Improve Borrowers' Access to Quality Customer Service

Goal Leader: Kathleen Smith, Deputy Chief Operating Officer, Federal Student Aid

Deputy Goal Leader: Frank Brogan, Delegated the duties of Assistant Secretary Postsecondary Education, Office of Postsecondary Education (OPE)

Theme: Education, Training, Employment and Social Services

Overview

Goal Statement

- o By September 30, 2019, Federal Student Aid (FSA) will improve customers' access to and availability of quality customer service by decreasing the overall average speed of answer to 60 seconds or less, decreasing abandoned rates to three percent or less and requiring all non-default federal student loan servicers to expand and standardize call center hours.
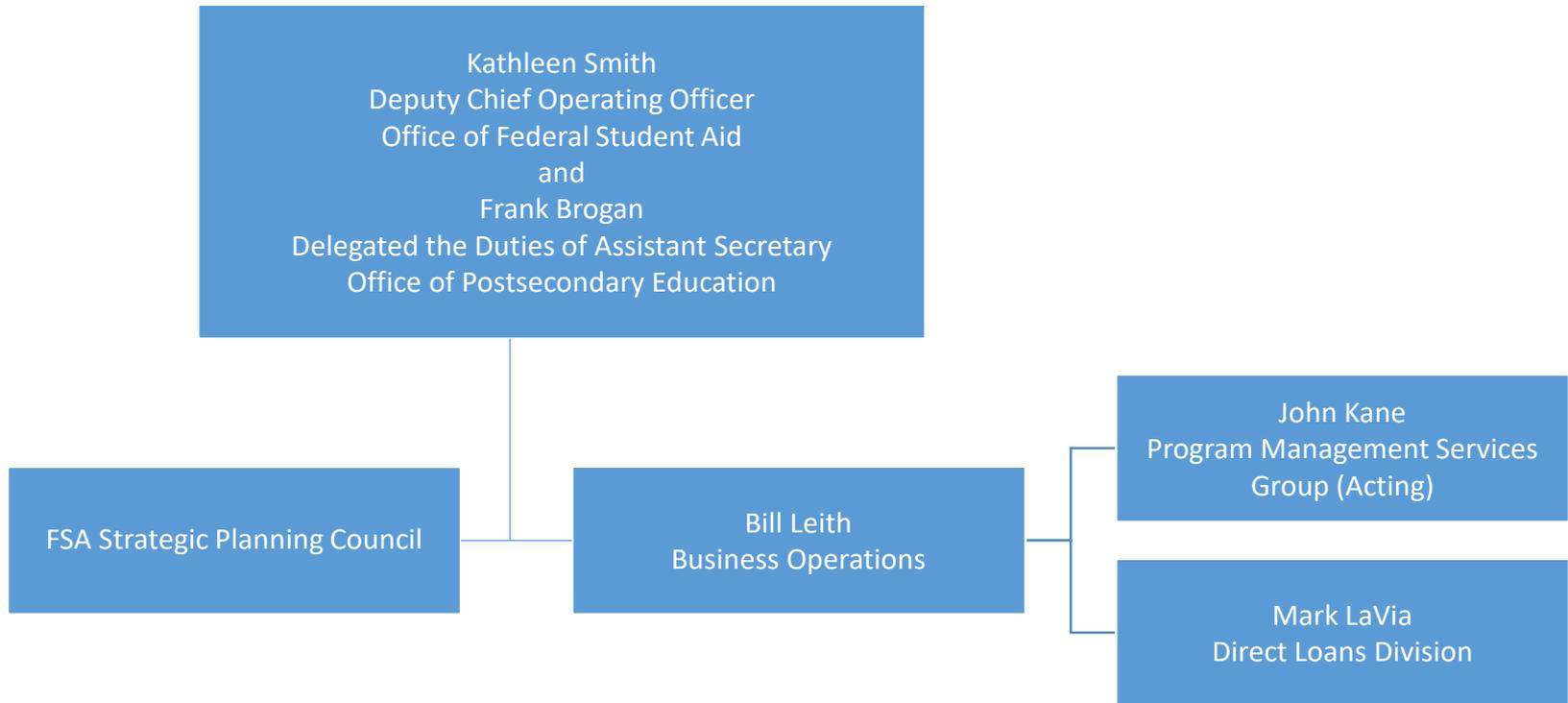
Challenge

- o To provide enhanced access to real time, high quality, agent-available, customer service given the volume of borrowers and the diversity of their service requirements.

Opportunity

- o Improving speed of response will allow customers to have expanded access to information and resources they need to successfully manage their federal student loans, which will empower students and help them to successfully manage their federal student loans and reduce the risk of delinquency and default. For customers with unique and complex borrower scenarios, the increased opportunity for human interaction may also lead to more effective problem resolution.

