

Costs of the E-Sign Mad Dog (BC-FY01-26)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Total
Development										
Direct Loan Origination	\$500,000	\$1,676,838								\$2,176,838
Direct Loan Consolidation	\$1,000,000									\$1,000,000
Direct Loan Servicing		\$500,000								\$500,000
Debt Collection Servicing		\$100,000								\$100,000
VDC										
CPS										
Modernization Partner		\$278,000								\$278,000
TOTAL COSTS	\$1,500,000	\$2,554,838	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,054,838
BUSINESS CASE FY01 FUNDING*	n/a	\$378,000	n/a	\$378,000						
TOTAL CUMULATIVE COSTS	\$1,500,000	\$4,054,838	\$4,054,838	\$4,054,838	\$4,054,838	\$4,054,838	\$4,054,838	\$4,054,838	\$4,054,838	

	FY00/01 Funded
	FY01 Funded (E-Sign Business Case)

*Operational costs of \$227,500 in FY 2001 were funded as part of this business case. Operational costs of \$328,500 in FY 2002 were also funded as part of this business case. These costs do not appear in this table because they are netted against savings.

Net Operational Savings from the E-Sign Mad Dog (BC-FY01-26) - Best Estimate

	net savings or cost per eNote	FY 2000	*FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Total
DLO¹											
Level 1-2 Schools (98.66% of DL notes)											
GPO printing of Pnotes and R&R**	\$0.03	n/a	\$0	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$472,500
Warehousing GPO-printed docs**	\$1.83	n/a	\$687	\$9,886	\$9,886	\$9,886	\$9,886	\$9,886	\$9,886	\$9,886	\$69,887
Prepare boxes of Pnotes and R&R for shipping**	\$0.68	n/a	\$0	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$7,738	\$54,167
Bulk ship Pnotes and R&R	\$0.17	n/a	\$31,448	\$125,792	\$125,792	\$125,792	\$125,792	\$125,792	\$125,792	\$125,792	\$911,988
Level 3-5 Schools (1.34% of DL notes)											
Print Pnote	\$0.01	n/a	\$26	\$103	\$103	\$103	\$103	\$103	\$103	\$103	\$748
Print envelope	\$0.04	n/a	\$92	\$370	\$370	\$370	\$370	\$370	\$370	\$370	\$2,681
Postage	\$0.34	n/a	\$854	\$3,417	\$3,417	\$3,417	\$3,417	\$3,417	\$3,417	\$3,417	\$24,773
Pnote Processing											
Scan Pnotes	\$0.09	n/a	\$16,875	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$489,375
Print envelope	\$0.04	n/a	\$8,188	\$54,830	\$54,830	\$54,830	\$54,830	\$54,830	\$54,830	\$54,830	\$391,999
Postage	\$0.34	n/a	\$5,521	\$47,583	\$47,583	\$47,583	\$47,583	\$47,583	\$47,583	\$47,583	\$338,602
Imaging staff reduction	\$0.25	n/a	\$3,750	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500	\$1,316,250
eMPN storage per year	\$0.01	n/a	\$2,625	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$76,125
New Operational Costs											
Mail requested eMPN copies ^{1a}	(\$0.39)	n/a	(\$29,250)	(\$102,375)	(\$102,375)	(\$102,375)	(\$102,375)	(\$102,375)	(\$102,375)	(\$102,375)	(\$745,875)
Web server operations (\$10k per month)	n/a	n/a	(\$30,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$870,000)
Subtotal		\$0	\$10,815	\$360,344	\$360,344	\$360,344	\$360,344	\$360,344	\$360,344	\$360,344	\$2,533,221
DLS²											
Skip-trace & Collections (request/image/data entry) 70.79%	\$3.62	n/a	\$10,471	\$30,105	\$69,241	\$199,068	\$457,856	\$457,856	\$457,856	\$457,856	\$2,140,307
DCS Transfers (request, image) 23.97%	\$2.87	n/a	\$2,811	\$8,082	\$18,588	\$53,440	\$122,913	\$122,913	\$122,913	\$122,913	\$574,573
DLSS Processing Copy (request, image) 0.32%	\$2.87	n/a	\$38	\$108	\$248	\$713	\$1,641	\$1,641	\$1,641	\$1,641	\$7,671
Borrower Requested PIF Copy (request, image) 2.3%	\$2.87	n/a	\$270	\$775	\$1,784	\$5,128	\$11,794	\$11,794	\$11,794	\$11,794	\$55,132
Borrower Requested Copy (request, image, mail) 2.3%	\$3.16	n/a	\$297	\$854	\$1,964	\$5,646	\$12,986	\$12,986	\$12,986	\$12,986	\$60,703
DDB Copy (request, image) 0.32%	\$2.87	n/a	\$38	\$108	\$248	\$713	\$1,641	\$1,641	\$1,641	\$1,641	\$7,671
Subtotal		\$0	\$13,924	\$40,032	\$92,073	\$264,709	\$608,830	\$608,830	\$608,830	\$608,830	\$2,846,056
DLC³											
Print and mail Pnote to student	\$0.36	n/a	\$53,526	\$57,273	\$61,282	\$65,572	\$70,162	\$70,162	\$70,162	\$70,162	\$518,301
Receive and review mailed Pnotes	\$0.06	n/a	\$8,263	\$8,841	\$9,460	\$10,122	\$10,831	\$10,831	\$10,831	\$10,831	\$80,007
Image and process Pnote	\$0.08	n/a	\$11,763	\$12,586	\$13,467	\$14,410	\$15,419	\$15,419	\$15,419	\$15,419	\$113,901
Retire Pnote and ship to vault	\$0.05	n/a	\$8,007	\$8,568	\$9,167	\$9,809	\$10,496	\$10,496	\$10,496	\$10,496	\$77,534
Store Pnote per year	\$0.01	n/a	\$2,103	\$2,250	\$2,408	\$2,577	\$2,757	\$2,757	\$2,757	\$2,757	\$20,365
New Operational Costs	n/a	n/a	(\$100,000)	(\$200,000)							(\$300,000)
Subtotal	\$0.56	\$0	(\$16,338)	(\$110,482)	\$95,785	\$102,490	\$109,664	\$109,664	\$109,664	\$109,664	\$510,110
DCS⁴											
Defaulted Pnote Assignment											
Prepare Pnote assigned from GA for imaging	\$0.07	n/a	\$0	\$2,558	\$5,117	\$7,675	\$7,675	\$7,675	\$7,675	\$7,675	\$46,052
Image and QC image of Pnote assigned from GA	\$0.08	n/a	\$0	\$3,223	\$6,446	\$9,669	\$9,669	\$9,669	\$9,669	\$9,669	\$58,014
Pnote Retrieval											
Retrieve imaged Pnote, print, mail to requestor	\$1.00	n/a	\$0	\$13,743	\$27,486	\$54,973	\$68,716	\$68,716	\$68,716	\$68,716	\$371,066
Retrieve, print envelope and mail original Pnote	\$2.00	n/a	\$0	\$3,000	\$6,000	\$12,000	\$15,000	\$15,000	\$15,000	\$15,000	\$81,000
Subtotal		\$0	\$0	\$22,525	\$45,049	\$84,317	\$101,060	\$101,060	\$101,060	\$101,060	\$556,133
VDC											
Operations	n/a	n/a	(\$40,000)	(\$120,000)							(\$160,000)
Subtotal		\$0	(\$40,000)	(\$120,000)							(\$160,000)

