



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 23, 2003

THE WEEK AHEAD

Institutional Monitoring: An entrance conference for an audit on institutional monitoring will be held on June 24, 2003. The audit has two objectives: (1) evaluate FSA's Case Management and Oversight (CMO) Division's use of program reviews as a compliance tool and (2) evaluate the effectiveness of CMO's use of technical assistance as a compliance tool. The scope of the audit will be FY 2002 through March 31, 2003.

Career College Association (CCA) Annual Convention: FSA representatives are scheduled to present at the CCA Annual Convention in Las Vegas on June 25-27. The theme of this year's Convention is "Career Education: Visions of Excellence." On June 25, the Accrediting Commission of Career Schools/Colleges of Technology, the Accrediting Council for Independent Colleges and Schools (ACICS), and the Accrediting Bureau of Health Education Schools will hold an Accreditation Annual Conference prior to the CCA Convention. FSA staff will conduct a roundtable for ACICS members.

OPERATIONAL METRICS

Application Activities through June 15, 2003: The Central Processing System (CPS) has processed 7,710,744 applications for the 2003-2004 cycle, a 7.8% increase over the 2002-2003 cycle.

1-800-4-FED-AID through June 14, 2003: Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 4,239,719 calls, a 3.1% increase over last year. Service levels have increased with 98.7% of calls completed, a 5.2% increase over last year and the average speed to answer reduced by 71.6% to 11 seconds.

Total FSA Default Recoveries: As of June 17, total FSA default recoveries for the fiscal year reached \$1.171 Billion, up 17% year to date. Total non-consolidation recoveries reached \$974.2 million, up 31% year to date. Combined recoveries from our private collection agency efforts reached \$690.5 million, up 33% year to date.

FSA IN THE FIELD

“The Debt Collection Improvement Act of 1996 – How Well Is It Working”: On June 17, Terri Shaw testified before the House Committee on Government Reform’s Subcommittee on Government Efficiency and Financial Management at a hearing entitled “The Debt Collection Improvement Act of 1996: How Well Is It Working?” Terri described to the Committee FSA’s progress in improving and reducing the costs of our debt collection efforts.

Employee Training: On June 18-20, members of FSA’s Case Management and Oversight group conducted a Train-the-Trainers session in Washington, DC to outline the new approach to review and monitor the verification process at schools.

FSA reaches out to Native American community: In support of the Department's goal of increasing access to postsecondary education, FSA’s Student Aid Awareness is conducting an outreach campaign to raise awareness of federal student aid programs among the Native American community. As part of the campaign, SAA staff are contacting tribal webmasters and requesting that they link to www.studentaid.ed.gov from their respective sites. The latest tribe to add a link to FSA's site is the Titskanwatitch tribe of Texas.

KEY ISSUES

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. Last week, AT&T Government Solutions, Inc. withdrew from Phase II. The deadline for proposals was previously extended from June 23, 2003 to July 7, 2003.

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. Last week, FSA, OPE, OGC, and OIG met with Sallie Mae officials to discuss the problem, identify appropriate remedies and policy implications and convey the Department’s expectations for resolution. This week, FSA will draft a response for your office to Representative George Miller regarding his second inquiry on this matter.

FSA and OPE Request Arbitration Assistance To Resolve Open Audit Issue: After exhausting all resources to resolve a disagreement with the Office of Inspector General about a recommendation contained in the September 2000 audit titled, "Recertification Process for Foreign Schools," FSA and OPE management have asked FSA's CFO to pursue arbitration through ED's OCFO to resolve the disagreement. FSA's Internal Review Division is seeking assistance to begin the arbitration process.

E-Gov/GovBenefits/ eLoans:

A memo of understanding (MOU) and interagency agreement with Department of Labor has been developed to support GovBenefits. Budget and the Office of Management have approved the package and we expect concurrence from Glenn Perry by the end of the week. After acceptance from Contracts, the agreement will be forwarded to Department of Labor for signature.

The memo of understandings for HUD, VA and USDA to support eLoans is outstanding. There may be a concern with the original agreement relating to the GovBenefits component of the funding strategy. The team continues to work with the partner agencies and OMB to resolve the issue.

IFAP/School Portal Website Disaster Recovery Test: On June 19-20, 2003, the Virtual Data Center (VDC) performed its annual hot site test, moving its operation from Meriden, CT to Carlstat, NJ to test its capability to restore data and applications in the event of a significant disruption of VDC functionality. All data and applications were transferred to the new site and restored successfully.

ON THE HORIZON

Boston Summit: FSA's Eastern and Northern Regions will be hosting a "Boston Summit" partnership meeting on August 27, 2003 in Boston, MA. The "Boston Summit" is an annual meeting focusing on guaranty agency operations and finance.

Default Aversion Information Sharing Session: FSA and the a guaranty agency American Student Assistance (ASA) will host a "Default Aversion Information Sharing Session." This session is scheduled for late October in Boston, MA. The session will provide an opportunity for the guarantors from the two regions to share successes on default aversion practices.

Voluntary Flexible Agreements (VFA): FSA approved the draft Voluntary Flexible Agreement (VFA) Report to Congress and forwarded it to OES 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 June at which time the report will be released to Congress.

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 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.

The National Association of School Financial Aid Administrators (NASFAA): On July 8, Terri Shaw is scheduled to present to NASFAA's Board of Directors at their Annual Conference in Salt Lake City.

Weekly Report to Secretary Paige
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CONTACT INFORMATION

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