

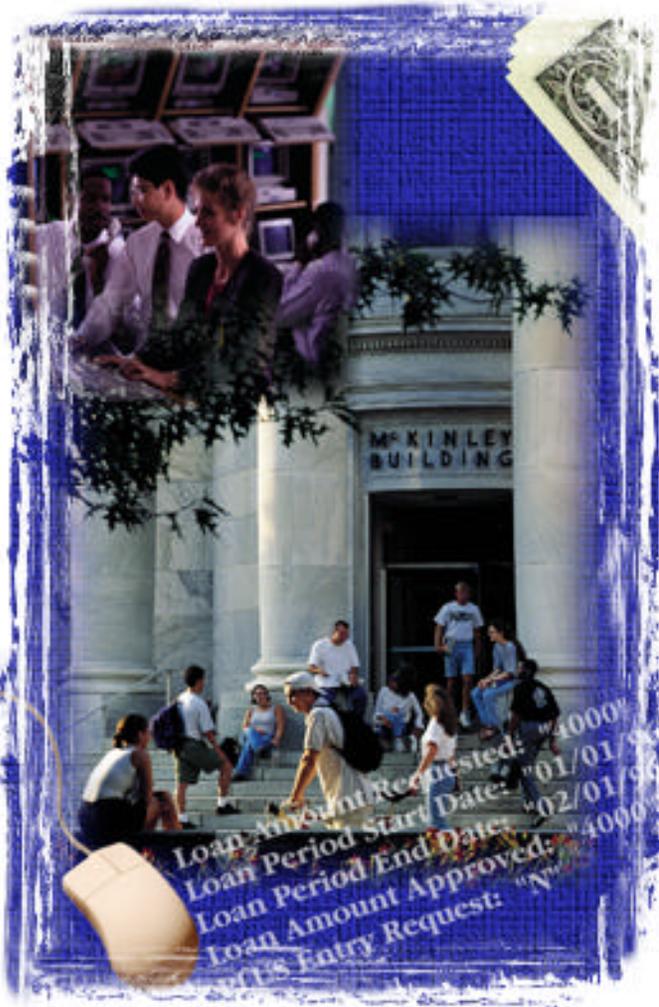


# *Direct Loan Session*

## Serving Our Mutual Customers Through Common Services for Borrowers

March 28, 2004

Dan Hayward



# Agenda

- Introduction
- CSB Overview
- CSB End State Vision
- Benefits to Borrowers
- Benefits to Schools
- Summary

