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## United States Senate

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May 26, 2015

The Honorable Secretary Arne Duncan  
Secretary  
U.S. Department of Education  
400 Maryland Ave, SW  
Washington, DC 20202

Dear Secretary Duncan:

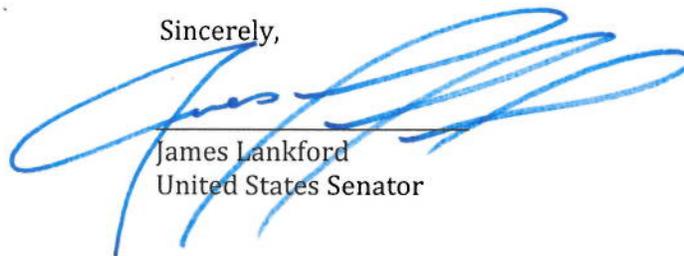
We are writing to reiterate our expectation and understanding, based on your recent testimony before the Senate Appropriations Committee, that the U.S. Department of Education will allocate new student loan servicing contracts based strictly on the performance metrics developed by the Department to evaluate federal loan servicers. As the Department undertakes its reexamination of the percentage of new loan volume allocated to servicers for the 2015-16 academic year, we strongly encourage you to eliminate the 25 percent limitation on Not-for-Profit (NFP) servicer allocations, and allow NFP servicers to compete equally and receive allocations in accordance with their performance.

During the 2014-15 academic year, the seven NFP student loan servicers are only allowed to compete for 25 percent of new loan allocations available on or after January 1, 2015, with the remaining 75 percent being allocated to the four Title IV Additional Servicers. According to the Department's own metrics to determine servicer performance, the NFP servicers outperform the Title IV Additional Servicers in almost every category.

We appreciated your willingness to engage on the issue of federal student loan servicing and the importance we place in allowing NFP servicers to compete fairly for new loan volume when you appeared before the Senate Appropriations Committee in April. We were encouraged by your response that the Department will undertake reallocations based "strictly on performance," and therefore expect that the Department will eliminate the cap on NFP servicer allocations and allow all servicers to compete equally for the 2015-16 academic year.

Basing the allocation of loans on measured performance criteria is an important step that will further the Department's responsibility to ensure borrowers receive high-quality service. We look forward to your response.

Sincerely,



James Lankford  
United States Senator