



Business Case

Project Name: Common Origination and Disbursement (BC-FY01-24)

Channel: Schools Channel

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Project Description

Describe the need for change (the business problem)

An analysis of current processes identified a need for a Common Origination and Disbursement (COD) process. The analysis determined that the steps required in delivering financial aid for Pell Grants, Direct Loans, and Campus-based programs are similar enough to be handled by a single process. A common process and system to support origination and disbursement is critical to SFA's objectives of achieving an enterprise-wide solution that provides real-time data to students, schools, and financial partners via web portals.

Schools currently originate Title IV funds using two separate systems:

- Recipient Financial Management System (RFMS) for Pell Grants
- Direct Loan Origination System (DLOS) for the Direct Loan Program

Schools current disburse Title IV funds using three separate systems:

- Recipient Financial Management System (RFMS) for Pell Grants
- Direct Loan Origination System (DLOS) for the Direct Loan Program
- Campus-based System (CBS) for Campus-based Programs

As a result of having three separate systems, access to student and school data is fragmented and unreliable. SFA is finding it increasingly difficult to quickly access data required to support day-to-day operational and management decisions. Schools cannot easily access data to obtain a clear picture of the Title IV student aid that has been disbursed. Within the current systems (i.e., RFMS, DLOS, CBS), there exist independent and disparate processes, data, and organizational structures. In order to effectively work with SFA, school structures and systems have evolved to emulate the inefficiencies inherent in SFA's stovepipe environment. Therefore, much time is focused on managing the systems rather than servicing the students. In line with the stovepipe environment, each system utilizes individual record layouts. COD will utilize a common record with a common format and data definitions.

What is the purpose of the initiative?

The objective of Common Origination and Disbursement is to

- Reduce costs associated with the existing stovepipe environment;
- Enhance customer satisfaction by improving access to information, providing consistency across Title IV programs, and creating a system that is easy to use; and
- Increase employee satisfaction by providing more timely access to accurate data.



The COD solution will significantly impact the current environment of disparate processes, three different systems, different business rules, and redundant data by establishing one common approach.

The main COD business capabilities that will be improved or implemented include:

- Common Process for the following three functions: receiving records, processing records, and reporting
- Consistent data management through use of common record (i.e., common data definitions and standards) and one main data owner
- Fund accountability and management
- On-line access (i.e., web access), which provides real-time sharing of data and real-time access to information¹
- Common customer service through integrated knowledge of Title IV programs

Each of these capabilities will contribute significantly to attaining SFA's strategic goals. By integrating the current processes, data, systems, and organizations, COD will provide a streamlined approach to processing requests for and reporting expenditures of Pell and Direct Loan programs. It will provide a streamlined approach for reporting student level data for Pell, Direct Loan, and Campus-based programs². COD will provide a uniform, high-quality customer service experience for schools and students by developing a single point of contact for technical service and functional support.

Each business capability provides benefits to schools, students, and SFA. A common process and consistent data management provide savings in system operation and maintenance costs; reduced cycle time for fund disbursement and reconciliation; and improved data integrity through eliminated redundancies, shared data definitions, and common edits. Through the use of on-line access and integrated customer service, COD will contribute to providing access to financial aid history and better responding to service inquiries among schools and SFA. Finally, through fund accountability and management, COD will support schools in the reconciliation process and facilitate the attainment of improved fiscal integrity and accountability.

What is the scope of the initiative, including what it is not?

The scope of Common Origination and Disbursement includes the following:

- Reengineering the current SFA business processes to eliminate redundancies and inefficiencies and developing a system that consolidates the Title IV programs.
- Replacing the current SFA processes for Pell, Direct Loan, and Campus-based programs with a common process that emphasizes the similarities among the programs and replacing the origination and disbursement systems for Pell Grants and Direct Loans.
- Creating a source system of detailed student level disbursement transactions to support SFA's general ledger.
- Providing a flexible technology platform that allows SFA to take advantage of emerging financial industry best practices and a variety of delivery vehicles (e.g., credit cards).
- Designing, developing, and implementing the COD solution, which will include the following functions:

¹ On-line access is currently available with the legacy systems. The idea with COD is that on-line capabilities will be expanded to support greater levels of self service and access to data.

² Submission of student level detailed records for Campus-based programs will be an option for schools initially. Therefore, it is considered a "potential" benefit of COD if the schools choose to adopt.



