

# Texas Higher Education Coordinating Board

## Request for Offer (RFO)

### Student Loan Management and Origination System

781-1-24494

## Questions and Answers #5

August 2, 2021

### Question 45:

Does THECB have an expected go-live date for the new system?

See Question 20.

### Question 46:

What THECB resources/subject matter expert(s) will be made available to the winner of the contract for gap analysis and system update/testing for items that need to be developed based on requirements list.

See Question 39.

### Question 47:

What's the average number of loans that are turned over for litigation per year?

See Question 40.

### Question 48:

Do any of THECB loan programs offer the option for multiple cosigners?

See Question 41.

### Question 49:

Does THECB expect online payments to be integrated into the portal through API or is the borrower redirected to the payment processors site?

See Question 42.

**Question 50:**

Please provide historical loan data by program for the past 2 years as follows:

- a. Total loan application count
- b. Total disbursed loan count
- c. Total disbursed loan \$ volume

College Access Loan (CAL) volume for the past two fiscal years is as follows:

	# Loans Disbursed	\$ Loans Disbursed
FY20 (9/1/19-8/31/20)	18,647	\$156,242,305
FY21 (9/1/20-8/31/21)	15,821	\$140,856,925

**Question 51:**

How much does THECB plan to disburse in the upcoming academic year based on program type?

See Question 43.

**Question 52:**

Can you expand on non-credit loans? Are these loans still being originated or are they no longer made and are just being serviced? If currently being originated, which program are they tied to? Or is this an option THECB is looking for in the future?

See Question 44.

**Question 53:**

Per Attachment E, it appears THECB has assigned vendors for payment processing, credit reporting, print/mail and IVR and the expectation is that the system should initiate email communications. Does THECB have an assigned vendor for SMS?

See Question 21.

**From Attachment E:**

**Question 54:**

**1) General Functionality**

- a. 1.01 Regarding migration of THECB's existing loan management system, will there be a clean cutoff of applications on the prior system and the new solution will accept only new applications, or will migration include existing applications currently in the queue? Put another way, at the time of system conversion, will current applications in the originations pipeline be worked until completion or does THECB expect all applications in process to be moved to the new originations platform?

See Question 22.

**Question 55:**

**2) Loan Origination**

- a. 2.13 What is an institution-based application?

See Question 25.

- b. 2.02 Does THECB only have a relationship with Experian (Experian Vantage Score of 650 or higher required), or does it also have a relationship with other bureaus?

Currently, THECB only has a relationship with Experian.

- c. 2.02 Is THECB requiring interface with a third-party decisioning entity or is it willing to work with a solution that has a robust credit decisioning engine integrated within the platform? If there is a requirement to integrate to a third-party decisioning provider please specify the entity.

Currently, THECB interfaces with a third-party decisioning entity for credit decisioning but would consider a solution integrated with your proposed platform solution.

- d. 2.06 Is verification of TX driver's license through a State of Texas designated agency currently an automated process?

Yes, through the Texas Department of Public Safety.

- e. 2.09 Can you provide clarity on the purposes of requiring two references and if THECB plans to continue this practice for loan application, as this practice no longer exists for student lending in general?

Yes.

- f. 2.11 Is there an expectation at point of credit check that the origination platform will be required to access servicing platforms to detect delinquent loans not showing on the credit bureau?

See Question 24.

- g. 2.12 How frequently is traditional mail utilized in THECB's current process?

Traditional mail is utilized extensively in THECB's current process, but a proposed solution that incorporates a customer portal as a means for communication is desired, as set forth in Section 11.0 of Attachment E of the RFO.

h. 2.15 What is PCA and how is it different from Bond ID?

Each bond is assigned a Program Cost Account (PCA).

i. 2.22 How does the process work for scholarships that become loans if requirements are not met? Are students directed to apply only upon non-conformance?

Upon nomination, the borrower completes an application and promissory note that includes requirements regarding non-conformance.

j. 2.09 Does the loan program require two references for each borrower and must all four potential references have different addresses?

