



F E D E R A L
S T U D E N T A I D

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**Common Services for Borrowers (CSB)
Loan Servicing and Loan Consolidation Black Belts
Project Presentation
July 12, 2002**

Agenda



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Black Belt Timeline*

Thursday, 5/30	2 - 3pm	Black belt Kick-off
Monday, 6/3	N/A	Deliver DRAFT AS IS process flows
Thursday, 6/6	10am – 12pm 2 – 4pm	1st Review and Discussion of AS IS process flows -- Identify gaps, take action items, etc.
Friday, 6/7	10am - 12pm	Continue review of AS IS
Thursday, 6/13	10am –12pm 1 – 3pm	Finalize AS IS flows; focus on TO BE, take action items
Monday, 6/17	1 – 3pm	Continue TO BE brainstorming
Thursday, 6/20	10am - 12pm 1 – 3pm	Review TO BE matrices; Develop Summary of Improvements presentation
Thursday, 6/27	1 – 3pm	Discuss/Generate Common Services Core Functions
Friday, 7/12	1 – 2pm	Final Presentation

** Most of the above working sessions were jointly held with the Loan Consolidation and Loan Servicing resources*

Black Belt Participants



We would like to thank the following individuals for their participation in, and support of, the Black Belts, specifically for the knowledge and ideas shared during the working sessions and the time dedicated to this short-term, aggressive effort.

▪ Loan Servicing

- Dan Hayward
- Randy Bowman
- Allen Prodgers
- La Teata Jackson
- Cindy Battle
- Russell Trujillo
- Lee Everett
- Paula Dyer
- Monica Menard
- Marianne Newman

▪ Loan Consolidation

- Denise Leifeste
- Bill Burns
- Michael Peregory

Black Belt Background



Background

- The term “black belt” exists in a highly disciplined process aimed at achieving the highest levels of quality at GE Capital. The program is called **Six Sigma**, which represents
A vision of quality which equates with only 3.4 defects per million opportunities for each product or service transaction. Strives for perfection.
- In Six Sigma, a Black Belt is the leader of a team responsible for measuring, analyzing, improving and controlling key processes that influence customer satisfaction and/or productivity growth. There are also Master Black Belt and Green Belt roles within Six Sigma.

...With that in mind, the goal of the LC and LS Black Belts was to bring together a small group of system experts to confirm the existing environments and generate suggestions for an improved environment.

Black Belt Overview



Objectives

(Based upon Task Order 64, as well as Team Preferences)

- To provide an understanding of the current Loan Consolidation (LC) and Loan Servicing (LS) system processes through documentation of the “As Is” environment.
- To jointly develop and document opportunities for improvements to LC and LS.
- Present summary of recommended process improvements, with preliminary estimates for implementation timeframe, customer satisfaction, and savings.
- Create initial structure and foundation for future priorities, specifically the Common Services initiative.

Challenges

- Timing of the LC, LS, and DMCS Black Belts -- As one of the goals of the black belt is to begin creating the framework and foundation for the Common Services initiative, it would have potentially been more ideal to perform the three black belts simultaneously.
- Differing viewpoints over categorizing LC as a Servicer, rather than an Originator; as well as the Inclusion of LC under the Common Services umbrella.
- Availability of (ease of access to) current contract data.
- A number of suggestions discussed during the black belt working sessions encompassed other systems within FSA or referenced initiatives already under discussion or in progress. These suggestions were still included in this presentation as key components of the overall Common Services vision, regardless of their potential lack of eligibility for the Business Case for Common Services (ex: Improve timeliness of PIN request process, Improvements to borrower refund processing).

Black Belt Overview



Accomplishments

- 7 Working Sessions held with the Black Belt participants over the course of 4 weeks.
- Detailed “As Is” Process Flows created for the Loan Consolidation and Loan Servicing Systems.
- Loan Consolidation: 18 Improvement Opportunities identified.
- Loan Servicing: 23 Improvement Opportunities identified.
- Opportunities were categorized based upon the following criteria:
 - Timeframe to Implement (Quick Hit/Medium/Long-Term)
 - Cost-Savings Opportunities
 - Customer Service Opportunities
 - Other Dependencies/Risks
- Improvement Opportunities were reviewed, at a high level, against the deliverables from the Debt Collections Black Belt.
- Core System Functions were compared between Loan Consolidation, Loan Servicing, and Debt Collections.
 - 22 Common Services functions were identified, grouped under 6 core functions.



Loan Consolidation

Recommended Improvements



Loan Consolidation Improvements

- 1.1 Delay Completion of Consolidation Process for Forced ICR borrowers until Alternative Documentation of Income is Provided
- 1.2 Re-start Express Refinance for Direct Loan Borrowers
- 1.3 CSB Portal
- 1.4 Single CSB Web Solution
- 1.5 Make EFT and EVC a Common Web Based Process and Expand Both Programs
- 1.6 Counsel borrowers who attempt to Re-Consolidate when there will be no benefit
- 1.7 Modify Consolidation Application process to allow enrollment in Electronic Repayment Services
- 1.8 Scheduled calls, callbacks requests, and e-mails
- 1.9 Online Chats/Collaboration with Borrowers
- 1.10 Work with IRS to allow eSigned waivers
- 1.11 Detailed review of consolidation process for Treasury compliance
- 1.12 Improve timeliness of PIN request process
- 1.13 Expand Express Refinance for borrowers with Direct and non-Direct Loans
- 1.14 Pre-populate online consolidation form based on information from NSLDS
- 1.15 Data Archive Strategy
- 1.16 Enterprise Imaging Strategy
- 1.17 Early determination of Dischargeable Loans
- 1.18 Utilize standard status codes across systems

