

Terri Shaw's Remarks
Electronic Access Conference
Orlando, Nov. 3-6, 2002

Thank you, Kay, for that wonderful introduction, and thank you all for the warm reception. On behalf of the Department of Education and the Office of Federal Student Aid, I am pleased to welcome all of you to this year's first, and my first, Electronic Access Conference. I would like to thank Susan Thares and the FSA team and our partners for planning, preparing and conducting the conference. Quite a bit of effort goes into the production of these conferences, and I hope all of you will find the agenda and the variety of sessions and topics to be very useful. I would also like to thank Assistant Secretary for Policy, Planning and Innovation, Jeff Andrade, for joining us and for their participation in this week's events.

Kay has already shared a bit about my background and experience with you in her opening remarks. I was advised by Kay and several others that some of you might be curious about what brought me to this job. I can sum it up pretty simply: the work, the challenge, and the opportunity to make a difference.

This past summer I had just finished helping to start up a technology company and was contemplating what I would tackle next in my career. And I was considering a few alternatives. At the time, the thought of leaving the private sector to work in the federal government had not made its way to the top of my list. Then I received a call from Deputy Secretary Bill Hansen inviting me to come talk to him. Well, I met with him and I listened to what he had to share with me about the job.

As I continued to consider other opportunities in the private sector, I found myself constantly thinking about the job at FSA. I was spending a great deal of time each day studying everything I could get my hands on related to it and its mission as a Performance Based Organization.

I was hooked. Not because of the financial reward, not because of career enhancement, or other things one typically seeks in a new job. But because of the incredible chance to make a difference to people who want to go to college by helping to make the student aid programs, and the delivery processes for them, better.

The work, the challenge, and the opportunity to be a part of making that difference were not something that I could turn down.

As such I am extremely honored to have the opportunity to serve as the Chief Operating Officer and to work with all of you. I take the trust, confidence, and expectation for high performance that has been placed in me by Secretary Paige and Deputy Secretary Hansen very seriously. I also take customer satisfaction very seriously and understand that timely delivery and response and reliable support count. If we do not deliver, you cannot deliver. And our joint and most important customers, the students, are the ones who suffer most.

Since I joined the FSA team in September several things have become very clear to me.

First, the FSA staff, and all of you, are very passionate about what you do and you have an enormous amount of pride in the fact that you are direct participants through your daily work in helping students to get an education. The success of any enterprise depends on the quality and character of the people who support it. This is no less true for the FSA organization. FSA will continue to be an organization:

- In which people are empowered to get things done.
- That fosters and expects continual innovation and learning.
- That is fluid and readily adaptable to change; and
- That is focused on its customers.

Second, it is clear that a great deal of work has been accomplished since FSA was established as the federal government's first Performance Based Organization. As you all know, in establishing FSA as a Performance Based Organization, Congress set out four concrete goals to be addressed in FSA's performance plans:

- Improving service to students and other participants in the student financial aid programs, including making the programs more understandable to students and their parents;
- Reducing the costs of administering the programs;
- Improving and integrating the information delivery systems that support the programs; and
- Developing an open, common and integrated delivery system and information system for the programs.

In 1999 most work centered on establishing the infrastructure to support the office as a Performance Based Organization. This included initial structuring of the organization, recruiting needed expertise, formulating the base plan to accomplish the mission set forth in the authorizing legislation, and commissioning the Customer Service Task Force, which established plans for making customer satisfaction a top priority.

During the following three years, 2000 through 2002, progress was made against the initial plans established in 1999. Some highlights include:

- The implementation of the technical infrastructure to support the integration of our legacy systems.
- The retirement of the Central Data System and the Financial Aid Recipient legacy systems. As well as the replacement of the proprietary TIV WAN with the Student Aid Internet Gateway, the replacement of the old Campus Based System with the e-campus based system, and the implementation of our new Financial Management System.
- The launching of the School, Lender and Student Portals to provide easier access to information and data to our customers.

- The implementation of “e-sign,” the first electronic signature option for a Master Promissory Note, and the implementation of electronic billing and payment in the Direct Loan program.
- The replacement of three large paper reports required of guaranty agencies with “Form 2000.”
- And this past spring we deployed the first release of the Common Origination and Disbursement system, known as COD, which provides a single origination and disbursement process for the Pell Grant and Direct Loan programs.

Notwithstanding the progress of the past three years, the third thing that is clear to me is that much work is still ahead of us. As you know, the student aid programs have been on the General Accounting Office High Risk List for many years. Under Secretary Paige, the Department has placed a priority on the elimination of waste, fraud, and abuse in the federal student aid programs. The Secretary has initiated a Culture of Accountability throughout the Department—he holds his top officers and their staffs accountable for results. In 2001 the Department developed a *Blueprint for Management Excellence* and a new *Strategic Plan*, both of which have specific action items for FSA.