Net Operational Savings from the E-Sign Mad Dog (BC-FY01-26) - Best Estimate

CPS (new operational costs)												
	PIN Authentication Hits	(\$0.20)	n/a	(\$50,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$1,100,000)
	PIN Reissuance ⁵	(\$1.00)	n/a	(\$25,000)	n/a							(\$25,000)
	PIN Reissuance ⁵	(\$0.50)	n/a	n/a	(\$37,500)							(\$37,500)
	Other	(\$0.05)	n/a	(\$12,500)								(\$12,500)
	Other	(\$0.03)	n/a		(\$21,000)							(\$21,000)
	Subtotal			\$0	(\$87,500)	(\$208,500)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$1,196,000)
TOTAL NET OPERATIONAL SAVINGS				\$0	(\$119,099)	(\$16,082)	\$443,250	\$661,859	\$1,029,898	\$1,029,898	\$1,029,898	\$5,089,520
CUMULATIVE NET OPERATIONAL SAVINGS				\$0	(\$119,099)	(\$135,181)	\$308,070	\$969,929	\$1,999,827	\$3,029,725	\$4,059,622	\$5,089,520
E-SIGNED VOLUME ASSUMPTIONS		Percentage										
DLO e-signed assumptions												
	e-signed eMPNs	75%	n/a	187,500	750,000	750,000	750,000	750,000	750,000	750,000	750,000	
	GPO printing volume per year	75%	n/a	0	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	
	Warehouse pallet volume per year	75%	n/a	375	5,400	5,400	5,400	5,400	5,400	5,400	5,400	
	Prepared shipping boxes per year	75%	n/a	0	11,400	11,400	11,400	11,400	11,400	11,400	11,400	
	Envelope volume per year	75%	n/a	225,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	
	First-class mail per year	75%	n/a	18,750	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
DLS e-signed assumptions²												
	Prnote requests (grow 15% each year)	variable	n/a	4,086	11,748	27,020	77,682	178,669	178,669	178,669	178,669	
	-	-	n/a	2%	5%	10%	25%	50%	50%	50%	50%	
DLC e-signed assumptions												
	e-signed eConsolidation notes	52%	n/a	150,228	160,744	171,996	184,036	196,918	196,918	196,918	196,918	
DCS e-signed assumptions⁴												
	Pnotes assigned from GA	variable	n/a	0	38,369	76,739	115,108	115,108	115,108	115,108	115,108	
	-	-	n/a	0%	25%	50%	75%	75%	75%	75%	75%	
	Pnotes assigned from DL	variable	n/a	0	62,014	124,027	186,041	186,041	186,041	186,041	186,041	
	-	-	n/a	0%	25%	50%	75%	75%	75%	75%	75%	
	Imaged Prnote requests	variable	n/a	0	13,743	27,486	54,973	68,716	68,716	68,716	68,716	
	-	-	n/a	0%	10%	20%	40%	50%	50%	50%	50%	
	Original Prnote requests for litigation	variable	n/a	0	1,500	3,000	6,000	7,500	7,500	7,500	7,500	
	-	-	n/a	0%	10%	20%	40%	50%	50%	50%	50%	
CPS e-signed assumptions												
			n/a	250,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	
			n/a	100%	75%	75%	75%	75%	75%	75%	75%	

Net Operational Savings from the E-Sign Mad Dog (BC-FY01-26) - Best Estimate

BASE VOLUMES										
DLO base volumes										
signed MPNs	n/a	250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
GPO printing volume per year	n/a	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Warehouse pallet volume per year	n/a	500	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Prepared shipping boxes per year	n/a	0	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,200
Envelope volume per year	n/a	300,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
First-class mail per year	n/a	25,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
DLS base volumes										
Pnote requests (15% increase per year)	n/a	204,309	234,955	270,198	310,728	357,337	357,337	357,337	357,337	357,337
DLC base volumes										
signed Consolidation notes (7% increase per year)	n/a	288,900	309,123	330,762	353,915	378,689	378,689	378,689	378,689	378,689
DCS base volumes										
Pnotes assigned from GA	n/a	153,477	153,477	153,477	153,477	153,477	153,477	153,477	153,477	153,477
Pnotes assigned from DL	n/a	248,054	248,054	248,054	248,054	248,054	248,054	248,054	248,054	248,054
Imaged Pnote requests	n/a	137,432	137,432	137,432	137,432	137,432	137,432	137,432	137,432	137,432
Original Pnote requests for litigation	n/a	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
CPS base volumes										
PIN Authentication Hits	n/a	250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

*eMPN and eConsolidation Notes were implemented on July 2, 2001, so FY01 savings are based on a 3-month time period

** Unit of savings is per document, per pallet and per box prepared for these entries

¹ DLO may obtain future labor savings via contract renegotiations. Level 1-2 School account for 98.66% of DL MPNs.