Loan Consolidation Improvements

Timeframe to Implement



Quick Hit (6 months)

- Delay Completion of Consolidation process for Forced ICR borrowers until Alternative Documentation of Income is Provided
- Re-start Express Refinance for Direct Loan Borrowers
- CSB Portal

Medium (6 months to 1 year)

- Single CSB Web Solution
- Make EFT and EVC a Common Web Based Process and Expand Both Programs
- Counsel borrowers who attempt to Re-Consolidate when there will be no benefit
- Modify Consolidation Application Process to allow enrollment in Electronic Repayment Services
- Scheduled calls, callback requests, and e-mails
- Online Chats/Collaboration with Borrowers
- Work with IRS to allow eSigned waivers
- Detailed review of consolidation process for Treasury compliance
- Improve timeliness of PIN request process

Long Term (longer than 1 year)

- Expand Express Refinance for borrowers with Direct and non-Direct Loans
- Pre-populate online consolidation form based on information from NSLDS
- Data Archive Strategy
- Enterprise Imaging Strategy
- Early determination of Dischargeable Loans
- Utilize standard status codes across systems

Loan Consolidation Improvements

Alignment to Performance Objectives



Cost Saving Opportunities

- Delay Completion of Consolidation process for Forced ICR borrowers until Alternative Documentation of Income is Provided
- Re-start Express Refinance for Direct Loan Borrowers
- Single CSB Web Solution
- Make EFT and EVC a Common Web Based Process and Expand Both Programs
- Counsel borrowers who attempt to Re-Consolidate when there will be no benefit
- Modify Consolidation Application Process to allow enrollment in Electronic Repayment Services
- Online Chats/Collaboration with Borrowers
- Work with IRS to allow eSigned waivers
- Improve timeliness of PIN request process
- Expand Express Refinance for borrowers with Direct and non-Direct Loans
- Pre-populate online consolidation form based on information from NSLDS
- Data Archive Strategy
- Enterprise Imaging Strategy
- Early determination of Dischargeable Loans
- Utilize standard status codes across systems

Customer Service

- Re-start Express Refinance for Direct Loan Borrowers
- CSB Portal
- Single CSB Web Solution
- Modify Consolidation Application Process to allow enrollment in Electronic Repayment Services
- Scheduled calls, callback requests, and e-mails
- Online Chats/Collaboration with Borrowers
- Work with IRS to allow eSigned waivers
- Improve timeliness of PIN request process
- Expand Express Refinance for borrowers with Direct and non-Direct Loans
- Pre-populate online consolidation form based on information from NSLDS
- Utilize standard status codes across systems

Loan Consolidation Improvements

The Menu



"To Be" Suggestions	Time - frame*	Cost/Saving Opportunity	Estimated Annual Savings or Description of Savings**	Customer Service	Dependency (risks, policy, etc.)
1.1 Delay Completion of Consolidation Process for Forced ICR borrowers until Alternative Documentation of Income is Provided.	1	X	Cost of Forced ICR borrowers being transferred to DCS and then back again to LC. Cost of income requests and demands sent to forced ICR borrowers (savings for LS).		LC contract has incentives for speed of booking. Alternative Documentation of Income currently solicited from Servicing. LC contract does not include performance of this function.
1.2 Re-start Express Refinance for Direct Loan Borrowers	1	X	Savings range of \$500K - \$3 M per year.	X	LS code hasn't been exercised in 3 years. Web functionality doesn't exist currently. Prior Express Refinancing was done with variable rate Consolidation Loans. Conflict with current LC contract. Contractual and telecomm. issues in granting access to LS db
1.3 CSB Portal	1		N/A	X	Ease of reaching essential on-line repayment functionality from student portal.
1.4 Single CSB Web Solution	2	X	Web Hosting and Development Savings.	X	Coordination and Integration with Student Portal.
1.5 Make EFT and EVC a Common Web Based Process and Expand Both Programs	2	X	Savings through moving to EVC process. Savings through increasing EFT lenders. 40% of underlying loans consolidated are non-EFT, non-DL, and non-DCS.		Lender Cooperation
1.6 Counsel Borrowers who attempt to Re-Consolidate when there will be no benefit	2	X	Approximately \$68.75 for each consolidation not processed.		Some borrowers may be attempting to consolidate for personal credit purposes.

* 1 = Quick Hit (6 months) 2 = Medium (from 6 months to 1 year) 3 = Long Term (longer than 1 year)

** As the breakdown of the LC contract flat fee was unavailable, savings were estimated, or the areas where savings would occur highlighted, for each opportunity

Loan Consolidation Improvements

The Menu



Continued...