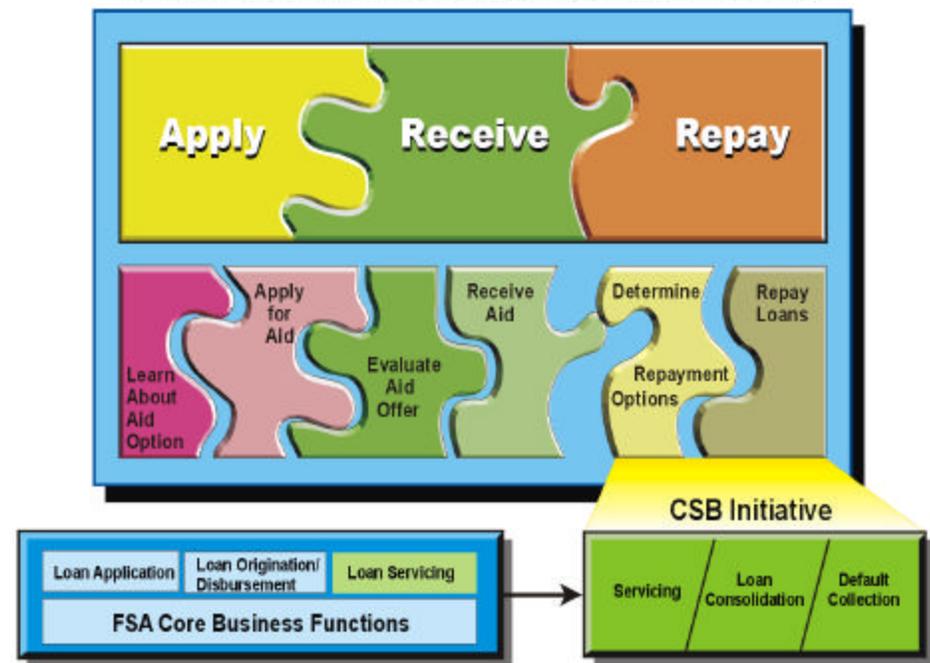


# CSB Overview - Goals

The goal of the CSB initiative is to modernize and integrate four separate legacy systems into one:

- Direct Loan Servicing (DLSS)
- Loan Consolidation (LC)
- Debt Collection (DMCS)
- Conditional Disability Discharge Tracking (CDDTS)

**Additionally, CSB will include the Delinquent Loan Data Mart (DLDM) and other FSA data mart functions**





# CSB Overview - Contract

- **Combines 4 major “legacy” contracts into one Performance-Based Contract**
- **Largest ED contract valued at more than \$2 Billion was awarded on November 20, 2003**
- **\$1 Billion in savings to taxpayers**
- **Selected team includes legacy contractors:**
  - ACS, Prime Contractor (DLSS, CDDTS)
  - EDS (LC)
  - Raytheon (DMCS)
  - Pearson Government Solutions (DMCS PIC)
  - More than 30 small and minority-owned businesses





# CSB Overview

## Current Volumes

January 1, 2004 to March 1, 2004:

- **CSB is big:**

– Active borrowers	8.9 million
– Borrower Calls	1.4 million
– Payments Received	4.7 million
– Outbound Correspondence	16.3 million
– Consolidations	40,000

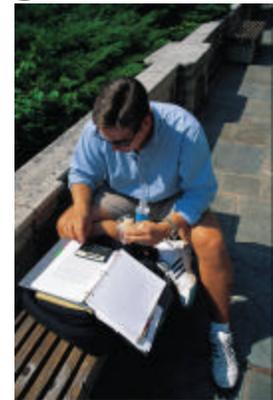
- **Direct Loans helps make it big!**

– DL borrowers	6.2 million
– Borrower Calls (Utica, Bakersfield)	1.0 million
– Payments Received	4.3 million
– Outbound Correspondence	14.1 million
– Consolidations	12,000



# How Does CSB Support Direct Loans

- Active non-defaulted Direct Loan borrowers:
  - Comprise 70% of total CSB borrowers
  - Make 74% of total CSB calls
  - Make 91% of total CSB payments
  - Receive 87% of total CSB correspondence
- Active defaulted Direct Loan borrowers comprise 8% of total CSB borrowers (28% of total borrowers in DCS)



