



Cornell University

Office of the Bursar
260 Day Hall
Ithaca, NY 14853

Request for Proposal

***Federal and Private Loan,
Bursar and Cornellcard
Collection Services***

May 10, 2007

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1.0 Statement of Work

- 1.1 **Purpose of the RFP.** Cornell University (herein after referred to as “Institution”) requests proposals from collection agencies for the collection of delinquent National Direct Student Loan (NDSL)/Perkins/Federal Perkins Loan accounts; institutional loans and bursar/Cornellcard accounts. The services covered by this Request for Proposal (RFP) may include skip-tracing, asset searches, related activities required for verifying and collecting accounts, litigation, execution of judgments, and credit bureau reporting.

This RFP is written for all candidates so that they understand the services requested. Each recipient of this RFP is reminded that this and all related materials provided by Cornell University not previously released to the public are confidential. Do not reveal any materials or otherwise disclose their content to any other party for any reason without Cornell University’s explicit written consent.

- 1.2 **Location of Work.** The intended coverage of this RFP and any Agreement resulting from this solicitation shall be for the use of the Office of the Bursar of Cornell University, located at 260 Day Hall, Ithaca, NY 14853.
- 1.3 **Overview of Institution.** Founded in 1865 by Ezra Cornell and Andrew Dickson White, Cornell is a private endowed university and the federal land-grant institution of New York State with approximately 20,000 students. It is a member of the Ivy League and a partner of the State University of New York.

The Office of the Bursar at Cornell University is responsible for bursar and Cornellcard accounts as well as student loans administered by Cornell University, consisting of Perkins loans and institutional loans. The collections department within the Office of the Bursar is responsible for all bursar and Cornellcard accounts 90 days past due when the student is no longer registered at the university. Student loans become the responsibility of the collection department at 60 days past due.

Internal collection efforts consist of sending monthly statements, making phone calls to home and work as well as sending letters and email correspondence. Once internal collection efforts are exhausted, typically at 180 days past due, the account is then referred to an outside collection agency. Currently, Cornell University contracts with three collection agencies. Each agency handles first, second and third placements.

- 1.4 **Possibility of Contract Award.** Cornell University intends to review the proposals and possibly award new contracts for collections services as a result.
- 1.5 **Length of Contract.** If a contract is awarded, it will be for a term of three years with an option to renew annually.
- 1.6 **Number of Vendors.** The Institution intends to maintain contracts with no more than three vendors.

2.0 Proposal Preparation Instructions

- 2.1 **Schedule.** The tentative schedule for the RFP process follows. This schedule may be changed by the Institution.

<i>10/04/2005</i>	Issue RFP
<i>10/10/2005</i>	Questions Due
<i>10/25/2005</i>	RFP Due at <i>2:00 pm EST</i>
<i>12/01/2005</i>	Evaluations Complete

- 2.2 **Due Date.** Proposals are due by 2:00 pm on 10/25/2005. Late proposals will not be accepted for any reason. Faxed and oral proposals will not be accepted.
- 2.3 **Format of Proposals.** Proposals shall be prepared in a straightforward and concise manner, identifying clearly and succinctly any deviations, enhancements, and other differences that exist between the RFP and the Contractor's services.

Proposals shall be submitted on 8 1/2" x 11" paper in either a bound copy or notebook. Text of the Proposal must be no smaller than 12 point. Where necessary, paper size and text for tables, charts, or graphics may vary from these specifications.

Submit one original and two copies of the Proposal. The original copy must be labeled as "Original," and must contain original signatures in ink.

Proposals must clearly identify the question and the response to each question.

Proposals must be presented in the order listed in Section 7.0, Contractor's Proposal.

- 2.4 **Contractor Questions.** Questions about the specifications of this RFP or requests for clarification should be submitted in writing before 4:30pm on 10/10/2005. Submit questions to:

Cornell University
Kristin Pennock
Assistant Bursar, Collections
260 Day Hall
Ithaca, NY 14853
p607-255-6413
f607-255-2414
kp79@cornell.edu

Answers to questions received by the due date will be answered in an addendum issued on 10/14/2005.