"To Be" Suggestions	Time - frame*	Cost/Saving Opportunity	Estimated Annual Savings or Description of Savings**	Customer Service	Dependency (risks, policy, etc.)
1.7 Modify Consolidation Application process to allow enrollment in Electronic Repayment Services	2	X	Savings through increased EDA enrollment. Savings through increased EBPP/EC enrollment.	X	Need OMB approval for any form changes.
1.8 Scheduled calls, callback requests, and e-mails	2		N/A	X	Sufficient staffing of CSRs to ensure appropriate response time. CSR training.
1.9 Online Chats/Collaboration with Borrowers	2	X	TBD (Consistent Answers/CRM for FSA may encompass online chats).	X	Privacy, security, and policy. CSR training and coordination.
1.10 Work with IRS to allow eSigned waivers	2	X	Cost to send and receive ICR waivers through the mail. Imaging costs.	X	IRS approval and cooperation
1.11 Detailed review of consolidation process for Treasury compliance	2		N/A		Automatic and/or manual process changes may be required. Similar work currently in process.
1.12 Improve timeliness of PIN request process	2	X	Savings through increased usage of electronic services.	X	Required enhancement to PIN site for request process.

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Loan Consolidation Improvements

The Menu



Continued...

"To Be" Suggestions	Time - frame*	Cost/Saving Opportunity	Estimated Annual Savings or Description of Savings**	Customer Service	Dependency (risks, policy, etc.)
1.13 Expand Express Refinance for borrowers with Direct and non-Direct Loans	3	X	Eliminate need to process DCN and FCA transactions.	X	Loan Servicing code modifications required. Prior Express Refinancing was done with variable rate Consolidation Loans. LC contract incentive structure. Bill amount will change with each supplemental loan.
1.14 Pre-populate online consolidation form based on information from NSLDS	3	X	Reduction in number of errors found with lender information on applications. Reduction in time to process application.	X	Out-of-date or missing data in NSLDS. Borrower must apply with PIN.
1.15 Data Archive Strategy	3	X	Faster system processing. Storage costs including hardware purchases and disk space.		Data privacy and security. Ability to retrieve/restore data. Agreement upon what data to archive. Capacity planning.
1.16 Enterprise Imaging Strategy	3	X	Development and maintenance costs of multiple systems - LC cost is approximately \$360,000 per year. Eliminate image transfers between systems.		Coordination with other Direct Loan systems. Privacy and security. Compatibility of file and document types; conversions may be required.
1.17 Early determination of Dischargeable Loans	3	X	Processing costs for discharging loans (Savings to LS)		Difficult to detect all dischargeable loans.
1.18 Utilize standard status codes across systems	3	X	Research and processing costs for verification errors.	X	FFEL Cooperation

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Loan Servicing

Recommended Improvements



Loan Servicing Improvements

- 2.1 Automate Refund Processing for Lenders and Schools
- 2.2 Re-start Express Refinance for Direct Loan Borrowers
- 2.3 CSB Portal
- 2.4 Encourage delinquent borrowers onto EDA
- 2.5 Default Borrowers to Combined Billing
- 2.6 Consolidation of Deliverable Reports
- 2.7 Grace Counseling (with or without Autodialer)
- 2.8 Automate FFEL Consolidation Certification and Payoff
- 2.9 Bi-Weekly Payments
- 2.10 Single CSB Web Solution
- 2.11 Automation of DCS Rehab/Recall Process
- 2.12 Automate Refund Processing for Borrowers
- 2.13 Online Chats/Collaboration with Borrowers
- 2.14 Seamless Correspondence
- 2.15 Payroll Deductions for Student Loans
- 2.16 Implement Coupon Books as a Billing Option
- 2.17 Fulfillment Process Improvements
- 2.18 Expand Express Refinance for Borrowers with Direct and non-Direct Loans
- 2.19 Data Archiving Strategy
- 2.20 Remove Packet Numbers
- 2.21 More flexible due dates (Any Day of the Month)
- 2.22 Additional Incentives Programs
- 2.23 Enterprise Imaging Strategy

Loan Servicing Improvements

Timeframe to Implement



Quick Hit (6 months)

- Automate Refund Processing for Lenders and Schools
- Re-Start Express Refinance for Direct Loan Borrowers
- CSB Portal
- Encourage delinquent borrowers onto EDA
- Default Borrowers to Combined Billing
- Consolidation of Deliverable Reports (Eliminate unusable Reports)
- Grace Counseling (w/o Autodialer)

Medium (6 months to 1 year)

- Consolidation of Deliverables (Combine/Revise Reports)
- Grace Counseling (w/ Autodialer)
- Automate FFEL Consolidation Certification and Payoff
- Bi-Weekly Payments
- Single CSB Web Solution
- Automation of DCS Rehab/Recall Process
- Automate Refund Processing for Borrowers
- Online chats/collaboration with Borrowers

Long Term (longer than 1 year)

- Seamless Correspondence
- Payroll Deductions for Student Loans
- Implement Coupon Books as a Billing Option
- Fulfillment Process Improvements
- Expand Express Refinance for borrowers with Direct and non-Direct Loans
- Data Archiving Strategy
- Remove Packet Numbers
- More flexible due dates (Any Day of the Month).
- Additional Incentives Programs
- Enterprise Imaging Strategy