Total active DL borrowers comprise 78% of CSB



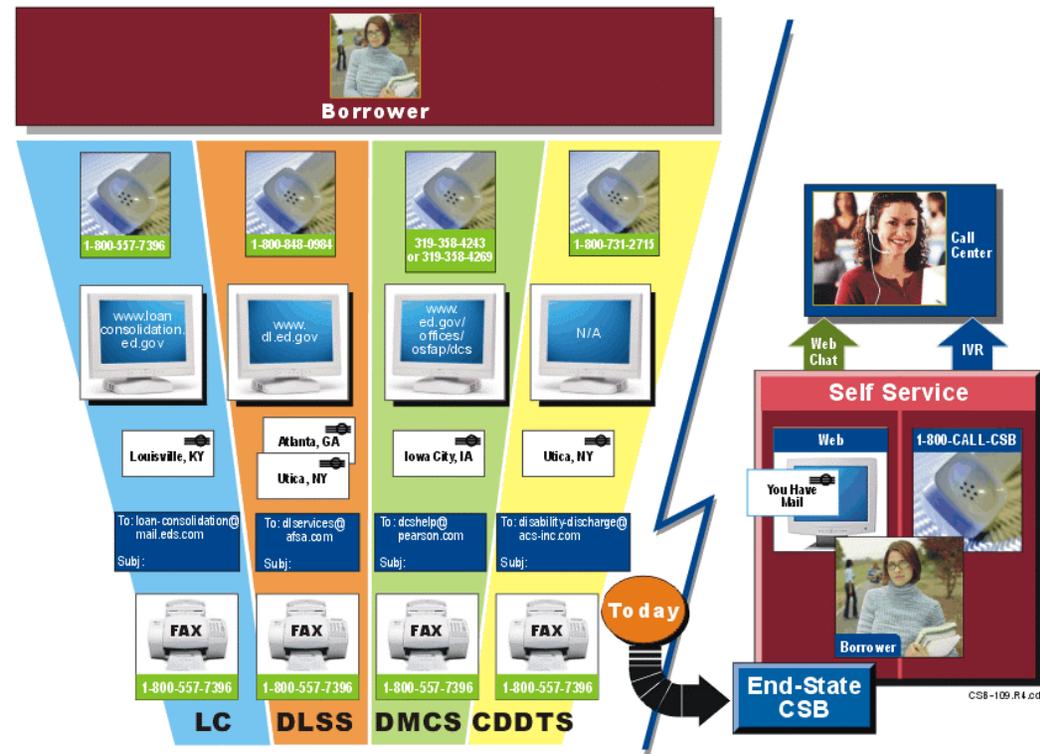
# CSB End State Vision

- CSB integrates systems and data, helps optimize the FSA portfolio, and improves customer service (borrowers, school and other partners)
- CSB provides a unique opportunity to raise the standards even higher for student lending
  - Award winning Web sites
  - ACSI customer service



# CSB End State Vision System and Data Integration

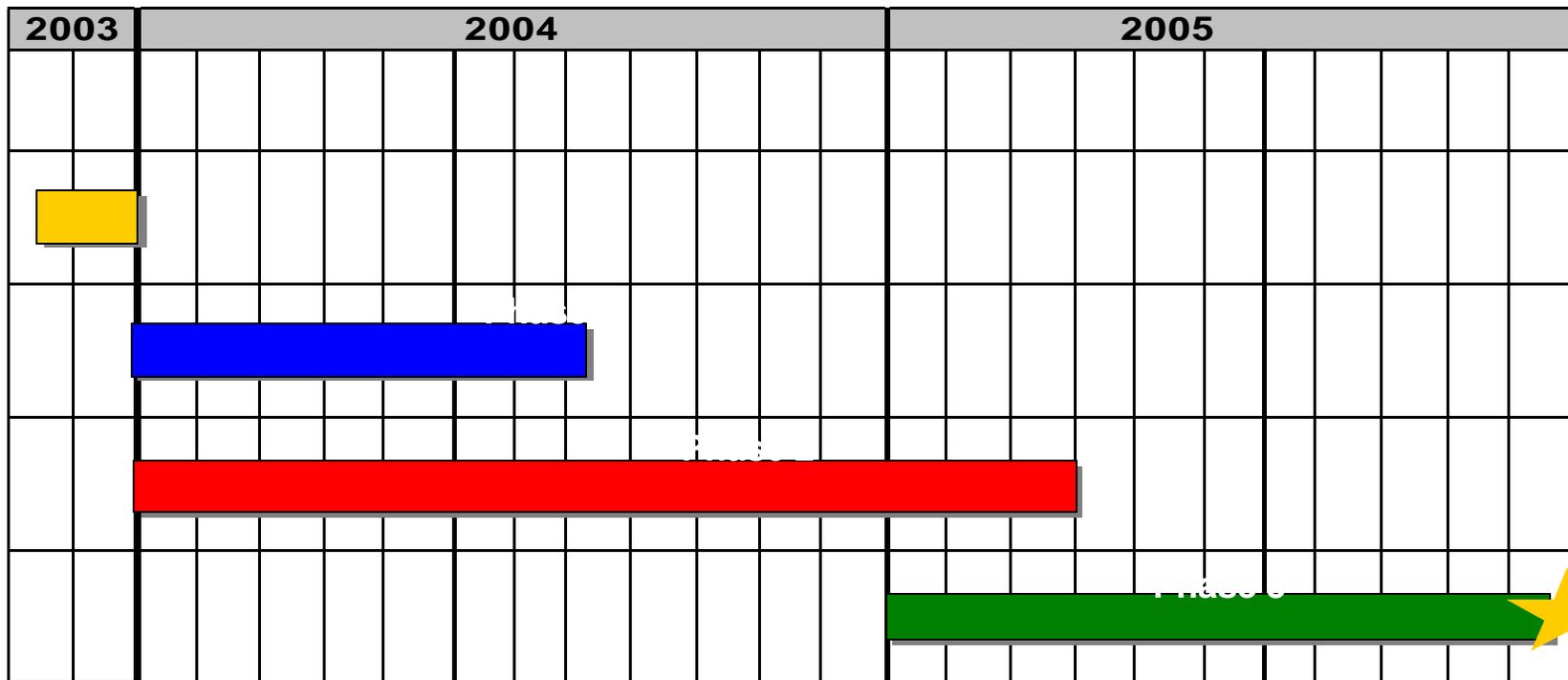
Provides a single system of record for a student or parent borrower, eliminating data redundancy and reconciliation issues