^{1a} Initial use indicates 30-40% of eMPN borrowers are requesting DLO mail hard copies

² DLS savings are based on different types of Pnote requests, estimated to grow 15% each year and a variable percentage being for eMPNs for each FY: 2%, 5%, 10%, 25%, 50%

³ DLC already saves \$0.99 per note every time a borrower uses an on-line application. An increase in loan consolidations due to favorable interest rates may increase the estimated eNote volumes.

⁴ DCS--Loans/grants received from FISL, Perkins and Pell are not considered here since they comprise 6% of loans DCS receives and Pell grants don't have Pnotes. Assumed no eNotes would be received in FY01, 25% in FY02, 50% in FY03 and 75% in FY04 and FY05. Assumed no eNotes would be requested in FY01, 10% in FY02 of Pnote requests would be eNotes, 20% in FY03, 40% in FY04, and 50% in FY05. When DCS determines all their future processes with eNotes, DCS can re-estimate their savings to consider all their processes.

⁵ CPS estimates 10% of e-signed eMPNs will result in PIN reissuances at \$1 per PIN for low volumes and \$.50 per PIN for high volumes

Net Operational Savings from the E-Sign Mad Dog (BC-FY01-26) - High End

	net savings or cost per eNote	FY 2000	*FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Total
DLO¹											
Level 1-2 Schools (98.66% of DL notes)											
GPO printing of Pnotes and R&R**	\$0.03	n/a	\$0	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000	\$567,000
Warehousing GPO-printed docs**	\$1.83	n/a	\$824	\$11,863	\$11,863	\$11,863	\$11,863	\$11,863	\$11,863	\$11,863	\$83,864
Prepare boxes of Pnotes and R&R for shipping**	\$0.68	n/a	\$0	\$9,286	\$9,286	\$9,286	\$9,286	\$9,286	\$9,286	\$9,286	\$65,001
Bulk ship Pnotes and R&R	\$0.17	n/a	\$37,737	\$150,950	\$150,950	\$150,950	\$150,950	\$150,950	\$150,950	\$150,950	\$1,094,386
Level 3-5 Schools (1.34% of DL notes)											
Print Pnote	\$0.01	n/a	\$31	\$124	\$124	\$124	\$124	\$124	\$124	\$124	\$898
Print envelope	\$0.04	n/a	\$111	\$444	\$444	\$444	\$444	\$444	\$444	\$444	\$3,218
Postage	\$0.34	n/a	\$1,025	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$4,100	\$29,728
Pnote Processing											
Scan Pnotes	\$0.09	n/a	\$20,250	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000	\$81,000	\$587,250
Print envelope	\$0.04	n/a	\$9,825	\$65,796	\$65,796	\$65,796	\$65,796	\$65,796	\$65,796	\$65,796	\$470,398
Postage	\$0.34	n/a	\$6,625	\$57,100	\$57,100	\$57,100	\$57,100	\$57,100	\$57,100	\$57,100	\$406,322
Imaging staff reduction	\$0.25	n/a	\$4,500	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$225,000	\$1,579,500
eMPN storage per year	\$0.01	n/a	\$3,150	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600	\$12,600	\$91,350
New Operational Costs											
Mail requested eMPN copies ^{1a}	(\$0.39)	n/a	(\$35,100)	(\$122,850)	(\$122,850)	(\$122,850)	(\$122,850)	(\$122,850)	(\$122,850)	(\$122,850)	(\$895,050)
Web server operations (\$10k per month)	n/a	n/a	(\$30,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$870,000)
Subtotal		\$0	\$18,978	\$456,412	\$456,412	\$456,412	\$456,412	\$456,412	\$456,412	\$456,412	\$3,213,865
DLS²											
Skip-trace & Collections (request/image/data entry) 70.79%	\$3.62	n/a	\$12,565	\$36,126	\$83,089	\$238,881	\$549,427	\$549,427	\$549,427	\$549,427	\$2,568,368
DCS Transfers (request, image) 23.97%	\$2.87	n/a	\$3,373	\$9,698	\$22,306	\$64,129	\$147,496	\$147,496	\$147,496	\$147,496	\$689,488
DLSS Processing Copy (request, image) 0.32%	\$2.87	n/a	\$45	\$129	\$298	\$856	\$1,969	\$1,969	\$1,969	\$1,969	\$9,205
Borrower Requested PIF Copy (request, image) 2.3%	\$2.87	n/a	\$324	\$931	\$2,140	\$6,153	\$14,153	\$14,153	\$14,153	\$14,153	\$66,159
Borrower Requested Copy (request, image, mail) 2.3%	\$3.16	n/a	\$356	\$1,025	\$2,357	\$6,775	\$15,583	\$15,583	\$15,583	\$15,583	\$72,844
DDB Copy (request, image) 0.32%	\$2.87	n/a	\$45	\$129	\$298	\$856	\$1,969	\$1,969	\$1,969	\$1,969	\$9,205
Subtotal		\$0	\$16,709	\$48,038	\$110,487	\$317,651	\$730,596	\$730,596	\$730,596	\$730,596	\$3,415,268
DLC³											
Print and mail Pnote to student	\$0.36	n/a	\$64,231	\$68,728	\$73,539	\$78,686	\$84,194	\$84,194	\$84,194	\$84,194	\$621,962
Receive and review mailed Pnotes	\$0.06	n/a	\$9,915	\$10,609	\$11,352	\$12,146	\$12,997	\$12,997	\$12,997	\$12,997	\$96,009
Image and process Pnote	\$0.08	n/a	\$14,115	\$15,104	\$16,161	\$17,292	\$18,502	\$18,502	\$18,502	\$18,502	\$136,681
Retire Pnote and ship to vault	\$0.05	n/a	\$9,609	\$10,281	\$11,001	\$11,771	\$12,595	\$12,595	\$12,595	\$12,595	\$93,041
Store Pnote per year	\$0.01	n/a	\$2,524	\$2,700	\$2,890	\$3,092	\$3,308	\$3,308	\$3,308	\$3,308	\$24,439
New Operational Costs	n/a	n/a	(\$100,000)	(\$200,000)							(\$300,000)
Subtotal	\$0.56	\$0	\$394	(\$92,578)	\$114,942	\$122,987	\$131,597	\$131,597	\$131,597	\$131,597	\$672,132
DCS⁴											
Defaulted Pnote Assignment											
Prepare Pnote assigned from GA for imaging	\$0.07	n/a	\$0	\$3,070	\$6,140	\$9,210	\$9,210	\$9,210	\$9,210	\$9,210	\$55,263
Image and QC image of Pnote assigned from GA	\$0.08	n/a	\$0	\$3,868	\$7,735	\$11,603	\$11,603	\$11,603	\$11,603	\$11,603	\$69,617
Pnote Retrieval											
Retrieve imaged Pnote, print, mail to requestor	\$1.00	n/a	\$0	\$16,492	\$32,984	\$65,967	\$82,459	\$82,459	\$82,459	\$82,459	\$445,280
Retrieve, print envelope and mail original Pnote	\$2.00	n/a	\$0	\$3,600	\$7,200	\$14,400	\$18,000	\$18,000	\$18,000	\$18,000	\$97,200
Subtotal		\$0	\$0	\$27,030	\$54,059	\$101,181	\$121,273	\$121,273	\$121,273	\$121,273	\$667,360
VDC											
Operations	n/a	n/a	(\$40,000)	(\$120,000)							(\$160,000)
Subtotal		\$0	(\$40,000)	(\$120,000)							(\$160,000)

