

Brian Greenberg, on the Department of Education ARM Announcement

As most accounts receivable management (ARM) industry participants know, the Department of Education announced that it is no longer contracting with private collection agencies.

This has sent the industry reeling. And me too. For as long as I've been advising on transactions, the student loan collections contract has been the gem that many firms sought to obtain.



I empathize with the thousands of people that relied on this work to support their families and loved ones.

I feel for the many business owners who spent their careers learning the ins and outs of servicing and collecting accounts from the Department of Education.

Over the past 25 years, we've spent a lot of time discussing the "ED" collection contract, with our clients and friends throughout the industry. We've shared their joys and frustrations. We've seen the many pros and cons the come with competing for and winning the contract. And we've been fortunate to have advised many clients in M&A transactions involving the contract. We know how important the contract is to this industry and the people within it.

The cancellation of this contract will have reverberating effects on the collection industry, its participants, and the economy as a whole. In the short term, the most important fact is that those affected by this cancellation need help to secure employment to support themselves, and we hope they will find it.

Despite the past five years of indecision, changing decisions, and confusion, no one could have anticipated the manner in which this decision was made. It's going to take some time for all of us to reconcile this development.

If there is any way that Greenberg Advisors can help, please feel free to contact us. In the interim, please know that we are thinking about those impacted by this development.

Brian Greenberg