



## 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 29, 2003

### **THE WEEK AHEAD**

**Student Aid on the Web:** On October 1, FSA is partnering with NCES to launch *Student Aid on the Web* during a live web cast announcing the release of the NCES study “*Getting Ready to Pay for College*”. FSA is working with NCES and OPA to coordinate all outreach and activities.

### **FSA IN THE FIELD**

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

**National Educational Opportunity Centers:** On September 27, Kay Jacks was the keynote speaker at the National Educational Opportunity Centers’ dinner meeting in San Diego, CA.

**Students.gov Website Usage:** Through September 22, over 12,000 people had subscribed to Students.gov “InfoSource”, a subscription service that highlights the features of students.gov.

**Federal Perkins Loan Portfolio Analysis:** FSA initiated a project that analyzed the status of schools in the Kansas City region active in the Federal Perkins Loan program. To date, thirty-seven schools have been identified which hold Federal Perkins Loan Promissory notes but are not actively participating in the program. Of those, thirty-five portfolios have been liquidated and all outstanding loans have been reassigned for servicing. We are currently working with the two remaining schools to complete the liquidation of their portfolios.

### **OPERATIONAL METRICS**

**Application Activities through September 21, 2003:** The Central Processing System (CPS) has processed 10.8 million applications for the 2003-2004 cycle, an 8.2% increase over the 2002-2003 cycle.

**Program Disbursements:** Through the week ending September 13, annual Pell and Direct Loan disbursements reached \$11.62 billion and \$11.30 billion respectively for the 2002-2003

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academic year and \$1.80 billion and \$2.68 billion respectively for the 2003-2004 academic year. Through the week ending September 22, annual FFEL disbursements reached \$27.7 billion for the 2002-2003 academic year and \$4.60 billion for the 2003-2004 academic year. Through July, annual Direct Consolidation Loan disbursements reached \$5.73 billion.

**Total Default Recoveries:** Through September 19, total FSA default recoveries for the fiscal year reached \$1.587 billion, up 22% year to date and representing 11% of the FY02 year-end portfolio balance. Total non-consolidation recoveries reached \$1.302 billion, up 37% year to date and representing 9.32% of the FY02 portfolio balance. Combined Recoveries from our private collection agency efforts reached \$1.010 billion, up 31% year to date.

**1-800-4-FED-AID through September 20, 2003:** Year-to-date, the Federal Student Aid Information Center (FSAIC) has received 6.99 million calls, a 1.3% increase over last year. Service levels have increased with 99.0% of calls completed, a 3.1% increase over last year and the average speed to answer reduced by 66.8% over last year to 9 seconds.

**Direct Loan Servicing Call Center Phone Activity through September 12, 2003:** Year-to-date, the Direct Loan Servicing Centers received 4.91 million calls to the Interactive Voice Response System, an increase of 1.30% over 2002. Of the calls received, Borrower Services representatives handled 3.52 million calls, an increase of .96% over 2002. The average speed of answer was 7.03 seconds.

**Direct Loan Delinquency Summary:** For the month of August, the Direct Loan portfolio delinquency rate was 11.8%. In addition, 579 payments totaling \$131,837 were received in the month of August through Quick Collect, a program that allows delinquent borrowers to expedite payments through Western Union. In addition, the Quick Collect program received 579 payments totaling \$131,837. Loan rehabilitations, those borrowers that were once in default and have since made 12 consecutive monthly payments, continued to sharply increase with rehab volume now exceeding 6,900 loans representing over 3250 borrowers.

### **KEY ISSUES**

**FY03 Audit:** GAO is currently auditing Ernst and Young's (E&Y) audit work papers for FY02. E&Y was unable to convince GAO that the Department's "book-to-bank" monthly adjustments were an acceptable methodology. FSA CFO joined OCFO met on Thursday to discuss the process with GAO.

The Credit Reform team received and reviewed auditor questions and Budget responses related to the credit reform subsidy calculations. Respected credit reform expert, Tom Luter, will join the team next week to begin a review of the calculations and business process.

**E-Gov/eLoans:** On September 22, the Department received verbal approval from the Department of Labor (DOL) for the eLoans Gateway ("GovLoans") Memorandum of Understanding (MOU). ED and DOL are processing interagency agreements to transfer \$500,000 from ED to DOL to support Gateway development.

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**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**

**FSA Regional Office Visit:** On October 8-9, 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.

**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 guarantors to share best practices.

**Accrediting Council for Continuing Education and Training:** On October 23, FSA staff will make a presentation on Late Stage Delinquency Assistance to the Accrediting Council for Continuing Education and at the Council's Annual Conference in Ft. Lauderdale, FL.

**The 2003 Electronic Access Conferences:** FSA is hosting 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. To date, over 1400 have registered for the San Diego conference and almost 800 for the New Orleans conference.

**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 4<sup>th</sup> 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.