See Question 23.

k. 2.22 Is the loan information loaded into the servicing system with a 0% interest rate in case the scholarship requirements are not met, at which time it turns into a loan?

See Question 27.

#### Question 56:

##### 3) Loan Account Servicing

a. 3.02 Can THECB provide portfolio for all existing federal and state (alternative) loan programs currently being serviced?

See Question 28.

b. 3.11 If a partial payment is made on an account, is the expectation that an updated statement is sent as soon as the partial payment is applied? Is the updated statement just for the amount to satisfy the current outstanding balance?

See Question 29.

#### Question 57:

##### 4) Payment Processing

a. 4.05 The requirement states the solution must provide payment processing through the "THECB cash receipts system", what is this? What other "various forms of electronic transactions" is THECB receiving today or looking to receive?

See Question 30.

- b. 4.07 How does your current IVR system work? Does the IVR system ping the servicing system to pull information in real-time or is a daily data file provided to the IVR vendor with pertinent information that is presented to the borrower dependent upon the borrower's request?

See Question 31.

### Question 58:

#### 5) Reporting

- a. 5.02 Is providing data export for clients to bring into their own internal data warehouse an acceptable solution for THECB to run queries against?

THECB's preference is for the loan management system to record transactions to the THECB Data Warehouse. However, all information that is Personally Identifiable Information and/or protected by the Family Educational Rights and Privacy Act (FERPA) must be housed in a DCS (Data Center Services) hosted environment. See Section 2.0, 3.01, Attachment E, section 8.04.

### Question 59:

#### 6) Accounting

- a. 6.01 Which part of the loan solution (origination or servicing) is supposed to serve as THECB's subsidiary ledger?

See Question 32.

### Question 60:

#### 7) Document Generation/Management

- a. 7.01 Can you please clarify your requirements for regular mail correspondence as opposed to email, SMS, and other forms of electronic communication?

Proposed solution would include functionality that generates certain correspondence via a customer portal rather than traditional mail service.

- b. 7.02 What does 'fillable, on-demand letters' mean and what types will be required?

See Question 33.

- c. 7.04 We need more information on the requirement for borrowers and co-signers to be able to request letters on-demand. What types of letters should the borrower and/or cosigner be able to request on-demand and is the expectation that this information would be immediately available to the borrower through the portal?

See Question 34.

- d. 7.06 Please provide more information regarding the requirement for Quality control on imported documents. What are THECB's current requirements here?

THECB needs to have documents that are legible for both personnel and OCR processing.

- e. 7.07 Please provide more details regarding the referenced Document Management System. Is this a separate THECB system?

THECB would need the loan management system to generate specific .tiff documents that would be stored to a file share. Then THECB's document repository system would pick up that file created.

**Question 61:**

**8) Debtor Identification and Location** (no questions)

**Question 62:**

**9) Collections**

- a. 9.02 Please provide further details on what THECB considers the personal identification number (PIN) and why the borrower would need to change this number through the IVR system.

See Question 35.

**Question 63:**

**10) Litigation Tracking and Post Default Collections**

10.07 When separate calculations of cosigner balances are done, is the loan split into two separate loans with the cosigner now being responsible for one portion and the borrower the other?

See Question 36.

**Question 64:**

**11) Customer Portal for Borrowers, Co-Signers, and internal THECB Staff**

- a. 11.08 What types of letters are typically requested by borrowers, and is the expectation to request a letter or have one immediately generated?

See Question 34.

- b. 11.30 Can you clarify the expectation of shadowing the borrower/cosigner in the customer portal?

See Question 37.

**Question 65:**

**12) Customer Portal for Institutions and Internal THECB Staff**

- a. 12.07-12.15 Please provide number of expected THECB staff users of the origination platform during peak and non-peak season
  - Underwriters

- Loan processors
- Customer support representatives

Underwriters (0), Loan Processors (3-5 depending on season), Customer Support Representatives (70). These numbers do not take into account future growth.

- b. 12.08 Regarding the program summary 'Certified-No Allocated Funds Available', is that referring to certified loans that THECB can no longer fund? Is THECB still allocating funds by institution?

Proposed solution should provide the ability to track allocations by institution.

