



Performance Plan

Progress Report
1st Quarter Fiscal Year 2000

Student Financial Assistance



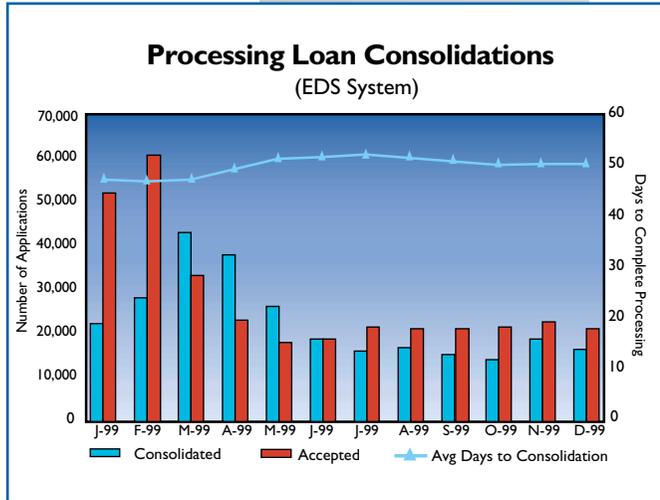
We help put America through school



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OBJECTIVE ONE: Customer Satisfaction

- ❖ Beginning this winter, the Direct Loan Servicer began participating in the National Student Loan Clearinghouse (NSLC). The Clearinghouse provides the most current enrollment data from all participating schools. Since its participation, over 4 million Direct Loan records have been processed and over 1 million updates applied through the NSLC.
- ❖ Processing school recertifications within 120 days of receipt is an important goal that SFA has taken seriously this quarter. In December '99, 84% of school recertifications were processed within this standard, double the percentage processed in September '99, and well on the way toward achieving the goal of 95%.



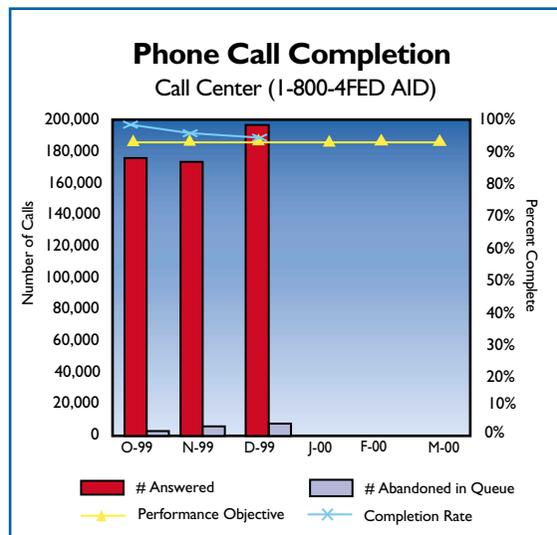
Keeping the Trains Running

As SFA oversees the delivery of over \$51 billion in federal student aid grants and loans to nearly 8.4 million students and parents, the operation of day-to-day activities continues to run smoothly. FAFSA processing time remains under 8 days, and Direct Loan consolidation is now being performed in 50 days, less than the performance goal of 60 days. The Call Center (1-800-4 FED AID) response rate exceeds the goal of 95% for the first quarter of 2000, and the Default Recovery Rate remains above 10%.

“Really impressive, that’s what it is! Not four weeks after we talked, and each of the problems I brought to you are resolved. If your office can encourage this kind of response from all areas of the Department on a consistent basis, we’ve got a winner! Thanks for the help.”