- 2.5 **Delivery.** Proposals should be delivered before the due date to the following address:

*Cornell University
Office for Purchasing Services
Attention: Glenn Morey
373 Pine Tree Road
Ithaca, NY 14850-2820*

- 2.6 **Authorized Signature.** The Contractor Data Sheet, page 13, must be signed by an individual authorized to bind the contractor to the provisions of the RFP and bound with the Contractor's Proposal. Proposals must remain open and valid for at least ninety (90) days from the opening date.
- 2.7 **Proprietary Information.** Any competitive information, trade secrets, or commercial/financial information that the contractor considers proprietary or confidential should be marked "Proprietary" at the bottom of each page containing this information. This proprietary information will not be disclosed or made public without prior written permission from the contractor.

3.0 Evaluation of Proposals

3.1 **Evaluation Committee.** The evaluation committee will consist of the following members from the Bursar’s Office and the Purchasing Department:

Kristin Pennock, Assistant Bursar, Collections
Peter Olcott, University Bursar
Edward Baker, Assistant Bursar, Student Loans
Glenn Morey, Purchasing Agent/Team Leader

3.2 **Evaluation Procedures.** Points will be awarded as follows:

Section	Available Points
Contractor Qualifications and Background	100
Organizational and Staff Structure	100
Company-Customer Relationships	150
Financial	75
Historical Performance	100
Technology	100
Collection Procedures	200
Litigation/complaints	50
References	75
Additional Services	50
TOTAL	1000

4.0 Portfolio Data

- 4.1 **Historical Placement Data.** During the past 12 months, 667 individual accounts were placed for collection valued at \$3,109,287.86 with an average balance of \$4668.60. The accounts placed consisted of the following:

Historical Value of Accounts Placed for the Period of 6/30/2004 to 6/30/2005			
	Number of Accounts	Dollar Value of Accounts	Average Balance of Accounts
1 st Referral Bursar/ Cornellcard	168	\$344,681.94	\$2051.68
2 nd Referral Bursar/ Cornellcard	132	\$698,502.58	\$5291.69
1 st Referral Perkins Loans	62	\$328,185.97	\$5293.32
2 nd Referral Perkins Loans	89	\$386,838.17	\$4346.50
1 st Referral Institutional/ University Loans	111	\$576,642.10	\$5194.97
2 nd Referral Institutional/ University Loans	104	\$774,437.10	\$7446.51
TOTAL	667	\$3,109,287.86	\$4668.60

- 4.2 **Anticipated Volume.** Institution anticipates a similar placement volume in the future; however, Institution does not guarantee placement volume.
- 4.3 **Historical Collection Performance.** During the past 12 months, third-party collection agencies, on behalf of the Institution collected a total of \$296,314.18 on the above placements, representing a 9.5% total recovery rate. For first referrals, these agencies collected \$250,596.01, representing a 20% recovery rate. For second referrals, these agencies collected \$45,718.17, representing a 2.5% recovery rate.

5.0 Terms and Conditions

- 5.1 **License.** Contractor must be licensed to solicit business and collect debts in the State of New York. Contractor must submit copy of such license as part of its Proposal. In addition, Contractor must have the ability to operate throughout the United States and have the ability to collect accounts outside the United States.
- 5.2 **Service.** Contractor must realize that its ability to provide comprehensive services to meet the needs of the Institution will be a prime factor in the selection of a company to supply these services.
- 5.3 **Adequate Facilities.** Contractor must own and operate adequate facilities and equipment devoted to performance so that the end product conforms with the intent of the Proposal specifications. Contractor must be able to accept accounts as of the first day of the contract. Contractor must make initial contact with borrower within five days of account placement by Institution.
- 5.4 **Quality Control.** Contractor must exercise strict quality control and inspection in every aspect of performance of the services.
- 5.5 **Experienced Staff.** Contractor must have a staff with experience as detailed in the Proposal specifications who will furnish the required services.
- 5.6 **Contractor's Experience.** Contractor must have been engaged for a minimum of two years as a company doing business in the collection of delinquent student accounts. Contractor must be able to collect on National Direct Student Loans (NDSL)/Perkins/Federal Perkins Loans.
- 5.7 **Single Point of Contact.** Contractor shall appoint one representative who will have responsibility and authority for Institution accounts and provide a resume of that individual.
- 5.8 **Fidelity Bond.** Contractor must maintain a fidelity bond in the amount of no less than \$1,000,000 to protect the Institution's assets. The bond must be obtained from an insurance company licensed to conduct fidelity business in the home state of the Contractor and which has earned an A.M. Best Company, Inc. Rating of A or better as reflected in their most current publication. The Contractor must agree to maintain such bond until one year after the completion of the contract.
- 5.9 **Indemnification.** Contractor must agree to indemnify, defend and hold harmless Institution, its officers, agents, and employees from any claims, damages and actions of any kind or nature whether at law or in equity, arising from or caused by the use of any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence

