



EMPOWERING THE NEXT GENERATION OF LAWYERS

## POLICY POSITION:

### Single Federal Loan Servicer

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AccessLex Institute has consistently supported competition among providers and choice for schools and students with respect to the federal student loan programs. We believe that these elements work to create the lowest cost and best service for all parties involved. And for this reason, we oppose the U.S. Department of Education's recent proposal to consolidate the servicing of federal student loans to a single provider.

While we believe that the goal of the proposal is laudable – to create a common, streamlined and easy to understand borrower experience – we do not believe that selecting a single servicer for the management of the federal loan portfolio is the best choice to deliver on that promise.

The use of multiple servicers engenders competition, spurs innovation and creates strong incentives for each servicer to provide the highest quality service for borrowers at the lowest cost to taxpayers. Our long experience working with student borrowers has made evident that timely, clear and accurate information and guidance by loan servicers strongly correlates with successful loan management and repayment by borrowers—a goal that all parties share.

We believe that well-designed requirements and incentives which work to improve borrower delinquency and default rates should serve as the primary approach to federal loan servicing. Common servicing requirements for critical servicing activities, clear regulatory and policy guidance, and strong accountability measures applied in a multiple-servicer environment would best serve to achieve the objective desired by moving to a single servicer, while maintaining competition and choice.

**About AccessLex Institute:** AccessLex Institute<sup>SM</sup>, in partnership with its nearly 200 nonprofit and state-affiliated ABA-approved Member law schools, has been committed to improving access to legal education and to maximizing the affordability and value of a law degree since 1983. The AccessLex Center for Legal Education Excellence<sup>SM</sup> advocates for policies that make legal education work better for students and society alike, and conducts research on the most critical issues facing legal education today. The AccessLex Center for Education and Financial Capability<sup>SM</sup> offers on-campus and online financial education programming and resources to help students confidently manage their finances on their way to achieving personal and professional success. AccessLex Institute is a nonprofit organization with office in West Chester, Pennsylvania, and Washington, D.C. and field offices throughout the U.S.