– Financial Aid Officer
Oregon

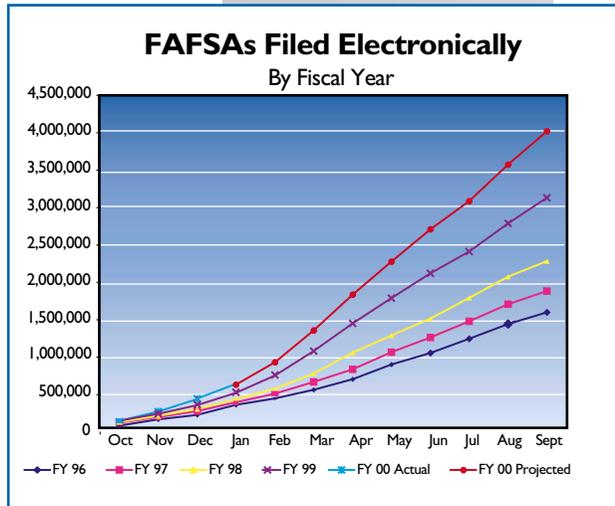
- ❖ SFA implemented a web-based function that provides a more accurate and timely status on FAFSA applications. Prior to this, only web-submitted applications could be checked. Initial feedback from students has been very positive.
- ❖ Software is now being used by five states and consortia that transfers appropriate admissions application information electronically into the FAFSA on the Web – simplifying the application process for student and parent borrowers and reducing the error rate.
- ❖ After testing with customers, SFA’s redesigned electronic consolidation application is now available to make applying simpler and more user-friendly.



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OBJECTIVE TWO: Reduce the Overall Cost of Delivering Student Aid

- ❖ SFA is on track to receive 4 million electronic FAFSA applications by September 2000, up 25% from last cycle. Taxpayers save 45% when electronic applications are used instead of paper applications.
- ❖ New electronic billing for Direct Loan borrowers allows them to receive statements and make monthly payments electronically, eliminating the need for exchange of paper documents.
- ❖ The design of SFA's new Financial System is on track. This new integrated system will allow each Channel Manager to focus attention on making SFA operate more efficiently and at a lower unit cost.



- ❖ SFA has completed the draft design of the standard technical architecture, which will allow for the migration from today's "hair-ball" of legacy systems to a streamlined environment. This will allow SFA to better leverage technical investments, and gain use of technical architecture components across many SFA initiatives.

"What if everyone were as thoughtful as you? I really appreciate the many conversations that we shared in resolving my loan problems."

-Student loan borrower

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OBJECTIVE THREE: Employee Satisfaction

- ❖ "SFA University" is now providing high-quality training to SFA employees on a wide range of subjects. In addition to training on Title IV programs, training is available for technical skills and leadership training. Additional training will be provided for employees moving to new responsibilities or performing prior duties in new ways.
- ❖ SFA's Labor Management Partnership Council has developed an Employee Satisfaction Team, which is in the final stages of identifying the top five employee satisfaction issues for this year. Once identified, SFA will focus on these priorities.
- ❖ SFA is working with OMB and the General Services Administration to find a new location for its Washington, D.C. offices. The current space does not meet Department standards. There are documented air quality problems, problems with aging plumbing and insulation, and peeling paint. While plans are still in the beginning stage, it is expected that the relocation will occur within the next eighteen months.

