with servicers, as part of a change request, to enable all borrowers to start, renew, and/or recalculate their IDR through a self-certification process. Currently, and for a period of 6-months after the end of the payment pause; this allows customer service agents to process a borrower's request to be placed onto an Income Driven Repayment Plan over the phone.

The customer service representative will ask the borrower a series of questions to determine the borrower's eligibility for the IDR. If an IDR is found to be the best option for the borrower, a customer service representative will fill out a form with the borrower's answers and we will then place the borrower on the IDR. Borrowers do not need to fill out any forms or send in any documentation during this time.

**a) What training are you providing to customer service staff to ensure borrowers receive such support and are not steered into forbearances?** All customer service staff receive initial and refresher training emphasizing the importance of working with borrowers to educate them on the benefits of IDR, determining the right plan and support during the application process. The training is supplemented with reference materials readily available to the representatives when they are on calls with borrowers.

**10) What steps has your company taken to ensure that borrowers who would be better served by IDR than a forbearance are supported in successfully entering IDR?** See response to question 9.

**11) Do you expect to be able to meet FSA's expectations for expanded call center hours and Spanish-speaking call center staff by the time payments resume in February 1, 2022?** Yes.

**Do you expect to be able to meet FSA's target thresholds for the following performance metrics by February 1, 2022?**

**a) The percentage of borrowers who end a call before reaching a customer service**

representative by phone. Yes.

**b) How well customer service representatives answer borrower questions and help them navigate repayment options.** Yes.

**c) Whether servicers process borrower requests accurately the first time.** Yes. **And,**

**d) The overall level of customer service provided to borrowers.** Yes.

**12) Please describe your process for responding to borrower complaints made to state and federal agencies. How has this process been changed to support increased accountability?**

OSLA has a solid track record with few borrower complaints. Our process operates with a high degree of accountability, with appropriate executive level involvement. Borrower complaints are promptly routed to dedicated resources trained to respond to complaints from all sources, including state and federal agencies. We research the issue using correspondence from the agencies, borrower contacts made directly with OSLA, and information within the loan servicing system. Research results and resolutions are reviewed, then we respond through the proper channel (for example-CFPB Portal, FSA Complaint System), with turnaround times in three days or less. We monitor progress and follow up until a resolution is completed.

**13) What protections has your company put in place to ensure that account and payment histories are fully and accurately transferred for accounts being transferred between servicers?**

Loans transferred between servicers follow an industry standard electronic file format. Files are checked for completeness, and loan balances transferred are reconciled to information provided by FSA and the transferring servicer. For any issues identified, OSLA determines the action required and submits the list of issues, proposed actions, and additional information from the prior servicer to FSA. FSA will either approve or reject the proposed changes and notify the other servicer if they need to send additional information. We maintain a log of any outstanding issues and follow up if required until resolved.

**14) What protections has your company put in place to ensure that borrowers are not harmed if their current servicer does not receive an on-time payment due to uncertainty about how to make a payment, where to send a payment, the amount due or date due, or because of a change in financial circumstances that has not yet been fully addressed through completion of the recertification process or provision of a requested deferment or forbearance?**

Our email, letter, website, and phone communications with borrowers include the ways to make a payment (mailed check, ACH auto debit, through borrower on-line account, by phone when calling OSLA) and where to send a payment. Amount due and date due are clearly stated on the borrower statement and within borrower online accounts. IDR, recertifications, deferments and forbearances are promptly processed, within three days. If a borrower indicates a concern about these issues, we can quickly process an administrative forbearance to ensure they are not harmed.

**15) Do you expect to be able to implement any policy changes, such as streamlined enrollment processes, extended grace periods, or targeted or broad-based debt forgiveness, before payments resume on February 1, 2022?** OSLA implements changes through FSA's change request process and have successfully implemented many such requests associated with the payment pause and return to repayment. We will continue to perform as policy or other changes are introduced through the change request process.

Thank you for your letter and interest in ensuring a smooth transition to repayment.

