

TO: Secretary Paige
FROM: COO Terri Shaw
RE: FSA Weekly Report
DATE: September 16, 2002

THE WEEK AHEAD

e-Servicing Contract Justification: FSA is moving toward conducting market research to justify its “sole source” extension of ACS’s contract for Direct Loan e-Servicing. The action is being taken after an ED Deciding Official found in favor of SLM Corp. (“Sallie Mae”), which had filed a protest of the contract award. FSA this week is moving to complete a Statement of Objectives (SOO) for the market research. Our goal is to begin the market research by about September 30 so that a determination can be made by about mid-November.

OIG Exit Conference on “Mod Partner” Contract: On September 17, FSA is scheduled to meet with OIG to discuss audit findings related to the “Modernization Partner” contract. OIG findings include: (1) task orders under the contract don’t have adequate performance measures, (2) FSA hasn’t reviewed the agreement to ensure we receive the best value, and (3) the baseline FSA used for the “Share in Savings” task order is overstated. The Mod Partner contract was awarded to Accenture (which was Andersen Consulting) in 1999. The entrance conference for this review was held in February 2001.

NSLDS at NCHELP: On September 17, FSA staff will present an “NSLDS II” project update at the National Council of Higher Education Loan Programs (NCHELP) Electronic Standards Committee meeting in Washington, D.C. The redesign of the National Student Loan Data System (NSLDS) is scheduled to be released in September 2003.

OIG Exit Conference on SSN: On September 18, FSA is scheduled to meet with OIG to discuss the findings of the Social Security Number (SSN) audit. FSA has invited our OGC contact also. OIG’s objective was to evaluate the access, use and disclosure of SSNs with respect to the Pell Grant Program. The effort centered on the access/use/disclosure involving third parties. Since Pell receives SSNs from other ED systems and institutions and does not disclose SSN data to outside parties, the scope was narrowed to review controls over access/use/disclosure by contractors. Specifically, it related to the RFMS (Recipient Financial Management System) and VDC (Virtual Data Center) contractors (ACS and CSC, respectively).

VFA Report: This week, a draft of the final report on Voluntary Flexible Agreements (VFAs) will be submitted to Executive Secretariat for Departmental clearance. Our goal, as stated in last year’s interim report, is to deliver the final report to Congress by September 30, the end of FY02. The draft was shared with the VFA guaranty agencies (GAs) last week.

KEY NEWS

GA Federal Reserve Recall: Sections 422(h) and 422(i) of the Higher Education Act, as amended, required ED/FSA to issue two recalls of \$1 billion and \$250 million from the Federal Reserve funds held by guaranty agencies (GAs). The funds were to be deposited to the U.S. Treasury by September 1. All GAs have remitted their required share toward the \$1 billion. All except two GAs have remitted their required share of the \$250 million. We continue to work to collect the recalled funds that are still outstanding.

Call Volume Down: The Customer Service Call Center call volume for FY02 is lower than previous years. This Call Center works with school customers. We partially attribute the decrease to: (1) our work to ensure that every document posted to IFAP (the “Information for Financial Aid Professionals” Web site) clearly states who to call for more information and (2) efforts to increase the volume of IFAP “subscription users.” (Subscribers receive “push emails” notifying them of documents recently posted.) IFAP subscribers have increased from 1,008 in August 2001 to 2,596 in August 2002 (up 158%).

Student Aid Handbook for Foreign Schools Posted on Web: This handbook, designed to help foreign institutions properly administer Federal student aid to their American students, is now available in PDF format. FSA posted an electronic announcement on IFAP on September 9 and plans to develop an area on IFAP specifically for Foreign Schools. (Link to announcement: ifap.ed.gov/eannouncements/0909foreignschools.html.)

RESOLUTION OF KEY ISSUES

Nothing to report.

PUBLIC AFFAIRS ACTIVITIES

Nothing to report.

REGULATORY ACTIVITIES

Nothing to report.

POLICY DOCUMENTS

Not applicable.

GRANT ACTIVITIES

Nothing to report.

ON THE HORIZON

e-Gov/e-Loans: On September 27, the e-Loans cross-agency team is scheduled to present the team’s recommendation for scoping the e-Loans initiative to the agencies’ management. The team includes the Veterans Administration, Housing & Urban Development, Small Business Administration, Agriculture, and ED. ED leads the initiative for OMB.

CIO Technology Update: On September 30, FSA CIO will sponsor a technology day for schools. The update will be held prior to EDUCAUSE, which convenes October 1 in

Atlanta. The Dean of Information Sciences and Technology at Pennsylvania State University is scheduled to deliver the keynote address.

Financial Partners Portal Version 2.0: On September 30, this redesigned Web portal is set to go live. The portal aggregates information and services, such as the Financial Partner Data Mart, to help loan partners do their business with us. One new feature is the “Scorecard,” which allows GAs and lenders to view their own performance data—the same data we use—so they can closely monitor their performance. Version 2.0 will also provide additional access to NSLDS and FMS (FSA’s Financial Management System). (Link to Version 1.0: fp.ed.gov.)

Lender Reporting System Coming Online: On October 1, the LaRS system (the “Lender Reporting System,” which is the culmination of the Lender Redesign project) is scheduled to be released. The new system will convert major transactions from paper-based to electronic processes, such as replacing the 799 billing form. The new system will increase our ability to evaluate GA and lender performance by increasing data accuracy and making the data available faster.

CONTACT INFORMATION

Please contact Karen Santos Freeman at 377-4001 with any questions.