

Welcome

STUDENT AID

Front  Back
from dreams to reality

Presented by



What's a Penny?



**"The dogmas of the quiet past are inadequate for the stormy present and future. As our circumstances are new, we must think anew, and act now."
- Abraham Lincoln**

Who is SFA?



SFA Standards

- ❖ **Be Worthy of Trust**
- ❖ **Be Courteous**
- ❖ **Deliver Great Products and Services**
- ❖ **Be Efficient**

What about today?

Service Standard

- Be worthy of trust
- Be courteous
- Deliver great products and services
- Be efficient

Agreements

- Return to class on time
- Share experiences
- Be courteous to classmates, presenters and logistics coordinators
- Actively participate in exercises
- Use our training time well

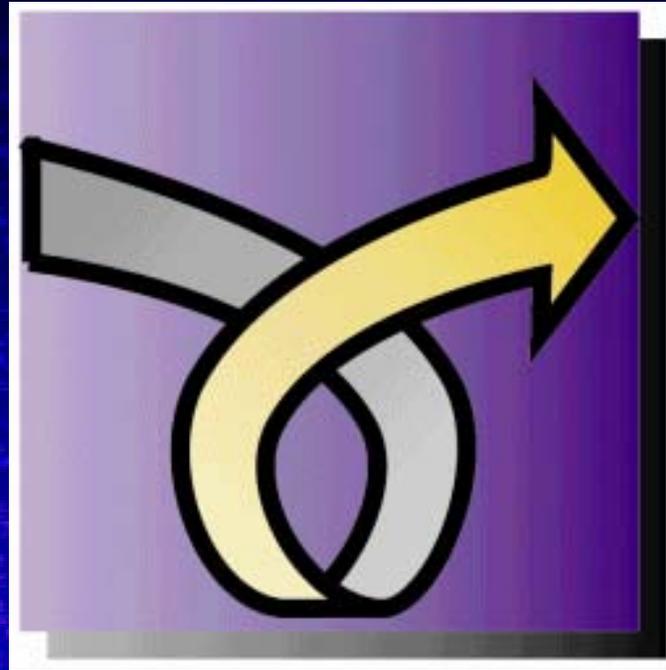
Where we've been...

- ❖ PBO at the Front Lines
- ❖ Traditions

Where we're going...

- ❖ Student Aid Front 2 Back

PBO at the Front Lines



What messages did we hear?

PBO at the Front Lines

- ❖ Customer Focused
- ❖ Outstanding Customer Service
- ❖ Traditional Organization vs. PBO
- ❖ Introduced SFA Service Standards
- ❖ Action Planning

SFA Traditions



What messages did we hear?

SFA Traditions

- ❖ Why we needed to change
- ❖ Our mission as a PBO
- ❖ The history of financial aid
- ❖ Performance excellence
- ❖ Using the service standards

Student Aid Front 2 Back



What messages will we hear?

Student Aid Front 2 Back

- ❖ A shared understanding of the financial aid process
- ❖ How we work with others in the financial aid industry to help put America through school
- ❖ A better sense of SFA's organization
- ❖ How Modernization and Transformation help us achieve our goals
- ❖ Measurement focuses our efforts

To help us become a:

Performance-based,

Customer-focused,

Standards-centered,

Learning organization

Agenda: Front 2 Back

Introduction

Student Aid Process

The Industry Players

SFA Support

Modernization & Transformation

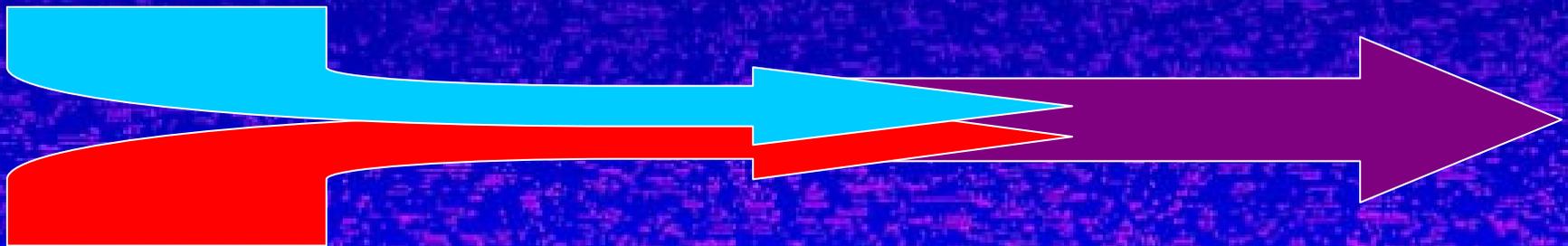
Measurements

Conclusion

Mission: Possible!

Your mission, should you choose
to accept it:

Line up ... without talking!



Introductions!

Please share with us:

- **Your Name**
- **Where you work**
- **One fun fact about yourself**



What is our mission?



Logistics

STUDENT AID

Front 2 Back

from dreams to reality



The



**Student
Aid**



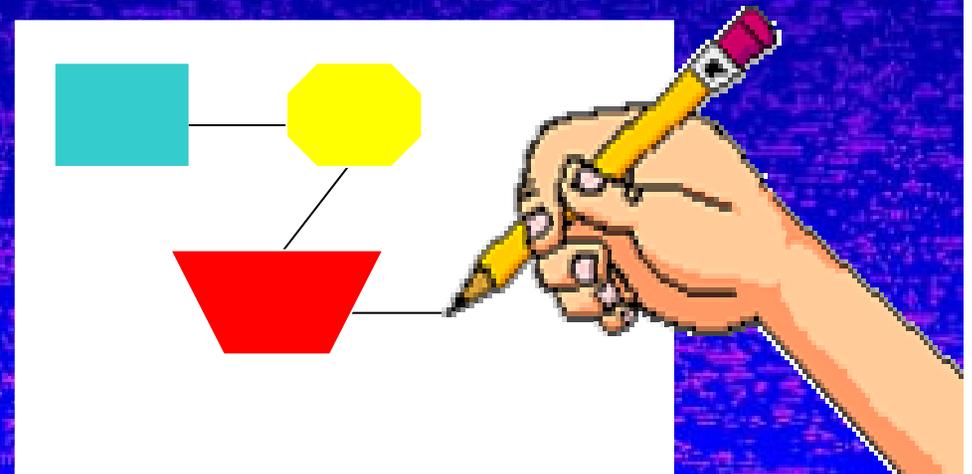
Process

Three Moments of Truth



Draw the Student's Steps

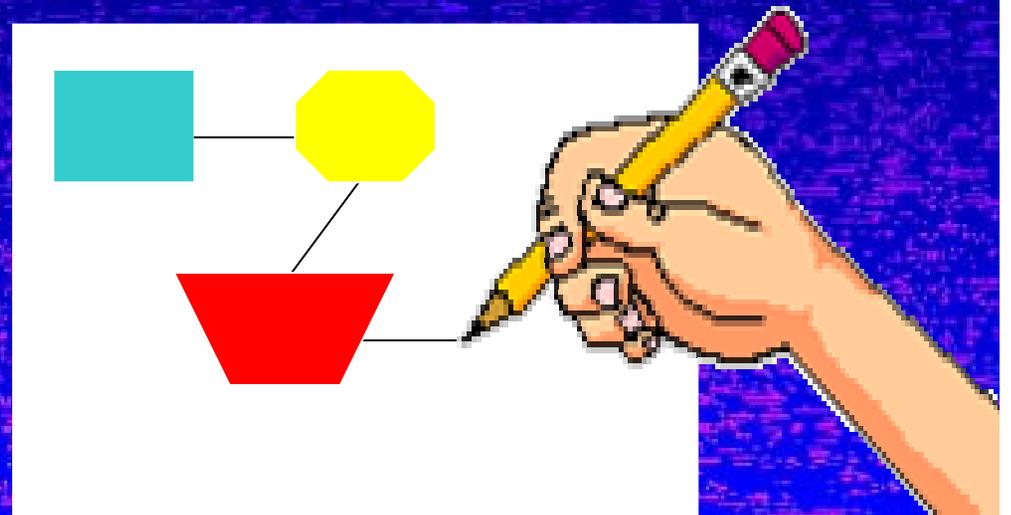
- ❖ Draw the steps you think a student experiences to get financial aid.
- ❖ Start with the first event in the student's financial aid experience and end with the last event.



What do we see?

❖ Similarities?

❖ Differences?



Before We Begin: Eligibility

- ❖ Eligible Student
- ❖ Eligible Program
- ❖ Eligible School



Our Basic Philosophy

- ❖ The responsibility to pay for a student's education belongs primarily to the student and the student's family.
- ❖ The result is the Expected Family Contribution.

Dependent vs. Independent

- ❖ If dependent, the parents' income and assets are assessed as well as the student's.
- ❖ If independent, the income and assets of the student and the student's spouse are assessed.

What is Need?

COA = Cost of Attendance

EFC = Expected Family Contribution

$COA - EFC = \text{Need}$



Examples of Need

| | Public 2-year | Public 4-year | Private 4-year | Private Voc. |
|------|------------------|------------------|-------------------|-----------------|
| COA | 7,800 | 10,500 | 35,000 | 12,000 |
| EFC | <u>8,000</u> | <u>8,000</u> | <u>8,000</u> | <u>8,000</u> |
| Need | -0- | 2,500 | 27,000 | 4,000 |

Need-Based Programs

- ❖ Federal Pell Grant
- ❖ Campus-Based
 - Federal Supplemental Education Opportunity Grant (FSEOG)
 - Federal Work-Study (FWS)
 - Federal Perkins Loan
- ❖ Subsidized FFEL/Direct Stafford Loan

Non-Need-Based Programs

- ❖ **Unsubsidized FFEL/Direct Stafford Loan**
- ❖ **Parent Loan for Undergraduate Students (PLUS)**

The Lineup...

Our next few activities will explore:

- ❖ The Student's Life
- ❖ The Programs
- ❖ The Players

The Student's Life Game



The Student's Life Game

- ❖ The Gameboard
- ❖ Questions
- ❖ Game Pieces
- ❖ Roles

Student Life Game Pieces

- ❖ Question mark cards
- ❖ Stop sign cards
- ❖ Player cards
- ❖ The die
- ❖ 3 pawns
- ❖ 2 guides

Student Life Game Roles

Character:

Assume the role of one of the students and help them through college.

