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REQUEST FOR PROPOSALS # 16-14
Collection Services
University of Maine System
ADDENDUM #1

This addendum responds to questions submitted by vendors.

The University of Maine

University of Maine
at Augusta

University of Maine
at Farmington

University of Maine
at Fort Kent

University of Maine
at Machias

University of Maine
at Presque Isle

University of
Southern Maine

- Q1. Section 4.1: Can a Bidder choose to bid on both student accounts and student loans but only be selected for one not both? Would it be better to submitted two proposals if this is not the case? One for student accounts and one for student loans.
- A1. It may be possible that a vendor bid on both types of accounts but only be awarded one. We are accepting one proposal per agency.
- Q2. 4.3.2 Provide a copy of any and all collection-related or general business licenses, registrations or permits. Would you allow a chart of all licenses, registrations or permits with a copy of each due upon award?
- A2. A listing of licenses, etc. would be acceptable but if the agency is selected, no placements will be made until all copies are received.
- Q3. Who is the servicer used by the University for loan accounts?
- A3. ECSI
- Q4. Are your student accounts able to have the same "make whole" calculation as the student loans?
- A4. This will vary by campus.
- Q5. Will you be utilizing your collection agency to assist with your Cohort accounts?
- A5. Yes
- Q6. Section 1.1 Purpose (page 2) indicates required services "may include pre-collection activities; skip tracing, asset searches and any other related activities required for verifying and collecting...accounts." Will the University permit the selected agency to provide credit bureau reporting on placed accounts?
- A6. Some will permit, this will vary by campus.

- Q7. Section 1.1 Purpose (page 2) indicates, "...contracts awarded as a result of this RFP will be for an initial term of three (3) years with an option to renew for two additional one-year periods." To how many agencies does the University anticipate awarding contracts as a result of this RFP?
- A7. No set number.
- Q8. Section 1.3 Scope (page 2) indicates, "During Academic Year 2012-2013, there were approximately 2,766 [student receivables] accounts placed with a dollar value of \$5,365,929." Please provide the average age of student receivables accounts at placement.
- A8. Not available.
- Q9. Section 1.3 Scope (page 2) indicates, "As of July 31, 2013 there were 2,272 [student loan] accounts in collection with an outstanding balance of \$4,137,889."
- a. Please provide the estimated number and dollar value of student loan accounts to be placed annually.
- b. Please provide the average age of student loan accounts at placement.
- A9. These figures are not available.
- Q10. Section 3.6 Reports (page 9) states, "On a regular monthly basis, the Contractor shall remit to the University all net collections (gross amount collected less applicable commissions)..." However, Section 2.20 Payments (page 8) indicates, "Payment will be upon submittal of an invoice... on a Net 30 basis unless discount terms are offered." Please clarify whether the University requires monthly gross remittance or net remittance.
- A10. NET.
- Q11. Section 4.5.6 (pages 14-15) requires agencies to "indicate whether [they] can electronically remit funds and statements to the University and/or its designated loan servicer." Please indicate who the University currently utilizes as its designated loan servicer.
- A11. ECSI.
- Q12. Section 4.6.1(a) (page 15) requests information concerning "...client name, address, contact person... of Agency's largest client, smallest client and average size client..." In addition, Section 4.10 References (page 16) indicates, "A list of five references is required to be submitted..." In order to ensure the availability of references provided in response to Sections 4.6.1(a) and 4.10, please provide the time period during which the University anticipates to contact references included in the response.
- A12. Sometime between February 1, 2014 and April 1, 2014.
- Q13. Incumbent Information
- a. Please provide the current contingency fees for the University's incumbent agencies segregated by account type (e.g., Perkins Loan, institutional loans, tuition and account receivable) and placement type (e.g., primary, secondary or tertiary), if available.
- b. Please provide the historical recovery rates for the University's incumbent agencies segregated by account type (e.g., Perkins Loan, institutional loans, tuition and account receivable) and placement type (e.g., primary, secondary or tertiary), if available.

A13. a.

