



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: June 2, 2003

OPERATIONAL METRICS

Application Activities through May 25, 2003: The Central Processing System (CPS) has processed 6,960,908 applications for the 2003-2004 cycle, a 6.8% increase over the 2002-2003 cycle.

1-800-4-FED-AID through May 17, 2003: Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 3,759,236 calls, a 2.9% increase over last year. Service levels have increased with 98.6% of calls completed, a 5.8% increase over last year and the average speed to answer reduced by 74.7% to 11 seconds.

Total FSA Default Recoveries through May 27, 2003: Total FSA default recoveries for the fiscal year reached \$1.074 Billion, up 20% year-to-date. Total non-consolidation recoveries reached \$879.9 million, up 35% year to date. Combined recoveries from our private collection agency efforts reached \$644.7 million, up 28% year-to-date.

FSA IN THE FIELD

NAFSA Association of International Educators: Last week, FSA representatives attended the 55th annual conference of NAFSA, Association of International Educators in Salt Lake City, Utah. The theme for this year's conference was "Reaching New Heights in International Education", and more than 5,000 international educators from more than 100 countries participated in this year's conference. Department personnel met with school representatives from Title IV eligible foreign institutions, demonstrated the electronic application, and assisted the foreign school representatives with specific Title IV issues.

Pell For the 2003-2004 Award Year: On May 21, FSA completed the Initial Authorization and mailed Electronic Statements of Accounts (ESOAs) to 4,917 schools in the amount of \$5.2 billion. With this, FSA successfully met the Higher Education Act Master Calendar deadline of June 1 for notifying schools of their Pell Grant authorization levels.

Community Partnership, Training for Schools in Puerto Rico: Last week, FSA representatives conducted EDEExpress Pell training at the University of Puerto Rico in Mayaguez and the Central Administration in Rio Piedras.

KEY ISSUES

Reauthorization: FSA's Program Development staff is developing FSA's reauthorization recommendations for submittal to OPE for review and inclusion in the Department's reauthorization proposals.

Student Loan Rate: OPA issued a press release last week regarding the interest rate change and its benefits to borrowers.

Sallie Mae Monthly Payment Error: FSA continues to assess the impact of Sallie Mae's recent disclosure that a Sallie Mae system problem caused over 800,000 borrowers to make inaccurate monthly payments. FSA, OPE, OGC, and OIG are working to determine the scope of the problem and will identify appropriate remedies and policy implications. Last week, FSA drafted a response to Representative George Miller's inquiry on this matter and submitted the response for formal clearance. In addition, FSA is drafting a response to Sallie Mae formally requesting additional information.

Voluntary Flexible Agreements (VFA): FSA approved the draft Voluntary Flexible Agreement (VFA) Report to Congress and forwarded it for official clearance. VFA's replace the standard agency agreement for selected guarantors that develop innovative methods for delinquency and default prevention. We anticipate final approval by the end of this week at which time the report will be released to Congress.

ON THE HORIZON

Regional Office Visits: Terri Shaw is scheduled to visit FSA's Denver regional office on June 10, and the Seattle regional office on June 11. Since March, Terri has visited the Kansas City, Atlanta, Boston, New York, Philadelphia, San Francisco, and Chicago regional offices to meet with FSA staff.

Common Services for Borrowers (CSB) Procurement: The Department of Education has completed Phase I of FSA's CSB procurement. ACS Education Solutions, AT&T Government Solutions, and Sallie Mae, Inc. were selected to submit proposals under Phase II. The Office of Contracts and Purchasing Operations issued the CSB Phase II solicitation on May 21, 2003 via FedBizOpps. Proposals are due by 4 PM, June 23, 2003. Proposals will only be accepted from the three offerors listed above. However, others, especially small businesses, are encouraged to contact the three prime contract offerors about subcontracting opportunities.

Community Partnership, HBCU Training: ED, FSA, the White House Initiative on Historically Black Colleges and Universities (HBCUs), and the National Association for Equal Opportunity in Education announced this week that they will be jointly sponsoring nine two-day workshops around the country during June and July. The workshops will provide training and

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technical assistance to financial aid and business office staff members at HBCUs. Topics to be addressed include verification; reconciliation and best practices, untangling the web, return of Title IV funds, and satisfactory academic progress.

CONTACT INFORMATION

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