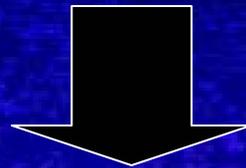
Learning Administrator:

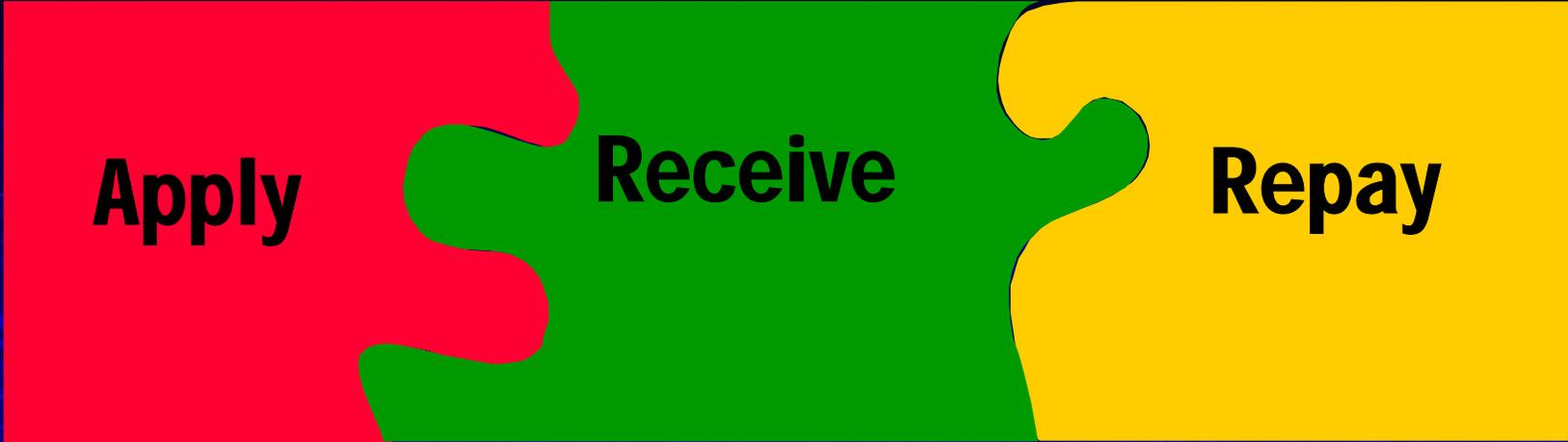
Ask questions of players and verify answers.

Life Event Administrator:

Announce the life events under the headings "Uh-Oh" and "Good News," manage player cards, and distribute aid packages.

Three Moments of Truth





Apply

Receive

Repay



Learn
About
Aid
Options

Apply for
Aid

Apply

Receive

Repay

Evaluate

Receive

Aid

Aid

Offer

Apply

Receive

Repay

Determine

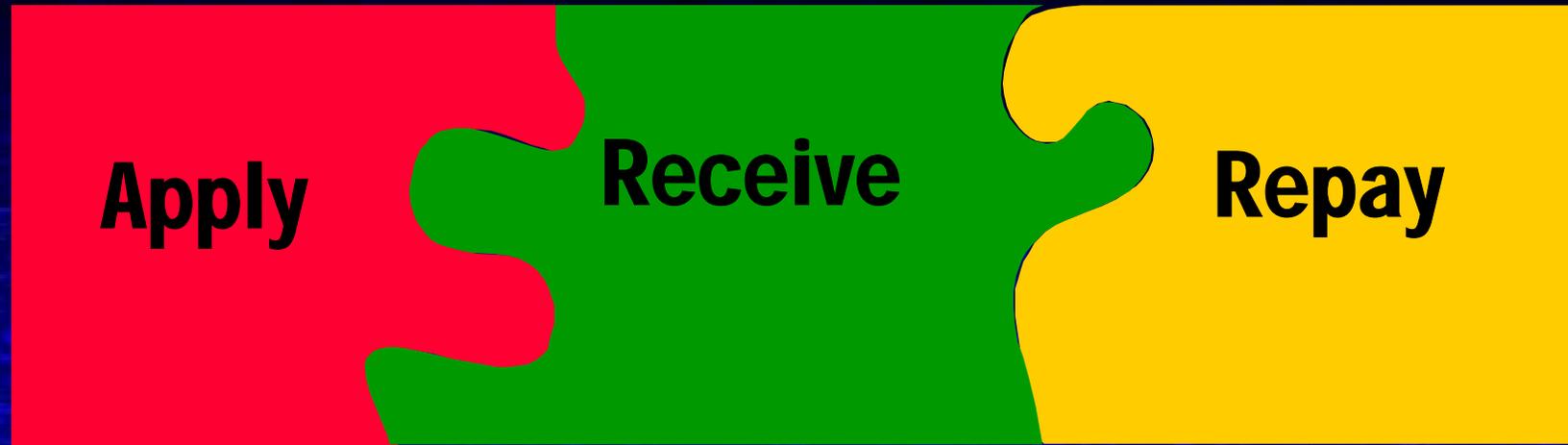
Repay

Repayment

Loans

Options

The Student Journey



Pop Quiz!





The FAFSA, produced by SFA, is the second largest printing job done by the federal government.

Who does the largest?

- A. The Internal Revenue Service**
- B. The Department of Energy**
- C. The Department of the Interior**
- D. The General Accounting Office**



What is the average amount lost to default each year?



- A. \$800-900 million**
- B. \$3-5 billion**
- C. \$10-12 billion**
- D. \$7-9 billion**

Which state has the lowest default rate?



- A. Michigan**
- B. North Dakota**
- C. Indiana**
- D. Utah**

**SFA's Direct Loan
portfolio is valued
at over:**

- A. \$20 billion**
- B. \$40 billion**
- C. \$55 billion**
- D. \$75 billion**



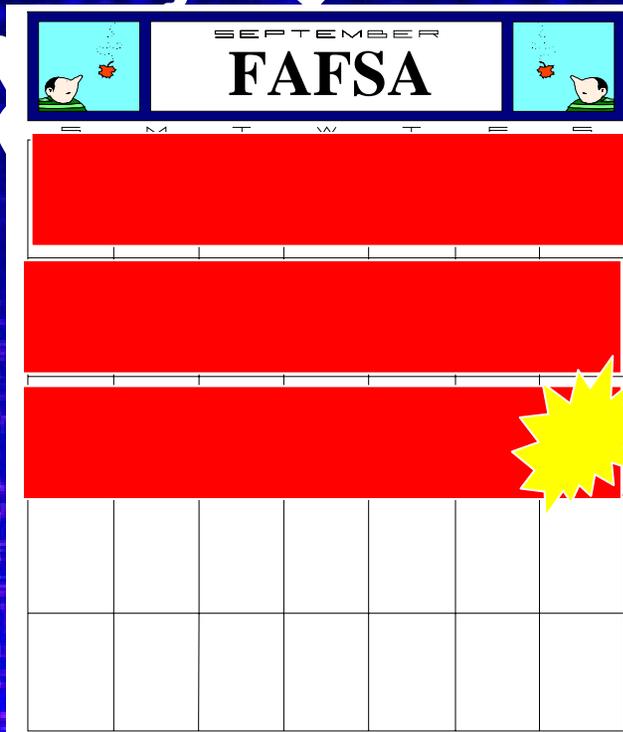
How long does a printing press need to run in order to print 30 million FAFSAs?

A. 24/7 for 3 weeks

B. 24/7 for 16 weeks

C. 24/7 for 10 weeks

D. 24/7 for 1 week



**The busiest day for
the Call Center is:**

- A. Monday**
- B. Wednesday**
- C. Thursday**
- D. Friday**

| M | T | W | T | F | S | S |
|----------|----------|----------|----------|----------|----------|----------|
| | | | | | | |



**What percentage
of FAFSAs were
filed electronically
in 1999-2000?**

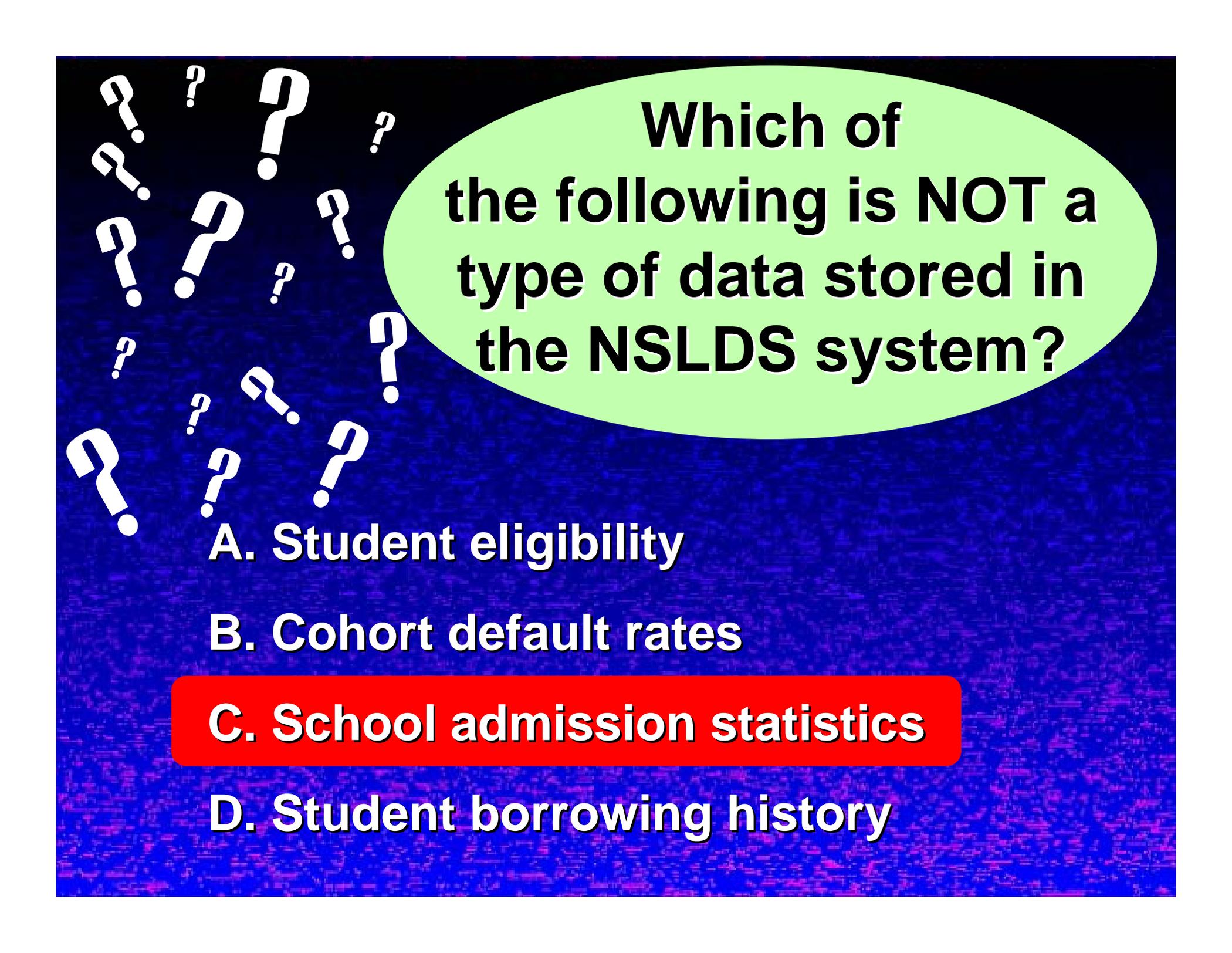


A. 64%

B. 44%

C. 32%

D. 25%



Which of the following is NOT a type of data stored in the NSLDS system?

