



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 30, 2003

THE WEEK AHEAD

OPERATIONAL METRICS

Application Activities through June 22, 2003: The Central Processing System (CPS) has processed 7,948,784 applications for the 2003-2004 cycle, a 7.8% increase over the 2002-2003 cycle.

1-800-4-FED-AID through June 21, 2003: Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 4,413,468 calls, a 3.2% increase over last year. Service levels have increased with 98.7% of calls completed, a 5.0% increase over last year and the average speed to answer reduced by 73.4% to 10 seconds.

Total FSA Default Recoveries: As of June 24, total FSA default recoveries for the fiscal year reached \$1.189 Billion, up 19% year to date. Total non-consolidation recoveries reached \$991.1 million, up 32% year to date. Combined recoveries from our private collection agency efforts reached \$709.1 million, up 36% year to date.

FSA IN THE FIELD

Institutional Monitoring: On June 24, an entrance conference was held on institutional monitoring. The objectives of the audit were to (1) evaluate FSA 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: On June 25-27, FSA representatives presented at the CCA Annual Convention in Las Vegas. The theme of this year's Convention was "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 held an

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Accreditation Annual Conference prior to the CCA Convention. FSA staff conducted a roundtable for ACICS members.

Studentaid.ed.gov Celebrates First Anniversary: On May 6, studentaid.ed.gov commemorated its first anniversary. The site, dedicated to providing college-bound students and their families with information on planning and paying for college, observed an 840% increase in visits during the academic year. The site is on target to record its busiest month ever in June averaging almost 30,000 visits per day and, for the first time, exceeding 50,000 visits in a single day.

KEY ISSUES

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 met with Sallie Mae officials to discuss the problem and later briefed Under Secretary Hickok on policy implications and proposed options for resolution. Last week, FSA drafted a response for your office to Representative George Miller regarding his second inquiry on this matter.

Bill Gates: On June 25, Jerry Schubert attended an executive discussion with Microsoft Corporation Chief Software Architect and Chairman of the Board, Bill Gates in Washington, DC. Mr. Gates reviewed web services strategy and trustworthy computing and later answered questions from those in attendance.

ON THE HORIZON

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; however, AT&T Government Solutions, Inc. later withdrew from the competition. The deadline for proposals is July 7, 2003.

The National Association of Student 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. Almost 50 FSA and OPE staff will also be in attendance to make approximately 16 presentations on a variety of topics to representatives of FSA's school partners.

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.

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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.

CONTACT INFORMATION

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