

May 15, 2017

The Honorable Betsy DeVos, Secretary
United States Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

Dear Secretary DeVos,

We write as the heads of the national associations that represent community college institutional chief executive officers and trustees concerning the Department of Education's ("Department") plans for the procurement of new federal student loan servicing contracts. Our colleges serve large numbers of low-income, first-generation students and others who rely on federal student loans. However, many of these students struggle to maintain successful loan repayment, for a variety of reasons.

For community college students, an accountable and transparent student loan servicing system is of utmost importance. Our students must be able to count on the Department and their contracted servicers and private collection agencies for accurate and helpful information regarding how to stay on track repaying their student loan debt. High-quality student loan servicing also helps keep institutions' cohort default rate (CDR) within appropriate levels, thereby protecting access to Title IV aid.

A Closer Look at the Trillion a report of the Association of Community College Trustees (ACCT) found that servicer performance varies substantially and has a dramatic impact on borrowers. In particular, the report focused on ways to ensure that servicers help reduce community college default, which paradoxically occur most frequently when students have low balances. Nearly half of all defaulters borrowed less than \$5,000, and most defaulters borrowed less than \$10,000.

The Department must deprioritize contractors with poor past performance, subpar compliance records, or a history of violating state and federal laws. We also strongly believe in competition in the servicing arena to ensure performance and to prevent situations where a servicer retains or gains additional servicing volume by virtue of their size. If needed the Department should support additional resources to ensure quality service. Loan servicing contracts should include uniform servicing standards that promote fair, timely, consistent, and non-threatening borrower communications. In addition, metrics must be closely aligned with customer service.

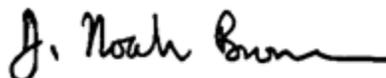
We hope that the recompetes of loan servicing contracts will make available more granular information about student repayment to enable our colleges to address servicing deficiencies where they might exist. We urge the adoption of a single servicing web portal that will allow borrowers to more seamlessly navigate the loan repayment system. This system should allow colleges to better understand the loan statuses, repayment plans, payments made, deferments and forbearances, and rehabilitation information. With better and more transparent loan servicing, community college student defaults can be significantly reduced.

Thank you for your attention to this matter.

Sincerely,



Walter G. Bumphus
AACCC President and CEO



J. Noah Brown
ACCT President and CEO