A. Student eligibility

B. Cohort default rates

C. School admission statistics

D. Student borrowing history

Several years ago, SFA received the following responses to “Household size” on the FAFSA:



- ◆ **3 Bedroom**
- ◆ **20 by 30**
- ◆ **Apartment**

**The question was changed to:
“Number in Household”**

Who are the Players?

- ❖ Students
- ❖ Schools
- ❖ Lenders
- ❖ Guaranty Agencies
- ❖ SFA
- ❖ Operating Partners

The Players: Who Does What?

GUARANTOR



GUARANTOR

SCHOOLS



SCHOOLS

SFA



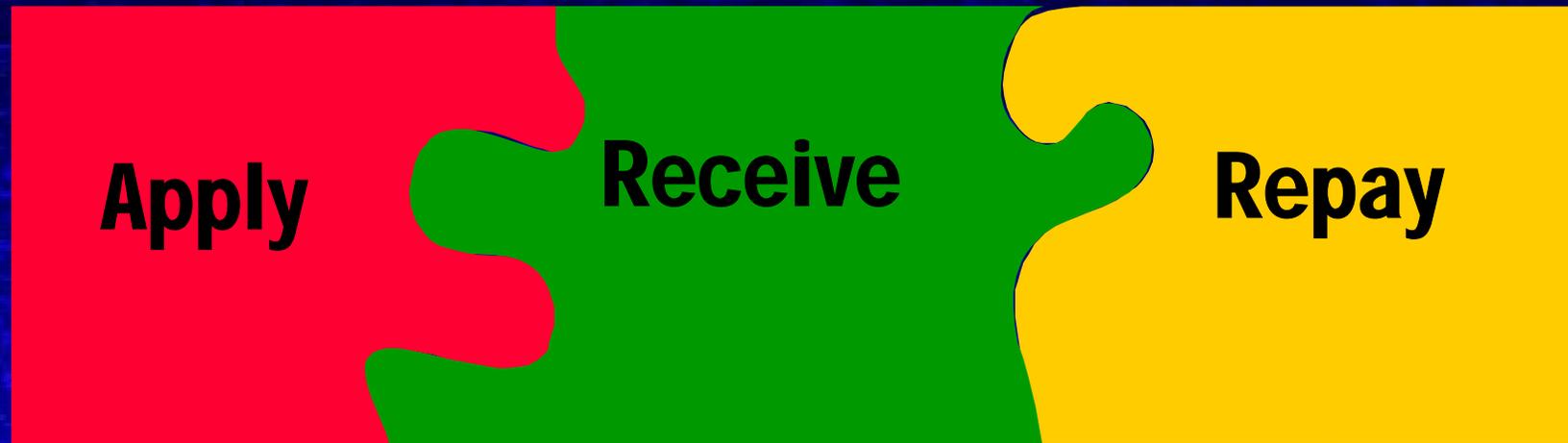
SFA

LENDER



LENDER

Who Does What



Apply

Receive

Repay

Learn
About
Aid
Options

Apply for
Aid

Learn
About
Aid
Options

Learn About Aid Options



SFA publishes aid information



Schools recruit students



Student picks schools to apply to



Student knows to apply for aid

Apply For
Aid

Apply for Aid



SFA publishes FAFSA



Student completes and sends FAFSA



Student applies for admission to schools



SFA processes FAFSA and sends reports



School receives FAFSA report (ISIR)



Student receives FAFSA report (SAR)



School uses ISIR data to package awards



Student receives admission & aid package

Apply

Receive

Repay

Evaluate

Receive

Aid

Aid

Offer



Evaluate Aid Offer



Student evaluates school and aid package



Student chooses school and accepts aid



Student enrolls

Receive
Aid

Receive Aid: Pell Grant



Student accepts a Pell Grant



School sends a Pell Grant origination record and disbursement record to SFA



SFA acknowledges the Pell Grant and authorizes funds



School draws Pell funds and disburses them to student



Student receives Pell Grant funds

Receive
Aid

Receive Aid: Direct Loan



Student accepts a Direct Loan (DL)



School sends a DL origination notice to SFA



Student signs DL promissory note



School sends the DL promissory note to SFA



SFA originates the DL and authorizes funds



School draws the DL funds and disburses to the student



SFA books the DL



Student receives DL funds

Receive
Aid

Receive Aid: FFEL



Student accepts FFEL Loan



Student signs a FFEL promissory note



School sends the FFEL note to the lender



Lender requests loan insurance from a guarantor



Guarantor insures FFEL loan



Lender sends the FFEL funds to the school



School disburses the FFEL funds to the student



Student receives FFEL loan funds



Receive Aid: Campus-Based



Student accepts Campus-Based Aid



School draws the Campus-Based Funds



School matches the Campus-Based Funds



School disburses funds via Perkins loan, grant or work-study



Student receives Campus-Based Aid funds

Apply

Receive

Repay

Determine

Repay

Repayment

Loans

Options

Determine

Repayment

Options

Determine Repayment Options



School provides exit counseling



Student attends exit counseling



Student selects repayment option

Repay

Loans

Repay Loans: Direct Loan



SFA notifies student of DL payment schedule



Student submits DL payments



SFA services DL and adjusts balance



Student completes repayment

OR



Forbearance, deferment, consolidation and default

Repay

Loans

Repay Loans: FFEL



Lender notifies student of FFEL payment schedule



Student submits FFEL payments



Lender services FFEL loan and adjusts balance



Student completes repayment

OR



Forbearance, deferment, consolidation and default

Repay

Loans

Repay Loans: Perkins Loan



School notifies student of Perkins payment schedule



Student submits Perkins payments



School services Perkins loan and adjusts balance



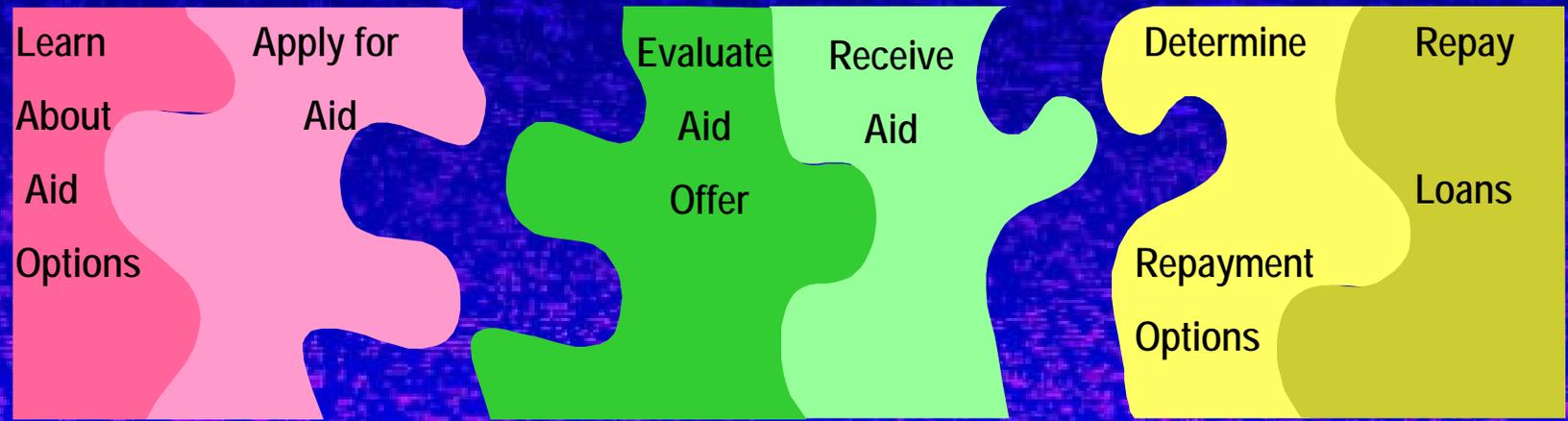
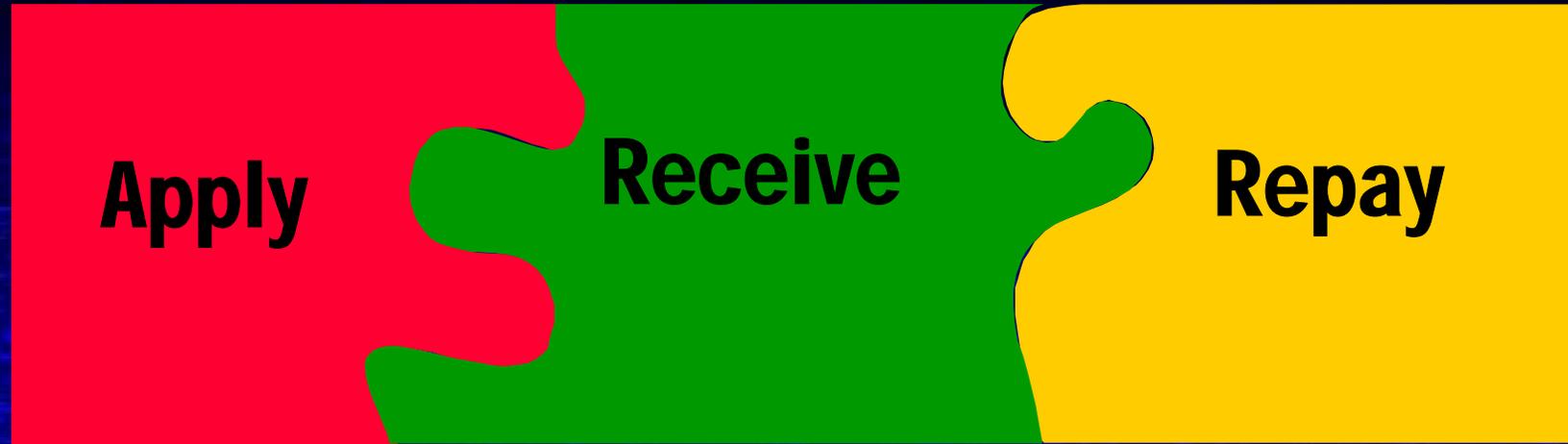
Student completes repayment

