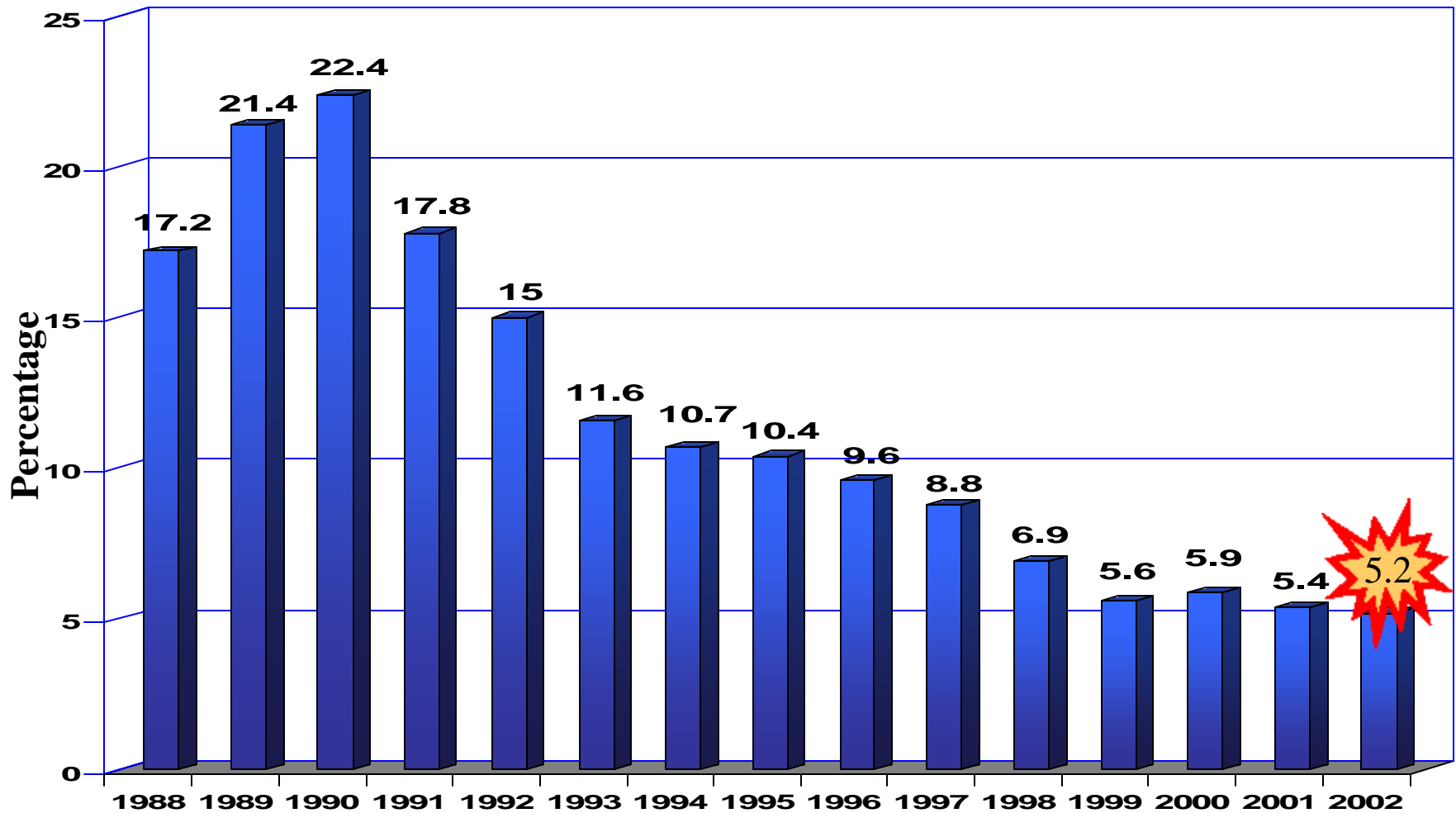




National Student Loan Default Rates

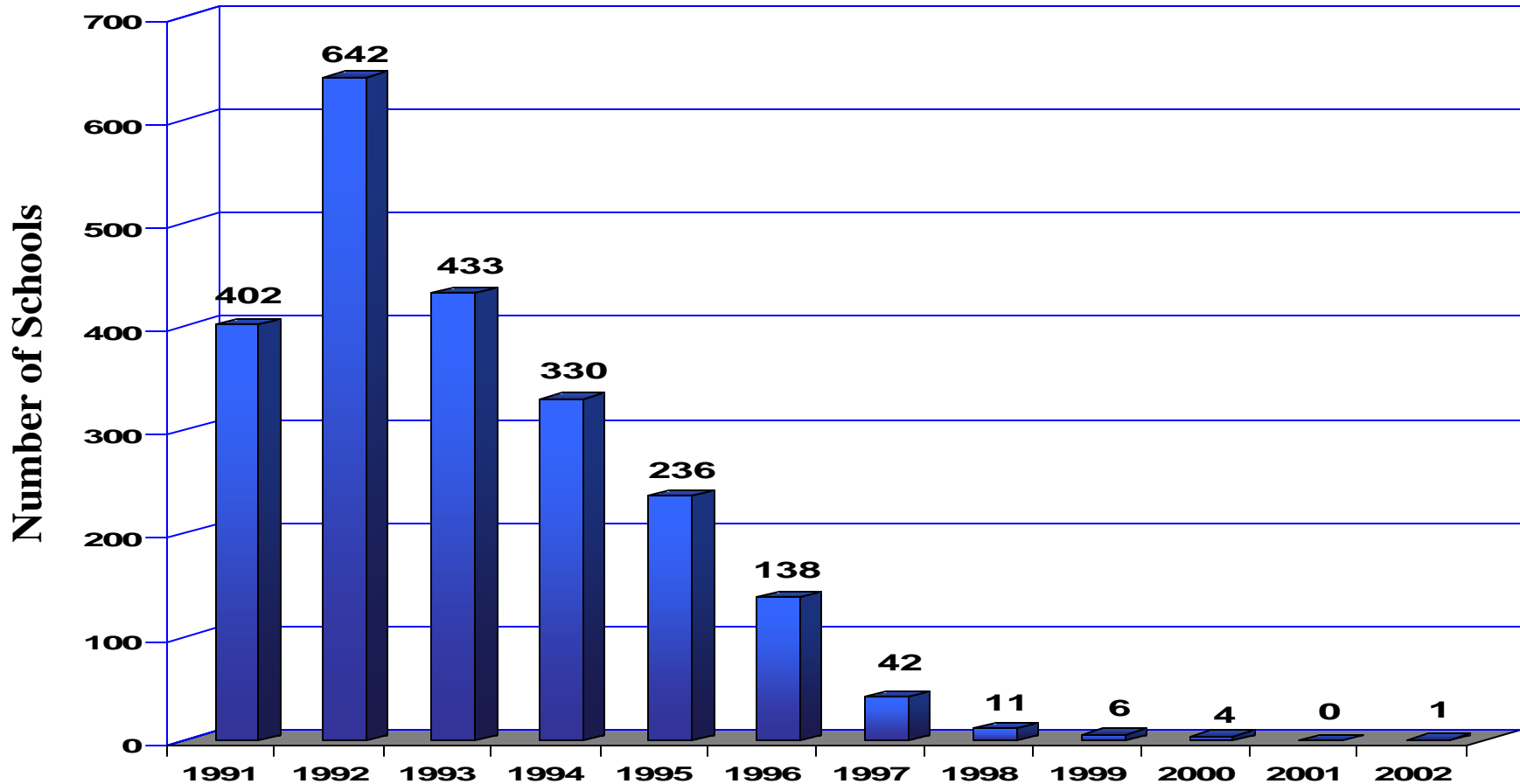
Issued date:	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
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Schools Subject to Sanctions

Issued date:	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
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The school numbers are pre-appeal and include only schools impacted by the three years of 25% or greater sanction. A school can be on extended sanction and is therefore reflected in multiple year counts. Since 1991, 1,161 unique schools were sanctioned under the three years of 25% or greater sanction.



