



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 18, 2003

THE WEEK AHEAD

Native American Powwow: In support of the Department's goal of increasing access to postsecondary education, FSA's Student Aid Awareness (SAA) is conducting an outreach campaign to raise awareness of federal student aid programs among the Native American community. As part of the campaign, FSA representatives will distribute FSA brochures and fact sheets this week at Crow Fair, a Native American powwow in Montana. Crow Fair regularly draws over 45,000 people from across the country.

OPERATIONAL METRICS

Application Activities through August 10, 2003: The Central Processing System (CPS) has processed 9,724,837 applications for the 2003-2004 cycle, an 8.9% increase over the 2002-2003 cycle.

Program Disbursements: Through the week ending August 9, annual Pell and Direct Loan disbursements reached \$11.58 billion and \$11.26 billion respectively. Through the week ending August 11, annual FFEL disbursements reached \$25.91 billion. Through July, annual Direct Consolidation Loan disbursements reached \$5.73 billion.

Total Default Recoveries: Through August 8, total FSA default recoveries for the fiscal year reached \$1.429 billion, up 20.5% year to date and representing 10.6% of the FY02 portfolio balance. Total non-consolidation recoveries reached \$1.197 billion, up 31% year to date and representing 8.56% of the FY02 portfolio balance. Combined Recoveries from our private collection agency efforts reached \$930 million, up 33% year to date. Recoveries in each of these areas now exceed the total achieved for all of FY02, with two months remaining in the fiscal year.

1-800-4-FED-AID through August 9, 2003: Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 5,887,917 calls, a 2.3% increase over last year. Service levels have increased with 98.9% of calls completed, a 3.7% increase over last year and the average speed to answer reduced by 70.7% over last year to 9 seconds.

FSA IN THE FIELD

FSA Software Developers Conference: On August 14-15, FSA hosted the Software Developers Conference in Arlington, VA. This conference provided schools and third party software vendors with information on FSA's data strategy and processing changes for the 2004-2005 school year.

KEY ISSUES

2004-2005 FAFSA: On August 8, OMB cleared the 2004-2005 FAFSA. Due to the new tax laws regarding the advanced child tax credit, qualified dividends, and capital gain distributions, the IRS has changed some of the tax forms referenced in the FAFSA. Prior to final production, we asked for OPE assistance to determine if these new tax laws affect the 2004-2005 FAFSA.

GovBenefits: The Department hosted the August monthly partner meeting where the team is working on the Exhibit 300 business case for the September submission to OMB. In addition, the Memo of Understanding and the Interagency Agreement were signed by both Department of Labor and Department of Education in support of this initiative. The funds were transferred to Labor, which fulfills our funding obligation this fiscal year.

E-Gov/eLoans: On August 7, Bill Leidinger was briefed on the preparation of the eLoans Exhibit 300 business case for a September 8 submission to OMB. On August 12, Bill Leidinger briefed OMB and partner agency senior leadership on the initiative.

Entrance Conference for Common Origination and Disbursement (COD) System: On August 11, OIG conducted an entrance conference to review Federal Student Aid's Common Origination and Disbursement System. The audit will: 1) determine whether COD is meeting original system goals and performance measures; 2) review select COD interfaces; 3) evaluate the management controls over data and data quality in COD; and 4) assess the effectiveness and efficiency of COD security. The survey phase of the audit is expected to last until October and the audit phase will last through February 2004. No time frame for the issuance of a draft report was provided.

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 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.

Weekly Report to Secretary Paige
August 18, 2003

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.

CONTACT INFORMATION

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