

# **SFA Modernization Partner Project INTERIM LEGACY CONTRACT TRANSITION PLAN**

Direct Loan Servicing System (DLSS)



## **Part 2 Product and Services Release Plan Initiatives Effecting DLSS**

Andersen Consulting, as the Modernization Partner, has identified 23 initiatives that they recommend SFA execute over the next 2-3 years. Of these 23 initiatives the following have been identified as those effecting DLSS.

### **Enhanced Loan Servicing**

#### **Description:**

Reduce cost while improving service to students and schools. Scope will include the existing processes and systems for the Schools Channel, including loan consolidation, central database functions, recording the loan on the servicing system, repayment, early collection efforts and customer service. Goals are to reduce cost while improving service to students and schools by focusing on the existing processes and systems for the Students Channel. Systems which are affected include:

- Loan Consolidation System (LCS)
- Central Data System (CDS)
- Direct Loan Servicing System System (DLSS)

#### **Benefits/Outcome :**

- Provide improved customer satisfaction for borrowers:
  - Customer support
  - Financial counseling
  - Flexible payment options
  - Various repayment channels
- Lower unit costs for servicing loans and borrowers.
- Minimize the number of delinquencies.
- Provide single interface for all loans.
- Simplify the loan consolidation application and process.
- Lower unit cost to consolidate loans.
- Reduce time to consolidate loans.

#### **Business Objectives:**

To design a more efficient and state of the art loan servicing system, which can take advantage of new technologies and economies of scale.

#### **Timetable:**

Requirements Analysis and Design is planned for January 2000 through June 2000. Management Decision Required to Continue is schedule for June 30, 2000. Development and Implementation of the system is scheduled for July 2000 through June 2002.

### Effects on DLSS:

One of the major initiatives under Direct Loan Servicing System Reengineering will be e-Servicing which will involve 3 major components. One is Electronic Bill Presentation and payment (EBPP) functionality. The second is customer service (inquiry and update) capability. Both will be web-enablements of the current DLSSS servicing system. These functions will require a Middleware/Messaging layer that is not currently in place. The third initiative is a full review of the DLSS will occur in 2000. A major revision of the system or a replacement of the system will be the end result. The architecture of the underlying data will need to support a Data Warehouse and a Middleware/Messaging layer. Heavy modifications to or replacement of the DLSS system are a likely consequence.

### **Enhanced Loan Consolidation**

Description: Improve loan consolidation through a reengineering effort with a goal of improving consolidation interfaces. Enhance lender process through implementing an electronic funds transfer process to purchase FFEL loans for Direct Loan consolidation. Incorporate electronic signatures/PINS into Web application process and interactive voice response unit (IVRU).

### Benefits/Outcome:

- Provide improved customer satisfaction for borrowers:
  - Customer support
  - Financial counseling
  - Flexible payment options
  - Various repayment channels
- Lower unit costs for servicing loans and borrowers.
- Minimize the number of delinquencies.
- Provide single interface for all loans.
- Simplify the loan consolidation application and process.
- Lower unit cost to consolidate loans.
- Reduce time to consolidate loans.

### Business Objectives:

To design a more efficient and state of the art loan servicing and consolidation system, which can take advantage of new technologies and economies of scale.

### Timetable:

Requirements Analysis and Design is planned for May 2000 through August 2000. Management Decision Required to Continue is schedule for August 31, 2000. Development and Implementation of the system is scheduled for September 2000 through December 2001.

### Effects on DLSS:

A major revision of the system or a replacement of the system will be the end result of this initiative. The architecture of the underlying data will need to support a Data Warehouse and a Middleware/Messaging layer. Heavy modifications to or replacement of the DLSS system are a likely consequence.

### **Enhanced Debt Collection:**

#### Description:

Determine the best approach for improving processed/methods for Debt Collections.

#### Benefits/Outcome :

- Ability to manage risk as the portfolio ages
- Ability to automate existing manual processes
- Increased ability to collect on delinquent borrowers
- Ability to utilize Best Practices as used by external collection agencies

#### Business Objectives:

To provide an automated means of placing loans with external collection agencies and of re-entering rehabilitated loans into the general servicing portfolio.

#### Timetable:

Requirements Analysis and Design is planned for September 2000 through November 2000. Management Decision Required to Continue is schedule for November 30, 2000. Development and Implementation of the system is scheduled for December 2000 through March 2002.

### Effects on DLSS:

A review of the split of responsibilities between DLSSS and Debt Collection System will begin in the summer of 2000. A major revision of the system or a replacement of the system will be the end result. The architecture of the underlying data will need to support a Data Warehouse and a Middleware/Messaging layer. Since DLSS provides the servicing of all direct loans, heavy modifications to the DLSS system are a likely consequence.

## **Financial Management Transformation - Financial Management System (FMS) - Phase III (Full Program Functionality)**

### Description:

Integrate/interface with existing or reengineered production systems to create a fully functional financial management system to manage the flow of financial information across all SFA information systems, and analyze the financial impact of this conversion.

### Benefits/Outcome:

- Maintain all Department of Education related financial data and related decision making criteria on a single FMS
- Improve the time to apply for aid
- Reduce costs through use of technology
- Improve employees access to accurate data for making decisions.