# CSB End State Vision Transition Schedule

Legacy systems will continue to operate until implementation of the CSB Solution




 Transition Complete – CSB  
 End State Vision Achieved  
 Transition Complete



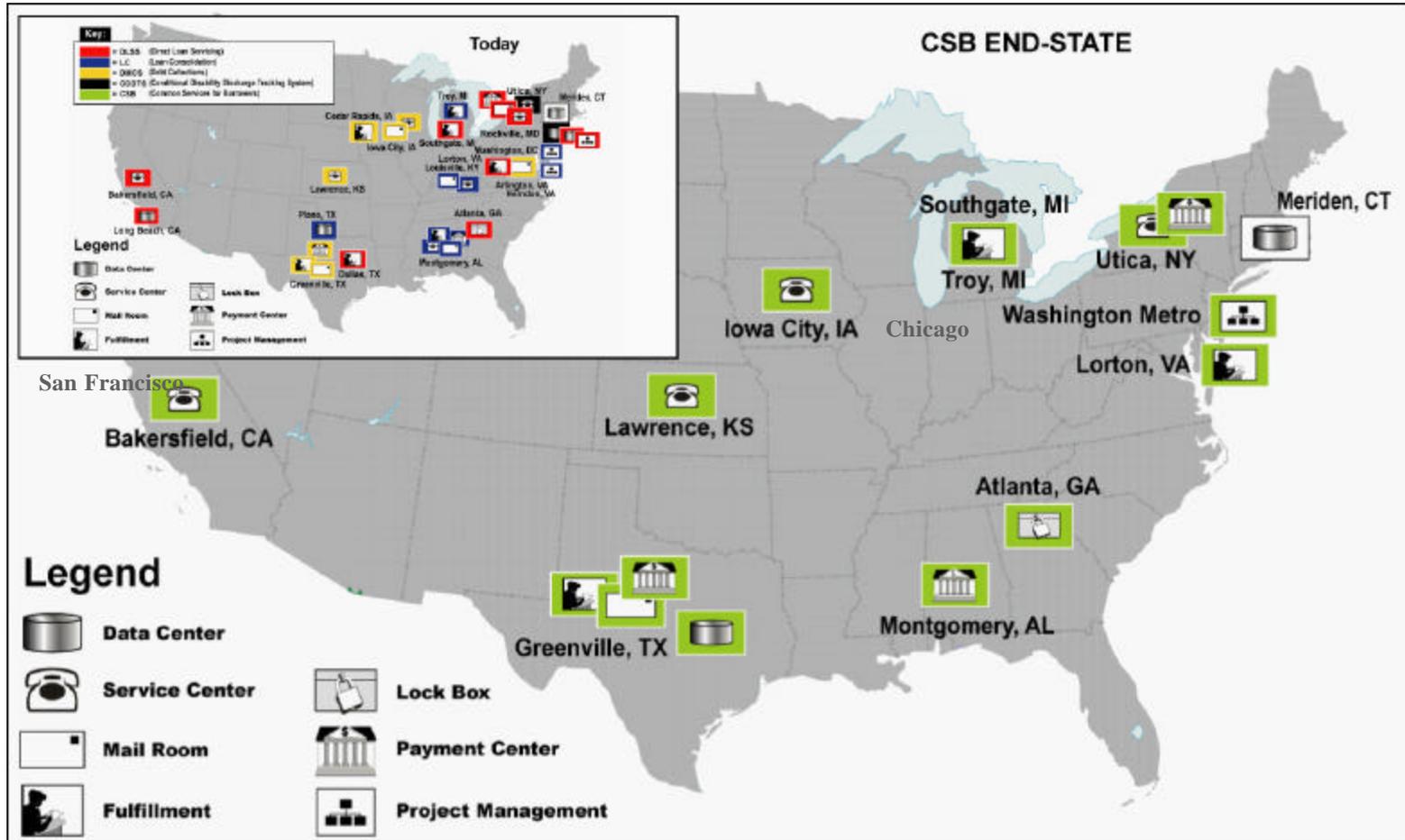
# CSB End State Vision Consolidated Operations