Net Operational Savings from the E-Sign Mad Dog (BC-FY01-26) - High End

CPS (new operational costs)												
PIN Authentication Hits		(\$0.20)	n/a	(\$60,000)	(\$180,000)	(\$180,000)	(\$180,000)	(\$180,000)	(\$180,000)	(\$180,000)	(\$180,000)	(\$1,320,000)
PIN Reissuance ⁵		(\$1.00)	n/a	(\$30,000)	n/a							(\$30,000)
PIN Reissuance ⁵		(\$0.50)	n/a	n/a	(\$45,000)							(\$45,000)
Other		(\$0.05)	n/a	(\$15,000)								(\$15,000)
Other		(\$0.03)	n/a		(\$25,200)							(\$25,200)
Subtotal			\$0	(\$105,000)	(\$250,200)	(\$180,000)	(\$180,000)	(\$180,000)	(\$180,000)	(\$180,000)	(\$180,000)	(\$1,435,200)
TOTAL NET OPERATIONAL SAVINGS			\$0	(\$108,919)	\$68,702	\$555,900	\$818,231	\$1,259,877	\$1,259,877	\$1,259,877	\$1,259,877	\$6,373,424
CUMULATIVE NET OPERATIONAL SAVINGS			\$0	(\$108,919)	(\$40,217)	\$515,684	\$1,333,915	\$2,593,792	\$3,853,670	\$5,113,547	\$6,373,424	
E-SIGNED HIGH-END VOLUME ASSUMPTIONS +20%	Percentage											
DLO e-signed assumptions												
e-signed eMPNs	90%		n/a	225,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	
GPO printing volume per year	90%		n/a	0	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	
Warehouse pallet volume per year	90%		n/a	450	6,480	6,480	6,480	6,480	6,480	6,480	6,480	
Prepared shipping boxes per year	90%		n/a	0	13,680	13,680	13,680	13,680	13,680	13,680	13,680	
Envelope volume per year	90%		n/a	270,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	
First-class mail per year	90%		n/a	22,500	180,000	180,000	180,000	180,000	180,000	180,000	180,000	
DLS e-signed assumptions²												
Pnote requests (grow 15% each year)	variable		n/a	4,903	14,097	32,424	93,218	214,402	214,402	214,402	214,402	
	-		n/a	2.4%	6%	12%	30%	60%	60%	60%	60%	
DLC e-signed assumptions												
e-signed eConsolidation notes	62.4%		n/a	180,274	192,893	206,395	220,843	236,302	236,302	236,302	236,302	
DCS e-signed assumptions⁴												
Pnotes assigned from GA	variable		n/a	0	46,043	92,086	138,129	138,129	138,129	138,129	138,129	
	-		n/a	0%	30%	60%	90%	90%	90%	90%	90%	
Pnotes assigned from DL	variable		n/a	0	74,416	148,832	223,249	223,249	223,249	223,249	223,249	
	-		n/a	0%	30%	60%	90%	90%	90%	90%	90%	
Imaged Pnote requests	variable		n/a	0	16,492	32,984	65,967	82,459	82,459	82,459	82,459	
	-		n/a	0%	12%	24%	48%	60%	60%	60%	60%	
Original Pnote requests for litigation	variable		n/a	0	1,800	3,600	7,200	9,000	9,000	9,000	9,000	
	-		n/a	0%	12%	24%	48%	60%	60%	60%	60%	
CPS e-signed assumptions												
			n/a	300,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	
			n/a	120%	90%	90%	90%	90%	90%	90%	90%	

Net Operational Savings from the E-Sign Mad Dog (BC-FY01-26) - High End

BASE VOLUMES										
DLO base volumes										
signed MPNs	n/a	250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
GPO printing volume per year	n/a	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Warehouse pallet volume per year	n/a	500	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Prepared shipping boxes per year	n/a	0	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,200
Envelope volume per year	n/a	300,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
First-class mail per year	n/a	25,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
DLS base volumes										
Pnote requests (15% increase per year)	n/a	204,309	234,955	270,198	310,728	357,337	357,337	357,337	357,337	357,337
DLC base volumes										
signed Consolidation notes (7% increase per year)	n/a	288,900	309,123	330,762	353,915	378,689	378,689	378,689	378,689	378,689
DCS base volumes										
Pnotes assigned from GA	n/a	153,477	153,477	153,477	153,477	153,477	153,477	153,477	153,477	153,477
Pnotes assigned from DL	n/a	248,054	248,054	248,054	248,054	248,054	248,054	248,054	248,054	248,054
Imaged Pnote requests	n/a	137,432	137,432	137,432	137,432	137,432	137,432	137,432	137,432	137,432
Original Pnote requests for litigation	n/a	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
CPS base volumes										
PIN Authentication Hits	n/a	250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

*eMPN and eConsolidation Notes were implemented on July 2, 2001, so FY01 savings are based on a 3-month time period

** Unit of savings is per document, per pallet and per box prepared for these entries

¹ DLO may obtain future labor savings via contract renegotiations. Level 1-2 School account for 98.66% of DL MPNs.

