

TO: Secretary Paige
FROM: Acting COO Candy Kane
RE: FSA Weekly Report
DATE: June 3, 2002

THE WEEK AHEAD

COD Release 1.1: Common Origination and Disbursement (COD) will add new functionalities this week. COD creates a “Common Record” of Pell Grant, Direct Loan, and Campus-Based data. This week, we will add PLUS Loan Processing, Credit Check Processing, and additional reports for users.

eCampus-Based: On June 7, eCampus-Based System Release 2 is scheduled to go live. This is the final release of the system, which replatforms a 20-year old legacy system. The launch marks the completion of an action item in ED’s Strategic Plan.

IRS Income Verification Database Match: ED hopes to receive final draft legislative language from Treasury on June 5. ED and Treasury have been working with OMB to draft legislative language that, if approved by Congress, would amend the Internal Revenue Code to allow us to routinely match income information reported on the FAFSA with information reported to the IRS. FSA staff met with OMB on May 24 to work on finalizing the draft language. We received revised language from Treasury on May 31.

KEY NEWS

Record Pell Grant Initial Authorization: Pell Operations created and approved the largest Initial Authorization in the 29-year history of the Pell Grant Program—\$4,501,095,760 for 4,907 schools. This is nearly \$1 billion higher than last year’s, primarily due to the increase in the maximum award to \$4,000. Pell Operations last month received an allotment of \$5 billion from the Budget Office to cover the Initial Authorization. The Master Calendar in the Higher Education Act (HEA) requires us to notify schools of the amount of the Initial Authorization by June 1.

Status of Pell Grant Shortfall: OMB has approved an apportionment of \$375 million from the FY 2002 Appropriation for use in the 2001-2002 award year. This is added to \$860 million already apportioned and brings the total to \$1,235,000,000. ED’s Budget Office is allotting the funds for use this week.

National Student Loan Data System II: On May 30, the NSLDS II team met with Sally Stroup, Assistant Secretary for Postsecondary Education, and reached agreement on the direction of NSLDS II and the future vision. The next step is to meet with other key organizations including ED Budget Services and OMB.

Liability Decision: On May 20, the Office of Hearings and Appeals Chief Administrative Judge issued a decision in an audit appeal case involving Microcomputer Technology Institute in Houston, Texas. The judge determined the Institute owes a liability of \$2,940,677.25 for the living expenses component of Pell Grants paid to

incarcerated students between 1988 and 1993. ED determined in 1994 that the school had improperly disbursed the funds, and the case wound through District Court in Texas and the Fifth Circuit Court of Appeals before then-Secretary Riley sent it to the Office of Hearings and Appeals in 1998. The parties have 30 days from receipt of the decision to file another appeal.

Technology Infrastructure Blueprint: FSA CIO has released the latest version of the FSA Technology Infrastructure Blueprint (TIB). The TIB provides details of FSA's production architecture, which is the collection of FSA system applications. The TIB describes each system application; details of the technologies used to execute the application; the system interfaces used to exchange data; the programming languages employed; and points of contact for the system application. It serves to guide FSA toward a consistent technology infrastructure based on FSA standards supporting the modernization vision. The TIB is available as either a Microsoft Word document or a Web-based resource on the Intranet and Extranet.

RESOLUTION OF KEY ISSUES

Nothing to report.

PUBLIC AFFAIRS ACTIVITIES

Nothing to report.

REGULATORY ACTIVITIES

Nothing to report.

POLICY DOCUMENTS

Nothing to report.

GRANT ACTIVITIES

Nothing to report.

ON THE HORIZON

Perkins Loan Service Cancellation Reimbursements: In June, schools will receive electronic fund transfer reimbursements for 2000-2001 Perkins Loan Service Cancellations. A Dear Partner Letter announcing the reimbursements was posted on the IFAP Web site on May 20. About 1,688 schools are eligible for Perkins Service Cancellations. Payment letters and worksheets are being delivered to them via the Student Aid Internet Gateway (SAIG). Insufficient funds in the FY 2002 Perkins Loan Service Cancellation appropriation means schools will receive about 60% of the reimbursement due them under Section 465 of the Higher Education Act of 1965, as amended.

National Default Prevention Day: Registration for the day of default prevention and aversion workshops nationwide now stands at 486. Participants will come from schools, lenders, guaranty agencies, and other groups involved in student aid. The event is set for August 1. This is the second annual National Default Prevention Day.

CONTACT INFORMATION

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