OR

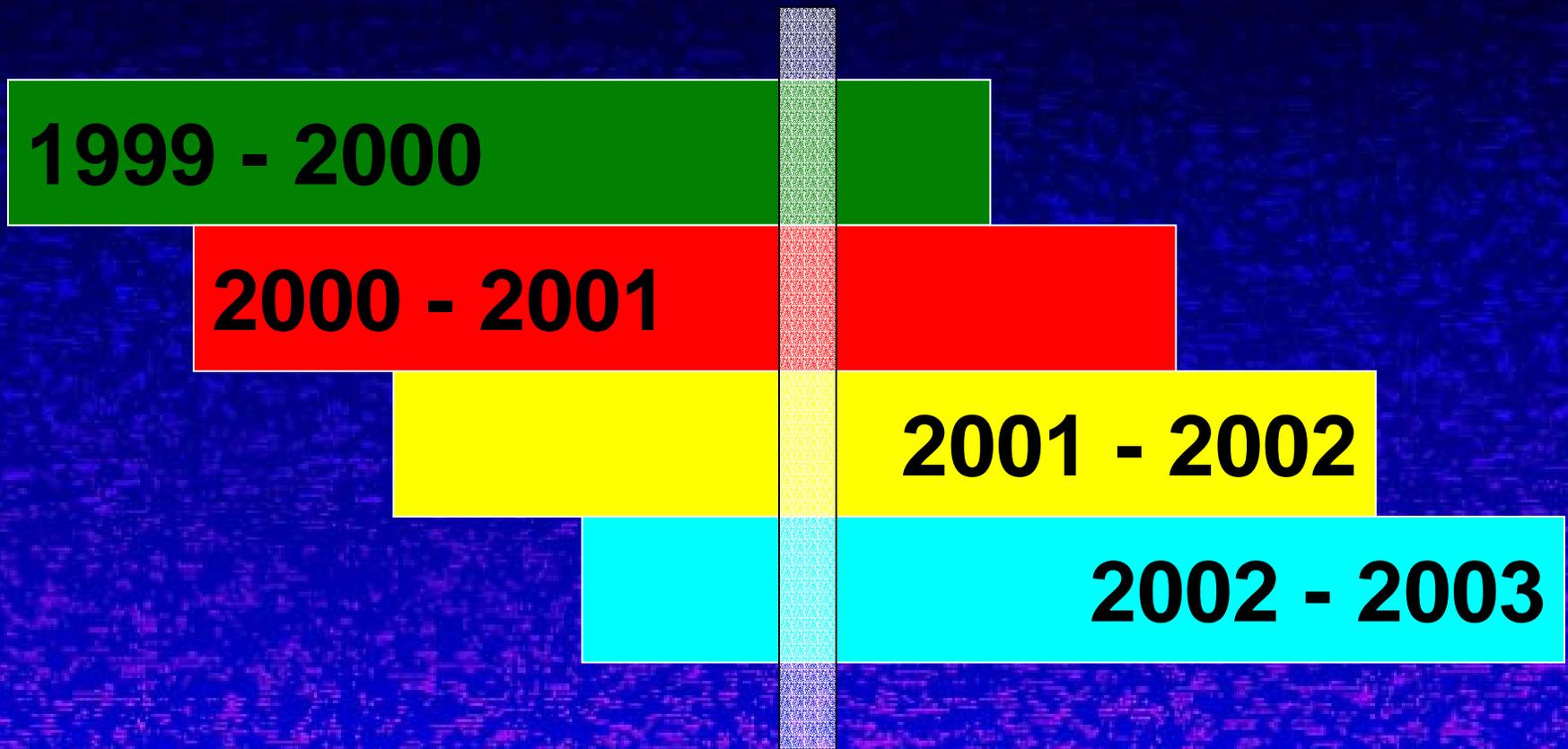


Forbearance, deferment, consolidation and default

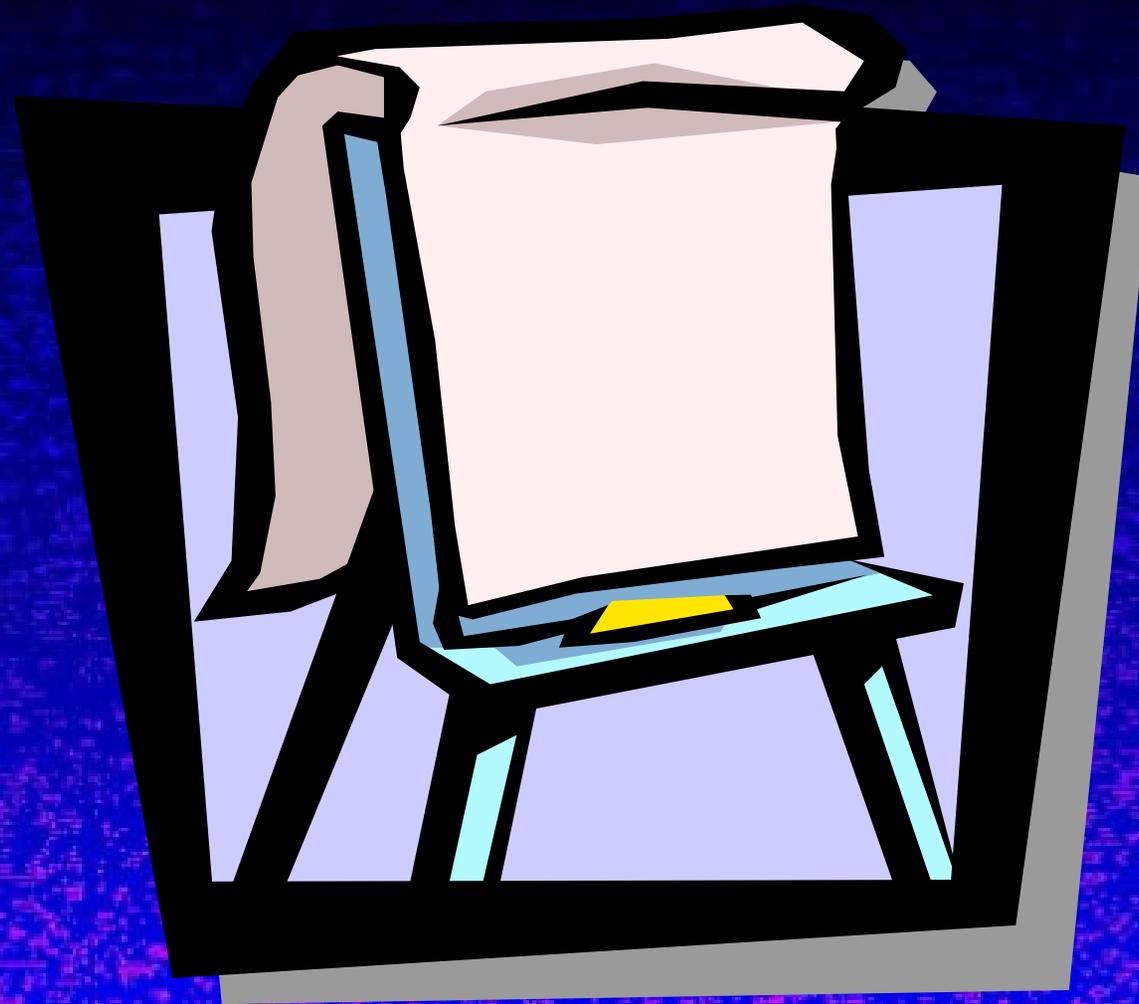
The Complete Journey



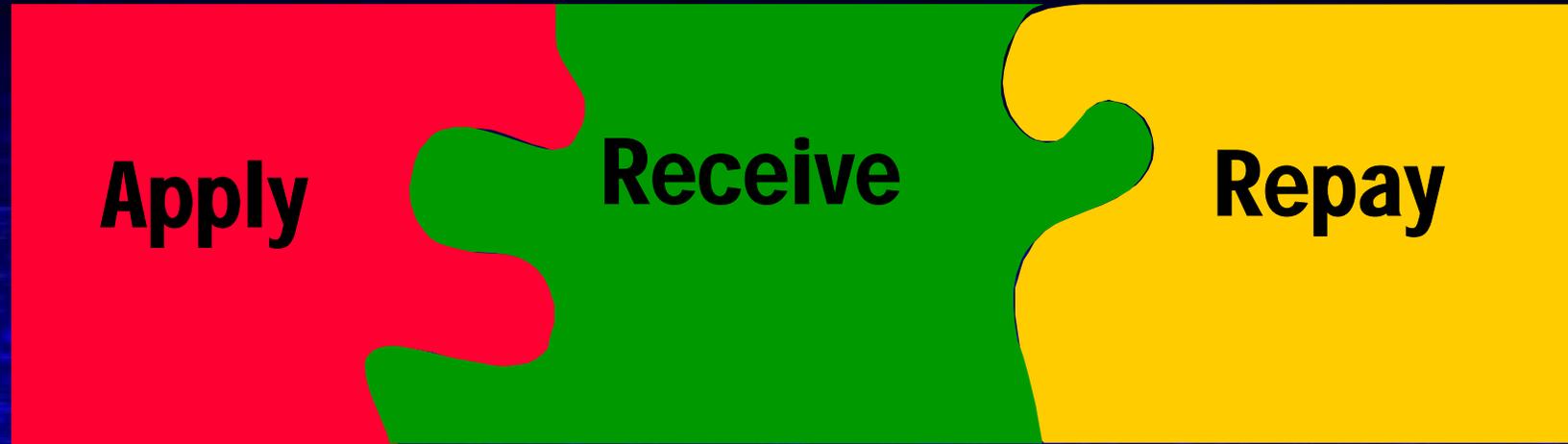
Aid Lifecycle



Yes, and...



