



REQUEST FOR PROPOSAL

Student Account Collection Services

July 28, 2009

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1.0 Statement of Work

1.1 Purpose of the RFP. Muskegon Community College (herein after referred to as “College”) requests proposals from collection agencies for the collection of student 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 Muskegon Community College 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 Muskegon Community College’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 Financial Services Department of Muskegon Community College, located at 221 S Quarterline Road, Muskegon, MI 49442.

1.3 HISTORY OF MUSKEGON COMMUNITY COLLEGE

Muskegon Junior College was established by the Muskegon Board of Education in 1926 and was housed on the third floor of what was then the new Muskegon Senior High School. Continued growth saw the College expand to a number of building sites throughout Muskegon.

In June of 1951, after an enabling act by the Michigan Legislature, the name and educational scope of the College was changed. “Muskegon Junior College” became “Muskegon Community College,” thereby reflecting the expanded nature of the College’s programs. They were broadened to serve a larger number of students with a wider variety of interests. There was no shrinking of the transfer program, only an expanded curriculum to serve a larger segment of the community.

In the post World War II years, enrollment climbed quickly and the Community College “campus” had to grow accordingly. The Muskegon Board of Education, which still operated the College, utilized available space in many of its buildings, and rented other community facilities when enrollment exceeded the capacities of those buildings. By the early 1960’s, enrollment had topped 2,000 and the College was operating full-time at Hackley, Vanderlaan, and Wilson schools and part-time at eight other locations.

The Board of Education formed a Special Citizens Committee to study the entire program and make recommendations. The Committee proposed that the College be separated from the public school system, that a board of trustees be elected to plan, build, and operate the school, and that millage be voted in sufficient amount and for enough years to build and operate the College. In April of 1963, the county overwhelmingly approved that a county-wide community college district be created and elected the first Board of Trustees. The elected board went to work immediately and by September of that year had purchased the 111-acre campus on which the College exists today.

With an enrollment of nearly 5,000 students, the College exists today in its eighth decade of service to area citizens. January 1995 opened a new era of educational opportunity with the completion of the Muskegon Center for Higher Education on the campus of Muskegon Community College. The Center houses upper-level courses and programs offered by Ferris State, Grand Valley State, and Western Michigan universities. These Colleges, along with Muskegon Community College, have formed a “consortium” to coordinate offerings to meet the needs of West Michigan residents.

The Meijer Library and Information Technology Center opened January 2006. This state of the art facility boasts over 250 computers for student use, internet access to over 15,000 books and over 60,000 books available for research.

Fall of 2008 the campus will open with a newly renovated Student One Stop Center, Nursing Labs, College Success Center and Administrative Office area. These improvements continue the long legacy of continual growth and improvements at Muskegon Community College.

The Financial Services Department at Muskegon Community College is responsible for student accounts including all past due accounts. Internal collection efforts consist of sending statements, making phone calls 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, Muskegon Community College does not contract with any collection agency.

- 1.4 **Possibility of Contract Award.** Muskegon Community College intends to review the proposals and possibly award a new contract for collection 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 College intends to maintain contracts with no more than two vendors.

2.0 Proposal Preparation Instructions

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

7/31/2009	Issue RFP
8/21/2009	Questions Due
8/31/2009	Response to Questions Provided in Addendum Form
9/18/2009	RFP Due at 2:00 pm EST
9/28/2009	Evaluations Complete

- 2.2 **Due Date.** Proposals are due by **2:00 pm EST on 9/18/2009**. 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 four 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 8.0, Contractor's Proposal.

- 2.4 Contractor Questions.** Questions about the specifications of this RFP or requests for clarification should be submitted before **4:00pm EST on 8/21/2009**. Submit questions to:
Muskegon Community College
Rosemary Zink
Associate Vice President of Administration
221 S Quarterline Road
Muskegon, MI 49442
Phone: 231-777-0314 or Fax: 231-777-0471
Rosemary.zink@muskegoncc.edu

Answers to questions received by the due date will be answered in an addendum issued on 8/31/2009.

