



*“We Help
Put America
Through
School”*

Electronic Signature Business Case

(BC-FY01-26)

February 13, 2001



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Objective

Design and implement by June 30, 2001 the necessary policy, standards and functions to support electronic signing of Promissory Notes in accordance with the E-Sign Act and GPEA

- Issue standards for electronically signed promissory notes in the Direct Loan, FFEL & Perkins Programs
- Develop a process for implementing electronically signed promissory notes in the Direct Loan, FFEL & Perkins Programs
- Implement an electronically signed promissory note in the Direct Loan Program
- Develop process to allow for use of SFA PIN numbers by the FFEL lender community (with potential billing for usage)

Key Points

- ◆ Student aid regulations call for SFA to guarantee all Federal student loans in case of borrower default, including those that are electronically signed
- ◆ Enables Direct Loan program to provide commercially competitive electronic authentication
- ◆ Provide parity between Direct Loan program and FFELP community by providing access to SFA PIN Site technology and processes
- ◆ Development and Implementation is broken into 2 Phases:
 - Phase 1
 - Design, implement and operate basic process in order to meet legislated timeline
 - Phase 2
 - Analyze long term performance/storage requirements
 - Analyze requirements to bring solution in line with Modernization program
 - Integrate impact on existing systems & other initiatives
 - Feasibility of creating Perkins eNote and creation of Plus eNote



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Why Do This Initiative?

- ◆ SFA has a legal obligation to guarantee loans and we need to have standards in place (by March 2001) and a system in place (by July 2001) to receive defaulted loans.
- ◆ To be competitive in the marketplace, SFA needs to build a DL process to allow for electronic signatures (by July 2001).
- ◆ To be fair, SFA should allow public use of its PIN site for general student aid purposes (by July 2001).

What are the FY01 Costs?

◆ CPS	\$1,000,000
◆ LC	\$100,000
◆ VDC	\$573,000
◆ DCS	\$100,000
◆ Mod Partner	<u>\$278,000</u>
Total	\$2,051,000



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Phase 1

- ◆ Work has already begun on this initiative
- ◆ Functionality planned for 6/30/01
- ◆ LO, LC, LS contractors identifying/ working on changes to their respective environments
- ◆ CPS (Pin Site) will capture source/time of PIN verification (audit)
- ◆ LO, LC, LS will allow students to review, print or save their notes, eSign the promissory note, receive counseling on borrowing (LO & LC)
- ◆ The VDC central repository will be designed to house and maintain eNote records and make available to all authorized parties. (unclear who or how this will be done and using what technology)
- ◆ LS web development for the creation of Direct Loan Home Page to provide common look & feel allow borrowers to go to any Direct Loan area that affects them, including servicing, consolidation, entrance and exit counseling, and signing an electronic note
- ◆ DCS requirements are unclear but modifications to support DCS are likely
- ◆ FFELP lenders will have an interface available to use the SFA PIN

Phase 2

- ◆ Includes possible billing system for FFEL community use of SFA Pin
- ◆ Modifies the ongoing initiative and integrates with other initiatives like COD, EDM/ERM, EAI, Portals/SSO etc.