The Process

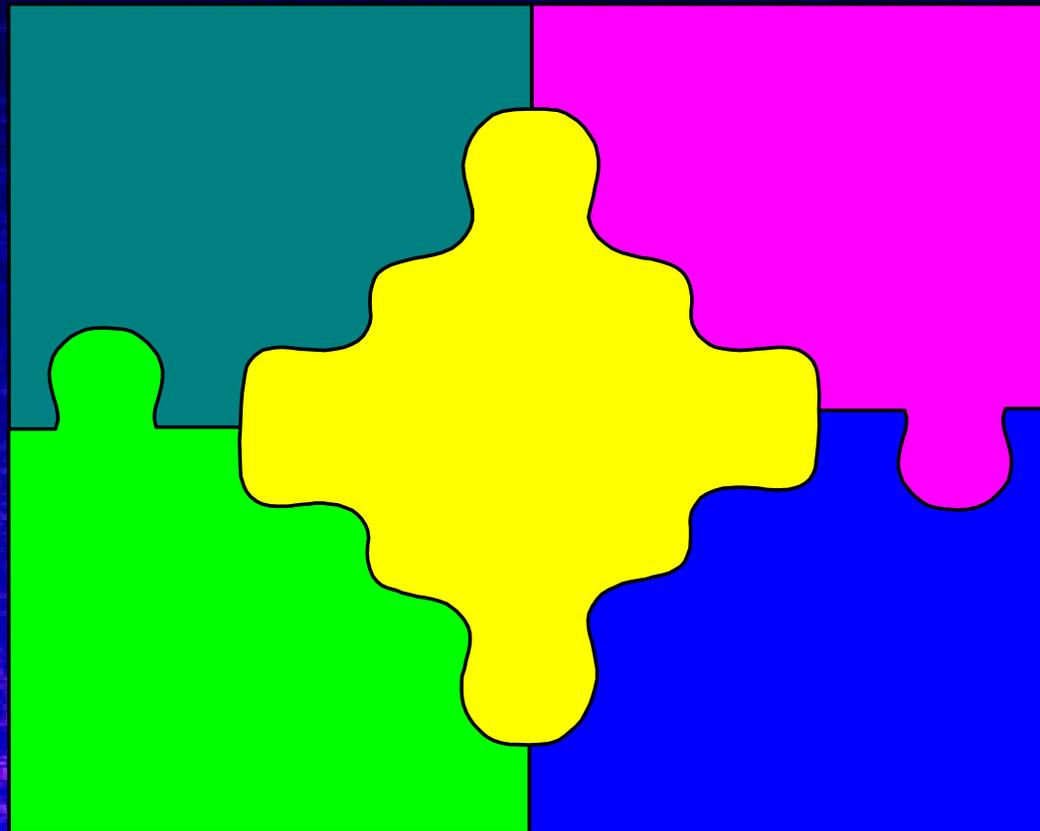


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from dreams to reality

Putting it Together

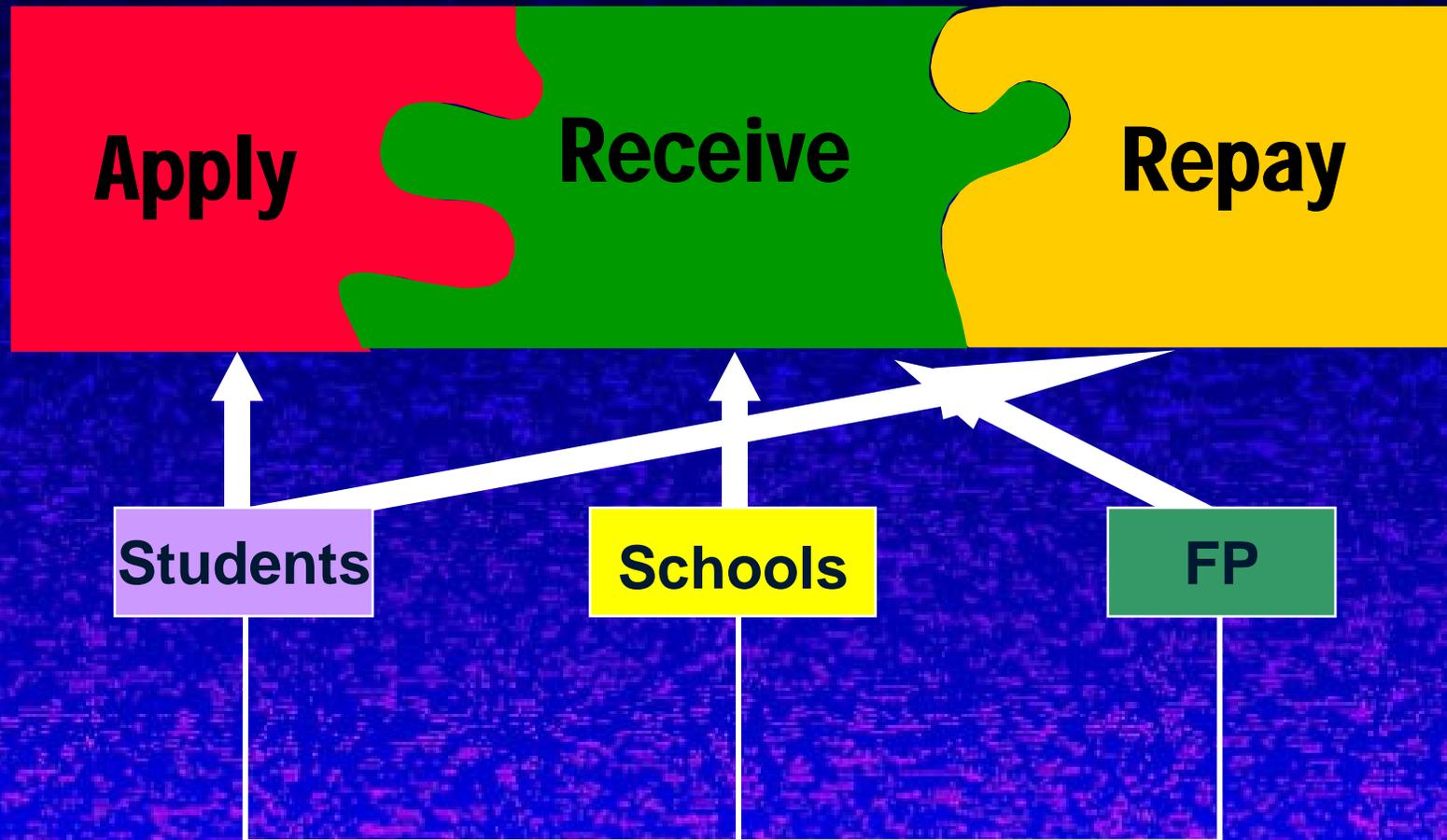


Featuring... The Role of SFA



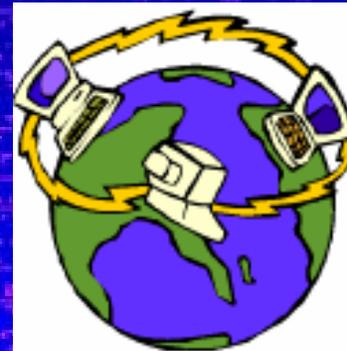
- ❖ Financial Aid Process functions
- ❖ Eligibility and Compliance functions
- ❖ Enterprise-wide functions

The Channels perform the financial aid process functions

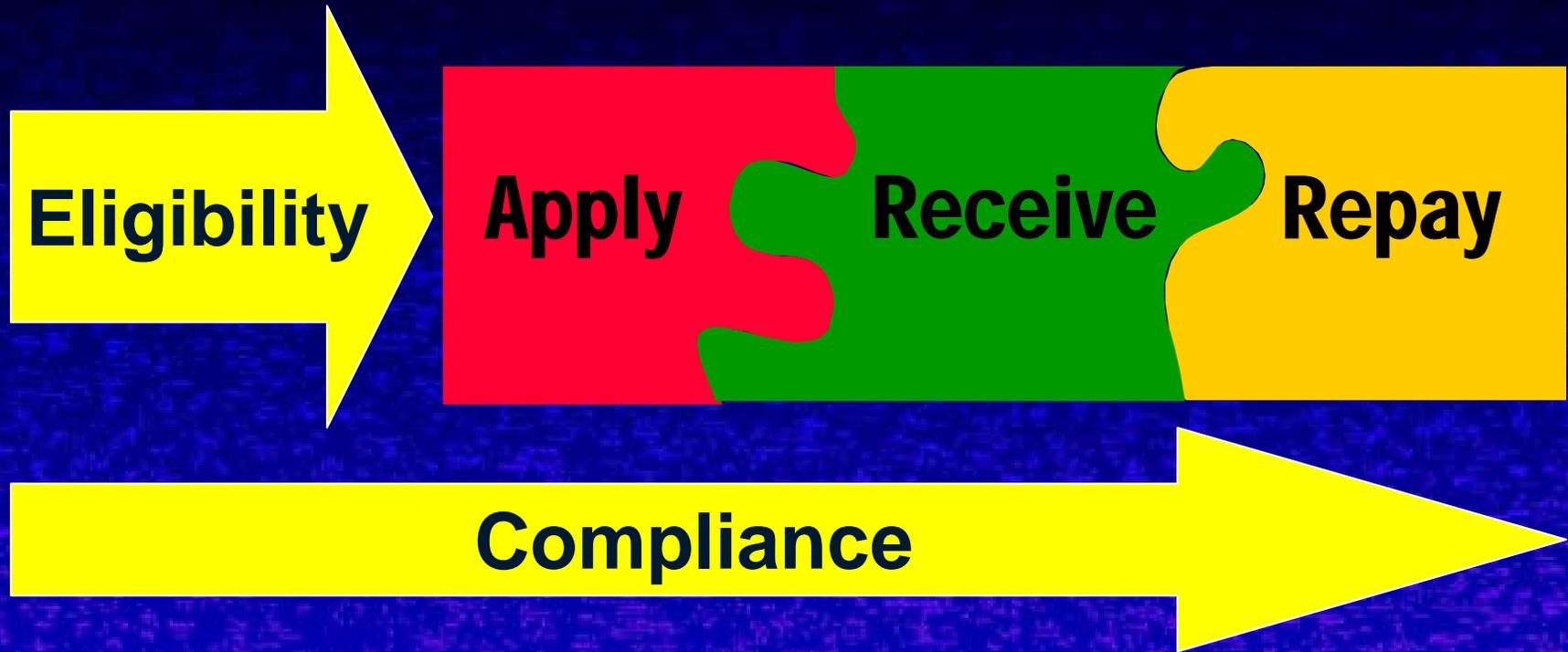


What are some of the functions?