Rates

Accounts Receivable		Loans	
1st	2nd	1st	2nd
25	30	20	28
19	24	19	24
20	25	20	25
20	20	20	20
25	25	23	25
25	25	22	28

b. Not Available.

Q14. Paragraph 1.15 Proposal Submission: Submissions shall be on standard 8.5 X 11 letter-sized paper and be clipped together without binding. Does clipped mean using a large binder clip? The size of this response will be quite large. If necessary, may we submit two (2) parts to each of the seven (7) total responses with one being the response and the other being the attachments?

A14. Binder clips are fine.

Q15. Paragraph 4.3.2 Provide a copy of any and all collection-related or general business licenses, registrations or permits. Will a chart showing each of these licenses, registrations, and permits suffice with the understanding that any/all licenses will be provided upon request? I am only asking as there are more than forty (40) of these documents that would be included in our proposal.

A15. A listing of licenses, etc. would be acceptable but if the agency is selected, no placements will be made until all copies are received.

Q16. Paragraph 1.15 Proposal Submission: Submissions shall be on standard 8.5 X 11 letter-sized paper and be clipped together without binding. Could we please bind these in a three (3) ring notebook?

A16. Yes.

Q17. Paragraph 4.3.2 Provide a copy of any and all collection-related or general business licenses, registrations or permits. Will a spreadsheet showing the license number, registration numbers, and permit numbers suffice with the understanding that any/all licenses will be provided upon request?

A17. A listing of licenses, etc. would be acceptable but if the agency is selected, no placements will be made until all copies are received.

Q18. This is a legal question that may need some research. If time does not permit you can answer this outside the addendum. This information will not make a material difference in our response. Does Maine statute of limitations ("SOL") apply to debt owed to the University of Maine (government debt)?

A18. No answer at this time.

Q19. This is a legal question that may need some research. If time does not permit you can answer this outside the addendum. This information will not make a material difference in our response. Does the University of Maine add collection cost to tuition and fee accounts and if so, by what authority?

- A19. Added costs vary by campus, authority confirmed by University counsel.
- Q20. In Section One – 1.3, second paragraph, does each campus forward delinquent student receivables to UMS SPC for collections/placement with agencies centrally, or is each campus responsible for sending their delinquent student receivables directly to the agencies?
- A20. Each campus is responsible for its own student receivables.
- Q21. Who is the current Loan Servicer for UMS?
- A21. ECSI.
- Q22. How many agencies will be awarded contracts?
- A22. No set number.
- Q23. Will the university be adding collection costs to the delinquent student receivables at time of placement? If so, does the University have signed agreements with the Students allowing for collection costs to be added to the account?
- A23. Added costs vary by campus, no signed agreements.
- Q24. What is the percentage of recovery achieved by the current contractor for each debt type?
- A24. Not available.
- Q25. What is the total amount collected by the current contractor each year for the past three years for each debt type?
- A25. Not available.
- Q26. What was the number of accounts authorized for legal each year during the past three years for each debt type?
- A26. Not available.
- Q27. What was the total amount of money collected from legal accounts (assigned to attorney) each year for the past three years for each debt type?
- A27. Not available.
- Q28. What is the current/past contracted contingency fee rate percentage for standard collections (primary, secondary, etc) and for legal collections for each debt type?
- A28. Please see our response to question 13a above.
- Q29. To how many vendors are you seeking to award a contract?
- A29. No set number.
- Q30. What collection attempts are performed or will be performed internally prior to placement for each debt type?
- A30. Loans - required federal due diligence plus internal collection attempts consisting of calls and letters.

Student Accounts - practices vary by campus but all campuses do some form of internal collection attempts including multiple billings.

Q31. What is the average balance of accounts for each debt type?

A31. Not available.

Q32. What is the average age of accounts at placement (at time of award and/or on a going-forward basis), for each debt type?

A32. Not available.

Q33. What has been the historical rate of return or liquidation rate provided by any incumbent(s), and/or what is anticipated or expected as a result of this procurement for each debt type?

A33. Not available.

