



# Protecting Borrowers & Advancing Equity

## Recommendations for Student Loan Servicing

In a report released in May 2022, NASFAA seeks to fill the gaps in the conversation around federal student loan reform by providing thoughtful, systemic, and targeted policy solutions to address underlying flaws in the current repayment and servicing systems that lead borrowers into financial hardship. In all, the report — which was generously grant funded — outlines recommendations to improve student loan servicing practices, rethink the terms and conditions of student loan repayment, and reform student loan default. The full report may be found on NASFAA's website at: [https://www.nasfaa.org/protecting\\_borrowers\\_advancing\\_equity](https://www.nasfaa.org/protecting_borrowers_advancing_equity).

Following are the recommendations for **student loan servicing**.

These recommendations are put forth by:



*Additional supporters of individual recommendations are listed in the full report.*

**Recommendation 1:** Require Federal Student Aid to develop and implement a comprehensive manual of student loan servicing practices. Require adherence to the guidance by all student loan servicers by adding an amendment to the loan servicing contracts containing the contents of the manual.

**Recommendation 2:** Federal Student Aid should immediately implement a single brand for all loan servicing operations and should use a single servicing system for all interactions with student loan borrowers.

**Recommendation 3:** Federal Student Aid should consider requiring all federal loan servicers to process Public Service Loan Forgiveness.

**Recommendation 4:** Federal Student Aid should identify best practices in student loan servicing and require their adoption by all servicers.

**Recommendation 5:** Federal Student Aid's chief operating officer should report directly to the secretary of education as part of an oversight board and collaborate with the undersecretary of education.

**Recommendation 6:** Amend the performance-based organization enabling language in the Higher Education Act to create a new role specific to student loan servicing.

**Recommendation 7:** The secretary of education must ensure Federal Student Aid follows a structured process when developing its five year strategic plan, as described in the performance-based organization enabling language, and that the strategic plan and individual performance plans include measurable loan servicing goals and objectives.

**Recommendation 8:** Federal Student Aid and states should collaborate in their supervision of student loan servicers in an attempt to examine and eliminate any duplicative efforts already required at the federal level.

**Recommendation 9:** The Department of Education should identify and act on opportunities to effectively collaborate with stakeholder agencies.

**Recommendation 10:** Federal Student Aid should hire an outside agency to complete an independent financial analysis of the true cost of providing high-quality loan servicing.

**Recommendation 11:** The Government Accountability Office should perform a review of Federal Student Aid's procurement function to determine if it is using its procurement flexibility effectively and establish whether additional flexibility is necessary.

**Recommendation 12:** Federal Student Aid should increase the transparency of data regarding its Direct Loan portfolio and allow qualified researchers to access servicing data.