Loan Servicing Improvements

Alignment to Performance Objectives



Cost Saving Opportunities

- Automate Refund Processing for Lenders and Schools
- Re-Start Express Refinance for Direct Loan Borrowers
- Encourage delinquent borrowers onto EDA
- Default Borrowers to Combined Billing
- Consolidation of Deliverable Reports
- Grace Counseling (with or without Autodialer)
- Automate FFEL Consolidation Certification and Payoff
- Bi-Weekly Payments
- Single CSB Web Solution
- Automation of DCS Rehab/Recall process
- Automate Refund Processing for Borrowers
- Online Chats/Collaboration with Borrowers
- Seamless Correspondence
- Payroll Deductions for Student Loans
- Implement Coupon Books as a Billing Option
- Fulfillment Process Improvements
- Expand Express Refinance for Borrowers with Direct and non-Direct Loans
- Data Archiving Strategy
- Remove Packet Numbers
- Additional Incentives Programs
- Enterprise Imaging Strategy

Customer Service

- Automate Refund Processing for Lenders and Schools
- Re-Start Express Refinance for Direct Loan Borrowers
- CSB Portal
- Encourage delinquent borrowers onto EDA
- Default Borrowers to Combined Billing
- Consolidation of Deliverable Reports (internal customer service)
- Grace Counseling (with or without Autodialer)
- Bi-Weekly Payments
- Single CSB Web Solution
- Automate Refund Processing for Borrowers
- Online Chats/Collaboration with Borrowers
- Seamless Correspondence
- Payroll Deductions for Student Loans
- Implement Coupon Books as a Billing Option
- Fulfillment Process Improvements
- Expand Express Refinance for Borrowers with Direct an non-Direct Loans
- More flexible due dates (Any Day of the Month)
- Additional Incentives Programs
- Enterprise Imaging Strategy

Loan Servicing Improvements The Menu



"To Be" Suggestions	Time-frame*	Cost/Saving Opportunity	Estimated Annual Savings or Description of Savings**	Customer Service	Dependency (risks, policy, etc.)
2.1 Automate Refund Processing for Lenders and Schools	1	X	Eliminate manual processing and tape creation.	X	Interagency coordination and infrastructure. Setup of routing number and DUNS number. Review of deliverable 22 with respect to FMS initiative.
2.2 Re-start Express Refinance for Direct Loan Borrowers	1	X	Savings range of \$500K - \$3 M per year.	X	LS code hasn't been exercised in 3 years. Web functionality doesn't exist currently. Prior Express Refinancing was done with variable rate Consolidation Loans. Conflict with current LC contract. Contractual and telecomm. issues in granting access to LS db
2.3 CSB Portal	1		N/A	X	Ease of reaching essential on-line repayment functionality from student portal.
2.4 Encourage delinquent borrowers onto EDA	1	TBD	Reduce collection costs. Reduce number of bills generated each billing cycle.	X	May increase NSF volume if a sufficient balance is not maintained.
2.5 Default Borrowers to Combined Billing	1	X	Reduction in number of bills generated in each billing cycle.	X	Borrower complaints (ex: PLUS borrowers with >1 student). However, a transaction will still exist to remove a borrower from combined billing in exception cases.

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** Due to a lack of availability of current DLSS contract data, savings were estimated, or the areas where savings would occur highlighted, for each opportunity

Loan Servicing Improvements The Menu



Continued...

"To Be" Suggestions	Time-frame*	Cost/Saving Opportunity	Estimated Annual Savings or Description of Savings**	Customer Service	Dependency (risks, policy, etc.)
2.6 Consolidation of Deliverable Reports	1 or 2 (1 - Remove unusable reports; 2 - Combine/Revise reports)	X	\$5,000 - \$15,000; No longer produce or pay for certain reports.	x (internal customer service)	N/A
2.7 Grace Counseling	1 and/or 2 (1 without auto dialer and 2 with auto dialer)	X	Reduce delinquency. Increase usage of electronic services.	X	Must track who has/has not received Grace Counseling through a flag or history record.
2.8 Automate FFEL Consolidation Certification and Payoff	2	X	Eliminate certification costs. Reduce most manual processing of FFEL consolidation payoffs.		FFEL consolidator cooperation. Privacy and security issues.
2.9 Bi-weekly Payments	2	TBD	TBD	X	Budget approval process to determine if loss of interest paid is offset by an increase in EDA usage.
2.10 Single CSB Web Solution	2	X	Web Hosting and Development Savings.	X	Coordination and Integration with Student Portal.

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Loan Servicing Improvements The Menu



Continued...

"To Be" Suggestions	Time-frame*	Cost/Saving Opportunity	Estimated Annual Savings or Description of Savings**	Customer Service	Dependency (risks, policy, etc.)
2.11 Automation of DCS Rehab/Recall Process	2	X	\$60,000 - \$75,000; Reduce manual processing costs similar to those realized with SSCR processing improvements.		Policy approval of creating a new consolidation loan for option #2.
2.12 Automate Refund Processing for Borrowers	2	X	Eliminate manual processing and tape creation.	X	Interagency coordination between ED and Treasury. Review of Deliverable 22 with respect to FMS initiative.
2.13 Online Chats/Collaboration with Borrowers	2	X	TBD (Consistent Answers/CRM for FSA may encompass online chats).	X	Privacy, security, and policy. CSR training and coordination.
2.14 Seamless Correspondence	3	X	TBD	X	Possibility of oversimplifying letters and leaving out important information. Coordination across Direct Loan subsystems. Coordination with LS Letter Re-engineering and XSTREAM conversion efforts.
2.15 Payroll Deductions for Student Loans	3	X	Reduce number of bills generated each billing cycle.	X	Interagency coordination between ED employers. Additional payment interface to maintain.