Improving Borrower Accountability

Schools

Lenders/Servicers
Guaranty Agencies

Department of
Education

Communication

- Increased Borrower Contacts
- Conference Sessions on Default Reduction

Technical Assistance

- Cohort Default Rate Guide
- On-site School Visits
- National Handbook of Best Practices
- FSA Assessments
- Sample Default Management Plan

Risk Analysis and Assessment

- Data Mining and Portfolio Analysis
- Portfolio Risk Management Group

Aversion Tools

- Improved Entrance/Exit Counseling
- Flexible Repayment Options
 - Customized Repayment Plans
 - Electronic Billing and Payment
- Late Stage Delinquency Assistance

Program Integrity

- Strategic Identification and Intervention

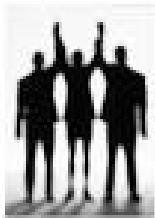
Improved Borrower
Accountability





Improving Program Integrity

FSA
School
GA
Lender



Eligible Borrowers	Repay Loans	Collect Debt
SSN Match	Default Prevention Plan	Directory of New Hires
IRS Match	VFA	Wage Garnishment
INS Match	FSA Assessment	Treasury Offset
Verification	Technical Assistance	Performance-based Contracts
Student Aid on the Web	EDA	
NSLDS match	Flexible Repayment Options	



Federal Family Education Loan and Federal Direct Loan Cohort Default Rates

Institutional Default Rate Reduction Initiative Comparison of FY 2000, FY 2001, and FY 2002 Cohort Default Rates

	Fiscal Year 2000				Fiscal Year 2001				Fiscal Year 2002			
	# of schools	Borrower Default Rate	# of Borrowers Defaulted	# of Borrowers Entered Repayment	# of schools	Borrower Default Rate	# of Borrowers Defaulted	# of Borrowers Entered Repayment	# of schools	Borrower Default Rate	# of Borrowers Defaulted	# of Borrowers Entered Repayment
Public	1,772	5.9%	79,690	1,348,885	1,713	5.3%	71,077	1,316,719	1,681	5.1%	66,297	1,295,318
Less than 2-3 yrs	179	8.1%	480	5,881	168	7.2%	387	5,366	165	6.7%	396	5,851
2-3 yrs	964	9.2%	29,129	313,582	930	8.6%	26,148	301,125	908	8.5%	25,695	299,379
4 yrs(+)	629	4.8%	50,081	1,029,422	615	4.4%	44,542	1,010,228	608	4.0%	40,206	990,088
Private	1,947	4.0%	26,963	670,176	1,888	3.5%	23,360	667,002	1,837	3.2%	22,019	669,099
Less than 2-3 yrs	100	14.9%	453	3,022	83	9.3%	263	2,810	65	9.7%	289	2,954
2-3 yrs	310	6.9%	1,453	20,946	273	6.8%	1,353	19,719	248	6.1%	1,348	21,959
4 yrs(+)	1,537	3.8%	25,057	646,208	1,532	3.3%	21,744	644,473	1,524	3.1%	20,382	644,186
Proprietary	2,337	9.4%	35,597	375,321	2,215	9.0%	35,485	391,531	2,000	8.7%	37,269	423,631
Less than 2-3 yrs	1,448	11.0%	11,113	100,681	1,335	10.8%	11,090	102,569	1,131	10.1%	11,092	108,748
2-3 yrs	720	9.5%	15,419	161,614	704	9.3%	14,606	157,045	681	9.2%	14,801	160,432
4 yrs(+)	169	8.0%	9,065	113,026	176	7.4%	9,789	131,917	188	7.3%	11,376	154,451
Foreign	389	2.6%	127	4,749	420	2.3%	113	4,905	436	2.0%	111	5,434
Unclassified	5	0.1%	1	643	4	0.1%	1	584	1	0.0%	0	294
Total	6,450	5.9%	142,378	2,399,774	6,240	5.4%	130,036	2,380,741	5,955	5.2%	125,696	2,393,776



FSA Overview

Scope of Operations – Fiscal Year 2003

- 13 million aid applications
- 9 million aid recipients
- \$62 billion delivered in total new federal aid
- \$42 billion delivered in consolidation loans
- 34 million inbound and outbound customer service phone calls
- 25 million Direct Loan borrower payments processed
- 20 billion hits to FSA Web sites
- 41+ million pieces of mail alone sent out to aid applicants during the most recent annual cycle



FSA Overview

Current Student Loan Portfolio

- 24 million borrowers with outstanding loans
- \$342 billion in outstanding loans