Leadership

Visual representation of the goal team governance structure:

Kathleen Smith
Deputy Chief Operating Officer
Office of Federal Student Aid
and
Frank Brogan
Delegated the Duties of Assistant Secretary
Office of Postsecondary Education

FSA Strategic Planning Council

Bill Leith
Business Operations

John Kane
Program Management Services
Group (Acting)

Mark LaVia
Direct Loans Division

Goal Structure & Strategies

The Department will achieve this APG through phases designed to positively impact two aspects of customer service: call center hours of operation and quality standards of response.

Number of call centers with expanded hours:

Servicers shall implement the following expansion of core call center hours:

- o **Phase 1**- by 6/30/18, incoming borrower calls will be received from Monday through Friday (7 am ET to 11 pm ET)

- o **Phase 2**- by 3/31/19, incoming borrower calls will be received from Monday through Friday (7 am ET to 2 am ET)

Number of call centers that meet or exceed the quality standard for Average speed to answer (ASA) and abandon rate (AR) for incoming calls:

Servicers shall meet or exceed the following monthly average speed to answer (ASA) and average abandon rate (AR) service levels for all incoming calls:

- o **Phase 1**- by 6/30/18, monthly ASA <= 70 seconds and monthly AR <= 3.50%

- o **Phase 2**- by 3/31/19, monthly ASA <= 65 seconds and monthly AR <= 3.25%

- o **Phase 3**- by 9/30/19, monthly ASA <= 60 seconds and monthly AR <= 3.00%

Summary of Progress – FY 18 Q2

o The rapid development of NextGen required a re-evaluation and suspension of the planned expansion of call center hours across all servicers. The NextGen servicing environment introduces a material change in the otherwise traditional call center approach to servicing borrowers. NextGen is anticipated to have a much more profound impact on borrower access, will make expansion of existing call center hours unnecessary, and will allow for optimal use of limited fiscal resources. This includes planning towards a broader and more cost-effective self-servicing mobile platform and integrated communication channels to connect borrowers to servicers.

o The NextGen Phase 1 solicitation was issued on 2/20/2018. Phase 1 will not result in a contract award, but rather will inform the approach for Phase 2 and will select vendors allowed to propose during Phase 2 in the coming months.

o FSA continued to monitor servicers and associated rates for ASA and AR. January is historically a peak period for servicing. FSA is motioning rates and addressing expectations with servicers who's metrics are falling outside of expected trends, resulting in higher than normal ASA and AR rates for Q2. In addition to direct interaction, FSA conducts bi-monthly touch point calls with all TIVAs, Edfinancial and MOHELA and monthly with OSLA, GSMR, and Cornerstone. These calls provide opportunities to address new and ongoing concerns expressed by borrowers.

o FSA met with IHE representatives to identify FSA operations, policy, programs and administration that can be improved to increase access to MSIs and under resourced institutions.

Next Steps:

o FSA will continue to communicate with servicers regarding expectations for improvements to average ASA and average AR metrics and will take appropriate and allowable measures to re-align ASA and AR metrics. In the meantime, although it is a separate initiative from this APG, FSA will continue to advance the NextGen financial servicing environment by conducting Phase 2 of the procurement in late 2018 or early 2019.

Key Milestones

Each implementation phase links to a key milestone towards achieving this APG.

Milestone Summary					
Key Milestone	**Milestone Due Date**	**Milestone Status**	**Change from last quarter**	**Owner**	**Comments**
In FY 2018 Q1, FSA drafted the proposed call center hours and requirements for required for student loan servicers to implement expanded call center hours and improved ASA and AR metrics.	3/31/18	Suspended	N/A	Bill Leith	* See footnote below
In FY 2018 Q1, FSA plans to develop and finalize servicers' contract modification.	3/31/18	Suspended	N/A	Bill Leith	* See footnote below
In FY 2018 Q1 and Q2, FSA plans to assess the scope and cost-benefit of expanding call center hours while concurrently developing and launching NextGen.	6/30/18	Suspended	N/A	Bill Leith	* See footnote below
Track, monitor, and report the number of servicers that offer expanded hours (7 am to 11 pm ET)	6/30/18	Suspended	N/A	Bill Leith	* See footnote below
Track, monitor, and report the number of servicers that meet or exceed ASA <= 70 seconds, and AR <= 3.50%.	6/30/18	At-Risk	N/A	Bill Leith	** See footnote below
Track, monitor, and report the number of servicers that meet or exceed ASA <= 65 seconds, and AR <= 3.25%.	3/31/19			Bill Leith	** See footnote below
Track, monitor, and report the number of servicers that offer expanded hours (7am to 2 am ET)	9/30/19			Bill Leith	** See footnote below
Track, monitor, and report the number of servicers that meet or exceed ASA <= 60 seconds, and AR <= 3.00%.	9/30/19			Bill Leith	** See footnote below

*After this strategy was formalized, the Department began to plan for a new paradigm of student loan servicing, the Next Generation Processing and Servicing Environment (NextGen), which will have a much more profound impact on borrower access and will make expansion of call center hours both unnecessary and counter-productive to focusing limited resources on launching NextGen.

