



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: September 15, 2003

THE WEEK AHEAD

2001 Cohort Default Rates: Today, FSA is scheduled to release the 2001 Cohort Default Rates to participating schools. Tomorrow, Terri Shaw and Sally Stroup will hold a press conference to announce the rates. FSA, OPE, and OPA are coordinating all aspects of the release of this information.

FSA Regional Office Visit: On September 18, Terri Shaw is scheduled to visit FSA's Dallas regional office. This will conclude Terri's first tour of FSA's regional offices to meet with FSA staff.

FSA IN THE FIELD

Career College Association: On September 11, Terri Shaw made a presentation on FSA to the Board of Directors of the Career College Association.

Denver National Scholarship Service College Fair: On September 11, FSA staff attended the 2003 National Scholarship Service (NSS) College Fair at the Denver Convention Center. Approximately 1200 high school juniors and seniors from 35 public and private high schools from the surrounding areas attended the event. Staff responded to questions from students and distributed information on planning and paying for college.

Choctaw Nation Annual Labor Day Festival: 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 staff hosted a booth at the Choctaw Nation Annual Labor Day Festival. Staff provided brochures and fact sheets about aid and ED publications to those in attendance. The Choctaw Nation Annual Labor Day Festival regularly draws over 25,000 people during the three-day event.

Department of Energy: On September 2, at the request of the Department of Energy (DOE), FSA representatives made a presentation to DOE on Title IV student financial assistance and the collection of student loans.

Weekly Report to Secretary Paige
September 15, 2003

Portfolio Risk Management Group: On September 10, FSA met with representatives of the Default Prevention Committee and the National Council for Higher Education Loan Programs (NCHELP). The meeting provided those in attendance with an overview of FSA initiatives related to preventing default and delinquency.

NELA Lender Meeting: On September 4, FSA representatives gave a presentation at the Northwest Education Loan Association (NELA) Semi-Annual Lender Meeting. The presentation provided an update on Data Mart Phase III and an overview of the FSA organization.

Voluntary Flexible Agreements (VFA) Onsite Visits: On September 9, FSA and the State Agency Liaison conducted an onsite visit of the Great Lakes Higher Education Corporation (GLHEC) to discuss VFA issues/trends and tour the operational facility. The next VFA onsite visit is tentatively scheduled for November 6th, at the California Student Aid Corporation (CSAC).

NASLA Information Sharing Session: On September 10, FSA and the State Agency Liaison attended an information sharing session held by the National Association of Student Loan Administrators (NASLA). NASLA is an organization of VFA guarantors and includes American Student Assistance (ASA), Texas Guaranteed Student Loan Corporation (TG), and Great Lakes Higher Education Corporation (GLHEC). NASLA conducts their information sharing sessions on a quarterly basis to provide a forum for discussion of VFA Default Prevention and Aversion strategies, programs, and pilots.

OPERATIONAL METRICS

Application Activities through September 7, 2003: The Central Processing System (CPS) has processed 10,570,016 applications for the 2003-2004 cycle, an 8.2% increase over the 2002-2003 cycle.

Program Disbursements: Through the week ending September 6, annual Pell and Direct Loan disbursements reached \$11.61 billion and \$11.30 billion respectively for the 2002-2003 academic year and \$1.40 billion and \$2.27 billion respectively for the 2003-2004 academic year. Through the week ending September 8, annual FFEL disbursements reached \$26.55 billion for the 2002-2003 academic year and \$1.69 billion for the 2003-2004 academic year. Through July, annual Direct Consolidation Loan disbursements reached \$5.73 billion.

Total Default Recoveries: Through September 5, total FSA default recoveries for the fiscal year reached \$1.549 billion, up 23% year to date and representing 11% of the FY02 year-end portfolio balance. Total non-consolidation recoveries reached \$1.272 billion, up 38% year to date and representing 9.1% of the FY02 portfolio balance. Combined Recoveries from our private collection agency efforts reached \$981 million, up 32% year to date.

1-800-4-FED-AID through September 6, 2003: Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 6,760,523 calls, a 1.6% increase over last year.

Weekly Report to Secretary Paige
September 15, 2003

Service levels have increased with 98.9% of calls completed, a 3.1% increase over last year and the average speed to answer reduced by 68.2% over last year to 9 seconds.

Direct Loan Servicing Call Center Phone Activity through September 5, 2003: Year-to-date, the Direct Loan Servicing Centers received 4,675,504 calls to the Interactive Voice Response System, an increase of 1.52% over 2002. Of the calls received, Borrower Services representatives handled 3,357,192, an increase of 1.21 percent over 2002. The average speed of answer was 7.17 seconds.

KEY ISSUES

Electronic Address Change Requests: On August 29, FSA implemented a new cost saving process to receive electronic change of address records from the U. S. Postal Service rather than through paper postcards. Direct Loan Servicing receives an average of 1.5 million postcards annually. At a cost of \$0.70 per post card, FSA pays the Post Office up to \$21,000 per month. The new electronic postcards will reduce costs by approximately 70%.

E-Gov/eLoans: On September 8, the Department of Education, as the managing partner for the eLoans initiative, submitted the FY05 Exhibit 300/Business Case to OMB. The Exhibit 300 FY05 budget request remained level at \$2 million with each eLoans partner agency contributing \$400,000 (\$2 million/5 agencies).

FAFSA on the Web: Last week, FSA received the 6.5 millionth web application for the 03-04 cycle.

Student Aid on the Web: Release 2 of *Student Aid on the Web* went live on September 7. FSA is planning to formally launch the site on September 25. FSA is working with OPA to coordinate all outreach and activities.

Student Aid on the Web logged almost 3.9 million visits and 20.2 million hits for the summer months of June, July and August. This exceeds the total number of visits the site has received in its 13 months in existence.

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. This week, FSA is scheduled to meet with Sallie Mae representatives to discuss appropriate next steps.

ON THE HORIZON

Training for Operating Partners: From September 22 – 26, FSA will deliver customized Pell training to Common Origination and Disbursement Customer Service Representatives in Niagara Falls, NY.

Weekly Report to Secretary Paige
September 15, 2003

Midwest Association of Student Financial Aid Administrators (MASFAA) Conference: On October 13, FSA representatives are scheduled to present at the MASFAA Regional Conference in Milwaukee, Wisconsin.

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.

The 2003 Electronic Access Conferences: FSA is hosting approximately 3000 financial aid professionals at the 2003 Electronic Access Conferences scheduled for November 2-5 in San Diego, CA and December 2-5 in New Orleans, LA. The conferences provide attendees with training and updates on Title IV programs.

Coalition Of African American Professional And Community Organizations: On February 13, 2004, FSA representatives will present to the Coalition Of African American Professional And Community Organizations at the 4th Annual Career Expo and College Fair in partnership with the Dallas Independent School District.

CONTACT INFORMATION

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