- Deploy a common, student-level data record to be used for Pell, Direct Loans, and Campus-based programs. Lenders and guaranty agencies that support the FFEL programs will have the ability to implement the common record, if desired.
- Create a common process for receiving, processing, and reporting on student records for Pell Grant, Direct Loans, and Campus-based programs. Campus-based will be an option for schools.
- Establish common business rules to be used by schools, guaranty agencies, lenders, and SFA for the Pell Grant and Direct Loan programs and, if possible, FFELP.
- Create the opportunity to use the common process in the processing of state grant, alternative loans, pre-paid tuition, scholarships, etc.
- Provide the ability to track school's history and performance.
- Provide schools with the ability to access data and perform key functions on-line (e.g., submitting records).
- Provide a single source for technical and functional support.
- Provide common reporting and reconciliation tools for Pell and Direct Loan.
- Support the Campus-based programs by providing the ability to receive student level detail records and aggregate data to pre-populate a portion of the FISAP.

The scope does not include the following:

- Replacing the current system that supports the Campus-based program. The formulas applied to the Campus-based programs to determine funding levels are closely associated with the FISAP that is prepared by the schools. The COD system will provide schools with the option to submit student level records for the Campus-based programs. COD will support the aggregation of the student level detail and the pre-population of a portion of the FISAP. There is currently another initiative underway to update the current Campus-based system to support the FISAP submission process and the determination of Campus-based funding levels. This system will interface with both COD and FMS to support its functionality.
- Developing the technical infrastructure for supporting the sharing of data across partners (i.e., lenders, guaranty agencies) to produce a complete "virtual" view of student historical disbursements.
- Providing an integrated reporting tool that supports the analysis of data across multiple SFA systems.
- Impacting the timeline from authorization of funds to the delivery of funds to the school due to the reliance on GAPS as a fund delivery vehicle.



What is the start date and end date of the initiative?

The start date for system requirements definition and design is January 2001. This effort is expected to take approximately six months. The start of the development phase will overlap the ending of the requirements phase. The initial COD launch for processing award year 2002-2003 is scheduled for February 2002. Data migration of legacy systems and project team support will conclude by December 2003.

What other business areas/external groups are affected by the implementation of this initiative and how are they affected?

The potential impacts on other groups are minimal and will be verified during the initial months of the project. The main impacts (positive and negative) are indicated below:

Schools

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none"> - The expanded ability to access the student's financial aid history on-line. - The ability to benchmark aggregate information to similar school groups. - A common business process for requesting and receiving Pell Grant and Direct Loan funds and reporting student disbursements for Pell Grant, Direct Loan, and Campus-based (optional) programs. - A single point of contact for customer service support. - A common record layout to facilitate submission of student data for Pell, Direct Loan, and Campus-based programs. - The ability to access aggregate information across programs that is associated with the school (e.g., all students accepted by program). 	<ul style="list-style-type: none"> - Customized applications used by schools to manage their financial aid process will require changes due to the definition of a new common record layout. A change to the record layout is an annual requirement for schools regardless of COD deployment. There will be a more extensive initial impact as a result of COD. - Additional training and skills development is required to prepare the school's staff for the COD implementation. - Changes to current business processes may be required.

Students

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none"> - Data to support the student view of financial aid data, which will allow students to access their Title IV financial aid history on-line. SFA will only display student data following coordination with the schools. - The ability for schools to process exceptions more quickly, which supplies money to students without delay. - Students will be less dependent on emergency loans or provide their own up-front funds while waiting for disbursements. 	<ul style="list-style-type: none"> - None determined at this time.



Students Channel

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none"> – Supports the Students Channel in their objective to provide students with the ability to access their complete financial aid history. – The ability to better service students and provide increased access to information. 	<ul style="list-style-type: none"> – Changes will be required to EDEXpress to support the interface with the schools.

Schools' Partners:

Third Party Servicers (e.g. FAME, AFAO)

Represent schools by providing partial or complete outsourcing solutions.

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none"> – See impact to school's above. – Benefit from new capabilities (i.e., common record, common process, access to data, and the increased ability to reconcile). – Development of standards across Title IV (e.g., data definitions, communication protocols, etc.). 	<ul style="list-style-type: none"> – See impact to schools above.

Third Party Software Developers (e.g. Datatel, Peoplesoft, SCT)

Software that is developed and sold to schools for financial aid administration.

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none"> – In subsequent years, third party software developers will support only one record instead of multiple records. – COD implementation should require fewer resources dedicated to annual changes to record layouts in the long run. 	<ul style="list-style-type: none"> – Software will have to be changed to support a common record layout and the additional COD requirements. Software changes are an annual requirement regardless of COD deployment. There will be a more extensive initial impact as a result of COD.) – COD implementation will require additional work up front to complete software modifications.

FFEL Community

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none"> – Fully accommodates FFEL loan data within the common record. – Offers the FFEL community the processing efficiencies inherent in the use of a common record. – A single record layout used by the schools for Title IV processing. – Contributes to the ability for the FFEL community and SFA to present a more integrated view for the schools and students. 	<ul style="list-style-type: none"> – Modifications to FFEL systems operated by guaranty agencies and lenders. The modifications would be needed to receive and process the common record as well as to send acknowledgements.