- 2.5 Delivery.** Proposals should be delivered before the due date to the following address:
Muskegon Community College
RFP P0809
221 S Quarterline Road
Muskegon, MI 49442

- 2.6 Authorized Signature.** The Contractor Data Sheet, page 11, 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 College:

Joe Doyle	Associate VP of Administration
Rosemary Zink	Associate VP of Administration

- 3.2 **Evaluation Criteria.**

All bids received will be evaluated as follows:

- | | |
|--|-----|
| • Fees – total cost to the College for this service | 50% |
| • Proposer’s procedures and services | 25% |
| • Proposer’s experience including collection history and references. | 25% |

4.0 Portfolio Data

- 4.1 **Historical Placement Data.** The average outstanding account ranges between \$50 and \$700. Annual outstanding totals are between \$150,000 and \$250,000.

5.0 Terms and Conditions

- 5.1 **License.** Contractor must be licensed to solicit business and collect debts in the State of Michigan. 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 College 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 to 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 College.
- 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 accounts.
- 5.7 Single Point of Contact.** Contractor shall appoint one representative who will have responsibility and authority for College accounts.
- 5.8 Fidelity Bond.** Contractor must maintain a fidelity bond in the amount of no less than \$1,000,000 to protect the College'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 College, its elected and appointed officials, officers, agents, students 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 College or the failure of College 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. Contractor and contractor's employees must protect confidentiality of student records. Information provided to the Contractor in conjunction with this agreement may not be re-disclosed to another party except as may legally be permitted and/or required.
- 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 obtain insurance of the types and in the amounts described below:
- 5.12.1 Commercial General and Umbrella Liability Insurance.** Contractor shall maintain commercial general liability (CGL) and, if necessary, commercial umbrella insurance with a limit of not less than \$5,000,000 each occurrence. If such CGL insurance contains a general aggregate limit, it shall be for an amount not less than twice the each occurrence limit. CGL insurance shall be written on an occurrence form and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal and advertising injury, and liability assumed under an

insured contract including the tort liability of another assumed in a business contract. Muskegon Community College, its elected and appointed officials, employees, students, agents and volunteers shall be included as an insured under an additional insured endorsement and under the commercial umbrella, if any. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to College.

There shall be no endorsement or modification of the CGL to make it excess over other available insurance; alternatively, if the CGL states that it is excess or pro rata, the policy shall be endorsed to be primary with respect to the additional insured. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability assumed under a contract, or liability arising employment-related practices.

5.12.2 Professional Liability. Contractor shall maintain professional liability insurance for not less than \$2,000,000 each claim. Coverage shall be maintained for at least three years beyond the termination date of this agreement.

5.12.3 Evidence of Insurance. Prior to beginning work under the agreement, Contractor shall furnish College with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above. All certificates shall provide for thirty (30) days' written notice to College prior to the cancellation of any insurance referred to therein. Failure of College to demand such certificate or other evidence of full compliance with these insurance requirements of failure of College to identify a deficiency from evidence that is provided shall not be construed as a waiver of Contractors' obligation to maintain such insurance. Failure to maintain the required insurance may result in termination of the Contract at College's option.

5.12.4 No Representation of Coverage Adequacy. By requiring insurance herein, College does not represent that coverage and limits will necessarily be adequate to protect Contractor, and such coverage and limits shall not be deemed as a limitation on Contractor's liability under the indemnities granted to College in this contract.

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.

5.14 Memberships. The Contractor should have participated actively in professional collection organizations for the past two years.

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

- 5.16 Acknowledgement of Accounts.** Contractor shall acknowledge to College accounts received by contractor for collection. Contractor shall transmit this acknowledgment no later than seven business days after accounts are referred to Contractor.
- 5.17 Suspend Action.** Contractor agrees to suspend action, either temporarily or permanently on any account referred for collection upon notification by College.
- 5.18 Repayment Agreement.** Upon request by College, the contractor shall obtain signed repayment agreements from the defaulter.
- 5.19 Legal Action.** Legal action will be pursued when all other collection efforts are unsuccessful. Contractor must provide written documentation supporting legal action to College to obtain written authorization by College 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.
- 5.20 Reports.** 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)
- 5.21 Method of Payment.** The contractor shall remit to College all monies received during the previous month by the 10th day of each month. A remittance statement itemizing the collections on each account through the end of the previous month shall be sent.
- 5.22 Prior Efforts.** No collection fees shall be paid to Contractor on accounts which are paid prior to any collection efforts being performed by Contractor.
- 5.23 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 College, whichever is sooner. College 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 College, whichever is sooner.
- 5.24 Renewal of Contract.** Contracts may be renewed by the College 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.
- 5.25 Termination of Contract.** College 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.