of Institution or the failure of Institution to use the services in the manner already and permanently described by the Contractor on the services delivered.

5.10 Federal Regulations. Contractor shall provide collection services in accordance with the most recent applicable federal regulations. The personnel of the contractor who handle collection efforts shall be knowledgeable of and comply with the most recent applicable federal regulations, guidelines, and policy interpretations governing the federal loan programs.

5.11 Third Party Servicer. Contractor shall be responsible for compliance with the regulations governing third-party servicers and additional accountability requirements as stated in 34 CFR Section 668.25. Contractor, as a third-party servicer, will assume joint and several liability with the Contractor for any violation by Contractor of any statutory or regulatory provision applicable to Title IV programs. A copy of the Contractor's Third Party Servicer Audit must be submitted with this Proposal.

5.12 Insurance. Contractor shall maintain insurance policies with an agency that maintains an "A" rating and is licensed to do business in all states. At a minimum, the Contractor must maintain insurance in the following amounts:

- **General Liability Insurance**—\$2,000,000 aggregate, \$1,000,000 each occurrence
- **Excess Liability Insurance**—\$4,000,000 aggregate, \$4,000,000 each occurrence
- **Errors and Omissions (Professional Liability)**—\$2,000,000
- **Employee Fidelity Bond**—\$2,000,000
- **Statutory Workman's Compensation Insurance** under the laws of the State of New York and any other laws may be applicable thereto. Coverage "B", Employees Liability, must have limits of at least \$100,000.
- **Automobile Liability Insurance** subject to limits of not less than \$100,000 each occurrence for Bodily Injury and \$100,000 each occurrence for Property Damage.

Cornell University must be added to the contractor's Comprehensive General Liability Insurance policy as an Additional Named Insured and evidence of such will be provided in all Certificates of Insurance.

All certificates of insurance must provide for a minimum of 30 days notice to Cornell University prior to cancellation, non-renewal or change in policy terms and/or conditions.

5.13 Threats, Intimidation, Harassment. Contractor shall not under any circumstances, use any threats, intimidation, harassment, or any unfair collection practices in the collection of accounts or violate any guidelines established by federal, state, and local laws, regulations, and rules affecting the

work and shall maintain all required protection for property, employees, and public.

5.14Memberships. The Contractor should have participated actively in the higher education community for the past two years as demonstrated by memberships in the National Association of College and University Business Officers (NACUBO), the Coalition of Higher Education Assistance Organizations (COHEAO) and other professional organizations.

5.15Acceptance of Accounts. Contractor agrees to accept for collection all accounts which Institution refers to the contractor for collection. The number and origin of these accounts shall be determined by the Institution.

5.16Acknowledgement of Accounts. Contractor shall acknowledge to Institution accounts received by contractor for collection. Contractor shall transmit this acknowledgment no later than seven business days after accounts are referred to Contractor.

5.17Retention Period. Accounts with no collections shall remain with the contractor for no longer than 12 months or as mutually agreed between the Contractor and Institution. The Contractor will be entitled to the collection fee if payment is made within 60 days of the return, provided the account has not in the interim been assigned to another Contractor or attorney.

5.18Suspend Action. Contractor agrees to suspend action, either temporarily or permanently on any account referred for collection upon notification by Institution.