What systems are impacted by the implementation of this initiative and how are they impacted?

The following systems will be impacted by the implementation of the COD solution.

System	Impact*
RFMS and DLOS	Retired and replaced by COD.
eCBS	An interface will be developed between the eCBS and the new COD system. This interface will supply the eCBS with student data to help pre-populate the FISAP. The details of this interface are still being designed. eCBS will utilize COD, CPS, and clearinghouse data to populate the FISAP. eCBS will interface with all these systems in order to support this requirement.
FMS	Interface will be developed to facilitate the transfer of data related to authorization and substantiation of payments to schools.
EDExpress	System will be modified to support the Common Record and other COD process changes (e.g., common and program specific edits).
CPS, DLSS, and PEPS	Minimal impact due to deployment of the Enterprise Application Integration (EAI).
NSLDS	COD will be the source system for disbursement data for Pell, Direct Loan, and, eventually, Campus-based funds. Therefore, COD would not supply data to NSLDS, but will interface with the Enterprise Application Interface (EAI) to facilitate shared access of disbursement data.
GAPS	COD will interface with GAPS through the FMS. The disbursing authority still lies with ED-CFO, requiring funding to go through GAPS.

* The degree of impact will be determined during the initial months of the project.

What business processes are impacted by the implementation of this initiative and how are they impacted?

COD will provide a new foundation for how schools request and receive Pell and Direct Loan funds and how they report Pell, Direct Loan, and Campus-based expenditures. The business processes of origination and disbursement for the Pell Grants, Direct Loans, and, the common record capability for Campus-based programs, are impacted by this initiative in the following ways:

Business Process	Impact
Fund Administration	<ul style="list-style-type: none"> ▪ Reduces cycle time for fund disbursement and reconciliation ▪ Facilitates fiscal responsibility by schools and SFA ▪ Improves fiscal integrity through funding options based on schools' reporting history ▪ Based on school's history of reporting, provides the ability to access funds via advance draw



Business Process	Impact
Common Record Processing	<ul style="list-style-type: none"> ▪ Provides an integrated process and consistent interface ▪ Supports Pell, Direct Loan, and Campus-Based programs ▪ Reduces system operation and maintenance costs ▪ Contributes to the ability to provide improved access to the “student story” ▪ Supports shared data definitions and common edits ▪ Provides the ability to submit records as well as changes via a batch process or on-line with real-time acknowledgements ▪ Supports the following requirements: credit check for PLUS loans, acknowledgement, etc.
Authorization and Disbursement	<ul style="list-style-type: none"> ▪ Reduces the dollars unaccounted for and the number of required adjustments ▪ Facilitates the fund disbursement process through the FMS interface
Reporting	<ul style="list-style-type: none"> ▪ Provides the ability to benchmark against like school groups ▪ Integrates the information search process across the programs ▪ Provides the ability to access and report on targeted data requests
Support	<ul style="list-style-type: none"> ▪ Provides COD data to support on-line access to a student’s entire financial aid history ▪ Provides access to quality data to support integrated decision making and better customer service across programs ▪ Provides single point of contact for functional and technical support across the Pell, Direct Loan and Campus-based programs. ▪ Supports the following requirements: p-note handling, imaging, input/output management, fulfillment, etc.

Technologies Used

The following table lists the proposed technologies that will be used to implement the COD project.

Name/type	Proposed use	Has technology been used at SFA before? Where?	Does technology fit SFA’s architecture standard? Explain.	Does SFA have the technical expertise to implement this technology? Why?
Enterprise Application Integration (EAI)	Produce Common Record from legacy formats for RFMS and	Yes. EAI is in the process of being installed at the VDC.	Yes. EAI is a cornerstone technology of the	Mod Partner has core expertise available. SFA is in



Name/type	Proposed use	Has technology been used at SFA before? Where?	Does technology fit SFA's architecture standard? Explain.	Does SFA have the technical expertise to implement this technology? Why?
IBM MQSeries	DLOS records. Interface to legacy systems such as CPS, PEPS, FMS, NSLDS, and DLSS.	COD will be the first system to utilize its capabilities.	SFA Architecture.	the process of establishing EAI technical expertise and capability.
Total System TS2 product	TS2 will provide the core of the COD capabilities.	No. TS2 is a proprietary product of Total System, who will be operating COD on an outsourced basis.	Yes. TS2 and Total System have extensive experience using MQSeries and data communications to interface with their client's systems.	SFA technical resources will manage the COD interfaces with other SFA systems through agreed interface techniques, (e.g. MQSeries). Total System will manage the TS2 product and educates as well as share expertise appropriately with SFA.
TIVWAN replacement (i.e. Btrade)	Constructs internet into a Virtual Private Network (VPN) allowing a secure connection.	No. The network provides the interface to schools, which is currently facilitated via the TIV WAN.	Yes. CIO defined the solution.	SFA business owners and CIO have planned for and are responsible for implementing the solution.
Web Tools	Access to common origination and disbursement data.	TBD – need to determine specific web tool utilized.	TBD – need to determine specific web tool utilized.	TBD – need to determine specific web tool utilized.

