Today, the U.S. Department of Education formally amended Phase II of the federal student loan servicing solicitation. The amendment maintains superior customer service and key borrower protections while ensuring the project stays on budget, saving taxpayers more than $130 million over the next five years. The amendment further clarifies the Department's expectations of the eventual servicer and formally lists all requirements in the solicitation.

U.S. Secretary of Education Betsy DeVos issued the following statement on the new amendment:

"From day one, my priority as Secretary of Education has been to put students' needs first. This amended solicitation does just that. It maintains superior customer service and borrower protections while increasing oversight and protecting taxpayers.

"The federal student loan servicing solicitation we inherited was cumbersome and confusing—with shifting deadlines, changing requirements and de-facto regulations that at times contradicted themselves. Internal and external stakeholders both agreed it was destined for a massive and unsustainable budget overrun.

"In order to ensure the best outcome for federal student loan borrowers, it was necessary to rescind the previous guidance to free the Department to craft a solution that was more responsive to the needs of both customers and taxpayers.

"With changes in the new amendment, we have simplified the process to ensure meaningful borrower protections while saving taxpayers more than $130 million over the next five years. Savings are expected to increase significantly over the life of the contract. Borrowers can expect to see a more user-friendly loan servicing interface, shorter email and call response times and an improved payment application method that will maximize the benefit of each payment the borrower makes. Our amendment makes no changes to repayment plan requirements.

"I am committed to helping students meet their repayment obligations and reaching their academic goals while also making government more effective and efficient."

The amendment published today is the ninth amendment to the Department's federal student loan servicing solicitation. Federal law and regulations governing the procurement process prohibited Department officials from commenting on the new amendment until it was formally published today.
Secretary Betsy DeVos wrote in a *Wall Street Journal* opinion piece announcing the amendment. The sole servicing company, which will be selected from among the three finalists announced by the Obama administration last summer, would be allowed to subcontract other loan servicers, and would be responsible for their conduct, rather than ED. The three finalists are Navient, GreatNet Solutions LLC, and Pennsylvania Higher Education Assistance Agency. Other changes to future loan servicing can be found in ED’s [formal amendment](https://www.ed.gov/news/press-releases/2020/08), which will surely raise concerns of consumer advocates. Previous requirements to create a single borrower loan portal as well as standards on processing applications and wait times are also upheld.