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Loan Servicing Improvements The Menu



Continued...

"To Be" Suggestions	Time-frame*	Cost/Saving Opportunity	Estimated Annual Savings or Description of Savings**	Customer Service	Dependency (risks, policy, etc.)
2.16 Implement Coupon Books as a Billing Option	3	X	Cost of mailing 1 book per year versus 12 bills.	X	Changes in due amount after coupon books are issued. Potential increase in exception processing to Lockbox and DLSC. Servicing code has not been exercised since 1998 implementation - a new design would be required.
2.17 Fulfillment Process Improvements	3	X	Discounts for increased volume for individual fulfillment centers.	X	Existing contracts with fulfillment centers.
2.18 Expand Express Refinance for Borrowers with Direct and non-Direct Loans	3	X	Eliminate need to process DCN and FCA transactions.	X	Loan Servicing code modifications required. Prior Express Refinancing was done with variable rate Consolidation Loans. LC contract incentive structure. Bill amount will change with each supplemental loan.
2.19 Data Archiving Strategy	3	X	Reduction in Deliverable 37 - Account Maintenance (ex: 1 M Inactive Accounts archived results in \$2.4 M in Annual Savings on 37). Storage costs including hardware purchases and disk space.		Data privacy and security. Ability to retrieve/restore data. Agreement upon what data to archive. Capacity planning.
2.20 Remove Packet Numbers	3	TBD	Reduce maintenance and development costs. Reduce extraneous transaction application and letter generation.		Requires a major system overhaul or replacement

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Loan Servicing Improvements The Menu



Continued...

"To Be" Suggestions	Time-frame*	Cost/Saving Opportunity	Estimated Annual Savings or Description of Savings**	Customer Service	Dependency (risks, policy, etc.)
2.21 More Flexible Due Dates (Any Day of the Month)	3		N/A	X	Major change to current billing process. Potential complication to EDA process.
2.22 Additional Incentives Programs	3	TBD	TBD	X	Budget approval to ensure proposed incentives are revenue neutral.
2.23 Enterprise Imaging Strategy	3	X	Cost of transfer of images between systems. Development and maintenance costs.	X	Coordination with other Direct Loan systems. Privacy and security. Compatibility of file and document types; conversions may be required.

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New Ideas Presented After Black-Belt Meetings Concluded



Loan Consolidation

- Seek Policy Change to No Longer Require Credit Checks for PLUS Consolidation Loans
- Allow Paper Applications to be eSigned

Loan Servicing

- Remove ICR Waiver Process
- Remove Forced ICR as a Consolidation Option
- Disallow Negative Amortization



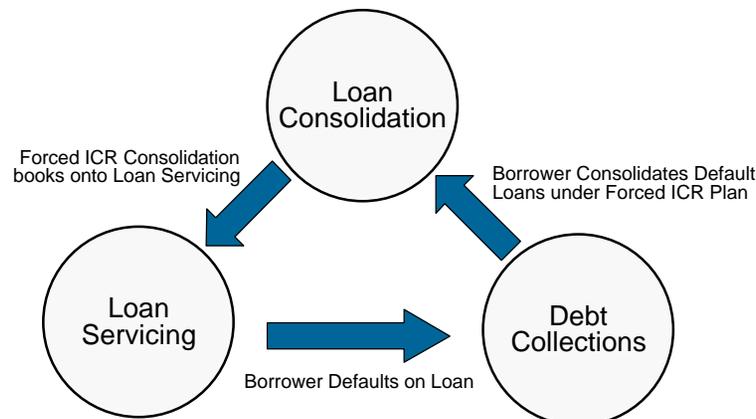
Common Opportunities

Black Belts

Common Opportunities



- The following slides demonstrate common themes between systems in the following manner:
 1. Loan Consolidation and Loan Servicing: Based upon the scope of the two current black belts.
 2. Loan Consolidation, Loan Servicing and Debt Collections: Based upon the eventual goal of Common Services.
 - This comparison was performed at a much higher level due to the earlier completion of the Debt Collections Black Belt (August 2001). The “To Be” recommendations from that black belt are listed.
- For similar/duplicate recommendations across the systems, several options exist for implementation:
 - Multiple implementations -- separate efforts for each existing system; or
 - A single implementation as part of the Common Services solution.
- Certain opportunities could eventually transform to an Enterprise Solution, with Common Services being the Pilot implementation.
- Several of the opportunities point to issues inherent to the existing interface(s) between the separate systems. For example, the “revolving door” of defaulted loans, as depicted below:





LC and LS Black Belts

Common Opportunities

Loan Consolidation

- Delay completion of Consolidation Process for Forced ICR borrowers until Alternative Documentation of Income is Provided
- Re-start Express Refinance for Direct Loan Borrowers
- CSB Portal
- Single CSB Web Solution
- Make EFT and EVC a common Web Based process and Expand Both Programs
- Counsel borrowers who attempt to Re-Consolidate when there will be no benefit
- Modify consolidation application process to allow enrollment in electronic repayment services
- Scheduled calls, callback requests, and e-mails
- Online Chats/Collaboration with Borrowers
- Work with IRS to allow eSigned waivers
- Detailed review of consolidation process for Treasury compliance
- Improve timeliness of PIN request process
- Expand Express Refinance for Borrowers with Direct and non-Direct Loans
- Pre-populate online consolidation form based on information from NSLDS
- Data Archive Strategy
- Enterprise Imaging Strategy
- Early determination of Dischargeable Loans
- Utilize standard status codes across systems