Q34. Regarding the 2012 / 2013 recovery rates against the \$5.3MM AR assignments:

- a. Were these borrower accounts assigned to an outside collection agency?
- b. What is the average age of default?
- c. Will all of the above accounts in non-paying status be assigned to the winning bidder(s)?
- d. How many collection contractors will be awarded a contract?
- e. What is the anticipated monthly forward flow placement volume?

A34. a. This was the amount placed with agencies for 2012 – 2013.

- b. Not available.
- c. See our answer for 34a above, Future amounts will vary.
- d. No set number.
- e. Not available.

Q35. Regarding the Perkins 2013 (July – December) recovery rate against the \$4.1M in Perkins Loans assigned for collections:

- a. What is the average age of default?
- b. What portion of these debts will be assigned to the winning bidder(s)?
- c. What is the anticipated monthly forward flow placement volume?

A35. Not available.

Q36. Does the University plan on placing any Cohort accounts? If so, can figures be provided to include:

- a. Anticipated monthly placement volume?
- b. Anticipated monthly placement dollar value?

- A36. Not available but **yes**, cohort accounts are placed.
- Q37. Can the University provide the rates charged by the current vendors?
- A37. Please see our response to question 13a above.
- Q38. Page 4, section 1.15: Please confirm that all copies of the RFP should be secured with binder clips, and not placed in three-ring binders. Are tabbed section dividers permissible under the "fully recyclable" materials requirement?
- A38. The University's objective is to keep it as simple as possible. You may use a three-ring binder if binder clips are not effective. Tabbed section dividers are not desired.
- Q39. Page 6, section 2.11 indicates that litigation will be performed in the State of Maine, but Section 4.2.1(a) requests a list of all attorneys who will provide collection services. Does the University anticipate litigation taking place only in Maine, or is the University looking for nationwide litigation?
- A39. Nationwide.
- Q40. Page 13, section 4.3.2 requests copies "of any and all collection-related or general business licenses, registrations or permits." Providing actual copies of all of our business licenses, registrations, and permits would require well over a hundred pages. Given the University's emphasis on reducing waste and streamlining responses, and given the fact that responses may not be bound, would a list of licenses suffice?
- A40. A listing of licenses, etc. would be acceptable but if the agency is selected, no placements will be made until all copies are received.
- Q41. Page 14, section 4.4.1: Are vendors permitted to propose separate pricing for first referrals and second referrals? Or is the University looking for a single price to encompass both portfolios?
- A41. There may be separate pricing.
- Q42. Page 15, section 4.6.1: Vendors are requested to provide information for their largest client, their smallest client, and their average-sized client. Could the University clarify how it defines largest / smallest? Is this in terms of placement volume? Value of accounts? Revenue generated? Student enrollment?
- A42. Size should be determined by volume.
- Q43. Page 15, section 4.6.3: Vendors are asked to provide a list of all types of accounts serviced. In terms of education debt, should vendors separate student loan debt from tuition / AR?
- A43. Yes.
- Q44. Page 15, section 4.6.5: Vendors are requested to provide historical performance measures. Could the University specify for what time period these performance measures should be provided, e.g. the last six months, all of 2013, five-year averages, etc?
- A44. One each for 2013, 2012 and 2011 would be preferable.
- Q45. Page 18, Attachment A: Should Attachment A be signed and included with the response, or is the form only required to accompany the signed contract?
- A45. Yes.

Q46. 4.6.1 May an offeror substitute Federal and Private Student Loan Collection clients such as a State Guaranty Agency, the U.S. Department of Education collection subcontract, and a Private / Alternative student loan collection contract here, in lieu of three university clients in order to demonstrate our firm's proficiency in collection student debt?

A46. No.

Q47. 4.6.2 May an offeror substitute Federal and Private Student Loan Collection account numbers from a State Guaranty Agency, the U.S. Department of Education collection subcontract, and a Private/Alternative student loan collection contract here, in lieu of university student accounts here in order to once again demonstrate our firm's proficiency in collection student debt?

A47. No.



Hal Wells
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