- ❖ Using computer systems, managing operations, and processing financial transactions in support of the process
- ❖ Supporting our customers with customer service centers
- ❖ Working with some of our Operating Partners

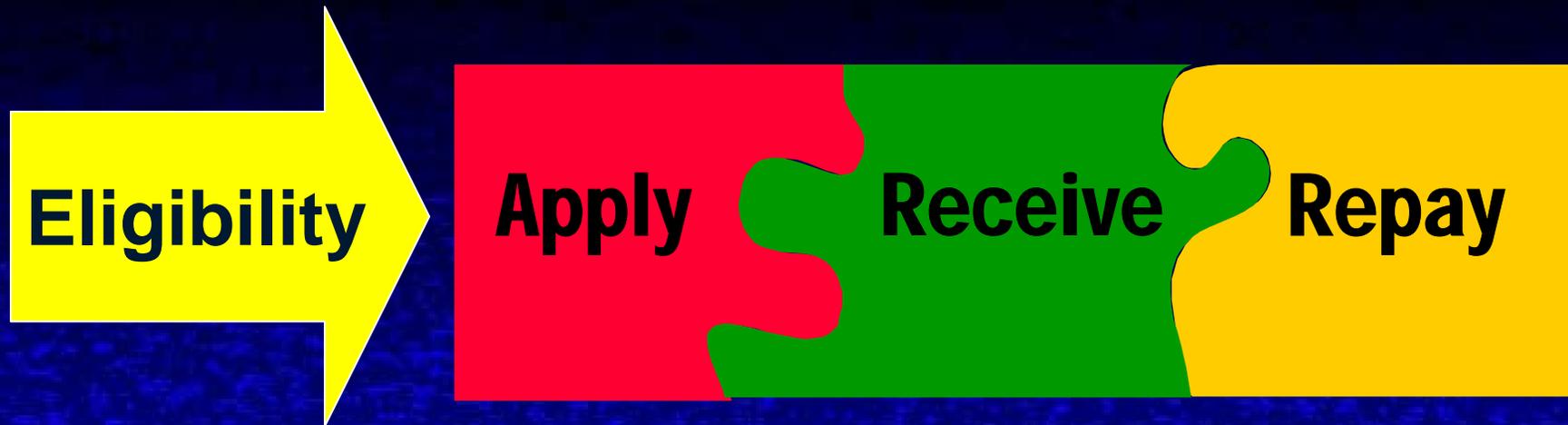


What else do the Channels do?



Eligibility and Compliance

School Eligibility Functions



- ❖ The school's requirements
- ❖ SFA's process for determining eligibility

SFA's School Compliance Functions



The Case Management approach:

- ❖ **Reviewing the school's information**
- ❖ **Determining the appropriate actions**

SFA's FP Compliance Functions



The oversight process:

- ❖ Determine partners to review
- ❖ Review partner files and document findings
- ❖ Notify partner of actions to take
- ❖ Verify that partner has taken actions

What other functions are needed?

Communications
and publications?

Training and
development?

Contracting?

Measuring
performance?

Personnel?

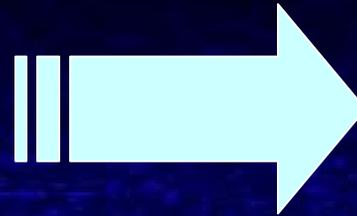
Managing
the finances?

Building and managing systems?

Enterprise-wide functions!