- CSB will achieve efficiencies and improvements while maintaining core knowledge by:
  - Consolidating six call centers into a single, Virtual Service Center using four locations
    - Bakersfield, Utica, Laurence and Iowa City
  - Combining six inbound mailrooms into one
    - Mail imaged and queued
    - Delivered electronically to the right place
  - Combining seven fulfillment (print and mail) centers into four
  - Three lockboxes replaced by one
  - Four project management functions combined into 1





# CSB End State Operations



CSB-113rev.ai



# CSB End State Vision

## Improved Portfolio Management

- New and better portfolio management tools
- Increased borrower counseling to reduce delinquency and default rates and to increase percentage of performing accounts
  - Early prevention
  - High Balance
  - Repayment
- Includes performance-based deliverables and incentives for the contractors
- Improves program integrity by identifying and preventing fraud, waste, and abuse



# CSB Benefits

Increased Customer Satisfaction and  
Improved Program Integrity



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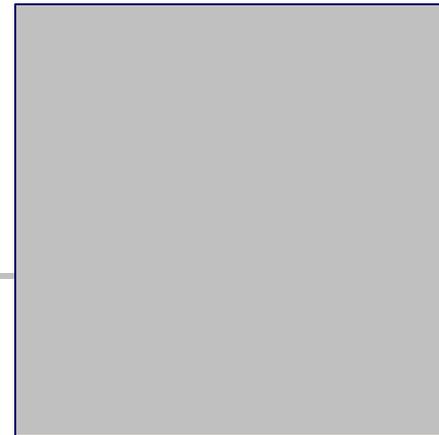
**Borrowers**

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Schools





# CSB Benefits Students

- Borrowers will be in a single, integrated system regardless of status:
  - Single payment address and single 800 number for Direct Loan Consolidation, Direct Loan Servicing and Conditionally Discharged Loans
  - Defaulted Loans will have a single 800 number
  - Single Web site for all borrowers with increased services for all
    - Based on the DL Servicing web site
  - Less confusion!!!