Benefits

SFA is undertaking the COD initiative in order to support SFA's strategic objectives of:

- Increased Customer Satisfaction
- Increased Employee Satisfaction
- Reduced Unit Costs

Customer satisfaction will increase due to the simplification of the processes as well as the consolidation and improvements to the tools that support the disbursement of financial aid to the students. Schools currently are required to utilize two separate processes and systems to submit records to request or substantiate funds. Through the use of the common record and the common process, these two processes will be integrated into one common process.



SFA employees will be provided with tools and processes to more efficiently support their ability to administer the Title IV programs. This increased ease of use will lead to more highly satisfied and motivated employees.

Reduced Cost

The COD implementation will consolidate the existing operations and systems for the Pell and Direct Loan programs into one common process supported by the COD application. The COD solution will provide additional benefits and capabilities as well as reduce the costs related to origination and disbursement. The measurement and realization of these savings will be based on three primary cost drivers:

- Decreased Systems Operations Costs (including development and maintenance)
- Decreased Customer Service Costs
- Decreased VDC Costs

SFA has the potential to realize an estimated \$13-18 million in operational savings per year as a result of the COD implementation and the legacy systems retirement. The estimated costs and savings per year are forecasted to begin around fiscal year 2005 and are directly dependent upon the realization of the COD implementation and the retirement of the legacy systems. The business case assumes that RFMS is retired in Fiscal Year 2003 and DLOS by the beginning of Fiscal Year 2004.

Estimated Origination & Disbursement Costs Savings per Year			
Cost Driver	Estimated Legacy Systems		
	Baseline Costs	Forecasted COD Costs	Projected Savings
Operations	\$38 - 41 M	\$28 - 31 M	\$7 - 10 M
Customer Service	\$14 - 16 M	\$10 - 12 M	\$2 - 4 M
VDC	\$6 M	\$2 M	\$4 M
Total	\$58 - 63 M	\$40 - 45 M	\$13 - 18 M

The savings are not directly dependent upon the number or timing of schools adopting the common process and common record. The COD solution will use Middleware, wrapper technology, to accept the current legacy systems' record layouts and convert these old record layouts into a "common record" format. This Middleware approach enables the COD system to process all schools' records beginning in Award Year '02-'03 as well as enables the legacy systems to be retired after historical award year data is migrated regardless of the number of schools utilizing the common record. Savings are then derived from COD operational costs (e.g. systems operations, customer service, and VDC costs) being lower than the two legacy systems that are retired. The additional benefit of using the Middleware for the common record is that the technology will allow schools to migrate to the common record format and process based on their schedule, budget, and readiness to achieve all COD system benefits.

The following are some of the key assumptions for the costs and savings within each cost driver:

Operational Costs (includes development, maintenance, and systems operations)

- Consolidation from two systems to one system will lead to a direct reduction in costs associated with operating and maintaining the systems.
- In order to minimize the impact to schools, data migration of legacy data will be accomplished in a phased approach. Phase one will migrate all historical data up to award year '01-'02 to the COD system. Phase two will migrate award year '01-'02 data to the COD system.
- Costs for development associated with enhancements to the COD system will be less than currently experienced due to the reduction in number of systems and the ease of use and adaptability of the selected COD system.



- Costs related to defining and designing legacy system requirements for award year '02-'03 will still be incurred. Costs related to development and testing of these requirements are not anticipated to be fully realized. This assumption will be reassessed as major COD milestones are achieved.
- Legacy systems' development costs will begin to decrease in the beginning of calendar year 2002 and realize additional reductions following the launch of COD.
- Legacy systems operations costs will remain the same until deployment of COD in February 2002. Following the deployment, operations costs are decreased. An additional reduction to operations costs is realized once the historical data is migrated from the legacy system to COD.
- Once the legacy systems are retired, legacy operations costs are reduced to \$0 (subject to out year impacts).

Customer Service Costs

- Enhanced and new capabilities related to the common record, management and online access of data, and the integrated and streamlined process will provide increased opportunities for schools to support themselves more independently. This is anticipated to reduce the number of basic inquiry type calls to customer service.
- Ability to run custom defined reconciliation reports and downloads will decrease the amount of time customer service and schools work together on reconciliation efforts in resolving the amount of unreconciled funds, number of unbooked disbursements, and related items.
- COD customer service costs are estimated at 0% reduced cost of the legacy systems' cost for the first year due to the support required by schools as they convert to the new COD common record and system. Following COD implementation, it is expected that customer service costs will decrease as schools become more familiar with the new environment.