^{1a} Initial use indicates 30-40% of eMPN borrowers are requesting DLO mail hard copies

² DLS savings are based on different types of Pnote requests, estimated to grow 15% each year and a variable percentage being for eMPNs for each FY: 2%, 5%, 10%, 25%, 50%

³ DLC already saves \$0.99 per note every time a borrower uses an on-line application. An increase in loan consolidations due to favorable interest rates may increase the estimated eNote volumes.

⁴ DCS--Loans/grants received from FISL, Perkins and Pell are not considered here since they comprise 6% of loans DCS receives and Pell grants don't have Pnotes. Assumed no eNotes would be received in FY01, 25% in FY02, 50% in FY03 and 75% in FY04 and FY05. Assumed no eNotes would be requested in FY01, 10% in FY02 of Pnote requests would be eNotes, 20% in FY03, 40% in FY04, and 50% in FY05. When DCS determines all their future processes with eNotes, DCS can re-estimate their savings to consider all their processes.

⁵ CPS estimates 10% of e-signed eMPNs will result in PIN reissuances at \$1 per PIN for low volumes and \$.50 per PIN for high volumes

Net Operational Savings from the E-Sign Mad Dog (BC-FY01-26) - Low End

	net savings or cost per eNote	FY 2000	*FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Total
DLO¹											
Level 1-2 Schools (98.66% of DL notes)											
GPO printing of Pnotes and R&R**	\$0.03	n/a	\$0	\$60,750	\$60,750	\$60,750	\$60,750	\$60,750	\$60,750	\$60,750	\$425,250
Warehousing GPO-printed docs**	\$1.83	n/a	\$618	\$8,897	\$8,897	\$8,897	\$8,897	\$8,897	\$8,897	\$8,897	\$62,898
Prepare boxes of Pnotes and R&R for shipping**	\$0.68	n/a	\$0	\$6,964	\$6,964	\$6,964	\$6,964	\$6,964	\$6,964	\$6,964	\$48,751
Bulk ship Pnotes and R&R	\$0.17	n/a	\$28,303	\$113,212	\$113,212	\$113,212	\$113,212	\$113,212	\$113,212	\$113,212	\$820,790
Level 3-5 Schools (1.34% of DL notes)											
Print Pnote	\$0.01	n/a	\$23	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$673
Print envelope	\$0.04	n/a	\$83	\$333	\$333	\$333	\$333	\$333	\$333	\$333	\$2,413
Postage	\$0.34	n/a	\$769	\$3,075	\$3,075	\$3,075	\$3,075	\$3,075	\$3,075	\$3,075	\$22,296
Pnote Processing											
Scan Pnotes	\$0.09	n/a	\$15,188	\$60,750	\$60,750	\$60,750	\$60,750	\$60,750	\$60,750	\$60,750	\$440,438
Print envelope	\$0.04	n/a	\$7,369	\$49,347	\$49,347	\$49,347	\$49,347	\$49,347	\$49,347	\$49,347	\$352,799
Postage	\$0.34	n/a	\$4,969	\$42,825	\$42,825	\$42,825	\$42,825	\$42,825	\$42,825	\$42,825	\$304,742
Imaging staff reduction	\$0.25	n/a	\$3,375	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$168,750	\$1,184,625
eMPN storage per year	\$0.01	n/a	\$2,363	\$9,450	\$9,450	\$9,450	\$9,450	\$9,450	\$9,450	\$9,450	\$68,513
New Operational Costs											
Mail requested eMPN copies ^{1a}	(\$0.39)	n/a	(\$26,325)	(\$92,138)	(\$92,138)	(\$92,138)	(\$92,138)	(\$92,138)	(\$92,138)	(\$92,138)	(\$671,288)
Web server operations (\$10k per month)	n/a	n/a	(\$30,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$870,000)
Subtotal		\$0	\$6,734	\$312,309	\$312,309	\$312,309	\$312,309	\$312,309	\$312,309	\$312,309	\$2,192,899
DLS²											
Skip-trace & Collections (request/image/data entry) 70.79%	\$3.62	n/a	\$9,424	\$27,094	\$62,317	\$179,161	\$412,070	\$412,070	\$412,070	\$412,070	\$1,926,276
DCS Transfers (request, image) 23.97%	\$2.87	n/a	\$2,530	\$7,274	\$16,729	\$48,096	\$110,622	\$110,622	\$110,622	\$110,622	\$517,116
DLSS Processing Copy (request, image) 0.32%	\$2.87	n/a	\$34	\$97	\$223	\$642	\$1,477	\$1,477	\$1,477	\$1,477	\$6,904
Borrower Requested PIF Copy (request, image) 2.3%	\$2.87	n/a	\$243	\$698	\$1,605	\$4,615	\$10,615	\$10,615	\$10,615	\$10,615	\$49,619
Borrower Requested Copy (request, image, mail) 2.3%	\$3.16	n/a	\$267	\$768	\$1,767	\$5,081	\$11,687	\$11,687	\$11,687	\$11,687	\$54,633
DDB Copy (request, image) 0.32%	\$2.87	n/a	\$34	\$97	\$223	\$642	\$1,477	\$1,477	\$1,477	\$1,477	\$6,904
Subtotal		\$0	\$12,532	\$36,028	\$82,865	\$238,238	\$547,947	\$547,947	\$547,947	\$547,947	\$2,561,451
DLC³											
Print and mail Pnote to student	\$0.36	n/a	\$48,174	\$51,546	\$55,154	\$59,015	\$63,146	\$63,146	\$63,146	\$63,146	\$466,471
Receive and review mailed Pnotes	\$0.06	n/a	\$7,436	\$7,957	\$8,514	\$9,110	\$9,747	\$9,747	\$9,747	\$9,747	\$72,007
Image and process Pnote	\$0.08	n/a	\$10,587	\$11,328	\$12,121	\$12,969	\$13,877	\$13,877	\$13,877	\$13,877	\$102,511
Retire Pnote and ship to vault	\$0.05	n/a	\$7,206	\$7,711	\$8,251	\$8,828	\$9,446	\$9,446	\$9,446	\$9,446	\$69,781
Store Pnote per year	\$0.01	n/a	\$1,893	\$2,025	\$2,167	\$2,319	\$2,481	\$2,481	\$2,481	\$2,481	\$18,329
New Operational Costs	n/a	n/a	(\$100,000)	(\$200,000)							(\$300,000)
Subtotal	\$0.56	\$0	(\$24,704)	(\$119,434)	\$86,206	\$92,241	\$98,697	\$98,697	\$98,697	\$98,697	\$429,099
DCS⁴											
Defaulted Pnote Assignment											
Prepare Pnote assigned from GA for imaging	\$0.07	n/a	\$0	\$2,303	\$4,605	\$6,908	\$6,908	\$6,908	\$6,908	\$6,908	\$41,447
Image and QC image of Pnote assigned from GA	\$0.08	n/a	\$0	\$2,901	\$5,801	\$8,702	\$8,702	\$8,702	\$8,702	\$8,702	\$52,213
Pnote Retrieval											
Retrieve imaged Pnote, print, mail to requestor	\$1.00	n/a	\$0	\$12,369	\$24,738	\$49,476	\$61,844	\$61,844	\$61,844	\$61,844	\$333,960
Retrieve, print envelope and mail original Pnote	\$2.00	n/a	\$0	\$2,700	\$5,400	\$10,800	\$13,500	\$13,500	\$13,500	\$13,500	\$72,900
Subtotal		\$0	\$0	\$20,272	\$40,544	\$75,886	\$90,954	\$90,954	\$90,954	\$90,954	\$500,520
VDC											
Operations	n/a	n/a	(\$40,000)	(\$120,000)							(\$160,000)
Subtotal		\$0	(\$40,000)	(\$120,000)							(\$160,000)