Common Opportunities

- Single, Integrated **Web** Solution
- Utilize Consolidation Application and Exit Counseling processes (among other methods) to **increase use of electronic services**
- Re-start and Expand **Express Refinance**
- **Data Archiving** Strategy
- Enterprise **Imaging** Strategy
- Reduce turnaround on **Refund** and **Payment** Processing
- Reduce turnaround on **Fulfillment**
- Seamless **Correspondence**
- **Less Manual and Systematic Interfaces**
- More Proactive Borrower **Counseling**
- Increase **Payment Options and Flexibility**
- Contractor and Customer **Incentives**
- Improve timeliness of **PIN** request process

Loan Servicing

- Automate Refund Processing for Lenders and Schools
- Re-start Express Refinance for Direct Loan borrowers
- CSB Portal
- Encourage delinquent borrowers onto EDA
- Default Borrowers to Combined Billing
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- Additional Incentives Programs
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LC, LS, and DMCS Black Belts *Recommended Improvements*



Loan Consolidation

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Loan Servicing

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- Consolidation of Deliverable Reports
- Grace Counseling
- Automate FFEL Consolidation Certification and Payoff
- Bi-Weekly Payments
- Single CSB Web Solution
- Automation of DCS Rehab/Recall Process
- Automate Refund Processing for Borrowers
- Online Chats/Collaboration with Borrowers
- Seamless Correspondence
- Payroll Deductions for Student Loans
- Implement Coupon Books as a Billing Option
- Fulfillment Process Improvements
- Expand Express Refinance for Borrowers with Direct and non-Direct Loans
- Data Archiving Strategy
- Remove Packet Numbers
- More flexible due dates (Any Day of the Month)
- Additional Incentives Programs
- Enterprise Imaging Strategy

Debt Collections

- Reduce Consolidation Commissions
- Proactively Reduce Volume of Hearings
- Eliminate Redundant Reviews
- Centralize and Automate Data Exchange
- Recover Data Matching Costs
- Reduce Letters Sent to Borrowers
- Reduce Paper-Based Reporting
- Combine FDP w/ TOP Process
- Implement New Skip tracing Technologies
- Increase Returned Check Fee
- Provide Electronic Payment Capabilities
- Sell or Write-off Bad Debt
- Add New Collections Management Capabilities
- Define Organizational Processes
- Formalize Collections Employee Rewards Programs

LC, LS, and DMCS Black Belts Common Opportunities



Loan Consolidation

- Delay completion of Consolidation Process for Forced ICR borrowers until Alternative Documentation of Income is Provided
- Re-start Express Refinance for Direct Loan Borrowers
- CSB Portal
- Single Direct Loan Repayment Web Solution
- Make EFT and EVC a common Web Based process and Expand Both Programs
- Counsel borrowers who attempt to Consolidate when there will be no benefit
- Modify consolidation application process to allow enrollment in electronic repayment services
- Scheduled calls, callback requests, e-mails
- Online Chats/Collaboration with Borrowers
- Work with IRS to allow eSigned with Detailed review of consolidation process for Treasury
- Improve timeliness of PIN request process
- Expand Express Refinance for Borrowers with Direct and non-Direct Loans
- Pre-populate online consolidation based on information from NSLDS
- Data Archive Strategy
- Enterprise Imaging Strategy
- Early determination of Discharged Loans
- Utilize standard status codes across systems

Loan Servicing

- Automate Refund processing for Lenders and Schools
- Re-start Express Refinance for Direct Loan borrowers

Debt Collections

- Reduce Consolidation Commissions
- Proactively Reduce Volume of Hearings
- Eliminate Redundant Reviews
- Centralize and Automate Data Exchange
- Recover Data Matching Costs
- Reduce Letters Sent to Borrowers
- Reduce Paper-Based Reporting
- Combine FDP w/ TOP Process
- Implement New Skip tracing technologies
- Increase Returned Check Fee
- Provide Electronic Payment Capabilities
- Sell or Write-off Bad Debt
- Add New Collections Management capabilities
- Refine Organizational Processes
- Normalize Collections Employees Rewards Programs

Common Opportunities

- ★ **Remove “Revolving Door”**...Defaulted borrowers from Collections – Consolidation – Servicing – Collections
- Single, Integrated **Web** Solution
- Re-start and Expand **Express Refinance**
- **Data Archiving** Strategy
- Enterprise **Imaging** Strategy
- Reduce turnaround on **Refund** and **Payment** Processing
- Reduce turnaround on **Fulfillment**
- Seamless **Correspondence**
- ★ **Less Manual and Systematic Interfaces**
- More Proactive Borrower **Counseling**
- ★ Utilize Consolidation Application and Exit Counseling processes (among other methods) to **increase use of electronic services**
- ★ **Consolidation of Reports** (Deliverable)
- ★ Increase **Payment Options and Flexibility**
- ★ **Contractor and Customer Incentives**
- Improve timeliness of **PIN** request process