Virtual Data Center (VDC) Costs

- VDC costs will be significantly reduced since the proposed solution includes hosting the COD application on TSYS platform and not at the VDC.
- Minimal VDC costs will be incurred to support interfaces between SFA systems (i.e., PEPS, CPS, etc.) and COD as well as costs associated with hosting web access. The costs associated with supporting these interfaces in development, testing, and production environments were significantly less than the current legacy system VDC costs.

Increase Customer Satisfaction

COD will target improving efficiency, instruction clarity, and ease of submitting data for origination and disbursement.

Quantified/Qualitative Benefit	How will benefit be measured/ realized?	When will benefit be realized?
	* Scores - SFA 3Q 2000 Performance Plan	
Improved efficiency and ease of understanding that comes with working with a common process for Title IV	<ul style="list-style-type: none"> ▪ Current measurement data does not exist. Measures and targets will be defined later. 	<ul style="list-style-type: none"> ▪ Beginning in October - November 2003, when initial phase-in schools have processed Award Year '02-'03 data using the common record with the COD solution, and are beginning to close the award year.



Quantified/Qualitative Benefit	How will benefit be measured/ realized? * Scores - SFA 3Q 2000 Performance Plan	When will benefit be realized?
		<ul style="list-style-type: none"> ▪ Benefits will increase over subsequent award years, and as legacy systems are retired an increasing number of schools begin to use the common record within the COD program.
Improved clarity of instructions for aid origination and disbursement	<ul style="list-style-type: none"> ▪ ACSI scores at or above PBO Performance Targets. (Currently 71.1). * ▪ Goal to sustain and improve existing scores by AY05-06. 	<ul style="list-style-type: none"> ▪ Beginning in October - November 2003, when initial phase-in schools have processed Award Year '02-'03 data using the common record with the COD solution, and are beginning to close the award year. ▪ Benefits will increase over subsequent award years, and as legacy systems are retired an increasing number of schools begin to use the common record within the COD program.
Improved ease of submitting data for aid origination and disbursement	<ul style="list-style-type: none"> ▪ ACSI scores at or above PBO Performance Targets (Currently 75.5). * ▪ Goal to sustain and improve existing scores by AY05-06. 	<ul style="list-style-type: none"> ▪ Beginning in October - November 2003, when initial phase-in schools have processed Award Year '02-'03 data using the COD solution, and are beginning to close the award year. ▪ Benefits will increase over subsequent award years, as an increasing number of schools join the COD program and legacy systems are retired.
Improved accuracy of records from school reports	<ul style="list-style-type: none"> ▪ ACSI scores at or above PBO Performance Targets (Currently 80.2). * ▪ Goal to sustain and improve existing scores by AY05-06. 	<ul style="list-style-type: none"> ▪ Beginning in October - November 2003, when initial phase-in schools have processed Award Year '02-'03 data using the COD solution, and are beginning to close the award year. ▪ Benefits will increase over subsequent award years, as an increasing number of schools join the COD program and legacy systems are retired.



Quantified/Qualitative Benefit	How will benefit be measured/ realized? * Scores - SFA 3Q 2000 Performance Plan	When will benefit be realized?
<i>Assumptions</i>		
<p>1. Benefits identified are based on specific comments that support the 2000 ACSI Scores for SFA. The following themes were identified in written comments section:</p> <ul style="list-style-type: none"> ▪ Requests to streamline and simplify the aid origination and disbursement process ▪ Requests to improve the Pell Grant origination and disbursement process ▪ Requests to provide clear, easy-to-understand instructions ▪ Requests to improve information accuracy by reducing duplication of data entry <p>2. ACSI scores around the 80's are generally considered good and reflect best-in-business performance. The phased approach of migrating schools to the common record available with the COD solution over a schedule of several years implies a gradual increase in customer satisfaction toward this goal.</p> <p>3. In the initial year of COD operations, customer satisfaction will be difficult to measure since a substantial amount of customer inquiries will focus on AY01-02 aid processed through legacy systems, RFMS and LOS.</p> <p>4. Customer satisfaction will steadily increase as more schools utilize the common record with the COD solution and get use to the common process for Title IV. The goal is that by AY05-06, ACSI scores are expected to reach target scores of 80 or better for improvements in ease for submitting data and accuracy of records.</p> <p>5. Additional customer satisfaction benefits realized by COD include:</p> <ul style="list-style-type: none"> ▪ Improved self-service capabilities <i>through on-line access</i> ▪ Proactive support and improved data analysis provided by SFA <i>through improved centralization and accuracy of data</i> ▪ Centralized customer support provided <i>through one contact number.</i> 		