Net Operational Savings from the E-Sign Mad Dog (BC-FY01-26) - Low End

CPS (new operational costs)												
PIN Authentication Hits		(\$0.20)	n/a	(\$45,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$990,000)
PIN Reissuance ⁵		(\$1.00)	n/a	(\$22,500)	n/a							(\$22,500)
PIN Reissuance ⁵		(\$0.50)	n/a	n/a	(\$33,750)							(\$33,750)
Other		(\$0.05)	n/a	(\$11,250)								(\$11,250)
Other		(\$0.03)	n/a		(\$18,900)							(\$18,900)
Subtotal			\$0	(\$78,750)	(\$187,650)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$135,000)	(\$1,076,400)
TOTAL NET OPERATIONAL SAVINGS			\$0	(\$124,189)	(\$58,474)	\$386,925	\$583,673	\$914,908	\$914,908	\$914,908	\$914,908	\$4,447,568
CUMULATIVE NET OPERATIONAL SAVINGS			\$0	(\$124,189)	(\$182,662)	\$204,263	\$787,936	\$1,702,844	\$2,617,752	\$3,532,660	\$4,447,568	
E-SIGNED LOW-END VOLUME ASSUMPTIONS -10%	Percentage											
DLO e-signed assumptions												
e-signed eMPNs	67.5%	n/a	168,750	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	
GPO printing volume per year	67.5%	n/a	0	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000	2,025,000	
Warehouse pallet volume per year	67.5%	n/a	338	4,860	4,860	4,860	4,860	4,860	4,860	4,860	4,860	
Prepared shipping boxes per year	67.5%	n/a	0	10,260	10,260	10,260	10,260	10,260	10,260	10,260	10,260	
Envelope volume per year	67.5%	n/a	202,500	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	
First-class mail per year	67.5%	n/a	16,875	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	
DLS e-signed assumptions²												
Pnote requests (grow 15% each year)	variable	n/a	3,678	10,573	24,318	69,914	160,802	160,802	160,802	160,802	160,802	
	-	n/a	1.8%	4.5%	9%	22.5%	45%	45%	45%	45%	45%	
DLC e-signed assumptions												
e-signed eConsolidation notes	46.8%	n/a	135,205	144,670	154,797	165,632	177,226	177,226	177,226	177,226	177,226	
DCS e-signed assumptions⁴												
Pnotes assigned from GA	variable	n/a	0	34,532	69,065	103,597	103,597	103,597	103,597	103,597	103,597	
	-	n/a	0%	22.5%	45%	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%	
Pnotes assigned from DL	variable	n/a	0	55,812	111,624	167,436	167,436	167,436	167,436	167,436	167,436	
	-	n/a	0%	22.5%	45%	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%	
Imaged Pnote requests	variable	n/a	0	12,369	24,738	49,476	61,844	61,844	61,844	61,844	61,844	
	-	n/a	0%	9%	18%	36%	45%	45%	45%	45%	45%	
Original Pnote requests for litigation	variable	n/a	0	1,350	2,700	5,400	6,750	6,750	6,750	6,750	6,750	
	-	n/a	0%	9%	18%	36%	45%	45%	45%	45%	45%	
CPS e-signed assumptions												
		n/a	225,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	675,000	
		n/a	90%	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%	67.5%	