Functions become Enterprise Services

Contracting



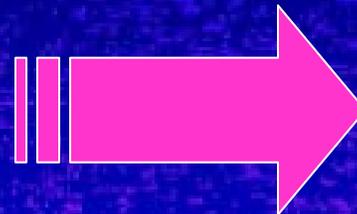
**Acquisitions &
Contract Perf.**

Personnel



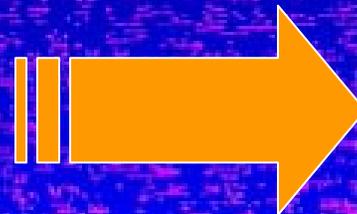
**Human
Resources**

**Measuring
performance**



Analysis

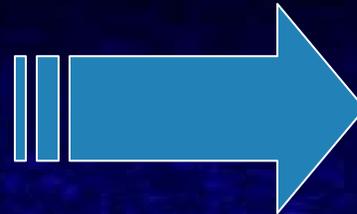
Communications



Communications

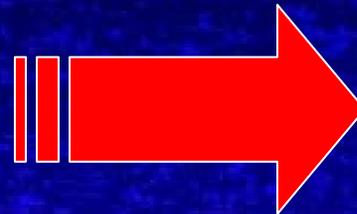
Functions become Enterprise Services

Training and development



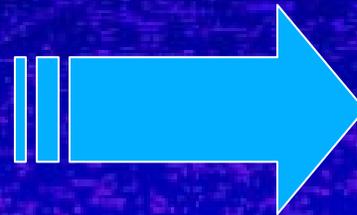
SFA U

Managing the finances



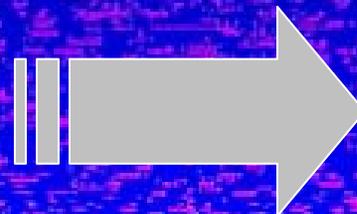
CFO

Building and managing systems



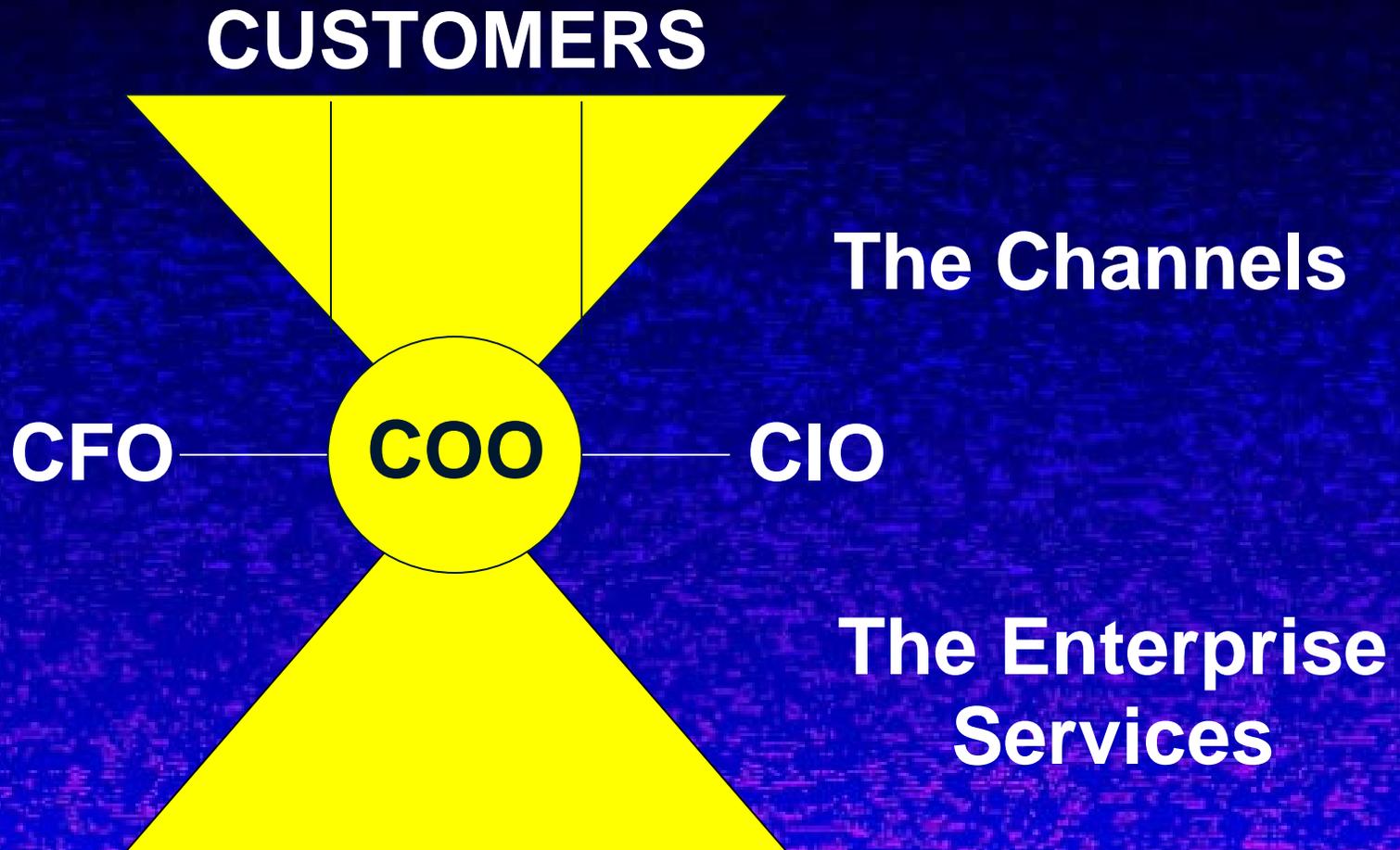
CIO

Setting the direction of SFA



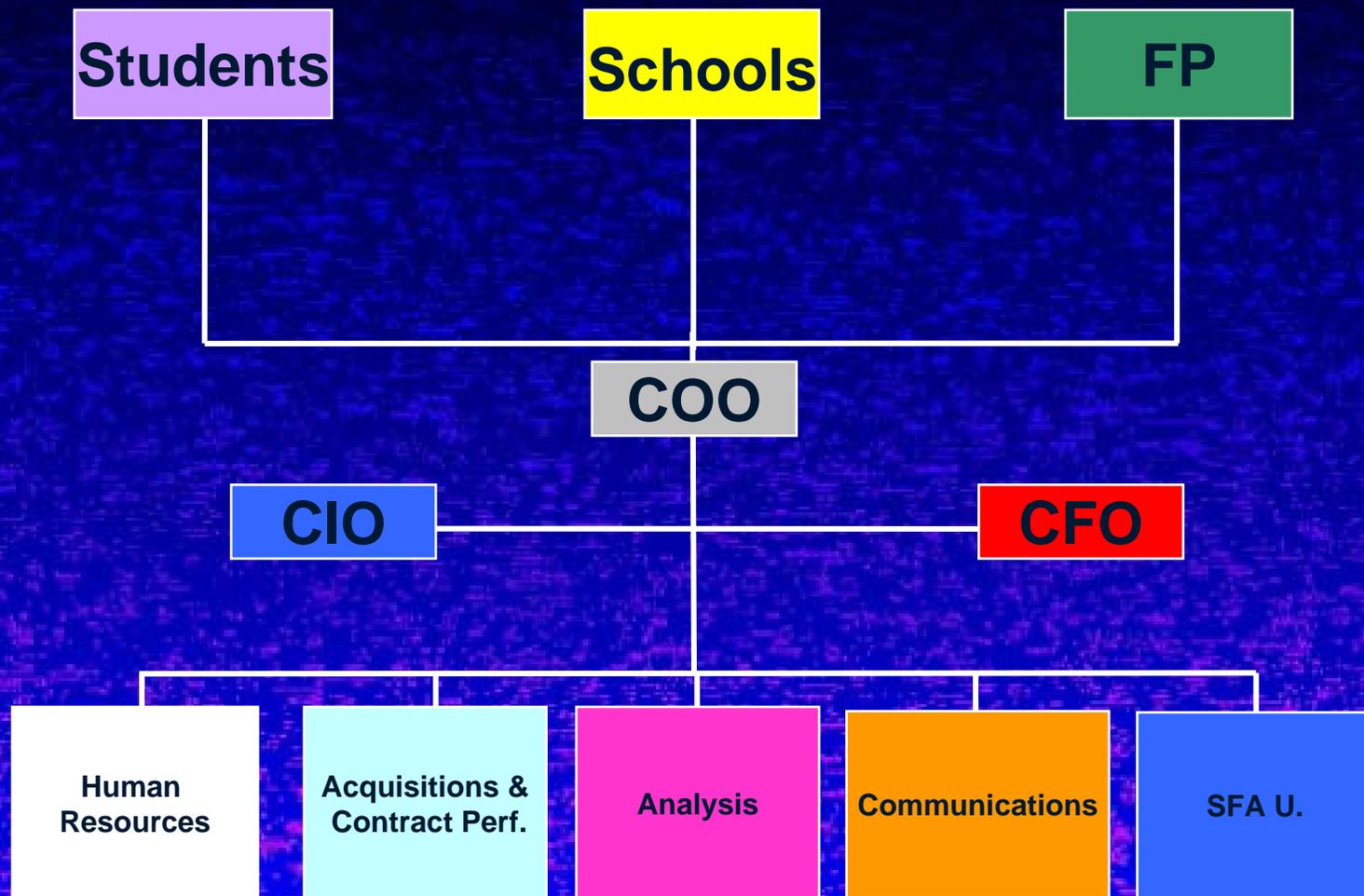
COO

The new structure of SFA



What does it look like?

SFA!



**What Do
I Do?**



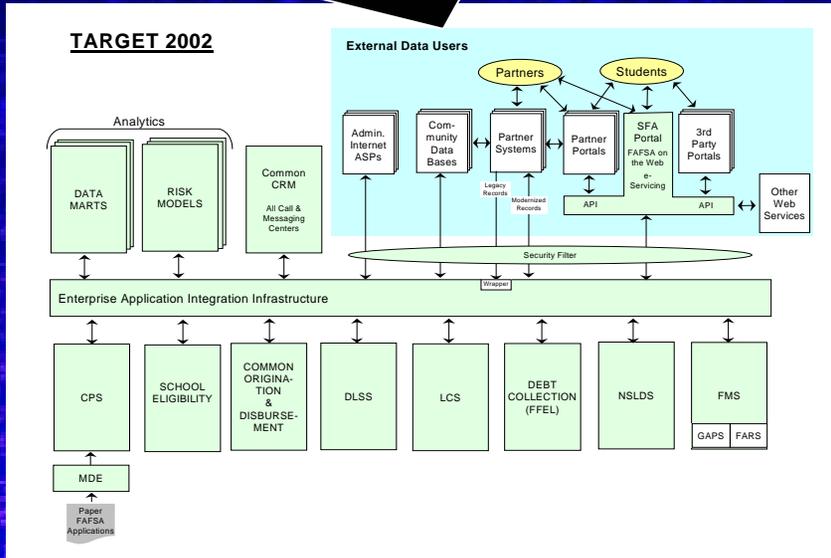
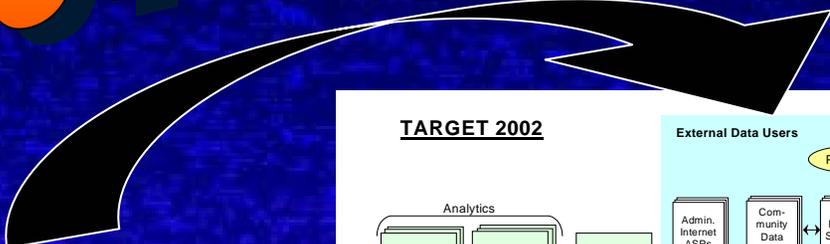
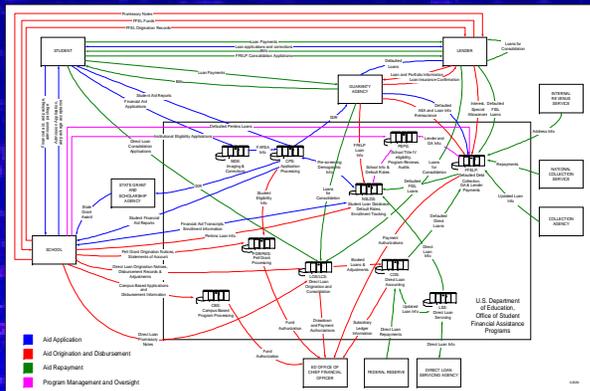
Break

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Front 2 Back

from dreams to reality

Modernization



Modernization is...

- ❖ Replacing out-of-date systems with new integrated systems
- ❖ Implementing e-commerce solutions
- ❖ Simplifying and improving business processes
- ❖ Transforming SFA into an organization committed to its customers, employees and its mission

To learn more about Modernization:

Check out the web site!

<http://sfablueprint.ed.gov>

We're transforming to a:

Performance-based,

Customer-focused,

Standards-centered,

Learning organization

We're there when we:

- ❖ **Constantly listen to our customers**
- ❖ **Focus on results**
- ❖ **Make performance matter**
- ❖ **Make important decisions at the front line**
- ❖ **Have a work environment that fosters innovation, fun, and performance excellence**



Tennis Ball Activity



Mission:

Have everyone touch the tennis ball.

Process:

You decide.

Measurement:

You will be timed. If the ball hits the floor, we must start over.





Tennis Ball Activity



Mission

Process

Measurement



Terminology

What is our mission?

What are our goals?

How do we strive to achieve these?



Mission

We Help Put America Through School!!



Mission



The



**Student
Aid**



Process



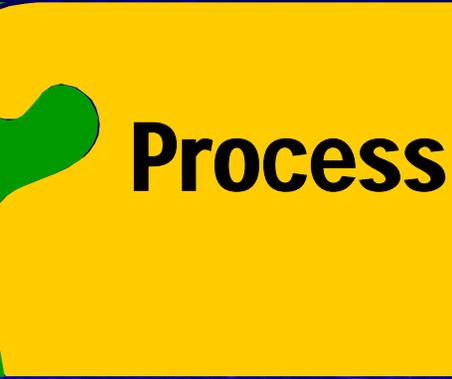
Mission



The



**Student
Aid**



Process

Mission

The

**Student
Aid**

Process

CS



UC



ES



Mission

The

**Student
Aid**

Process

CS



UC



ES



**American
Customer
Satisfaction
Index (ACSI)**

Mission

The

**Student
Aid**

Process

CS



UC



ES



**American
Customer
Satisfaction
Index (ACSI)**

**Cost of
administering aid
divided by
recipients**

Mission

The

Student
Aid

Process

CS



UC



ES



American
Customer
Satisfaction
Index (ACSI)

Cost of
administering aid
divided by
recipients

Gallup
Workplace
Management
Tool (Q 12)

Mission

The

**Student
Aid**

Process

CS



UC



ES

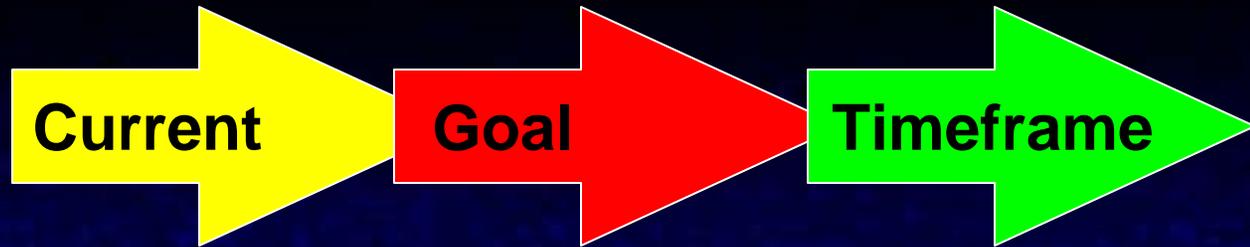


Baseline

Current

Goal

Timeframe



Measure

ACSI

72.9

74

2002

**Unit Cost
Formula**

\$19.08

\$18.06

2004

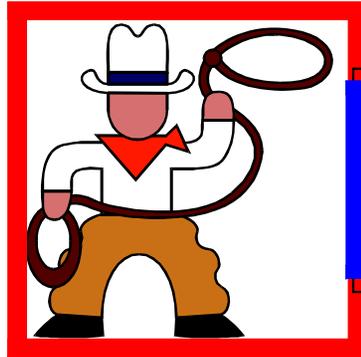
Gallup

3.5

3.6

2004

Sample Scorecard



The Loan Arrangers

Roster

Team and operating partner members

The primary "Scores"

Performance Scores

| | | Last Year | Q1 | Q2 | Q3 | Q4 |
|-----------------------|--------------|-----------|---------|---------|----|----|
| CUSTOMER SATISFACTION | ACSI | 74 | | | | |
| | Other survey | 4.1 | 4.2 | 4.5 | | |
| EMPLOYEE SATISFACTION | | 68 | 69 | 72 | | |
| UNIT COST | | \$18.03 | \$17.26 | \$16.50 | | |