5.19Repayment Agreement. Upon request by Institution, the contractor shall obtain signed repayment agreements from the defaulter.

5.20Cohort Accounts. Contractor will process Perkins cohort accounts in a separate unit designed to cure the accounts and lower the Institution's cohort default rate.

5.21Legal Action. Legal action will be pursued when all other collection efforts are unsuccessful. Contractor must provide written documentation supporting legal action to Institution to obtain written authorization by Institution prior to its filing suit on any account. Reasonable asset location will be performed to satisfy judgment. Commission rate shall convert to legal rate only when the account is placed with an attorney.

5.22Reports. Contractor shall provide the following reports:

- Acknowledgment of accounts assigned
- Status report on all accounts (on demand)
- List of accounts returned (monthly)

- New address report (monthly)
- Remittance statement itemizing the collections on each account by account type for the prior month (monthly)
- Analysis of the overall collection performance of the contractor (on demand)

5.23 Method of Payment. The contractor shall remit electronically to Institution all monies received during the previous month by the 10th day of each month. A paper remittance statement itemizing the collections on each account through the end of the previous month shall be sent.

5.24 Prior Efforts. No collection fees shall be paid to Contractor on accounts which are paid prior to any collection efforts being performed by Contractor.

5.25 Record Retention. The contractor shall retain all books, records, and other documents relative to this contract for three years after final payment, or until audited by Institution, whichever is sooner. Institution shall have full access to and the right to audit all materials for the duration of the contract and for the three years after final payment, or until final audit is completed by Institution, whichever is sooner.

5.26 Renewal of Contract. Contracts may be renewed by the Institution upon written agreement of both parties for successive one-year periods, under the terms of the current contract, and at a reasonable time (approximately 90 days) prior to the expiration.

5.27 Termination of Contract. Institution may terminate contracts resulting from this Proposal at any time that the contractor fails to carry out its provisions or to make substantial progress under the terms specified in this Proposal solicitation and the resulting contract. Or, with the mutual agreement of both parties, upon receipt and acceptance of not less than 30 days written notice, the contract may be terminated on an agreed date prior to the end of the contract period without penalty to either party.

5.28 Subcontracts. No portion of the work shall be subcontracted without prior written consent of the Institution. In the event the contractor desires to subcontract some part of the work specified herein, the contractor shall furnish the Institution the names, qualifications and experience of their proposed subcontractors. The contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the contract.

5.29 Independent Contractor. In the performance of this work hereunder, vendor ('Contractor' within the terms of this paragraph) shall be an independent contractor and not an employee of Cornell. Contractor is not an agent of, or authorized to transact business, enter into agreements, or otherwise make commitments on behalf of Cornell unless expressly authorized in writing by an

office of Cornell. Cornell will not pay or withhold federal, state, or local income tax or other payroll tax of any kind on behalf of Contractor or his employees. Contractor is not eligible for, not entitled to, and shall not participate in any of Cornell's pension, health, or other benefit plans. Contractor is responsible for the payment of all required payroll taxes, whether federal, state, or local in nature, including, but not limited to income taxes, Social Security taxes, Federal Unemployment Compensation taxes, and any other fees, charges, licenses, or payments required by law. Contractor indemnifies Cornell and holds it harmless against any fines, damages, assessments, or attorney fees in the event a court or administrative agency shall find that Contractor is an employee of Cornell.

- 5.30 **Failure to meet reasonable Delivery.** Cornell reserves the right to purchase from other vendors in the event the awarded vendor cannot supply our requirements in a reasonable period and/or do not have a competitive price with a New York State Contract. Cornell Purchasing will limit, where possible, the purchase of products from other vendors when an awarded vendor is able to supply product of same manufacture, quality, and specifications.
- 5.31 **Order Change/Cancellation.** Cornell must be able to change or cancel order releases against this agreement or blanket order any time before shipment without penalty.
- 5.32 **Processing of Orders.** It is intended that individual purchase orders will be issued to cover order requirements by departments as they arise. Cornell must be able to place orders verbally or by fax, with confirming paperwork to follow.