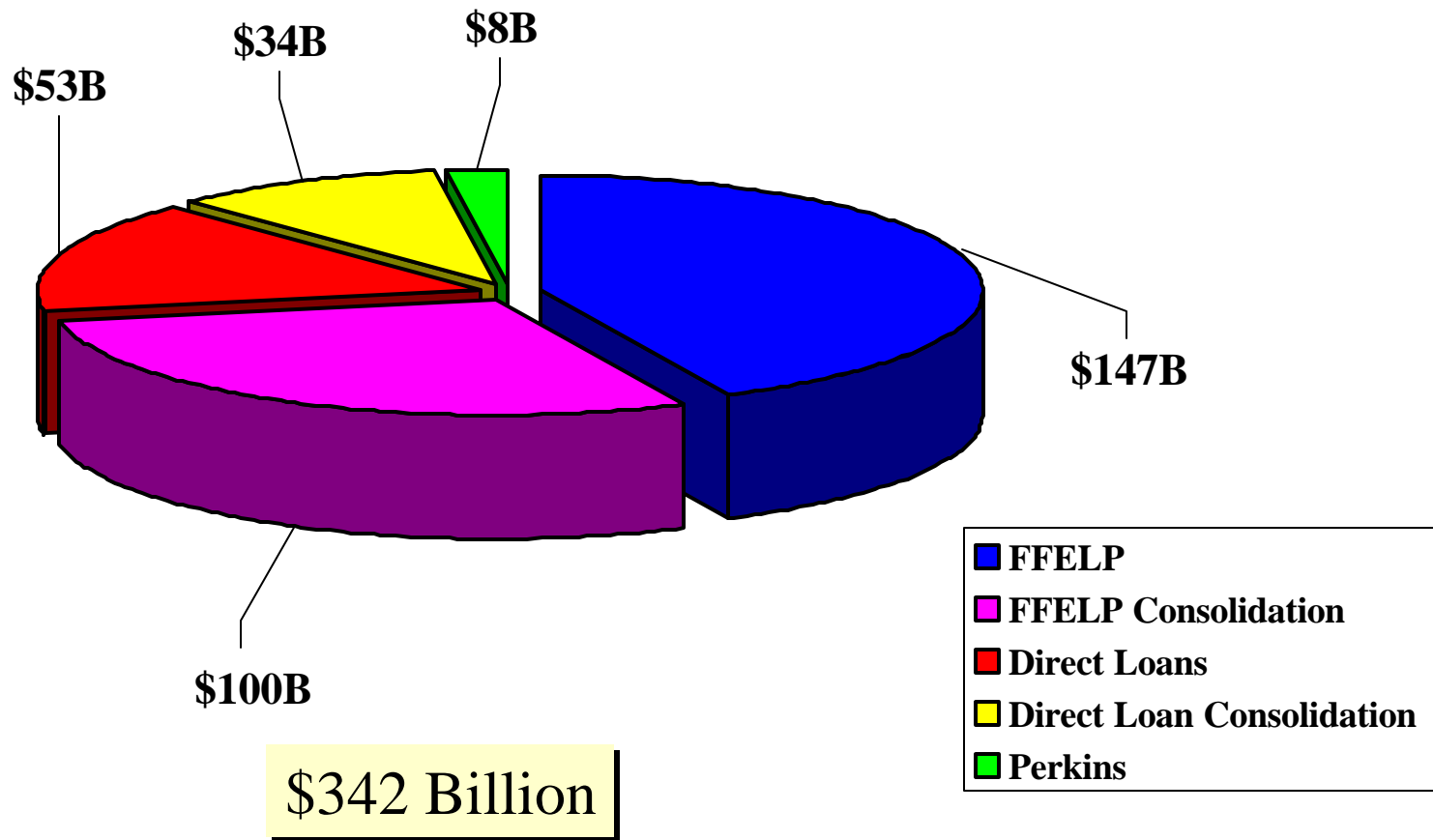
Includes:

- Direct Loans held by ED
- Federal Family Education Loan Program (FFELP) loans held by lenders
- Defaulted FFELP loans held by guaranty agencies (GAs)
- Defaulted loans (all programs) held by ED
- Perkins Loans held by schools



Programs and Statistics

Total Federal Student Loan Portfolio





Programs and Statistics

Distribution of Aid Types -Fiscal Year 2003