Removal of the student aid programs from the GAO high-risk list and obtaining a clean financial audit in 2003 are two of the highest priorities for FSA. Simply put, achieving both of these goals means that we are delivering the right aid, for the right amount, to the right people, at the right time.

With this in mind, in my first weeks on the job I asked the FSA senior leadership team to step back from their hectic day-to-day work activities and work together to checkpoint our progress again these two goals, as well as the goals of:

- Integrating our systems and transitioning them to current technology solutions.
- Ensuring program integrity.
- Improving our customer service; and
- Managing our human resources.

My senior leadership team and I spent the past month reviewing progress to date and formulating our strategic and tactical plans for 2003. This review and planning process helped us to ensure that our resources are deployed against the highest value, highest urgency needs first and that the work is:

- Urgent but not important;
- Essential but not urgent; and
- Optional

is identified and correctly prioritized.

Our work priorities for 2003 have been aligned with our goals of obtaining a clean audit and of removal from the GAO high risk list first, and then to our continued efforts to integrate our remaining legacy systems and migrate them to newer technology solutions. With respect to the latter, 2003 will principally be a design and development year for us. One of our major thrusts will be centered on our data as we begin to examine solutions for ensuring data consistency and integrity across our systems, and for providing our

customers with easy access to the data they need. This work is foundational to some of our remaining system integration and technology re-platforming initiatives, such as the reengineering of the legacy NSLDS System, and providing a Customer Relationship Management solution so that we can provide better service to our customers at a lower annual cost. We will also release additional functionality to our new COD system and retire the legacy systems that it replaces. You will be learning more about improvements and enhancements to all of our products and services in the many sessions this week.

We are committed to our quest to provide better system solutions and better business processes that have significant impact on ensuring program integrity providing better customer service, and on reducing the cost of program administration. And we will do so in a manner that is informed by our customer needs and their capabilities to respond to the transition to new systems and processes.

While realizing this vision is critical to our future success, we must balance the needs of the future with the needs of the present. FSA must provide seamless and excellent service in our daily operations today, and we must do so with today's systems and business processes despite whatever shortcomings they may currently have. In short, we must keep the car running and on the highway while changing the tires on the car.

FSA is a large operation by anyone's standard. This past year:

- We processed 12.3 million FAFSA forms, 59% of them electronically via FAFSA on the Web, and 41% via the traditional paper process.
- We disbursed close to \$10 billion in Pell Grants to 5.6 million eligible applicants.
- We originated \$18.3 billion dollars in Direct Loans to 2.1 million borrowers.
- We supported the delivery of \$34.2 billion dollars of Federal Family Education Loans to 4.1 million borrowers.
- We originated close to 366,000 consolidation loans totaling \$9.1 billion dollars.
- We serviced the \$77 billion dollar Direct Loan Portfolio containing 6 million borrower accounts.
- We processed nearly 25 million payments totaling over \$5.2 billion dollars from direct loan borrowers.
- Our call centers handled nearly 28 million inbound and outbound customer service calls. That is 53 calls every minute of every day, 365 days per year.
- We managed the nearly \$14 billion dollar collection portfolio containing over 2 million active borrower accounts and received \$1.0 billion dollars in payments.

This critical work of providing seamless daily operations, reengineering business processes, and moving our legacy systems to newer technology solutions cannot be accomplished without cooperation and collaboration, not only within the Department, but also with our customers.

As we approach the Reauthorization of the Higher Education Act, FSA, in its role as the office responsible for managing the operational functions supporting the student aid programs, will work closely with the Office of Postsecondary Education as the office

responsible for formulating higher education policy. The operational experiences and input from working with all of you will inform this process. We are all interested in ensuring program integrity, streamlining overly complex processes, and reducing paperwork.

As we move forward together, I can assure you that the spirit of cooperation, partnership and collaboration, between you and the Department of Education will continue.

I am committed to providing operational excellence in all areas of FSA operations, across all programs. And we will deliver on our commitments. We will work hard to obtain a clean audit opinion, not only this year, but in every subsequent year. We will work hard to enable the removal of the student aid programs from the GAO high-risk list in 2003, and to stay off that list going forward. We will work hard to reduce the costs of program administration year over year. We will work hard to deliver integrated system solutions that are customer friendly, and that support and enforce program integrity. And we will work hard to provide superior customer service.

I encourage you to share your comments, suggestions or input on how we can better serve you with me, or any FSA staff member, while we are here this week.

I look forward to meeting and talking with as many of you as I can over the next few days, and I look forward to working with all of you over the next few years.

Thank you.

Kay, would you like to come back up to introduce our guest speaker this morning.