

Background and Request for Information on the Unified Servicing and Data Solution (USDS)

In early spring 2022, U.S. Department of Education's office of Federal Student Aid (FSA) plans to publish a procurement to bring onboard multiple servicers who will help guide more than 35 million federally managed student loan borrowers through repayment. The new procurement, tentatively titled the Unified Servicing and Data Solution (USDS), leverages the progress made and knowledge gained under previous loan servicing initiatives and related investments. This work, which falls under the umbrella of the Next Gen initiative, will improve FSA's technical infrastructure and allow FSA to transition from the current loan servicing contracts into a more stable, long-term servicing environment that provides student loan borrowers a better experience, holds servicers accountable to a high level of performance, and allows the Department of Education to focus on important objectives like reducing delinquency and default.

When the new contracts go live in December 2023, borrowers will work with servicers as they navigate repayment, similar to how they do today. However, borrowers will visit servicer websites and receive communications that are co-branded with FSA, helping them understand the connection between their loans and the Department of Education. They will also be able to more easily access tools FSA has built through improved integration with StudentAid.gov, including single sign on to their servicers' websites using the FSA ID. This integration will be phased in to ensure borrowers have enough time to transition from their current credentials to the FSA ID. Additionally, borrowers who need access to programs that are currently assigned to one servicer – which include Public Service Loan Forgiveness, Total and Permanent Disability (TPD) Discharges, and TEACH Grants – will access those programs through StudentAid.gov and be able to receive service from contractors who are directly managed by FSA. After the USDS contracts are live, FSA will work to build out additional account management functionality on StudentAid.gov, eventually realizing the goal of providing borrowers with a single, FSA-branded repayment portal.

History of the Next Gen Initiative

In 2017, FSA introduced the Next Generation Financial Services Environment (now referred to only as Next Gen), an initiative that sought to transform FSA's operations and approach to serving more than 70 million students, parents, and borrowers, and partners at approximately 5,600 postsecondary institutions. The Next Gen approach applies not only to student loan servicing, but to all stages of a customer's journey, including learning about, applying for, receiving, and repaying federal student aid. The goals for Next Gen, which have not changed, include

- providing a high-quality customer and partner experience throughout the student aid life cycle;
- improving operational flexibility by creating an environment that can efficiently and effectively integrate new capabilities and features, continuously improve and innovate, and adjust to stay in compliance with applicable laws and regulations;
- driving greater operational efficiency; reducing complexity; improving the stability, resiliency, enterprise risk management, and cybersecurity of systems; and ensuring effective and efficient use of taxpayer dollars; and

- improving customer and partner outcomes and overall portfolio performance and facilitating compliance with consumer protection standards.

The original Next Gen procurements consisted of 10 components:

- A – Digital platform and related middleware
- B – Contact center platform and customer relationship management (CRM)
- C – Processing platform for new accounts
- D – Processing platform for legacy accounts
- E – Business process operations for new accounts
- F – Business process operations for legacy accounts
- G – Data management platform
- H – Identity and access management
- I – Cybersecurity
- J – Quality Assurance

As FSA implemented Next Gen, we experienced successes and failures that led us to shift our servicing strategy to reflect lessons learned. We gained this knowledge by managing separate servicing procurements in 2017, 2019, and 2020, gaining a better understanding of operational and resource constraints, and embarking on an unprecedented period of technological development and organizational change. In 2021, FSA worked to incorporate these lessons learned into a new approach to Next Gen servicing that FSA believes will result in a stronger and more sustainable approach to long-term servicing that will lead to better experiences and outcomes for borrowers. The evolution of the Next Gen initiative has led some components of the original strategy to be combined and some components to be incorporated into existing contracts. Table 1 describes how the 2017 Next Gen strategy maps to current activities.

Table 1: Original Next Gen Components Mapped to 2019/20 and 2022 Strategies

2017 Strategy	2019/20 Strategy	2022 Strategy
A – Digital platform and related middleware	The Digital and Customer Care (DCC) contract, which FSA awarded in February 2019, combined components A and B. The DCC contract includes the following components: <ul style="list-style-type: none"> • Digital Platform – StudentAid.gov, FSA Partner Connect, and associated mobile functionality, which serve as one-stop interfaces for borrowers and partners, respectively. StudentAid.gov will ultimately serve as a repayment portal, among other functionality, for all federally managed borrowers • Marketing and Communications Platform – Provides FSA with the ability to directly email partners and customers with relevant information • Customer Care Platform – Which includes a single 1-800 number, a Customer Relationship Management (CRM) tool that provides a 360-degree view of customers and partners, a command center with 3rd party independent quality monitoring of BPO contact centers, and a solution for training and knowledge management for the BPO vendors. 	
B – Contact center platform and CRM		