- c. 12.14 Does THECB currently collect customer surveys after every application?

No.

### Question 66:

#### 13) Interface and Import/Export Requirements

- a. 13.01 Please confirm if data migration efforts can take place outside of the scope of this RFP and can be addressed when full requirements are received.

No, THECB is expecting that upon execution of the contract that the vendor chosen for contract will perform migration from our existing loan management system to the new system. See Section 2.0 of the RFO.

- b. 13.01 If the above answer is no, please provide requirements with respect to migration of data from current loan origination system

Migration should include all historical data.

- i. Will applications currently in the pipeline at cutover be worked with the current origination system?

Yes, applications in the pipeline will need to be migrated to the new solution.

- ii. If there is a requirement to move data in the legacy system to the new system please provide details re application volumes and expectations of data to be migrated (e.g just customer profile, full application data and documents etc).

Full application data should be migrated from the legacy system to the new loan management system.

- c. 13.20 Please provide requirements regarding transferring scholarships from internal system to Loan Management System. Is this related to loan origination or servicing systems?

Upon further internal discussion, this requirement is no longer needed.

**Question 67:**

**14) Federal Loan Servicing** (no questions)

**Question 68:**

**15) Other Functionality**

- a. 15.13 Please provide clarification regarding the ability for THECB staff to make changes to the online website without IT/Vendor support for loan application. Are you talking about your own website? If the application is embedded within the website already, what changes do you anticipate that would affect the application itself?

THECB would like to post announcements to the log-in screen without having to submit IT/vendor ticket. Types of announcements would include, but not be limited to, system or maintenance outage, tax statement information, etc.

**Question 69:**

**16) Technology Requirements**

- a. 16.04 It states that a SaaS solution is preferred, but that the hosted environment would be through the State's public cloud. If the SaaS solution is already hosted on AWS, doesn't it allow for exemption by DCS through THECB per attachment F? Please clarify.

No, any solution that does not host and maintain all data within the DCS-hosted cloud would require an exemption. See Section 3.01 of the RFO.

- b. 16.14 Can you expand on the need to have access to the code repository?

See Question 38.

- c. 16.16 Is integration with the existing Texas.GOV portal needed for both origination and servicing? What information is currently being migrated to that site as well as other 'downstream systems' that are referenced?

Integration with existing Texas.Gov payment platform (not portal) using API's (NIC USA).

- d. 16.23 Please provide requirements re; connection to Decision Lender for credit checks. Does THECB integrate to DecisionLender currently?

Yes, THECB currently uses a third-party vendor for credit decisioning, but would consider proposed solution that integrates credit decisioning into its platform. See Attachment E at Section 16.23.

**From Attachment F:**

**Question 70:**

Is THECB's current platform and technology DCS hosted and managed?



Current loan management system infrastructure is hosted and managed in DCS; loan management system software is managed by the loan management system vendor/THECB.

**Question 71:**

Per attachment F, it states that respondents should provide only one technical solution--either SaaS or DCS hosted and managed. If a SaaS solution is presented and meets the NIST standard definition of SaaS, then THECB will take the steps to apply for exemption through DIR? Is the expectation that THECB would be granted exemption if the successful response is SaaS based?

Any DCS exception for SaaS would have to be obtained by the THECB with the support of documentation from the vendor. To obtain an exemption, a rigorous review of security controls and/or proposed platform solution would be conducted by DIR and DCS.

**Question 72:**

Is the requirement to have both origination and servicing on the same SaaS or the same DCS hosted and managed solution?

Yes, both would have to be on the same platform.

**Question 73:**

Can borrowers from the THECB be stored in the same database and co-mingled with borrowers from other organizations as long as THECB's borrowers are not viewable in the UI by other organizations? Put another way, is there a requirement for data segmentation from other clients when the DIR defines SaaS as "The solution is accessed by users using a thin client via a web browser, runs on infrastructure that is shared with other customers of the vendor (multi-tenant)".

If the data is co-mingled, THECB requires business justification along with detailed security documentation on the mitigating controls to assure that THECB's data is not accessed by other organizations.