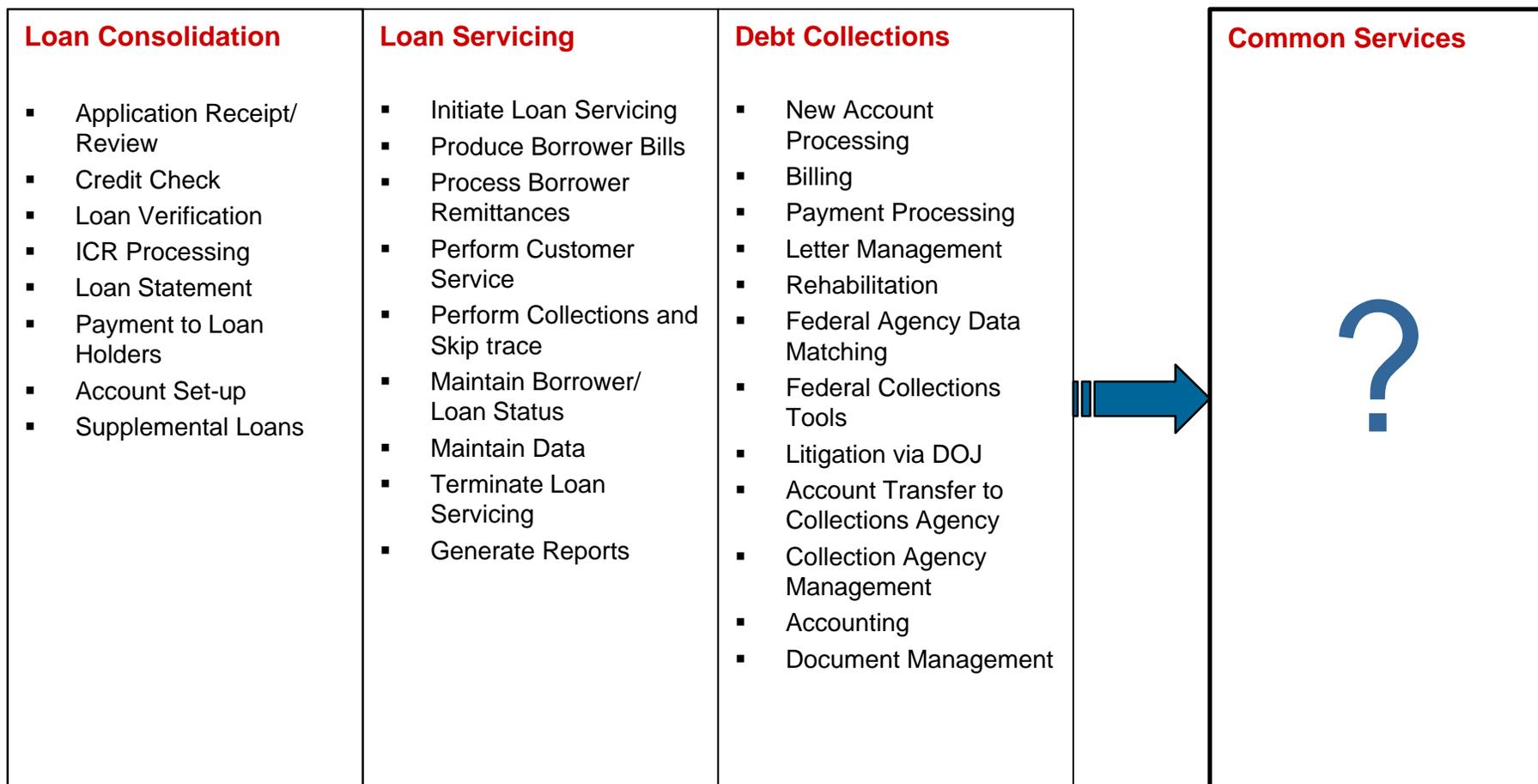
★ *Consistent with DMCS Recommended Improvements*



Common Services Core Functions



Common Services Core Functions



Common Services Core Functions Overview



CRM for FSA

Common Services for Borrowers

Establish
and
Maintain
Loans

Customer
Management

Communications

Funds
Collection
and Management

System Interface
and
Administration

Terminate
Servicing

Common Services Core Functions Overview



CRM for FSA

Common Services for Borrowers

Establish and Maintain Loans

- Establish New Loan
- Maintain Data
- Maintain Status
- Consolidation

Customer Management

- Customer Response
- Customer Counseling
- Customer Resolution

Communications

- Generate Statements and Notices
- Correspondence (Review & Respond)
- Process Forms
- Imaging
- Fulfillment

Funds Collection and Management

- Generate Bills
- Process Payments
- Skip Trace
- Internal Collections
- Escalated Collections
- Accounting

System Interface and Administration

- Web site
- Internal Reporting
- Systems Interfaces
- External Reporting
- Security