### Business Objectives:

Provide better standard management tracking and reporting for the overall SFA program  
Allows preparation of financial statements, monthly reports, and independent reconciliations. Provide standard SFA general ledger with all programs included

### Timetable:

Requirements Analysis and Design is planned for July 2000 through November 2000.  
Management Decision Required to Continue is schedule for November 30, 2000.  
Development and Implementation of the system is scheduled for December 2000 through September 2001.

### Effects on DLSS:

Because DLSS is a client-server relational database system that is SFA's management information system concerning the entities which participate in the Title IV programs, the implementation of this initiative will have a major impact on DLSS.

## **Cross Channel Enabling Technology/Infrastructure - Advanced Call Center Relationship Management**

### Description:

This initiative is designed to improve customer satisfaction by proactively seeking customers' input, and "reaching out" to train and assist them with all SFA-related

concerns. This initiative includes the consolidation of multiple call center capabilities to provide “one-call-does-it-all” functionality for customers.

Benefits/Outcome :

- Single (800) number access
- Enhanced Customer Service
- Possibility of reduced costs associated with economies of scale
- Additional volume resulting from increased efficiency

Business Objectives:

To provide a single Customer Service point of contact for all SFA customers/borrowers.

Timetable:

Requirements Analysis and Design is planned for February 2000 through May 2000. Management Decision Required to Continue is schedule for May 31, 2000. Development and Implementation of the system is scheduled for June 2000 through June 2001.

Affects on DLSS:

Since DLSS operates a Customer Service Call Center it will be effected by the implementation of this initiative.

**Single Identifier PIN**

Description:

Design a uniform single identifying data element for each customer entity for each customer entity in SFA’s system including students, schools and financial partners. Includes the use of PIN logic as a form of identification.

Benefits/Outcome :

- Enhanced customer service
- Enhanced reporting across all programs
- Provides a single point of interface for receiving student aid data and payment history for Federal loans

Business Objectives:

To develop a uniform means of identifying borrowers, schools and lenders across the various portfolios and systems sponsored by the Department of Education.

Timetable:

Requirements Analysis and Design is planned for October 2000 through January 2001. Management Decision Required to Continue is schedule for January 31, 2001. Development and Implementation of the system is scheduled for February 2001 through September 2001.

Effects on DLSS:

The Single Identifier for Each Entity initiative will effect Enterprise Architecture for Integration and Data Warehousing. Since DLSS is accessible via the web by the customers of SFA, it will surely be effected by this initiative.

**Web Portals for Customers**

Description:

Design and implement capabilities, for all customers, to enable easier and more efficient data transfer through internet and/or other online interfaces.

Benefits/Outcome :

- Increased Customer Service
- Enhanced image of SFA through increased web presence
- Possible candidate for phased implementation allowing incremental realization of benefits
- Increased electronic volume

Business Objectives:

To standardize and increase SFA's presence on the web while facilitating enhanced electronic interfaces with all customers and partners. To increase SFA's electronic products/service offerings for all customers.

Timetable:

Requirements Analysis and Design is planned for February 2000 through May 2000. Management Decision Required to Continue is schedule for May 31, 2000. Development and Implementation of the system is scheduled for June 2000 through June 2001.

Effects on DLSS:

The Web Portals for Customers project will provide the web-enabled, customized view of FSA customer functions. This project will provide SFA's customers with a capability to create their own personal view into the information contained and supported by SFA, such a loan consolidation, school payments and loan origination. Data contained in DLSS is one of the sources of information that will be presented via the Internet Portal. Currently DLSS provides a number of services on the net.

### **Common Aid Origination and Funds Disbursement**

Description: Modify or simplify existing Loan Origination processes. Provide ability to originate and disburse all types of financial aid through a single delivery system. Reengineer the existing Title IV origination and disbursement systems into a common delivery process. Provide ability to originate, disburse and report changes for Pell Grants and Direct Loans (through a common record with common standards and enhanced interfaces between the department, institutions and financial partners). Reengineer the Origination and Disbursement processes for Pell and Direct Loans into a common process

#### Benefits/Outcome:

- Reduce time required to process a financial transaction (e.g., lender transactions).
- Lower unit cost for processing financial transactions.
- Lower unit cost to originate and disburse a Pell grant and direct loan.
- Simplify the process for reporting Pell grant and direct loan disbursements
- Provide a single reporting vehicle for Pell grants, campus-based funds, and direct loans.
- Eliminate need for duplicate reporting by schools.
- Lower costs for schools to administer student aid programs.
- Provide just-in-time (JIT) funding for schools.
- Reduce cycle time by eliminating hand-offs and redundant reconciliations.

#### .Business Objectives:

To design a more efficient and state-of-the-art loan origination sub-system. The current origination process for Direct Loans requires the use of EExpress, DL Origination System, Central Data Base System and the DL Servicing System. It appears likely that combining their various functions into a Web based product could reduce this string of systems. If DLSS is included in this design, the end product must include lender and GA support.

#### Timetable:

Requirements Analysis and Design is planned for January 2000 through June 2000. Management Decision Required to Continue is schedule for June 30, 2000. Development and Implementation of the system is scheduled for July 2000 through June 2002.

#### Effects on DLSS:

Since DLSS is a major interface with the DLO and other SFA systems regarding loan servicing, this initiative will have a major impact on DLSS.