

TO: Secretary Paige
FROM: Theresa S. Shaw, Chief Operating Officer, Federal Student Aid
RE: FSA Weekly Report
DATE: October 28, 2002

THE WEEK AHEAD

Redesigned IFAP: The new version of the Information for Financial Aid Professionals Web site (ifap.ed.gov) goes live today, October 28. With the launch of the Schools Portal (fsa4schools.ed.gov), IFAP has returned to its original role as a library of Title IV reference documents. FSA's Schools Channel is soliciting feedback from the community about the redesign.

Update on e-Gov/eLoans: The government-wide eLoans team, led by ED, plans to submit the OMB 300 Joint Business Case to OMB this week. Comments from the Department's CFO and Procurement executive, as well as partner agencies HUD, SBA, USDA, and VA, are being incorporated into the business case. The President's Management Council e-Gov Subcommittee meeting that was scheduled for October 24 was postponed. Once it's rescheduled, participating agencies' Deputy Secretaries are to meet to discuss funding strategies and resource needs.

KEY NEWS

PROGRAM INTEGRITY

Recoveries: Preliminary guaranty agency reports indicate that, when combined with previously reported FSA recoveries, total FY02 recoveries on defaulted loans exceeded \$5 billion for the second consecutive year. Total guarantor recoveries finished at \$3.79 billion—a 2% increase over FY01. As previously reported, FSA recoveries finished at \$1.33 billion, bringing the total combined recoveries to \$5.12 billion—roughly the same as FY01.

Fines Initiated: On behalf of the Department, Administrative Actions and Appeals has sent notices of initiating fine actions against Education America-Denver Campus in Lakewood, Colorado, and Sanford Brown College in Fenton, Missouri. Both fines were based on serious deficiencies in the schools' administration of Title IV programs, consisting of failure to make timely or correct refunds on behalf of students who did not complete their programs of study. Education America-Denver is being fined \$767,000 and Sanford Brown College is being fined \$496,500. Both schools have until October 31, 2002, to appeal.

Termination of Eligibility: On behalf of the Department, Administrative Actions and Appeals sent a notice to the Rhode Island Beauty Academy in Johnston, RI, imposing an emergency action and initiating a termination action based on its loss of accreditation. The school has until November 15, 2002, to appeal.

“Consent for IRS to Disclose Taxpayer Information” Pilot Web Site: This Web site went live on October 21, as scheduled and as reported last week. Pilot schools are now sending letters to selected students, encouraging them and their parents or spouses to use the Web site to request the IRS send taxpayer information to the schools to complete the verification (of income) process.

Lender Reporting: Project team members are continuing an intensive effort to work with the community and reach out to lenders who aren't yet prepared to use the Lender Reporting System (LaRS) to submit interest and special allowance data. LaRS, the culmination of the Lender Redesign Project, has processed 2,324 invoices. The project now is in its post-production support phase since completing deployment.

“Address Match” Audit: On October 21, an entrance conference was held for this OIG audit. The audit's objectives are to identify addresses with excessive amounts of student aid awards and analyze the occurrences for reasonableness, and to identify schools that have a high number of applicants with the same address.

LEAVE NO STUDENT BEHIND

FAFSA Toolkits: Informational “toolkits” for the 2003-04 Web version of the Free Application for Federal Student Aid (FAFSA) are currently being mailed to 55,000 postsecondary schools, high schools, state agencies, TRIO centers, libraries, and PTAs. The kits include brochures, posters, tip cards, and notepads to encourage use of the Web to apply for student aid.

Videoconference: About 4,300 sites registered to downlink FSA's annual Application Processing System videoconference on October 24. The videoconference covered changes for the upcoming 2003-2004 processing year.

STUDENT AID OPERATIONS

Pell Grant Processing: Staff continue to process and approve schools' requests for administrative relief to the September 30, 2002, deadline for processing 2001-02 award year routing increases. Staff are also working with the Department's Budget office to shift \$80 million in available balances from prior years for use in post-deadline processing. For the 2002-03 award year, staff have processed about 100 requests for emergency increases for the period when COD (the Common Origination and Disbursement system) was not calculating the Current Funding Level (CFL) properly (and schools were not getting their funding increases). The CFL has been corrected and schools have received their funds.

COLLABORATION WITHIN ED

GPEA Strategy: OCIO and FSA CIO will co-chair a new team tasked with developing a Government Paperwork Elimination Act (GPEA) strategy and plan for the Department. The objective is to ensure the Department completes GPEA requirements by September

30, 2003 (the end of FY03) and ensure all GPEA-related OIG audit items are addressed. On October 23, the team met with Contracts and the Information Management Working Group. Next, it will meet with OIG and OMB to ensure the Department's approach to GPEA meets expectations. The team then will expand participation by meeting with key Departmental organizations.

One-ED Strategic Investment Process: FSA is represented on this Department-wide Audit Review team, which kicked off its work on October 23.

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

EAC Registration: Registration for the Electronic Access Conference (EAC) to be held in Orlando on November 4-7 currently stands at 1,250. Registration for the Las Vegas EAC to be held December 3-6 currently is 1,556.

Software Developers Conference: Following the Orlando EAC, FSA CIO will host a Software Developers Conferences. The meetings are designed for third party software developers who develop financial aid software for schools. Registration currently stands at 111.

CONTACT INFORMATION

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