- 5.26 Subcontracts.** No portion of the work shall be subcontracted without prior written consent of the College. In the event the contractor desires to subcontract some part of the work specified herein, the contractor shall furnish the College 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.
- 5.27 Independent Contractor.** In the performance of these services hereunder, vendor ('Contractor' within the terms of this paragraph) shall be an independent contractor and not an employee of Muskegon Community College. Contractor is not an agent of, or authorized to transact business, enter into agreements, or otherwise make commitments on behalf of Muskegon Community College unless expressly authorized in writing by an office of Muskegon Community College. Muskegon Community College 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 Muskegon Community College'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 Muskegon Community College 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 Muskegon Community College.
- 5.28 Failure to meet reasonable Delivery.** Muskegon Community College reserves the right to purchase these services from other vendors in the event the awarded vendor cannot meet our requirements in a reasonable period.

6.0 Fees

- 6.1 Collections Cost.** Outline proposed fee structure.

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: _____

FEIN Number: _____

This proposal is submitted in response to Request for Proposal Student Account Collection Services issued by Muskegon Community College. 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: _____

Printed 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 Michigan. 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 Provide the name, phone number and e-mail address of the principal person to be contacted in the event Muskegon Community College has additional questions with regards to your response.

8.2.2 Provide the number of employees. Provide the total years of service of employees who are dedicated to the collection of accounts. Provide the years of service of employees who are dedicated to the collection of higher education accounts. Provide the physical location of employees.

8.2.3 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 collections area, including changes in federal regulations and Collegial requirements.

8.2.4 State the affiliations in state and national professional collection organizations in which the company or individual employees hold membership. Discuss the degree of involvement in these organizations.

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 College. Include procedures, organizations, or samples of publications used in these endeavors.

8.4 Financial

8.4.1 Provide a comprehensive listing of your organization's fee structure.

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 Colleges in the State of Michigan.

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 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 What provisions does the company have for security of physical facilities and equipment? Discuss the components of the company's disaster recovery plan.

8.6.5 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 accounts, including but not limited to:

- a) Account Placement: Describe the information which the College 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 (skip-tracing) 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 Provide samples of notices/letters, which are used to correspond with borrowers.

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

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

8.7.6 Provide the hours of operation of toll-free, nationwide number for borrowers to contact Contractor.

8.7.7 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 College and for which the company has provided at least three years of service:

a) Name of College, 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 College.

8.11 Exceptions

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

**Muskegon Community College
Collection Agency Questions**

Name of Collection Agency _____

1. How much experience do you have collecting student accounts receivable for colleges and universities?
2. What is your general collection rate for colleges and universities?
3. What are the steps that you take to collect an accounts receivable?
4. If you have been working an account for a year and nothing has been paid, what do you do?
5. How long to you keep an account before “closing” it and returning it to us?
6. Do you report accounts to the three big credit reporting agencies?
7. What is the process for submitting a delinquent student account for collection?
8. What documents are required to be submitted with the delinquent student account?
9. Do you have web access for submitting student accounts and viewing reports? Explain.
10. Is there a minimum level of an account to be submitted? For example, student accounts need to be over \$25.
11. If an account becomes delinquent, the student is responsible for all charges due the College as well as all collection agency or legal fees incurred to collect the delinquent account. The College does not add the collection agency fees to the student accounts because they aren't the College's fees.
 - a. Can you charge the collection fees separately?
12. How much would you add in collection fees and legal costs (if applicable) to the student's account?
13. If we allow a student with a collection agency account to enroll because they have financial aid to cover the new tuition and fees plus a portion of the old account balance, what documentation is needed?
14. Please give us a website address or send us other information on the company.