# CSB Benefits Students

- Single system will raise the standards for service:
  - **Online consolidation** submittal and acceptance, including pre-populated loan information for Direct Loans and for FFEL and Perkins loan data stored within NSLDS
  - Enhanced customer services (Call Center and Web)
  - Secure on-line mail box for borrower correspondence
  - Web/Chat services and deployment of 'E-minders'
  - **Enhanced Online Exit Counseling**
    - Consolidation options
    - Enhanced personalized loans counseling
    - Personalized Interactive Video Counseling Sessions





# CSB Web Site - Borrowers

Provides “Rule based” access to:

- Account Balances
- Demographic Updates
- ACH Enrollment
- Online Payments
- Online Bills and Mailbox
- 1098-E Tax Forms
- Real-time Consolidation
- Repayment Calculators
- Budget Calculators
- Repayment Plan Changes
- Online Due Date Changes
- PCA Contact Information

**FSA**  
We Help Put America Through School

Home | Your Account | Question Center | Forms

**Account Summary**

Welcome **Joe Borrower**! Our records indicate that you are currently enrolled in school at least half-time and are expecting to graduate on 12/31/2003. After graduation you will be provided with a six month grace period prior to your first payment due date. Your grace period will end on 08/30/2004. Did you know consolidating your loans while in school would allow you to lock in your lower interest rate and could reduce your monthly payment and lower the amount that you pay back? To learn more about loan consolidation, [click here](#).

**Your Student Loans**

Account Number	Status	Repayment Plan	Principal Balance	Fixed Payment	Current Due	Past Due	Late Charges	Total Due	Due Date
<a href="#">123456789</a>	In School until 12/31/2003	Graduated	\$87,262.00	\$240.44	\$0.00	\$0.00	\$0.00	\$0.00	07/14/2004
<b>Totals</b>	N/A	N/A	<b>\$87,262.00</b>	<b>\$240.44</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>N/A</b>

[View the definitions for the terms displayed in this table](#)

[Click here](#) if you have additional student loans to retrieve that data from the National Student Loan Data System (NSLDS)

[Make Online Payment](#)

**Your Last Loan Payment**

Payment Received	Payment Type	Payment Amount	Applied to Principal	Applied to Interest	Applied to Fees & Charges
07/14/2003	Mail	\$250.00	\$0.00	\$250.00	\$0.00

[View the definitions for the terms displayed in this table](#)

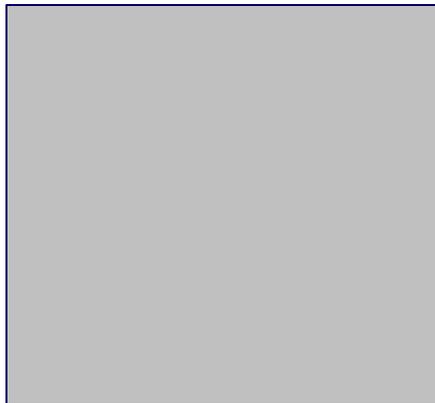
**Key**

- Existing
- Enhanced
- New



# CSB Benefits

Increased Customer Satisfaction and Improved Program Integrity



Students

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Schools





# CSB Benefits Schools

- Simplified Support Services
  - Single 800 number for information about students in DL Servicing, Loan Consolidation, Conditional Discharge or Default
  - Single School Web site containing information on all borrowers
  - Less confusion
- Centralized Portfolio Management
  - Increased initiatives for delinquency and default avoidance
  - Improved collections procedures including customized call campaigns
  - Early intervention to improve borrower delinquency and default rates
  - Late Stage Delinquency efforts continue
- Simpler, less confusing, better services for students and schools





# CSB Web Site - Schools

## Provides:

- Borrower Account Information
- Repayment Calculators
- Loan Consolidation Calculator
- Entrance and Exit Counseling Material and Reports
- Delinquency Reports and Tools
- Electronic Report Delivery
- NSLDS Data Retrieval
- Email Communications with CSRs



Key
Existing
Enhanced
New



# CSB Summary

- CSB will integrate the people, processes, and systems that operate the Direct Loan Servicing, Consolidation, Collections, and Disability Discharge contracts
- The CSB Team is comprised of familiar faces that have been supporting FSA and Schools for years
- The CSB Solution will provide a system and process enhancements that will benefit borrowers and schools





# Questions?????

We appreciate your feedback and comments. We can be reached:

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