

TO: Secretary Paige
FROM: Theresa S. Shaw, Chief Operating Officer, Federal Student Aid
RE: FSA Weekly Report
DATE: January 13, 2003

KEY NEWS

PROGRAM INTEGRITY

Termination Action Initiated: On January 2, FSA initiated action to terminate the eligibility of Community Care College of Tulsa, based on its lack of financial responsibility. A review of the school's audited financial statements for the FY ending December 31, 2001, disclosed that the college's Equity, Primary Reserve, and Net Income ratios yielded a composite score of -0.1 out of a possible 3.0. That means the school failed to meet the minimum regulatory requirement for financial responsibility. FSA gave the college an opportunity to post a Letter of Credit (LOC) of \$382,000 to ameliorate its lack of financial responsibility and to permit continued eligibility for the Title IV programs. The college has not submitted the LOC and has until January 24 to appeal the termination action.

Letter of Credit Called: On December 20, FSA's Chicago Case Management & Oversight (CM&O) team called Mount Senario College's \$182,400 irrevocable LOC drawn on Dairyland State Bank. The school ceased operations, failed to submit its close-out audit, and the receiver refused to amend and extend the LOC until June 19. ED is allowed to call the LOC and place the funds in escrow pending a prompt determination of the extent to which those funds will be used.

Letter of Credit Called: On December 26, FSA's Chicago CM&O team called Computer Systems Institute's \$254,000 irrevocable LOC drawn on Citibank, N.A. The school was denied recertification and has potential liabilities associated with an audit, a program review, and its close-out audit. Under these circumstances FSA directed and the school refused to amend and extend the LOC.

COLLABORATION

e-Gov/eLoans: On January 10, the eLoans team met with OM Assistant Secretary Bill Leiding to deliver a status update and discuss next steps for getting funding and staffing commitments. Leiding said he plans to share the update and funding issues with Deputy Secretary Bill Hansen as part of the continuing resolution budget discussions. A visioning meeting is scheduled for January 16 with the Labor Department to discuss developing the eLoans Gateway as a subsite of GovBenefits. OMB included eLoans, as well as other e-gov initiatives, as line items (to be funded) in the FY03 budget passback to the partner agencies (ED, HUD, SBA, USDA, VA).

STUDENT AID OPERATIONS

Lender Reporting System: The Financial Partners Channel Lender Reporting System (LaRS) has successfully processed 4,638 invoices. LaRS remains in the post-production support phase. The first of two stabilization releases was implemented in Production on November 17 and the second on December 22.

SUCSESSES

Students.gov: In the first 11 days of 2003, students.gov has had more than 50,000 visits. The site set a new daily record on January 2 with almost 5,000 visits. Then it upped that record on January 6 to almost 5,600 visits and sustained close to that level all of last week. In 2002, students.gov saw dramatic traffic increases, with a total of 1,074,382 visits. Over the past two years, traffic has increased 75%. By January 31, we will implement design changes to create a new look and improve usability for customers. Students.gov is designed to facilitate students' use of government services, providing links to various e-government services and info sites.

COMMUNITY

NCHELP Speech: On January 9, COO Terri Shaw spoke to National Council of Higher Education Loan Program (NCHELP) CEOs.

ON THE HORIZON

Virtual Data Center Visit: COO Terri Shaw is tentatively scheduled to visit and tour the VDC in Newark, Delaware, on January 23. The VDC, provided by contractor CSC, hosts many of FSA's key systems.

CONTACT INFORMATION

Please contact Karen Freeman at 377-4001 with any questions.