

# DOCUMENTATION FOR THE GENERIC CLEARANCE OF CUSTOMER SERVICE SATISFACTION COLLECTIONS

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## TITLE OF INFORMATION COLLECTION:

Multiple Servicer Customer Satisfaction Surveys

SURVEY       FOCUS GROUP       SOFTWARE USABILITY TESTING

## DESCRIPTION OF THIS SPECIFIC COLLECTION

The Department of Education (ED), Office of Federal Student Aid (FSA) requests clearance for customer satisfaction surveys of the three types of customers served by the four additional servicers recently contracted by FSA to service the Federal Family Education Loans (FFEL) purchased by ED this past year. FSA anticipates that these four and perhaps additional servicers will receive additional loan servicing work to allow FSA to manage the anticipated increase in Federal Direct Loan volume stemming from changes to the Federal student loan programs currently working their way through congress.

We have created three separate surveys that will request the opinions of borrowers, schools and federal employees (and contractors) on the quality of loan servicing received from multiple servicers. Most of the federal staff ED will survey are employees and contractors of FSA, but this survey will also include people employed by other federal entities. We request that this clearance cover the three identified customer groups of any other loan servicing entity that enters into a contractual arrangement with FSA to service FFEL or Direct Loans, not just the four current servicers (Sallie Mae, Great Lakes, NELNET, and PHEAA).

The purpose of these three customer satisfaction surveys goes beyond the conventional purposes of monitoring customer satisfaction levels and identifying areas of the loan servicing that are particularly successful or in need of improvement. Pursuant to the Health Care and Education Reconciliation Act, which was signed into law on March 20, 2010, FSA is required to use the results of these customer satisfaction surveys to help determine the future allocation of loan servicing work among the current and perhaps additional servicing entities. The results of each of the three surveys will be combined with the performance of the servicers on two loan default measures to determine each servicer's share of future work; FSA will use the results of these customer satisfaction surveys to help determine the future allocation of loan servicing work among the current and perhaps additional servicing entities.

There are three groups affected by the survey.

Borrowers who have or take out new FFEL or direct loans that have their loans serviced by a servicer whose share of future work depends on the satisfaction of their customers. FSA estimates that there are currently approximately 2 million such individuals and that this population will grow if anticipated changes to the Federal student loan programs are enacted by Congress.

Employees at the postsecondary schools participating in the Title IV programs who interact with the servicers whose share of future work depends on the satisfaction of their customers as part of securing federal student loans for their students. There are approximately 6,000 institutions that

participate in Title IV and we estimate that there are at least 10,000 people at these schools who interact with the servicers.

Employees of FSA and other federal entities that interact with the servicers whose share of future work depend on the satisfaction of their customers. There are approximately 200 such people.

**AMOUNT OF ANY PROPOSED STIPEND OR INCENTIVE**

None

**BURDEN HOUR COMPUTATION**

<b>Category of Respondent</b>	<b>No. of Respondents</b>	<b>Participation Time</b>	<b>Burden</b>
Borrowers	5,000	10 minutes	50,000 minutes
Schools	1,600	10 minutes	16,000 minutes
FSA and other federal employees	200	07 minutes times five surveys per year	7,000 minutes
<b>TOTAL</b>			<b>1,217 hours</b>

**BURDEN COST COMPUTATION**

<b>Federal Staff and/or Contractor</b>	<b>Costs</b>	<b>No. of Hours</b>	<b>Total</b>
CFI Group	\$367,568		\$367,568
<b>Totals</b>			<b>\$367,568</b>

