



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: August 4, 2003

THE WEEK AHEAD

Community Partnership, Tribal Colleges: This week, Kay Jacks and representatives from the Application, Schools Eligibility, and Delivery Services Group are attending and presenting at the annual Tribal Colleges Workshop in Polson, MT.

OPERATIONAL METRICS

Application Activities through July 27, 2003: The Central Processing System (CPS) has processed 9,204,611 applications for the 2003-2004 cycle, an 8.6% increase over the 2002-2003 cycle.

Program Disbursements: Through the week ending July 26, annual Pell and Direct Loan disbursements reached \$11.55 billion and \$11.18 billion respectively. Through the week ending July 21, annual FFEL disbursements reached \$25.09 billion. Through June, annual Direct Consolidation Loan disbursements reached \$4.13 billion.

Total Default Recoveries: Through July 25, total FSA default recoveries for the fiscal year reached \$1.330 billion, up 18% year to date. Total non-consolidation recoveries reached \$1.097 billion, up 32% year to date. Combined Recoveries from our private collection agency efforts reached \$821.6 million, up 32% year to date.

1-800-4-FED-AID through July 19, 2003: Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 5,939,380 calls, a 13.1% increase over last year. Service levels have increased with 98.8% of calls completed, a 4.0% increase over last year and the average speed to answer reduced by 69.1% over last year to 10 seconds.

FSA IN THE FIELD

Risk Management: On July 29, representatives of FSA's Portfolio Risk Management Group made a presentation on Risk Management to the Default Management subcommittee of the National Council for Higher Education Loan Programs (NCHELP). FSA's Collections Group

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also attended and provided an update on Guaranty Agency Recovery Rates, Wage Garnishment and Treasury Offset activities.

Data Mart: FSA is working on a Statement of Objectives for a new Maintenance and Operations contract for the Credit Management Data Mart and Financial Partners Data Mart. The team anticipates awarding the contract in September 2003.

E-Gov/E-Authentication: The Social Security Administration (SSA) will participate in an E-Authentication gateway pilot to demonstrate the use of the FSA PIN by the Department of Health and Human Services (HHS) to electronically sign loan promissory notes. The accomplishment is significant and promotes an interagency E-Gov Presidential Management Agenda. This is the first-ever three-way agreement to match third-party data against the SSA database.

KEY ISSUES

Identity Theft: OIG and FSA are working to develop a campaign to educate student loan borrowers about the threat of Identity Theft. Building on OIG's expertise and resources in this area, we plan to reach students through FSA's established network of schools, counselors, students and financial partners.

Common Origination and Disbursement (COD) System

COD experienced delays in processing disbursements to participating Direct Loan schools for requests submitted between July 28-31. A temporary fix was implemented and the backlog was cleared while we work with the contractor to identify a permanent solution.

Employee Satisfaction, Organizational Planning: On July 21-24, the School Eligibility Channel (SEC) (formerly Case Management and Oversight) held a Managers' Meeting to review SEC's plans to achieve performance measures, provide better customer service and efficiently and effectively utilize data resources. SEC's goal is to establish a performance-based "data savvy culture".

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 1 million borrowers to make inaccurate monthly payments. FSA, OPE, OGC, and OIG are reviewing policy implications and options for resolution.

ON THE HORIZON

Common Services for Borrowers (CSB) Procurement: The Department of Education has received proposals from ACS Education Solutions and Sallie Mae, Inc. in response to its CSB request for proposals. The CSB Source Selection Advisory Committee is now reviewing the respective technical and business proposals. The Committee's objective is to complete its review on a schedule that will permit the Department to award the CSB contract by September 30th.

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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 guaranty agency American Student Assistance (ASA) will host a "Default Aversion Information Sharing Session." This session is scheduled for October 21-22 in Cambridge, MA. The session provides an opportunity for the guarantors from the two regions to share best practices.

CONTACT INFORMATION

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