PERFORMANCE PLAN INDICATOR STATUS AT A GLANCE

as of December 31, 1999

Objective	Indicator	Status
Student Channel	Process loan consolidations in 60 days or less, currently averaging 50 days	
	Keep the default recovery rate at ten percent or higher, currently at 10.5 percent	
	Call center (1-800-4FEDAID) answers 95 percent of phone calls	
	Reduce the Lifetime Default Rate	
	Process Free Applications for Federal Student Aid (FAFSAs) with an average turnaround time of eight days or less, currently averaging six days	
	Respond to internal audit reports within the timeframe specified	
	Create a new, high-quality, SFA web site linked to the Access America web site and the Department's "Think College Early" web site. Pending OMB guidance, link to appropriate sites in the education community	
	Ensure that information is provided in accessible formats to meet the Department of Education's standards for special needs	
	Partner with the Puerto Rican education community to focus on their needs, translate more of our publications into Spanish and post them on a Spanish version of our web page	
	Sponsor the first annual workshop to promote outreach partnership	
	Test all new aid awareness products and services with students and parents to make sure they are understandable	
	Redesign the 2001-2002 Free Application for Federal Student Aid (FAFSA) to make it demonstrably simpler and more user-friendly	
	Redesign the Direct Loan consolidation electronic application to make it demonstrably simpler and more user-friendly	
	Work with five states and college consortia so data from college applications can be electronically applied to fill out FAFSA on the Web	
	Expand FAFSA Correction on the Web capabilities	
	Notify students when their electronic FAFSAs have been received, and again when processing is completed	
	Work with the IRS to participate in a pilot test of electronic matching of income data	
	Allow electronic submission of Direct Loan consolidation forms (except for forms containing a signature page) via the Internet	
	Test all new aid awareness products proposed changes to our forms with focus groups of current and former students	
	Include all our forms in a "pdf" file format on our web site	
	Establish one toll-free number for "one call" student customer service, including TTY	
	Reduce turnaround time for processing Direct Loan forbearance and deferment requests. Current contract standard is within ten days from the date of receipt, current baseline averages between five and seven days	
	Increase the number of FAFSAs filed electronically from three million to four million in FY2000	
	Eliminate paper processing (with the exception of promissory notes) for students participating in our MENTOR Project in the State of New York	
	Partner with the National Student Loan Clearinghouse so we can eliminate mismatches in enrollment information between our own and our partner's processes	
Try at least five new ways to make debt collection more effective, less costly, and more customer service oriented		
Increase by five, the number of guaranty agency partnerships with SFA designed to improve portfolio management		
Schools Channel	Process 95 percent of school recertifications within 120 days of receipt. Current benchmark is 42 percent	
	Complete 95 percent of reimbursement requests within 30 days	
	Keep the cohort default rate under ten percent. Current baseline is 8.8 percent	
	Resolve 90 percent of school audits within six months of receipt. Current baseline is 82 percent	
	Process Direct Loan origination and disbursement records within three days. Current baseline is three days	
	Process Pell origination and disbursement records within 24-36 hours. Current baseline is three days	
	Identify schools that fail to submit audits or that submit audit reports late and take appropriate action	
	Respond to internal audit reports within the timeframe specified	
	Expand our current initiatives for new schools, including the creation of an eligibility checklist, preparing instructions on how to begin to draw funds, providing onsite technical assistance if requested, and extending an invitation to come to the regional office to meet the SFA staff	
	Expand our current initiatives to help non-compliant schools and schools on reimbursement prepare action plans to improve their management of Title IV programs	
	Assign each school a contact point who will be a part of a Customer Service Team with the know-how and authority to solve problems with one call. Contact points for institutions will respond to an institution's inquiry within 48 hours	
	Post the schedule of SFA publications needed by schools on our web site, and get public feedback on it	



Complete



On Target



Progress Concerns

PERFORMANCE PLAN INDICATOR STATUS AT A GLANCE (cont.)

Objective	Indicator	Status
Schools Channel (cont.)	Participate in the Partnership Forum (establish Partnership Council Teams with our school partners) to develop common business processes and interchange standards for Pell, Direct loans and FFELP. Ensure delivery of quality customer service and address other common concerns	
	Allow schools to download all SFA software and materials through IFAP or the SFA web site	
	Involve schools in operational decisions to assess their impact, and test changes with schools before implementing them	
	Increase schools access to SFA databases within Privacy Act constraints and with appropriate security measures	
	Improve the Direct Loan origination, reconciliation and closeout process. Test and evaluate an alternative origination and payments system using a commercial servicer as part of the Access America for Students project	
	Electronically process official cohort rate appeals based on new data	
	Initiate a feasibility study to identify the technology solutions that can be used to fully automate the compliance audit and financial statement submission and review process	
	Work with schools to improve the quality of data in PEPS	
Financial Partners	Reduce the Lifetime Default Rate	
	Identify guaranty agencies and lenders that submit audit reports late and take appropriate action	
	Respond to internal audit reports within the timeframe specified	
	Create a rapid response team to identify and to address serious administrative problems	
	Continue to work with guaranty agencies and lenders to maintain the quality of data in NSLDS	
	Assign each financial partner a contact point within a customer service team with the know-how and the authority to get questions answered and problems solved	
	Give guarantors access to all the information in the National Student Loan Data System within Privacy Act constraints and with appropriate security measures	
	Involve our partners in the design of everything that affects them	
	Join current guarantor and lender groups or establish Partnership Council Teams with guaranty agencies and lenders to develop guiding principles of quality service, training and technical assistance materials, performance data for benchmarking purposes, develop common standards and operating rules to simplify transactions, and to address issues to improve service to students	
	Develop electronic payment/reporting systems, in cooperation with guarantors	
	Continuously ask our financial partners two questions: "Are we doing a better job as your partner?" and "What can we do next year to improve even more?"	
	Increase the default recovery rate for loans in default held by guaranty agencies	
	Enter into up to six Voluntary Flexible Agreements with guaranty agencies in FY 2000, as called for in legislation, to experiment with improved ways to deliver aid, improve program integrity, and realize cost efficiencies	
	Reduce fraudulent death and disability cases below 1998 baseline	
Within the Financial Partners channel, develop a project team and management methodology consistent with SFA enterprise-wide tools		
CIO	Provide outreach services to the school community in Year 2000 preparedness, which will result in a Year 2000 school readiness measure in excess of 70 percent as reflected in a Department focused survey on October 15, 1999	
	Provide all Student Aid financial services without invoking contingency plans as a result of a major delivery system failure	
	Manage the transition of all systems into the millennium in accordance with OCIO Day One plans with all events occurring as planned.	
	Manage the implementation of new systems or changes to systems from November 1999 to March 2000 with minimum risk and resulting in no system failures.	
	Achieve 90 percent of the annual major modernization milestones that have been approved by the Information Technology Investment Review Board	
	Maintain the data system and communication infrastructure service levels, while reducing the operating cost by 10% through consolidation of operations	
	Work with schools to improve the quality of data in NSLDS	
	Respond to internal audit reports within the timeframe specified	
	Maintain and refine the System Modernization Blueprint, which addresses two of the PBO's statutory responsibilities. Publish an updated Blueprint semi-annually	
CFO	Receive an unqualified opinion on the FY99 financial statement audit	
	Respond to internal audit reports within the timeframe specified	
	Interim Activity Based Cost accounting system is operational	
	Complete Phases I and II of the Financial Management System	