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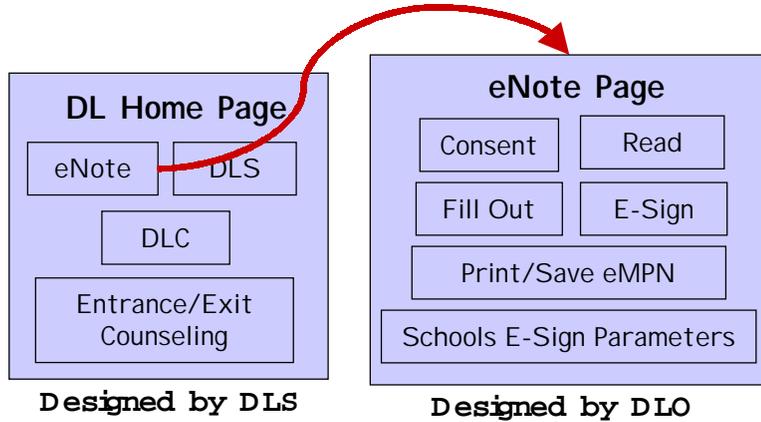
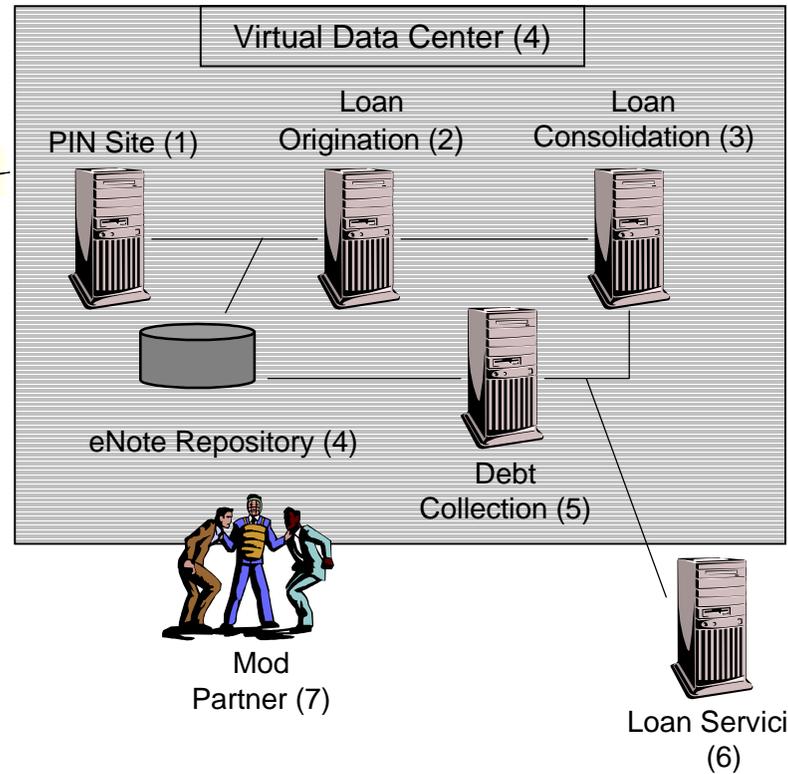
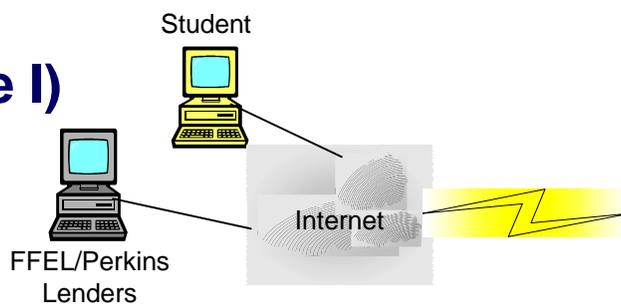
Cost/Return

- ◆ E-Sign Master Promissory Note enables significant customer satisfaction but does not provide for immediate financial return on investment

Benefits

- ◆ SFA lowers costs due to reduction in imaging, storing, printing, sending, and retrieval of paper notes
- ◆ Schools lower costs due to reduction in storing bulk note supply, cost of mailings to students and SFA, and staff time spent “tracking down” notes
- ◆ Students (both FFEL and DL) receive the benefits of a totally electronic federal student aid process
- ◆ SFA supports an initiative that is strategic to the PBO's goals
- ◆ The student aid industry shares in an eNote process that is better than the current paper note process

E-Sign (Phase I)



<u>Phase I Initiatives</u>	<u>Total Funds</u>	<u>Required FY01 Funds</u>
1 (NCS) Develop PIN audit history; FFEL/Perkins interface; Phase 2 requirements	\$1,000,000	\$1,000,000
2 (EDS) Develop eNote web page and process; store and pass eNote data	\$1,000,000	\$0
3 (EDS) Develop eNote web page and process; FY01 operating charges	\$1,300,000	\$100,000
4 (CSC) Enhance SAN to store eNote records; PIN server upgrades; operations	\$721,000	\$573,000
5 (Raytheon) Phase 2 requirements	\$100,000	\$100,000
6 (ACS) Develop new DL Home Page; modify for full eNote capability	\$500,000	\$0
7 (Accenture) Integrate technical architecture; Certification & Accreditation	<u>\$278,000</u>	<u>\$278,000</u>
	\$4,899,000	\$2,051,000