Increase Employee Satisfaction

Quantified/Qualitative Benefit	How will benefit be measured/ realized?	When will benefit be realized?
Reduced time spent accessing varied sources of student data to create a student record and access school disbursement data.	Ratings on Employee Satisfaction Surveys.	<ul style="list-style-type: none"> ▪ Beginning in Award Year '02-'03 when phase-in schools begin using the Common Record. ▪ Benefits will increase over subsequent years through Award Year '05-'06, as more schools implement the Common Record.
Reduced time spent reviewing accounts and reconciling fund discrepancies	Ratings on Employee Satisfaction Surveys.	<ul style="list-style-type: none"> ▪ Beginning in Award Year '02-'03 when phase-in schools begin using the Common Record. ▪ Benefits will increase over subsequent years through Award Year '05-'06, as more schools implement the Common Record.
Increased access to student disbursement and school data,	Ratings on Employee Satisfaction Surveys.	<ul style="list-style-type: none"> ▪ Beginning in Award Year '02-'03 when pilot schools begin



Quantified/Qualitative Benefit	How will benefit be measured/ realized?	When will benefit be realized?
enabling employees to more proactively manage the customer relationship		using the Common Record. <ul style="list-style-type: none"> ▪ Benefits will increase over subsequent years through Award Year '05-'06, as more schools implement the Common Record.
<i>Assumptions</i>		
<ol style="list-style-type: none"> 1. The implementation of each COD Business Capabilities will have a positive impact on the level of SFA employee satisfaction with their work. 2. COD will have some level of impact on the daily work effort of SFA employees that have direct or indirect involvement with Title IV delivery (e.g. Pell Systems, CAMs, CMOs). 3. A detailed assessment of the COD impacts on the organization will be conducted to further define and plan for communications and training needs. 		

The following table provides the estimated overall dollar amount of all benefits listed above.

Quantified Benefits (in millions)					
BY thru BY+3	BY+4	BY+5	BY+6	BY+7	Total
\$0	\$13 - \$18m	\$14 - 19m	\$15 - \$20m	\$16 - \$21m	\$58 - \$78m
<i>Assumptions</i>					
<ol style="list-style-type: none"> 1. Legacy systems are retired at the latest by the beginning of FY 2004. 2. These estimated savings are based on projected operational savings from decreased costs related to operations, development, customer service, and VDC costs of the legacy systems versus COD solution. 3. The above savings estimates do not include the re-payment schedule of the COD development costs from these operational savings. 4. Benefit estimates are based on current knowledge and will be baselined during the initial phase of this project. 					



Costs (Currently working on the analysis of the costs and benefits.)

Provide costs, including those to implement the initiative and the costs to support it over its useful life.

COSTS						
	BY	BY+1	BY+2	BY+3	BY+4	Total
Development	\$38,000,000					
Operations						
Prod. Proc						
Key Pers.						
Ad Hoc						
Sys. Maint.						
Telecom.						
Data Center						
Sub. Ops						
Total	\$38,000,000					
<i>Assumptions</i>						
1. The development costs are for the phases of work associated with the development of all COD business capabilities supporting the February '02 deployment of COD. 2. This cost provides the additional cost coverage for all work occurring from January 1, 2001 to April 30, 2002. 3. The expectation is that this would be a shared in savings contract and that the costs incurred in this phase would be subsumed in the shared in savings arrangement.						

Total Cost of Ownership

What is the level of required enhancement after implementation?

The initial release of these capabilities is expected to contain full functionality as determined by the functional requirements gathered in the initial phase. Future enhancements will be determined as necessary.

What is the life span of this initiative?

As currently modeled, the phase-in of schools utilizing the new common record spans approximately a three year period beginning with COD launch in FY02 and ending when all schools have been converted to the new common process. The COD technology is not expected to require replacement for between 5 and 10 years. Additional requirements may be developed during this period on an as needed basis to further enhance the functionality.



Alternatives

The following table discusses what could be done in place of the COD initiative and describes the consequences of each alternative.

Alternative	Consequence
Remain as-is	<ul style="list-style-type: none"> ▪ Schools will continue to support different processes and systems to disburse aid for SFA supported Title IV programs. ▪ With data in different systems, SFA will continue to experience difficulties consolidating data to perform analysis and case management functions as well as customer service. ▪ Ability to respond to inquiries related to the timeframe for proper accounting of funds released to schools will remain hindered. In addition, the ability to account for funds released in a timeframe acceptable to Congress and other key stakeholders may remain at risk. ▪ SFA will continue to pay for the maintenance and operation of the disparate systems.
Develop a non-technology solution	<p>Not applicable</p> <ul style="list-style-type: none"> ▪ There currently are technology solution(s) employed by SFA to support Title IV (i.e., RFMS, DLOS, CBS). Therefore, a non-technology solution is not an option to meet the current requirements of the organization.
Enhance an existing system	<ul style="list-style-type: none"> ▪ Proposals from the contractors operating LOS and RFMS were considered in the selection of the current solution. The approaches did define some opportunities to integrate maintenance and operations of the systems and provide a common interface to schools. However, in the overall analysis of potential solutions, the options within this alternative did not fully address the COD capabilities. ▪ Additionally, this alternative did not provide a foundation for taking advantage of financial industry best practices such as a variety of delivery vehicles (e.g., credit cards).
Implement on a smaller scale via middleware	<ul style="list-style-type: none"> ▪ The option of integrating the existing LOS and RFMS with middleware is not viable because it does not provide the option for student level reporting for Campus-based programs. It also, would further exacerbate the level of inefficiency that exists in the current environment.
Other	<ul style="list-style-type: none"> ▪ Replace the LOS and RFMS with a single system built from scratch. This option is not viable due to the costs associated with new development, and the length of time it would take to implement, which delays the realization of benefits.