Net Operational Savings from the E-Sign Mad Dog (BC-FY01-26) - Low End

BASE VOLUMES										
DLO base volumes										
signed MPNs	n/a	250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
GPO printing volume per year	n/a	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Warehouse pallet volume per year	n/a	500	7,200	7,200	7,200	7,200	7,200	7,200	7,200	7,200
Prepared shipping boxes per year	n/a	0	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,200
Envelope volume per year	n/a	300,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
First-class mail per year	n/a	25,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
DLS base volumes										
Pnote requests (15% increase per year)	n/a	204,309	234,955	270,198	310,728	357,337	357,337	357,337	357,337	357,337
DLC base volumes										
signed Consolidation notes (7% increase per year)	n/a	288,900	309,123	330,762	353,915	378,689	378,689	378,689	378,689	378,689
DCS base volumes										
Pnotes assigned from GA	n/a	153,477	153,477	153,477	153,477	153,477	153,477	153,477	153,477	153,477
Pnotes assigned from DL	n/a	248,054	248,054	248,054	248,054	248,054	248,054	248,054	248,054	248,054
Imaged Pnote requests	n/a	137,432	137,432	137,432	137,432	137,432	137,432	137,432	137,432	137,432
Original Pnote requests for litigation	n/a	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
CPS base volumes										
PIN Authentication Hits	n/a	250,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

*eMPN and eConsolidation Notes were implemented on July 2, 2001, so FY01 savings are based on a 3-month time period

** Unit of savings is per document, per pallet and per box prepared for these entries

¹ DLO may obtain future labor savings via contract renegotiations. Level 1-2 School account for 98.66% of DL MPNs.

^{1a} Initial use indicates 30-40% of eMPN borrowers are requesting DLO mail hard copies

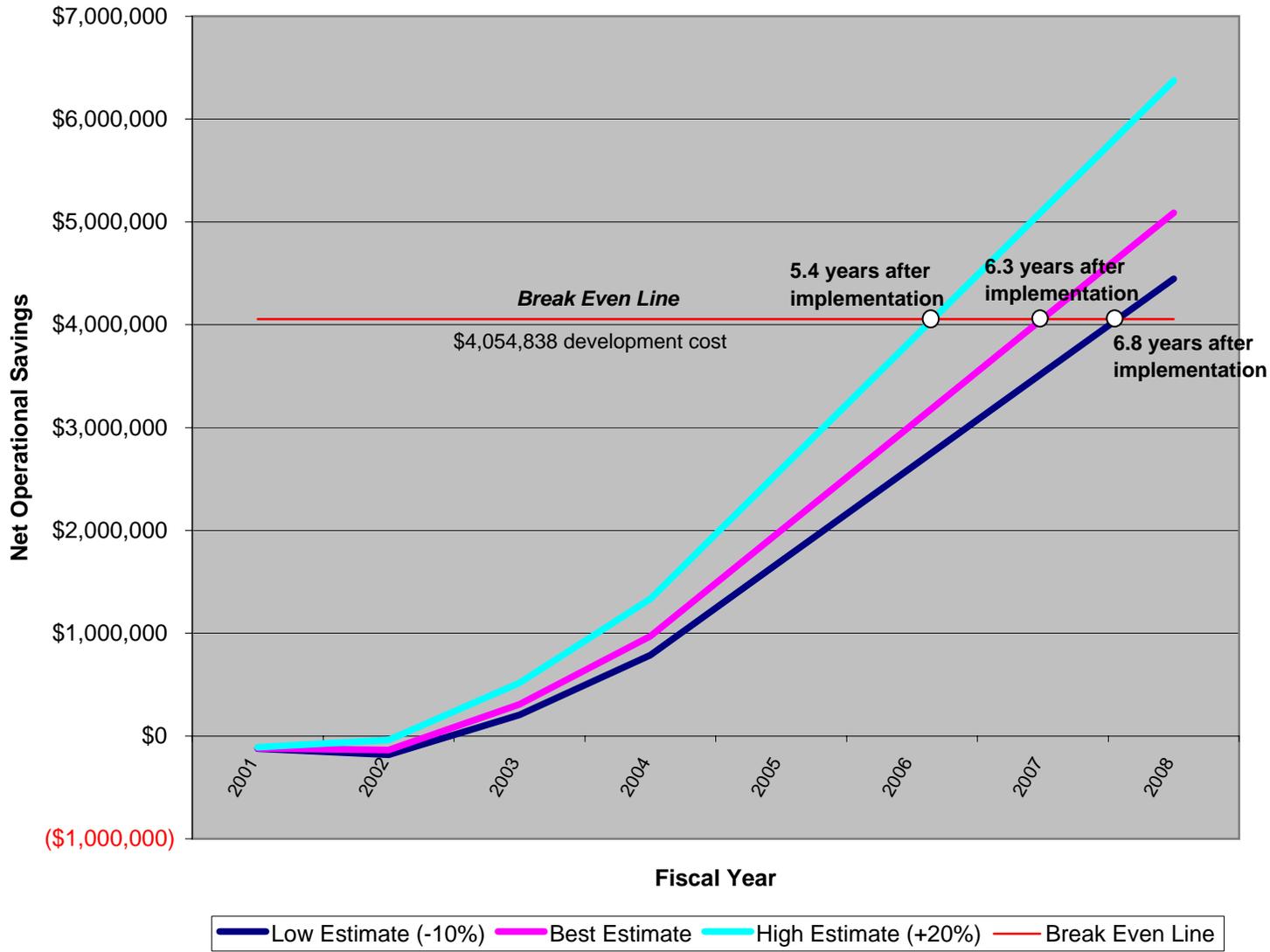
² DLS savings are based on different types of Pnote requests, estimated to grow 15% each year and a variable percentage being for eMPNs for each FY: 2%, 5%, 10%, 25%, 50%

³ DLC already saves \$0.99 per note every time a borrower uses an on-line application. An increase in loan consolidations due to favorable interest rates may increase the estimated eNote volumes.

⁴ DCS--Loans/grants received from FISL, Perkins and Pell are not considered here since they comprise 6% of loans DCS receives and Pell grants don't have Pnotes. Assumed no eNotes would be received in FY01, 25% in FY02, 50% in FY03 and 75% in FY04 and FY05. Assumed no eNotes would be requested in FY01, 10% in FY02 of Pnote requests would be eNotes, 20% in FY03, 40% in FY04, and 50% in FY05. When DCS determines all their future processes with eNotes, DCS can re-estimate their savings to consider all their processes.