 Complete

 On Target

 Progress Concerns

A MESSAGE
FROM THE
CHIEF OPERATING
OFFICER

Dear Customers and Partners:

Our first progress report of the new millennium shows us off to a flying start. Our service is faster and more courteous than ever, our costs are coming down, and the whole SFA team is pumped. These brief pages highlight some results of the tremendous effort the team has made, the new partnerships we've forged, and our preparations for even higher performance. But what matters most is what our customers have to say, so we put their words in, too — words like “thoughtful,” “impressive,” and just plain “thanks.” That’s why we come to work — to help put America through school. We succeed when their dreams of bright futures come true.



Greg Woods

**Number and Dollar Amount of Federal Student Aid Awards
Student Financial Assistance, U.S. Department of Education
FY 1999 – FY 2001¹**

	FY 1999 (Est)		FY 2000 (Est)		FY 2001 (Projected) ²	
	No. of Awards (Mil)	\$ Awarded (Bil)	No. of Awards (Mil)	\$ Awarded (Bil)	No. of Awards (Mil)	\$ Awarded (Bil)
Pell Grants	3.8	7.3	3.8	7.9	3.9	8.5
Federal Family Education Loans (FFEL)	5.4	20.1	5.7	21.0	5.9	22.2
Federal Direct Student Loans (DL)	2.9	9.9	2.9	10.6	3.0	11.2
Consolidation Loans ³	0.7	12.7	0.5	8.8	0.5	9.1
Campus-Based Programs	2.7	2.9	2.8	3.0	2.9	3.1
Work-Study	0.9	1.0	1.0	1.1	1.0	1.2
Supplemental Grants	1.1	0.8	1.1	0.8	1.2	0.9
Perkins Loans	0.7	1.1	0.7	1.1	0.7	1.0
Leveraging Educational Assistance Partnerships ⁴	0.1	0.1	0.1	0.1	0.1	0.1
Total	15.6	53.0	15.8	51.4	16.3	54.2
Number of Students Aided by SFA Programs (Unduplicated Count)	8.2		8.4		8.6	

Note: Totals may not add due to rounding.

¹Shows total aid generated by Student Financial Assistance, including Federal Family Education Loan capital, Perkins Loan capital from institutional revolving funds, and institutional and matching state funds.

²Based upon requested amounts in the FY 2001 President's Budget.

³New FFEL and DL issued to consolidate existing loans.

⁴Reflects the LEAP program's statutory dollar for dollar state matching requirements. Discretionary state contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of aid available, and the average award.

SOURCE: U.S. Department of Education, Office of the Undersecretary