**Implementation of NextGen may temporarily impact the current servicing environment during the APG timeline, and could adversely affect average ASA and average AR metrics. FSA will monitor these metrics and respond appropriately.

Key Indicators

FSA aims to improve the Average Speed to Answer (ASA) to 60 seconds and the Abandon Rate (AR) to 3% over the period. The chart below shows the Q1 and Q2 actuals as well as what is expected for future quarters.

Average ASA and AR Rates Across Federal Servicers
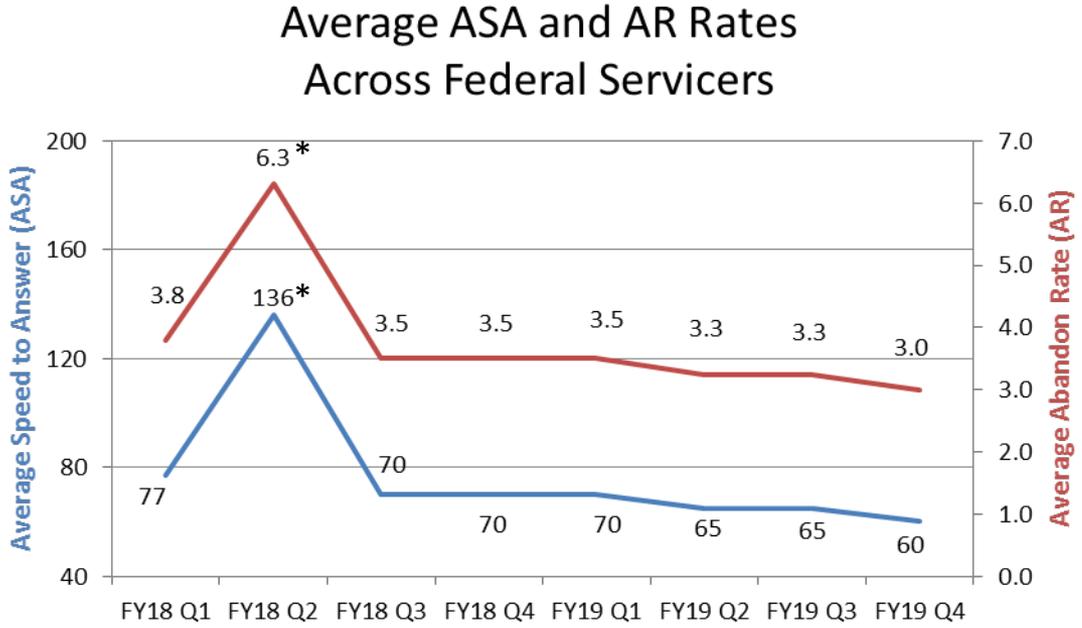
Servicers shall meet or exceed metrics for expanded call center operation hours, average speed to answer (ASA) and average abandon rate (AR) service levels for all incoming calls.

FSA is motioning rates and addressing expectations with servicers who's metrics are falling outside of expected trends, resulting in higher than normal average ASA and average AR rates for Q2.

* January is historically a peak period for servicing. FSA is motioning rates and addressing expectations with servicers where metrics are falling outside of expected trends, resulting in higher than normal ASA and AR rates for Q2.

Data Accuracy and Reliability

Data will be collected from federal servicers through servicers' quarterly reports.

For average ASA and AR rates, the query will be, "How many servicers met the standards for quality?" ASA and AR metrics will be obtained and averaged across servicers.

The data will be verified and validated by FSA's data review team (DRT) and vetted by FSA leadership prior to being released as part of the Department's strategic reporting. Feedback received directly from customers, via the FSA Feedback System and other sources, will be used to determine the trends in customer satisfaction with the changes in customer service hours and the reduction in average ASA and average AR metrics.

The Department monitors delinquency and default rates for all borrowers and takes necessary steps to assist borrowers in avoiding and mitigating these and other negative borrowing circumstances. The goals articulated in this APG illustrate one of the steps the Department is taking to assist borrowers and improve overall borrower performance.

Additional Information

Contributing Programs

Organizations:

- o Office of Federal Student Aid

- o Federal loan servicers

Program Activities:

- o Monitoring and reporting by federal loan servicers

- o Monitoring by the Office of Federal Student Aid

Regulations:

- o As required by contract

Tax Expenditures:

- o Reallocation of funding