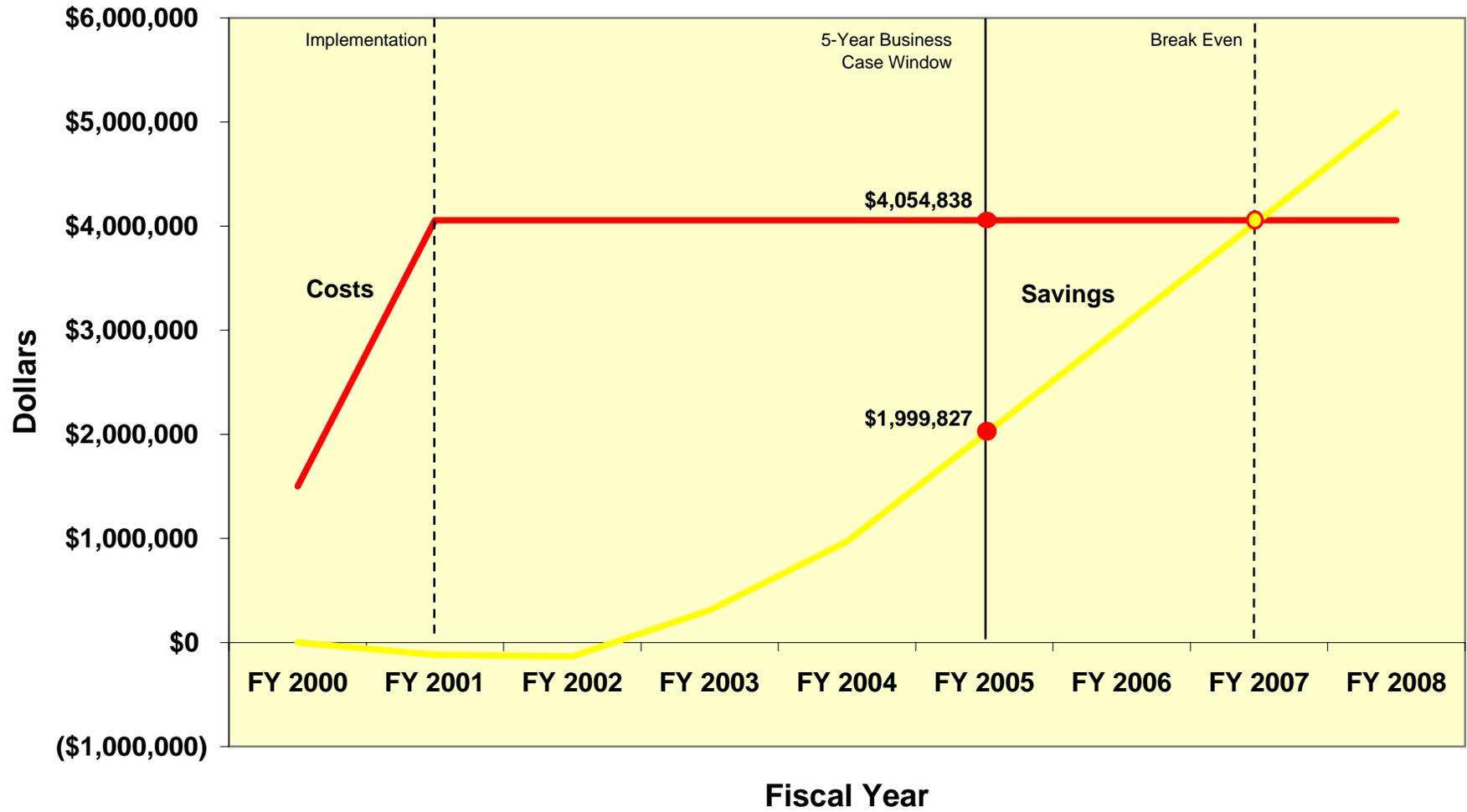
⁵ CPS estimates 10% of e-signed eMPNs will result in PIN reissuances at \$1 per PIN for low volumes and \$.50 per PIN for high volumes

E-Signed Prnote Volume Sensitivity Model By Net Operational Savings



E-Sign Savings (Best Estimate) vs. Costs

Break Even Estimated FY2007



Break Even Calculations

	low end savings		high end savings		best estimate savings
fy 2007	\$3,532,660	fy2006	\$3,853,670	fy2007	\$4,059,622
fy 2008	\$4,447,568	fy2007	\$5,113,547	fy2008	n/a
year between	\$914,908	year between	\$1,259,877	year between	n/a
by month	\$76,242	by month	\$104,990	by month	n/a
fy 2007/Sep 2007	\$3,532,660	fy2006/Sep 2006	\$3,853,670	fy2007/Sep 2007	<u>\$4,059,622</u>
Oct-07	\$76,242	Oct-06	\$104,990	break even	\$4,059,622
Nov-07	\$76,242	Nov-06	<u>\$104,990</u>		
Dec-07	\$76,242	break even	<u>\$4,063,650</u>		
Jan-08	\$76,242				
Feb-08	\$76,242				
Mar-08	\$76,242				
Apr-08	<u>\$76,242</u>				
break even	<u>\$4,066,354</u>				

Jul 2001 - Sep 2007 equals 75 months after implementation or 6.25 year

Jul 2001 - Nov 2006 equals 65 months or 5.4 years after implementation

Jul 2001 - Apr 2008 equals 82 months or 6.8 years after implementation

started using in Jul 2001, so savings started 4th quarter fy2001

		low end	high end	best est
fy2001	3	3	3	3
fy 2002	12	12	12	12
fy 2003	12	12	12	12
fy2004	12	12	12	12
fy2005	12	12	12	12
fy2006	12	12	12	12
fy2007	12	12	2	12
fy2008	12	7		
		6.8 yrs after go live	5.4 years after go live	6.25 years after go live