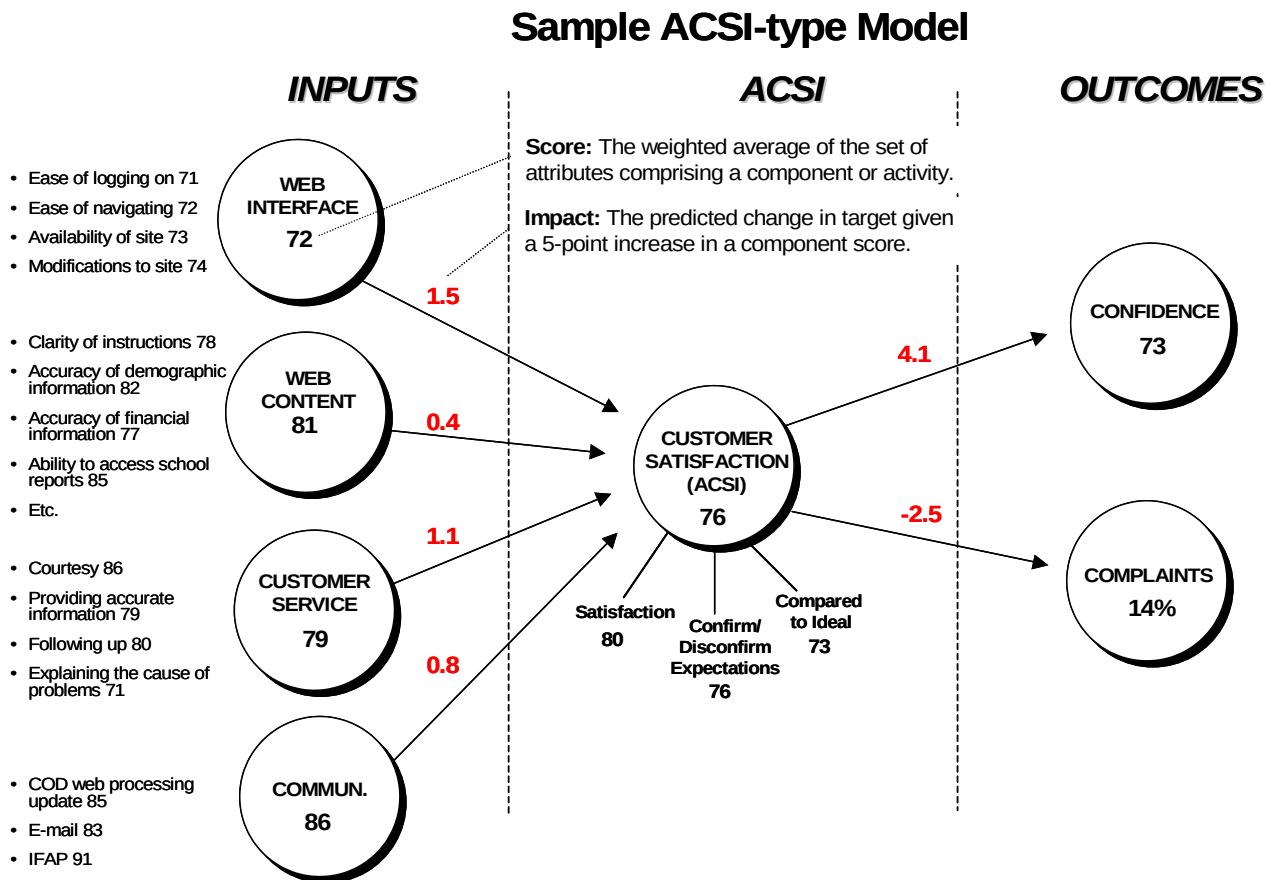
**STATISTICAL INFORMATION**

CFI Group, a contractor on the MOBIS Schedule, will use the results of the survey to calculate three ACSI scores (borrower, school, FSA) for each servicer. FSA will use these scores in allocating future work among the servicers.

In addition CFI Group will estimate statistical models for each survey using the proprietary American Customer Satisfaction Index (ACSI) econometric modeling techniques. ACSI is a national, cross-industry, cross public and private sector economic indicator that was developed within a partnership of the National Quality Research Center (at the University of Michigan Business School); CFI Group; and the American Society for Quality (ASQ). The advantage to using the ACSI methodology is that satisfaction of specific customer segments can be benchmarked against that of customer segments receiving similar services from other agencies, and customers’ perceptions of service-providing companies and industries in the private sector.

The ACSI econometric model is a cause-and-effect model made up of quality components, the overall satisfaction index, and outcome measures. Quality components are mutually exclusive, multiple-item measures of aspects of an agency's service determined to be drivers of customer satisfaction. Each quality component is made up of multiple survey questions that measure customers' perceptions of that one particular area of service. The overall satisfaction index is made up of three questions measuring customers' overall satisfaction, satisfaction compared to expectations, and satisfaction compared to an ideal provider. These three questions are included in all ACSI models, allowing FSA to compare its results with other agencies. Finally, outcome measures are desired customer behaviors driven by customer satisfaction, such as reduced complaint rates or confidence in the security of the agency's systems.

During the modeling phase, CFI Group will validate the structure of the quality components and the inter-relationships between quality components. Output of the model will be a set of indices, including indices for drivers of satisfaction, the satisfaction index, and indices for outcomes of satisfaction. Additionally, the model produces estimates of the strength of the effect of each component on subsequent ones. Below is an example diagram of an ACSI-type model. All numbers are arbitrary and used only for the sake of demonstration.



The insights derived from the model will be used by FSA and the servicers to understand relative success and target the best areas for strategic change and improvement. Along with its value as a benchmarking tool, the ACSI methodology also provides agencies an additional benefit in the statistically reliable, customer-driven, quantitatively derived measures of where improvements will have the most leverage on customer satisfaction and, in turn, on desired customer behaviors. This information allows the Department of Education to allocate its resources in such a way to maximize the return on improved customer satisfaction.

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