Risks

The table below identifies those risks that could impact the COD project as well as the mitigation strategies the team should employ to address them.

Risk	Description of Risk	Mitigation Strategy
Financial	Cost overruns due to: <ul style="list-style-type: none"> - rework; - expanding scope; and - delays in receiving approval of deliverables, resolution of issues, and establishment of technical environments 	<ul style="list-style-type: none"> ▪ Develop/use existing standards ▪ Maintain close coordination between the project team and those responsible for approvals and resolutions ▪ Provide sufficient lead time for the stakeholders ▪ Use best in breed tested and proven solution ▪ Select a partner that adheres to CMM standards
Technology	Relatively new technology for SFA.	<ul style="list-style-type: none"> ▪ Apply 'lessons learned' from Modernization Partner and industry practices ▪ Ensure that proper training is developed and conducted
Dependencies	<ul style="list-style-type: none"> ▪ EAI (Middleware) ▪ FMS ▪ VDC ▪ Virtual Private Network (VPN) 	<ul style="list-style-type: none"> ▪ Identify and incorporate key milestones across project plans and proactively manage critical path tasks ▪ COD team member(s) dedicated to working with the initiatives to proactively identify and resolve cross-issues ▪ Identify and conduct management checkpoint
Scope	SFA resource availability which leads to 'scope creep'	<ul style="list-style-type: none"> ▪ Leverage Modernization Partner resources ▪ Use SFA resources as subject matter experts ▪ Identify the specific processes and system functions to be reengineered – all extensions to this will be considered enhancements and will require a modification to the existing Task Order or a new Task Order
Management	SFA resource availability	<ul style="list-style-type: none"> ▪ Leverage Modernization Partner resources ▪ Work closely with the SFA Project Lead (or designee) to identify resources with as much lead time as possible and resolve



Risk	Description of Risk	Mitigation Strategy
		issues when they arise
Exposure	Identification of areas impacting other internal/external systems and/or groups	<ul style="list-style-type: none"> ▪ Involve key stakeholders ▪ Identify and communicate level of impact within an appropriate time frame
Union Understanding of Change Impact	The organization change necessary to realize the benefits of the new solution will likely be extensive enough to cause the union and the employees significant concern. The union does have the ability to hold up any changes to job descriptions and to organizations.	<ul style="list-style-type: none"> ▪ Develop detailed communication plans ▪ Ensure regular involvement of the union and SFA employees throughout the development and implementation process

Acquisition Strategy

Sources *(Indicate the prospective sources of supplies or services that can meet the need of this project. List the most likely offerors for the requirement, and/or the manufacturer and model of the equipment that will most likely be offered).*

Modernization Partner will supply dedicated project team personnel and work with the key stakeholders. New hardware and software will be purchased as necessary to support the COD initiative.

Competition *(Describe how competition will be sought, promoted, and sustained throughout the course of the acquisition, including any performance requirements that will be required).*

This is a project for Modernization Partner. Outside competition will not be sought until the COD solution is implemented.

Contract Considerations *(For each contract contemplated, discuss contract type selection; use of multiyear contracting, options, or other special contracting methods, ex: performance-based).*

It is anticipated that this would become a shared in savings contract but would be initiated with a \$5m fixed price element that would be superceded if and when a shared in savings contract is signed. This is similar to the mechanism used for the CDS and the approach being considered for the Direct Loan eServicing initiatives.



Schedule/Milestones (including acquisition cycle)

The following schedule/milestones are being defined as part of the Implementation Plan. The specific dates need to be determined and validated with the selected partners before they are finalized. Therefore, these dates are subject to change as more information is obtained.