Sincerely,



Patrick Rooney  
Chairman  
Oklahoma Student Loan Authority



Via Email to [Abby\\_Mccartney@warren.senate.gov](mailto:Abby_Mccartney@warren.senate.gov)

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

The Honorable Richard Blumenthal  
United States Senate  
Washington, D.C. 20515

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

The Honorable Chris Van Hollen  
United States Senate  
Washington, D.C. 20515

December 17, 2021

Dear Members of Congress:

Nelnet received your request for an update regarding our plans to support federal student loan borrowers transitioning to repayment. Since your inquiry in June, we have made consistent progress towards implementing the Department of Education's (ED) new guidance and hiring additional staff to meet the anticipated needs of borrowers in February. We look forward to supporting borrowers through this transition and remain committed to ensuring borrowers receive reliable and effective service as they manage their student loans. This letter provides an updated summary of the combined transition efforts for Nelnet Loan Servicing (Nelnet) and Great Lakes Educational Loan Services (Great Lakes).

### **Anticipating Borrower Needs in Return to Repayment**

In the normal course of servicing, we conduct ongoing analysis of borrower behavior trends that we've collected over 40 years of servicing education loans. We use this analysis to predict staffing needs, financial pain points for borrowers, and other factors that contribute to borrowers' decision making at any given time of year. We continue to leverage this data where possible as we implement ED's new guidance and standards for borrower support. However, the unprecedented nature of the upcoming return to repayment is not without challenges. For the first time in the history of education loans, borrower payments have been suspended for two years. All repayment plans are scheduled to resume on the same day. Several servicers are exiting the industry while the federal education loan program continues to grow in complexity. Remaining servicers are tasked with recruiting, vetting, and retaining employees in an increasingly competitive labor market. Further still, borrowers are receiving conflicting messages from trusted leaders that they should no longer be responsible for repaying their loans, or that their loans should be forgiven. These factors create several unknowns that make it difficult to rely on our models and historical data.

In our July 6<sup>th</sup> letter, we shared that Nelnet and Great Lakes took measures at the start of the pandemic to ensure continuity of customer service and support for borrowers. 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 all times, we aim to ensure that we have sufficient staff who are fluent in Spanish and available to assist Spanish-speaking borrowers. We are confident in our ability to continue delivering high quality customer service and low wait-times to our Spanish-speaking borrowers. Since May of 2021, we've hired and trained 1,878 employees to prepare for repayment resumption. An additional 764 employees were also hired during this timeframe but are no longer with the company given retention challenges in today's labor market. We also plan to staff for 500 more employees than our estimates require to be prepared for unanticipated surges in call volume.

### **Borrower Outreach**

Borrower outreach regarding transition to repayment is driven by ED. ED has sent several communications to borrowers reminding them of the upcoming transition and advising them to contact their servicers. With ED's approval,



we have also sent several emails to over 10 million borrowers who are expected to return to repayment, encouraging them to check in with us to discuss repayment options and update contact info. We have made approximately 12 million attempts to call borrowers identified by ED as at-risk. For the 2.3 million borrowers enrolled in autodebit, we have contacted them to confirm their preferences when repayments resume. Sixty-five percent of these borrowers have responded to our outreach, and 98% of their responses have indicated that they wish to continue their autodebit enrollment. With ED's approval, we also plan to send additional outreach promoting self-service options via our websites. All communications with borrowers encourage them to consider income-driven repayment plans before offering forbearance as repayment solution. ED has also provided instructions to servicers regarding treatment of repayment plans and support for borrowers who show signs of concern regarding their ability to successfully repay their loans.

### **Loan Transfers**

Prior to transferring each loan to our system, our analysts conduct a robust audit of more than 600 criteria to ensure we are receiving accurate and complete data. We then work to resolve any errors, logging each issue for continued monitoring throughout the transfer. In addition, ED's Office of Federal Student Aid (FSA) Vendor Oversight and Monitoring Team conducts additional testing to validate borrower data during the transfer process. Borrowers transferred to our system receive transfer notices and additional communications, subject to ED's approval, that support their transition to us as their new servicer.

We have extended invitations to Congressional staff for meetings to provide general information and training for addressing inquiries regarding return to repayment. To the extent that you have specific questions about ED guidance or servicer performance, we recommend contacting FSA. For all other inquiries, we would be happy to meet with your staff to continue discussing anticipated impacts of the transition.

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