



UNITED STATES DEPARTMENT OF EDUCATION

Federal Student Aid

TO: Secretary Rod Paige
U.S. Secretary of Education

FROM: Terri Shaw
Chief Operating Officer

RE: FSA Weekly Report

DATE: April 28, 2003

THE WEEK AHEAD

Regional Office Visits: On April 30, Terri Shaw is scheduled to visit FSA's San Francisco regional office. Since March, Terri has visited the Kansas City, Atlanta, Boston, New York, and Philadelphia regional offices to meet with FSA staff.

COSUAA: On April 29, Terri Shaw, Kay Jacks, and Jeff Baker will present at the Coalition of State University Aid Administrators (COSUAA) Annual Conference in Santa Rosa, CA.

Sallie Mae: FSA and Sallie Mae are scheduled to meet this week to discuss the impact of Sallie Mae's recent disclosure that a Sallie Mae system problem caused over 800,000 borrowers to make inaccurate monthly payments.

OPERATIONAL METRICS

Application Activities For Week Ending April 20, 2003: The Central Processing System (CPS) has processed 5,348,953 applications for the 2003-2004 cycle, a 6.4% increase over the 2002-2003 cycle.

1-800-4-FED-AID: Year-to-date, FSA call centers have received 2,865,568 calls, a 2.0% increase over last year. Service levels have increased with 98.5% of calls completed, a 7.8% increase over FY2002-2003 and the average speed to answer reduced by 78.5% to 12 seconds.

Total FSA Default Recoveries: As of April 22, total FSA default recoveries for the fiscal year reached \$882.9 million, up 19% year to date. Total non-consolidation recoveries reached \$708.2 million, up 35% year to date. Combined recoveries from our private collection agency efforts reached \$542.1 million, up 30% year to date.

KEY ISSUES

Common Services for Borrowers: On April 23, the Phase I Statement of Objectives (SOO) was published for the Common Services for Borrowers (CSB) initiative. CSB will reengineer the following four separate business processes into a single integrated system: Direct Loan Servicing System, Debt Management and Collection System, Direct Loan Consolidation System,

and the Conditional Disability Discharge Tracking System. This reengineering effort will drive operational efficiencies, reduce unit cost, and improve customer satisfaction through integrated business processes. A pre-proposal conference is scheduled for Friday, May 2, with final proposals due back to the Department by June 16. The Department anticipates awarding a contract on September 30, 2003.

Business Cases for Fiscal Year 2004 / 2005: FSA Management completed the preparation and review of FY2004/2005 business cases for IT expenditures in excess of \$3 million. The business cases will be reviewed by the Department PIRWG and submitted to the Department IRB with recommendations.

Status of Unprocessed De-Obligations: In November 2002, the Department alerted over 700 schools to an impending "Stop Pay" action as a result of their failure to resolve outstanding unprocessed de-obligations. (An unprocessed de-obligation results when the net amount of cash that a school has drawn from the Treasury exceeds the necessary amount.)

As of February 17, cash flows were stopped to schools participating in the Pell Grant and Campus-Based Programs that did not resolve their unprocessed de-obligations. A total of 140 schools (out of approximately 5,000) with unprocessed de-obligations totaling \$1.5 million were affected. **As of April 10, 24 schools remain in a "Stop Pay" status. The Department's OCFO will restore funding to affected schools that work to resolve these unsupported balances.**

Approximately 200 schools are still attempting to resolve existing unprocessed de-obligations. Departmental staff met on April 10 and will notify schools that have not resolved their issues that they will be placed back on "stop pay" status in June. The Department has also decided to write off amounts that are less than \$200.

ON THE HORIZON

NEW INITIATIVES

EFC Technology Conference: On May 5, Terri Shaw is scheduled to be the keynote speaker at the Education Finance Council's Technology Conference in Alexandria, Virginia.

PREVIOUSLY REPORTED

2002 Annual Report: FSA is finalizing the 2002 Annual Report for the Department's approval and subsequent submission to Congress. Our target submission date to Congress is early May.

FAFSA 2004-2005: The comment period for the draft 2004-2005 FAFSA will remain open until May 5 with final approval expected by July 22 as compared to October 7 last year.

Weekly Report to Secretary Paige
April 28, 2003

CONTACT INFORMATION

Please contact Chris Greene at 377-4003 with any questions.