6.0 Fees

- 6.1 **Contingency Fees.** Contractor shall be paid on a contingency fee basis.
- 6.2 **Collections Cost.** Contingency fees shall be based on the current Federal methodology allowing the assessment of collection costs to the borrower, which will enable the Institution to keep the loan fund whole. Additionally, contractor shall be allowed to assess commission on the total amount collected
- 6.3 **Collections Cost.** Contingency fees shall be based on the current Federal methodology allowing the assessment of collection costs to the borrower, which will enable the Institution to keep the loan fund whole. Additionally, contractor shall be allowed to assess commission on the total amount collected.
- 6.4 **Separate Fees.** Fees shall be as follows:
- Primary placements- 25%
 - Reassignments- 30%
 - Legal placements- 40%

7.0 Contractor Data Sheet

This data sheet should be completed and returned with the Contractor's Proposal.

Name of Contractor _____

Address _____

Phone Number _____

Fax Number _____

Email Address _____

FEI/FIN Number _____

This proposal is submitted in response to Request for Proposal Federal and Private Loan, Bursar and Cornellcard Collection Services issued by Cornell University. The undersigned, an officer of the company authorized to bind the company to an agreement, certifies that the aforementioned company agrees to be bound by the content of this Proposal and agrees to comply with the terms, conditions, and provisions of the RFP and any addenda in the event of an award.

Signature _____

Name _____

Date _____

8.0 Contractor's Proposal

All Proposals submitted must contain, at a minimum, full and complete responses to each of the following specifications. Responses must demonstrate Contractor's ability to meet the terms and conditions as stated in Section 5.0 of this RFP, Terms and Conditions. If a Contractor cannot meet the specification, it must state that, and when appropriate, offer an alternative response. Failure to respond to any specification may disqualify the Proposal.

8.1 Contractor Qualifications and Background

- 8.1.1 Present evidence that the company is licensed to solicit business and collect debts in the State of New York. Include a copy of the license.
- 8.1.2 Discuss the company's ability to operate throughout the United States and the ability to collect accounts outside the United States.
- 8.1.3 Provide a brief history of the company.
- 8.1.4 Demonstrate that the company has a minimum of two years experience collecting delinquent student accounts.

8.2 Organizational and Staff Structure

- 8.2.1 Please provide the name, phone number and e-mail address of the principal person to be contacted in the event Cornell has additional questions with regards to your response.
- 8.2.2 Provide the number of employees. Provide the number of employees dedicated to the collection of accounts. Provide the number of employees dedicated to the collection of higher education accounts. Provide the physical location of employees.
- 8.2.3 Provide resumes for officers of the company and senior management.
- 8.2.4 Describe the training afforded company employees. Discuss how collectors and other employees who have contact with borrowers are kept abreast of developments in the student loan collections area, including changes in federal regulations and institutional requirements.
- 8.2.5 State the affiliations in state and national professional collection organizations, and in particular, NYSOBBA, COHEAO, NACUBO, and other professional collection organizations

specializing in the college/university student accounts field, in which the company or individual employees hold membership. Discuss the degree of involvement in these organizations.

8.2.6 State the company's capability to offer services in a multi-lingual environment.

8.3 Company-Customer Relationships

8.3.1 Discuss the means of maintaining relationships between the company and a client. Describe the customer service offered to clients.

8.3.2 Provide the name, title, and telephone number of the individual within the company who will serve as the primary contact should a contract be awarded based on this Proposal.

8.3.3 Describe the company's ability to maintain a high level of effective communication with the Industry, Department of Education (concerning regulations), and Institution. Include procedures, organizations, or samples of publications used in these endeavors.

8.4 Financial

8.4.1 Provide copies of the two most recent audited financial statements.

8.4.2 Provide a copy of the most recent Third Party Servicer Audit.

8.4.3 Provide evidence of insurance/bonds as described in Section 5.12, **Insurance.**

8.4.4 Outline the cash handling, flow and management procedures. Describe the organization of the department which has primary responsibility for these procedures. Discuss the payment processing procedures and systems, including cash payments, direct payments, clearing house(s), the forms in which payments will be accepted; and the distribution of payments.