C – Processing platform for new accounts	2019- Optimal Processing Solution (OPS) solicitation, which FSA cancelled in 2020	FSA anticipates awarding USDS contracts to multiple servicers to manage new and legacy accounts. These USDS servicers will manage the platforms, contact centers, and manual processing activities for all non-specialty loan servicing tasks.
D – Processing platform for legacy accounts	2019 – Enhanced Processing Solution (EPS) solicitation, which FSA cancelled in 2020 2020 – Interim Servicing Solution (ISS) solicitation for new and legacy accounts, which FSA cancelled in 2021	
E – Business process operations for new accounts	FSA awarded Business Process Operations (BPO) contracts in June 2020. In 2021, the BPO vendors began managing contact center and manual processing for a variety of inquiries, including general questions to the Federal Student Aid Information Center, Student Loan Support Center, account authentication (FSA ID), the Ombudsman hotline, OIG fraud referral, and the borrower defense to repayment hotline. In 2022, the BPO vendors will begin managing outreach and manual processing for borrowers with defaulted loans.	
F – Business process operations for legacy accounts	Unlike past procurements, BPO vendors will not replace the USDS servicer contact centers and manual processing. Instead, USDS servicers will manage their own contact centers and manual processing for standard benefits, including the income-driven repayment (IDR) plans, deferments and forbearances, and most discharges. The BPO vendors will, however, begin taking on servicing tasks by managing the contact center and processing work for the following specialty servicing programs: Public Service Loan Forgiveness (PSLF), Temporary Expanded PSLF (TEPSLF), TEACH Grants, and Total and Permanent Disability (TPD) discharges. There are several benefits to this approach, and FSA will determine if additional servicing work—for example, IDR counseling and form processing and other types of discharges or forgiveness programs—should be further expanded to the BPO vendors based on performance.	
G – Data management platform	FSA developed the Enterprise Data Management and Analytics Platform Services (EDMAPS) via an amendment to an existing contract. EDMAPS serves as a repository for all FSA data and includes, but is not limited to, a data lake, the new Next Gen National Student Loan Data System (NSLDS), Person Master Data Management, and Education Data Warehouse and Analytics (EDWA).	
H – Identity and access management	Legacy vendors provide this service, known to the public as the FSA ID (username and password) and to partners as AIMS. At go-live, USDS servicers will work with FSA to transition borrowers away from servicers’ proprietary authentication systems to the FSA ID. This will help enable single-sign on capabilities to provide better connectivity between StudentAid.gov and servicer	

	sites until StudentAid.gov, ultimately, becomes the one-stop shop for all borrower account management functionality.
I - Cybersecurity	Modern cybersecurity standards are included in all new contracts, including the USDS contracts.
J - Quality Assurance	FSA has bolstered our workforce and business practices to improve vendor oversight for all new awards. Additionally, FSA has increased capacity to monitor the BPO contact centers via the DCC contract.

The Unified Servicing and Data Solution

The USDS procurement will replace the legacy servicing contracts for Direct Loans and federally managed Federal Family Education Loan (FFEL) Program loans. USDS shares the goals of prior efforts, such as

- providing all federally managed borrowers with complete account management capabilities on StudentAid.gov;
- reducing the disruption of account transfers; and
- increasing accountability for servicers via clear, measurable service-level agreements.

There are, however, notable differences in USDS that will improve FSA’s ability to successfully implement the strategy and accomplish our goals.

FSA is not seeking to purchase or build a single platform to service accounts.

Unlike prior procurements, FSA is not seeking to reduce the number of platforms used or purchase or license platforms from servicers. Additionally, USDS servicers do not need to own a processing platform to receive an award, but they must have continuous access to a platform via a subcontract, teaming, or license agreement. Instead, USDS servicers will maintain separate processing platforms and work with FSA to build a common servicing data catalogue on EDMAPS. This will enable FSA to receive more fulsome data via common data management and processing rules. It will improve FSA’s ability to transfer accounts among servicers if necessary, improving FSA’s ability to hold servicers accountable by maintaining the ability to shift accounts away from underperforming vendors.

This strategy allows FSA to avoid the cost and performance risks associated with purchasing and relying on a single servicing platform while achieving a variety of goals, including enabling more-straightforward account transfers, creating opportunities for enhanced oversight, and, eventually, providing borrowers with complete account management on StudentAid.gov.

The USDS contracts will maintain healthy competition among servicers.

USDS servicers will manage the platforms, contact centers, and manual processing activities for all non-specialty loan servicing tasks. FSA will continue to evaluate the USDS strategy for opportunities to develop efficiencies, reduce the complexity of student loan servicing, and further improve borrower experiences. FSA will hold USDS servicers accountable for their portfolio performance, prioritize more support for borrowers at risk of delinquency and default, and ensure servicers are compliant with applicable consumer protection rules. FSA will also look for additional ways to leverage the BPO vendors so that servicers do not have an exclusive claim to servicing-related work. These efforts will allow FSA to maintain competition among servicers and allow for new market entrants as required.

