



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE GENERAL COUNSEL

October 16, 2008

protests@gao.gov

United States Government Accountability Office
Office of the General Counsel
Procurement Law Control Group
441 G Street, N.W.
Washington, D.C. 20548

Re: *Protest of Sallie Mae, Inc., B-400486*
Notice of Corrective Action

Attn: Jennifer Westfall-McGrail, Esq.

Dear Ms. Westfall-McGrail:

This is to inform you that the Department intends, as corrective action, to issue a Solicitation for contractor support to service student loans purchased by the Department under the Loan Purchase Program authorized by section 459A of the Higher Education Act of 1965, as amended (HEA), as enacted within the Ensuring Continuing Access to Student Loans Act of 2008 (Pub. L. 110-227). In the above-referenced bid protest, Sallie Mae argued that having the Department's current loan servicing contractor, ACS, service these loans constituted a cardinal change to that contract. As such, Sallie Mae argued that the requirement should be the subject of competition. See Protest at 19.¹

It is the Department's intent to issue a solicitation based on the following approximate timeframe. The Department is currently conducting, and will continue to conduct, market research using firms with GSA Schedule contracts, and develop the statement of work for this effort. It is expected that this will result in the issuance of the solicitation sometime in January 2009. Sallie Mae will be welcome to compete for this work. This is the remedy that Sallie Mae seeks in the protest. The award process is expected to take about three to four months. Thus, we expect to make an award in late March/April 2009. After a possible system development work, the Department currently expects that a

¹ Alternatively, Sallie Mae also requested that GAO "...allow any eligible lender that puts FFELP loans to the Department to retain servicing rights with respect to such loans." As stated above, the Department intends to issue a solicitation for loans servicing instead of leaving loans with eligible lenders.

contractor will be able to receive loans in the August/September 2009 timeframe. Accordingly, the Department respectfully requests that this protest be dismissed as academic.

If you have any questions, please do not hesitate to contact us.

Sincerely,



Jeffrey C. Morhardt

Antoiner White

Office of the General Counsel

U.S. Department of Education

William L. Walsh, Esq.
Venable LLP
WLWalsh@venable.com

Frank K. Peterson, Esq.
Affiliated Computer Services, Inc.
Frank.Peterson@acs-inc.com