8.4.5 Describe the measures the company has in place to comply with the Graham Leach Bliley Act to safeguard confidential information.

8.5 Historical Performance of Company

- 8.5.1 How many years has the company provided the type of services for which this Proposal is submitted?
- 8.5.2 Discuss the company's experience with higher education institutions in the State of New York.
- 8.5.3 Provide the total dollar amount and number of college/university accounts currently managed. Provide the total number of colleges/universities serviced.
- 8.5.4 Provide the total dollar value and number of accounts currently managed in all categories.
- 8.5.5 Discuss the company's experience in the collection of each of the types of student loans and receivable accounts. For each type, state the company's overall collection performance rate, including:
- the number, dollar value, and average balance of placements
 - the total dollars collected and recovery percentage (gross collections divided by dollar amount placed)
 - the total number of accounts and percentage of accounts brought into repayment, cancellation or deferment
 - the dollar amount and percentage of dollars placed returned to the client

8.6 Technology

- 8.6.1 Describe the technology utilized by the company. Describe the company's in-house computer capabilities and available services provided directly by the company. List the type of computer system currently being used.
- 8.6.2 Describe the software used to monitor accounts.
- 8.6.3 Describe the company's ability to monitor phone calls.
- 8.6.4 Discuss the company's predictive dialer system used in collection efforts.
- 8.6.5 What provisions does the company have for security of physical facilities and equipment? Discuss the components of the company's disaster recovery plan.
- 8.6.6 Does vendor provide a local or 800 number and/or web site for no charge technical support? What is the number and/or web

address? Where are these personnel located? How many people? What are the hours available? What services are available?

8.7 Collections

8.7.1 State your company's collection philosophy.

8.7.2 Fully discuss the methodology and procedures used in the collection of delinquent student loans and accounts, including but not limited to:

- a) Account Placement: Describe the information which the Institution will have to submit for account placement. List the media in which accounts may be submitted to the company. State the minimum number of days between the time the company receives accounts and the time those accounts are first worked.
- b) Locating (skiptracing) and contacting the borrower.
- c) Discuss special collection procedures use to locate and work with international debtors.
- d) Provide debtor payment options, including procedures for cancellations and deferments.
- e) Provide methods of payments accepted.
- f) Credit bureau reporting capabilities.
- g) Discuss the account litigation process.
- h) Close and Return of Accounts. Discuss the criterion upon which the decision is made to close accounts and describe the procedures for the close and return of accounts.

8.7.3 Explain any special processing of Perkins cohort accounts.

8.7.4 Provide samples of notices/letters, which are used to correspond with borrowers.

8.7.5 Provide samples of reports which are supplied to clients and indicate the frequency which each report is issued.

8.7.6 Include the minimum and maximum number of accounts per collector.

- 8.7.7 Provide the hours of operation of toll-free, nationwide number for borrowers to contact Contractor.
- 8.7.8 Describe your web-based account placement, report viewing, borrower ability to view account information, borrower payment, and other capabilities.

8.8 Litigation/Complaints

- 8.8.1 Describe any material litigation or administrative proceedings which resulted in a finding against your company within the last three years.
- 8.8.2 Describe any litigation filed against your company pertaining to your collection activities. Provide full details including dates and final resolution.
- 8.8.3 Describe any formal inquiries from governmental agencies regarding consumer protection laws or unfair and deceptive collection practices at your company.

8.9 References

- 8.9.1 Provide the following information for at least three current clients which share similar characteristics to the Institution and for which the company has provided at least three years of service:
- a) Name of institution, dates of service, name of contact, contact's title, address and telephone number.
 - b) Provide the following recovery data for each reference:
 - the number, dollar value, and average balance of placements
 - the total dollars collected and recovery percentage (gross collections divided by dollar amount placed)
 - the total number of accounts and percentage of accounts brought into repayment, cancellation or deferment
 - the dollar amount and percentage of dollars placed returned to the client as uncollectible

8.10 Additional Services

Provide a description of any additional services that may be valuable to the Institution

8.11 Exceptions

Provide a detailed explanation of any exceptions that you take to the terms and conditions (if any).