Contributions

Specific team operational measures, projects, or goals

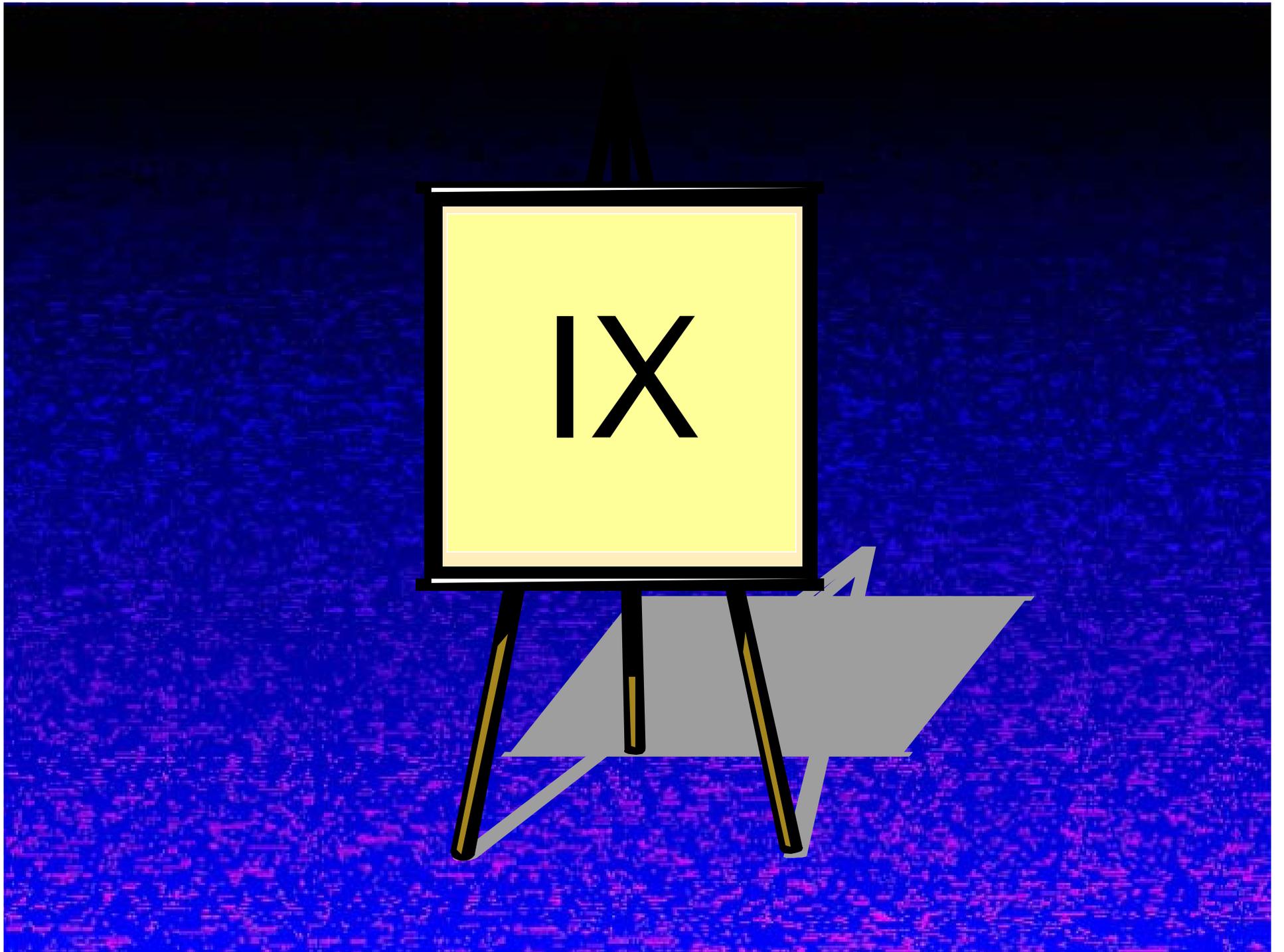
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A stylized graphic of a sign on a stand. The sign is a yellow square with a thick black border, containing the Roman numeral VII in black. The stand has three legs, each with a yellow stripe, and a grey shadow is cast to the right. The background is a dark blue gradient.

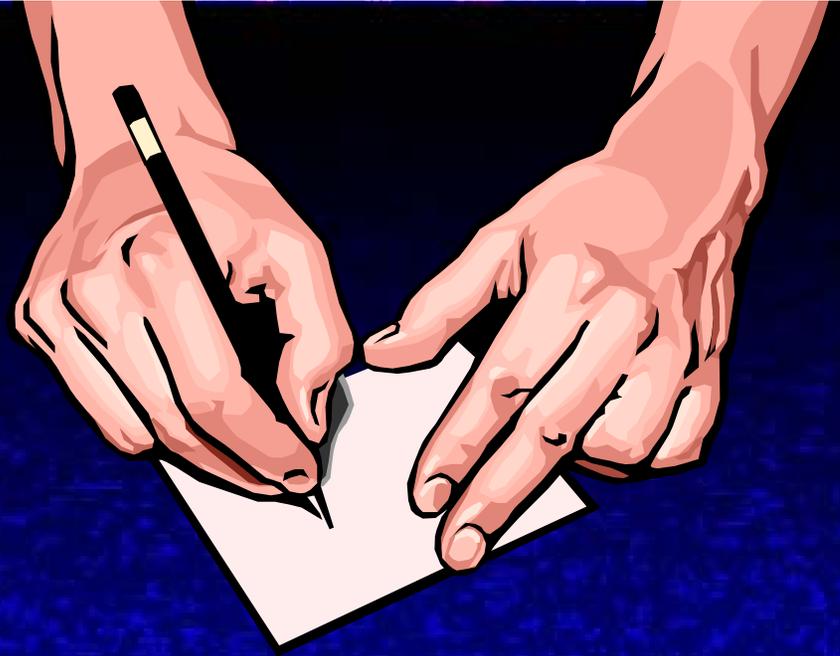
VII



Performance Plan Goals

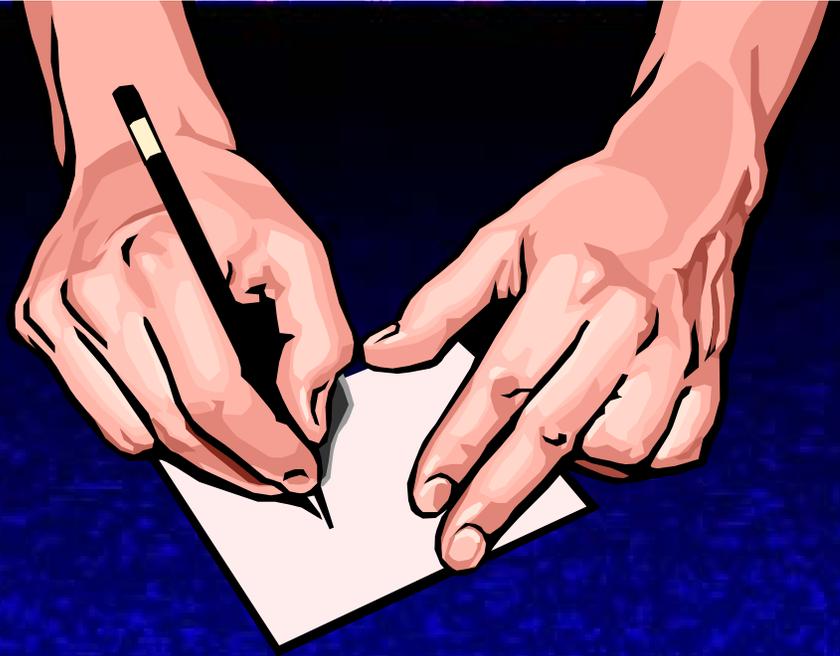
- ❖ Performance plan initiatives will tie to at least one of the performance goals.
- ❖ Every organizational unit within SFA has performance goals which contribute to improving our overall scores on the balanced scorecard.

Measurement Worksheet #1 Instructions



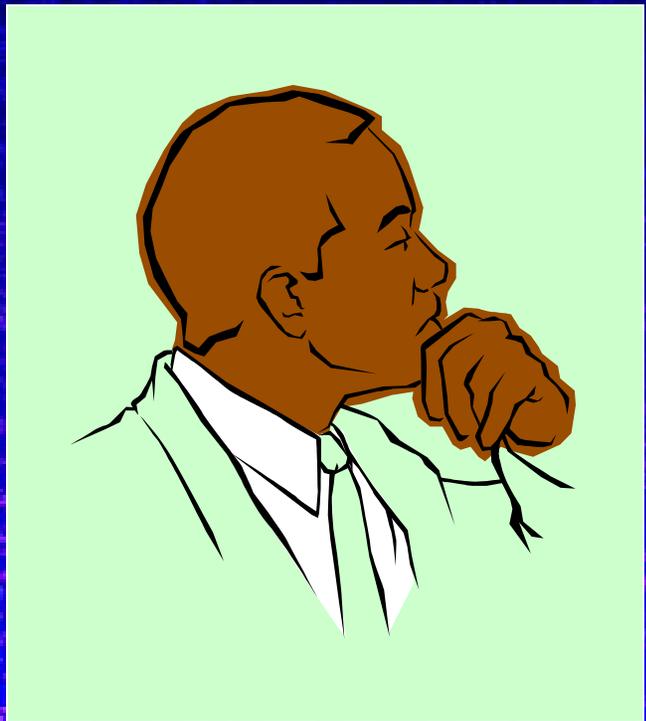
- ❖ Evaluate which of SFA's performance goals is addressed by each improvement initiative.

Measurement Worksheet #2 Instructions



- ❖ Look through the Performance Plan to complete the statements about our goals and initiatives.

What about me?



What Have We Learned?

- ❖ A shared understanding of the financial aid process
- ❖ How we work with others in the financial aid industry to help put America through school
- ❖ A better sense of SFA's organization
- ❖ How Modernization and Transformation help us achieve our goals
- ❖ Measurement focuses our efforts

The Value of a Penny



“The struggle of today is not altogether for today, it is for a vast future also.” - Lincoln

Today's Scorecard



Thank You!

STUDENT AID

Front  Back

from dreams to reality