Terminate Servicing

- Discharge Processing
- Bankruptcy
- Litigation Support
- Transfer Loans

Common Services Core Functions

Descriptions



Common Services Function	Description of Function/Examples
ESTABLISH AND MAINTAIN LOANS	
Establish New Loan	Booking of a new loan onto the Common Services system
Maintain Data/Status	<ul style="list-style-type: none"> • Update and Maintenance of Loan Status throughout the life of the loan • Update and Maintenance of Data required to Service Loans <ul style="list-style-type: none"> ◦ Loan, Disbursement, Demographic, Institutional
Consolidation	<p>Process of Consolidating loans for a borrower to facilitate their repayment of loans, as well as to help them achieve any of the benefits associated with consolidation</p> <ul style="list-style-type: none"> • Express Refinance • Supplemental (Other) Loans
CUSTOMER MANAGEMENT	
Customer Response and Counseling	Responding to borrower inquiries (general and specific) while also providing the necessary counseling (proactively) to ensure loans remain in good standing and are repaid on a timely basis
Customer Resolution	Research and Resolving critical and escalated issues impacting borrowers, including Congressional Issues and lawsuits
COMMUNICATIONS	
Generate Statements and Notices	Generation of Direct Loan Statements and Letters based upon systematic triggers, as well as borrower requests
Correspondence	Reading and Responding to Paper and Electronic Correspondence received from Customers
Process Forms	Processing applications (OMB forms) received from borrowers, specifically, deferment and forbearance forms
Imaging	Scanning, Storing, and Accessing key borrower/loan documentation
Fulfillment	Printing and Mailing of Direct Loan Bills, Statements, and Letters
FUNDS COLLECTION AND MANAGEMENT	
Generate Bills	Generation of Paper and Electronic Bills for Borrowers based upon billing cycles, as well as borrower requests
Process Payments	Application of payments received to Direct Loans
Skip trace	Locating accurate demographic information (street address, phone numbers, email address)
Internal Collection	Due diligence efforts performed to collecting outstanding due amounts. Goal is to receive sufficient payments from borrowers and avoid defaults. Efforts include phone calls and notices to borrowers, endorsers, and references
Escalated Collections	If a borrower does default on their Direct Loans, more grave actions are taken, including the utilization of outside collection agencies, to collect the funds and compel the borrower into a pattern of satisfactory repayment

Common Services Core Functions

Descriptions



Continued...

Common Services Function	Description of Function/Examples
SYSTEM INTERFACE AND ADMINISTRATION	
Web Site(s)	Information and Self-Service functionality available through either the various existing subsystem web sites or the Integrated Web Solution which may be offered by Common Services
Internal Reporting	Generation and Utilization of Reports which either facilitate proper servicing of Direct Loans or provide key statistical data on the Direct Loan population <ul style="list-style-type: none"> • Direct Loan Servicing Center (DLSC) Operations <ul style="list-style-type: none"> ◦ <u>Ex:</u> Due Diligence, Financial Reconciliation, Transactions Processed/Failed • Credit Management Data Mart
Systems Interfaces/External Reporting	Transmission, Receipt, and Exchange of information, data, and transactions between systems <ul style="list-style-type: none"> • National Student Loan Data System (NSLDS) • Internal Revenue Service (IRS) • Credit Bureaus • Includes <u>Error Tracking and Resolution</u> of data/records passed between systems
Security	The rigid guidelines, procedures and infrastructure required to maintain and enforce system and information security
TERMINATE SERVICING	
Discharge Processing	Processing applications (OMB forms) received from borrowers who may be eligible for loan discharges; Performing the research required to substantiate the discharge claim
Bankruptcy and Litigation	Research required for borrowers who have filed bankruptcy as well as any coordination required with the Department of Justice (DOJ) or other entities for lawsuits against the program(s)
Transfer Accounts	<ul style="list-style-type: none"> • Loan Servicing <--> Debt Collections • Loan Servicing <--> Discharge Disability Loan Servicing Center • Debt Collections <--> Collections Agencies



Conclusion and Next Steps

Conclusion



- While there remains certain functions performed by the Loan Consolidation and Loan Servicing systems that are unique to their systems, there does exist a common need to remove the **transfers of data and hand-offs** that exist in today's system.
 - In today's environment, Borrower and Loan Data and Documents are transferred on a daily basis between the Loan Consolidation, Loan Servicing, and Debt Collections systems.
 - In addition, perceived hand-offs and transfers occur through the varied formats of correspondence and web sites.
 - These interactions and interfaces are error-prone, redundant, costly, and place at risk the satisfaction of Direct Loan customers.
- **Although Loan Consolidation exists today as a separate system, the Consolidation process is a service to borrowers**, and the concept of incorporating Consolidation into the overall Loan Servicing function as a customer service should be explored with Common Services.
- **The similarities between the functions performed by Loan Servicing and Debt Collections were noted several times during the course of black belt working sessions.** The team seemed to agree to the value and sense in including these two systems into the Common Services solution, with the understanding that certain functions in today's environment were distinct and would have to be accounted for in the solution.
- A Common Theme throughout the working sessions was the preference to have **“One Face of Direct Lending”**. This statement does clearly reference the Consistent Answers/CRM initiative. However, the “one face” does also apply to the back end/back office technologies, systems and processes supporting Direct Loan customers.

Next Steps



- Move forward with desired “Quick Hits”.
- Create an addendum to Task Order 64 to allow a small number of black belt post-mortem sessions between the Loan Consolidation, Loan Servicing, and Debt Collections participants.
- Review Medium and Long-Term suggestions for incorporation into the Common Services initiative.

Questions? Comments?