FSA will leverage the BPO vendors in a way that mitigates risk and promotes better oversight.

At go-live of the USDS contracts, BPO vendors will manage the processing and contact center work associated with the specialty servicing programs (e.g., PSLF, TEPSLF, TPD, and the TEACH Grant Program). These programs do not require access to servicing platform functionality; some, like the TEACH Grant Program, do not even require access to data housed on servicing platforms. Historically, these programs have been assigned to individual servicers to avoid complexity, ensure consistency, and minimize duplication of costs. However, with DCC and EDMAPS now available, FSA will be able to achieve these benefits while also improving the borrower experience. FSA will build functionality that will make the necessary data and tools available to borrowers on StudentAid.gov. On the back end, the BPO vendors will receive application data, process forms, and send account status updates and discharge and forgiveness notices to USDS servicers. Like other federal student loan benefits, such as closed school discharges, all USDS servicers must be able to answer basic programmatic questions related to the specialty servicing programs; specific questions will be redirected to BPO vendors. BPO vendors and USDS servicers will receive detailed requirements to ensure they appropriately understand their roles.

While historically the Next Gen strategy used BPO vendors as the contact center and manual processing component for all loan servicing, FSA has determined that this approach is not achievable in the near term, as we are not able to procure platforms and develop and implement the needed technological and organizational infrastructure before the current legacy servicing contracts expire. We are concerned that if we continue to pursue the original approach, the outcome could negatively affect the experiences and outcomes of borrowers. We feel that, particularly in the short term, the day-to-day management of loan servicing is best left to the USDS servicers themselves. The BPO model will be refined and iterated upon as we have BPO vendors continue to handle non-servicing related support, specialty programs, and collections, outreach and manual processing for borrowers with defaulted loans.

With BPO vendors managing specialty servicing, FSA will increase oversight of the administration of these programs and will be able to better dictate training and influence customer interactions. These programs are also small enough that FSA will be able to manage the work associated with the BPOs taking over specialty servicing without the risks posed by the BPOs immediately taking over all servicing tasks. FSA will also be able to centralize information for borrowers on StudentAid.gov and provide user-friendly tools that allow borrowers to easily apply for these programs, track their forms and applications, and understand where they are in the process. BPO vendors managing specialty tasks also means fewer borrower account transfers because a servicer will no longer be the sole purveyor of a given program. Assigning specialty program work to the BPOs will also improve the efficacy of accountability metrics, as a given specialty servicer will not be guaranteed accounts even if the servicer performs poorly. Finally, it will make specialty programs more agile, as FSA will no longer have to issue time intensive contract modifications for improvements to specialty programs.

FSA has carefully planned and appropriately sequenced our approach.

Learning from development efforts over the last four years, FSA understands that accomplishing all of our goals on day one is not possible. Rather, FSA will take an appropriate amount of time to implement major initiatives, such as transitioning all repayment to StudentAid.gov, which will help manage our budget, capacity, and risk. As such, at go-live, USDS servicers will be required to modify borrower-facing communications to co-brand with FSA and provide account authentication through the FSA ID. This approach will help transition borrowers from associating repayment only with their servicer to a more FSA-centered approach and will help borrowers better access forms and tools on StudentAid.gov. Within

the first five years of the contract period, FSA will expand functionality on StudentAid.gov, eventually transitioning full account management, branding and repayment away from USDS servicers' websites.

To enable repayment through StudentAid.gov, FSA will work with USDS servicers to determine what processing elements are necessary to the appropriate functioning of various web elements, such as making a payment, changing a repayment date, enrolling in a new repayment plan, or applying for a deferment or forbearance. Using this information, FSA will leverage the common data model that is being built in collaboration with USDS servicers to report data elements to EDMAPS at an appropriate frequency for them to be displayed and operationalized on StudentAid.gov. FSA will develop and publish a set of data reporting standards, including Application Program Interfaces (APIs), to USDS servicers to create the necessary connectivity between USDS servicers' platforms to FSA's systems.

Request for Information (RFI)

FSA anticipates publishing this procurement in early spring 2022 and welcomes feedback from potential offerors, higher education stakeholders, and the general public. Information can be sent to Contracting Officer Jackson McClam, (Jackson.McClam@ed.gov) with the subject line "USDS RFI Response."

Responses are due by March 9, 2022. Responses shall be no more than three pages in length. To best be able to intake and consider the responses received while meeting our timelines, requests for meetings or phone calls will not be accommodated at this time.

This RFI is for market research and planning purposes only. It does not constitute a solicitation and shall not be construed as a commitment by the Government to award a contract from responses to this announcement. Any information submitted by interested parties is strictly voluntary and no monetary compensation will be provided for response preparation and the feedback submitted. Your interest in this requirement is appreciated.