#	Milestone	End Date
1	Requirements and Analysis Stage	4/14/01
2	Design Stage	6/26/01
3	Develop Common Record and Middleware Capability	6/15/01
	Detailed Design	4/11/01
	Build and Test Middleware	5/07/01
	Integration Test	5/25/01
	Deploy Middleware	6/15/01
4	Develop Common Process Capability	12/18/01
	Detailed Design	6/11/01
	Build and Test Application and Performance Support	9/10/01
	Integration Test	10/16/01
	Acceptance Test	12/18/01
5	Develop Common Customer Service Capability	1/01/02
	Design Application	5/22/01
	Build and Test Application and Performance Support	10/11/01
	Integration Test	11/02/01
	Acceptance Test	1/01/02
6	Develop On-Line Access Capability	1/18/02
	Detailed Design	7/4/01
	Build and Test Application and Performance Support	10/24/01
	Integration Test	11/07/01
	Acceptance Test	1/18/02
7	Develop Fund Accountability and Management Capability	4/16/02
	Detailed Design	9/15/01
	Build and Test Application and Performance Support	12/31/01
	Integration Test	2/15/02
	Acceptance Test	4/16/02
8	Perform Data Migration (Approach to be defined during initial phase of project)	9/25/03



#	Milestone	End Date
	Data Migration of RFMS and LOS for Previous Award Year 2001-2002	1/25/02
	Data Migration of RFMS for Award Year 2001-2002 and Retirement	12/26/02
	Data Migration of LOS for Award Year 2001-2002 and Retirement	9/25/03
9	Deploy COD application	2/28/02



Business Case Change Log

Page #	Change Description	Date of Change	Changed By
2	Under the scope question verified second paragraph indicates that the existing Campus-based system will remain, will be updated, and will have an interface with COD.	01/16/01	Per DSG mtg
5	Under FFEL Community section within the Cons descriptions – clarified that FFEL systems were the systems operated by guarantee agencies and lenders.	01/16/01	Per DSG mtg
8-9	Under Reduced Cost section – clarified savings drivers and included information around savings not being directly dependent on schools’ adoption rate of the common record.	01/16/01	Per DSG mtg
12	Under Increase Employee Satisfaction – added assumptions around COD having some level of impact on employees and a COD organizational impact assessment being conducted to address training and communication needs.	01/16/01	Per DSG mtg
1	“as well as students” removed from second paragraph.	1/30/01	Per Kay Jacks
2	Reference to students removed from paragraph #3. This issue has to be coordinated with students channel and schools.	1/30/01	Per Kay Jacks
3	“by schools” removed from first bullet	1/30/01	Per Kay Jacks
3	“if desired by schools” added to second bullet. The submission of student level records for Campus-based will be optional for schools.	1/30/01	Per Kay Jacks
4	Impacts to schools updated to include the ability to access aggregate information and the fact that changes in record layout is something that the schools currently do on an annual basis.	1/30/01	Per Kay Jacks
4	Impacts to students updated to indicate that the data to support the student view of financial aid does not denote a decision by SFA to display student data without coordination with the schools.	1/30/01	Per Kay Jacks
5	Impacts to Third Party Servicers updated to include the development of standards across Title IV.	1/30/01	Per Kay Jacks
5	Impacts to Third Party Software Developers updated to the fact that changes to software is something that is currently done on an annual basis.	1/30/01	Per Kay Jacks
5	Impacts to CBS updated to include reference to clearinghouse.	1/30/01	Per Kay Jacks
6	NSLDS included as a separate system impacted by COD. Information on the impact to NSLDS was added to the text.	1/30/01	Per Kay Jacks
6	Impacts to Common Record Processing business process updated to include specific requirements.	1/30/01	Per Kay Jacks
7	Impacts to Support business process updated to include specific requirements.	1/30/01	Per Kay Jacks
2-3	The scope of the initiative updated to include additional details.	1/31/01	Per Kay Jacks
6	Impact to NSLDS updated.	1/31/01	Per Kay Jacks
8	Web tools added to technologies used.	1/31/01	Per Kay Jacks
8	Proposed use of EAI and IBM MQSeries updated to include NSLDS and FMS.	1/31/01	Per Kay Jacks
10	Last bullet on Operational Costs assumption updated to read: “Once the legacy systems are retired, legacy operations costs are reduced to \$0 (subject to out year impacts)”.	1/31/01	Per Kay Jacks



Page #	Change Description	Date of Change	Changed By
10	Customer Service Costs assumptions bullet updated to read “Ability to run custom defined reconciliation reports and downloads will decrease the amount of time customer service and schools work together on reconciliation efforts in resolving the amount of unreconciled funds, number of unbooked disbursements, and related items”.	1/31/01	Per Kay Jacks
10	Virtual Data Center Costs assumptions updated to include web hosting requirements and costs.	1/31/01	Per Kay Jacks
15	Enhance and Existing System alternative updated.	1/31/01	Per Kay Jacks
17	“Union Resistance to Change” changed to “Union Understanding of Change Impacts”.	1/31/01	Per Kay Jacks