

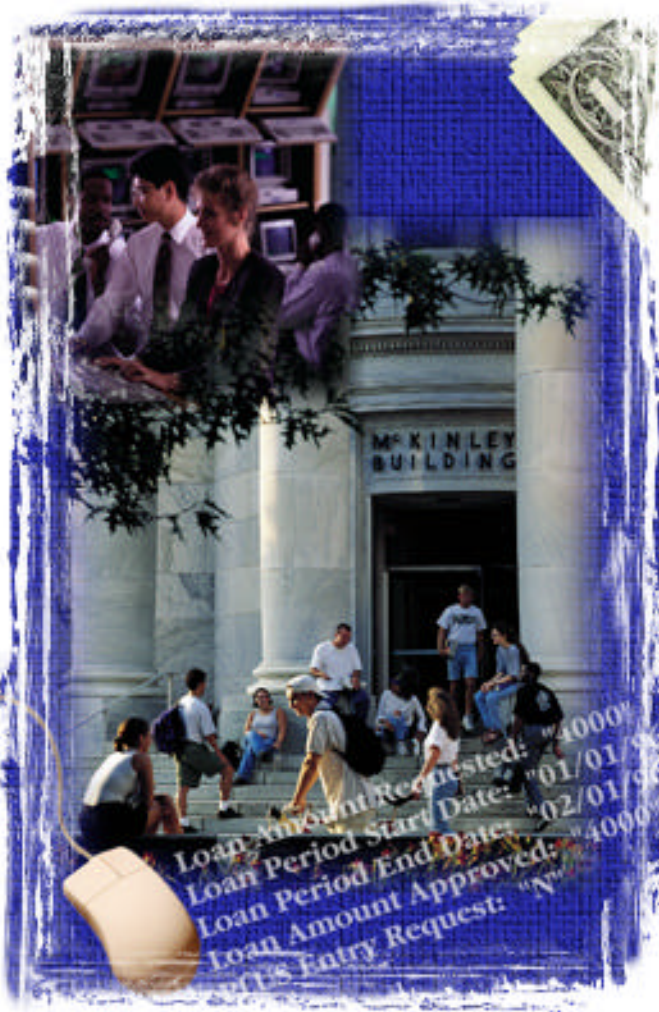


Direct Loan Session

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

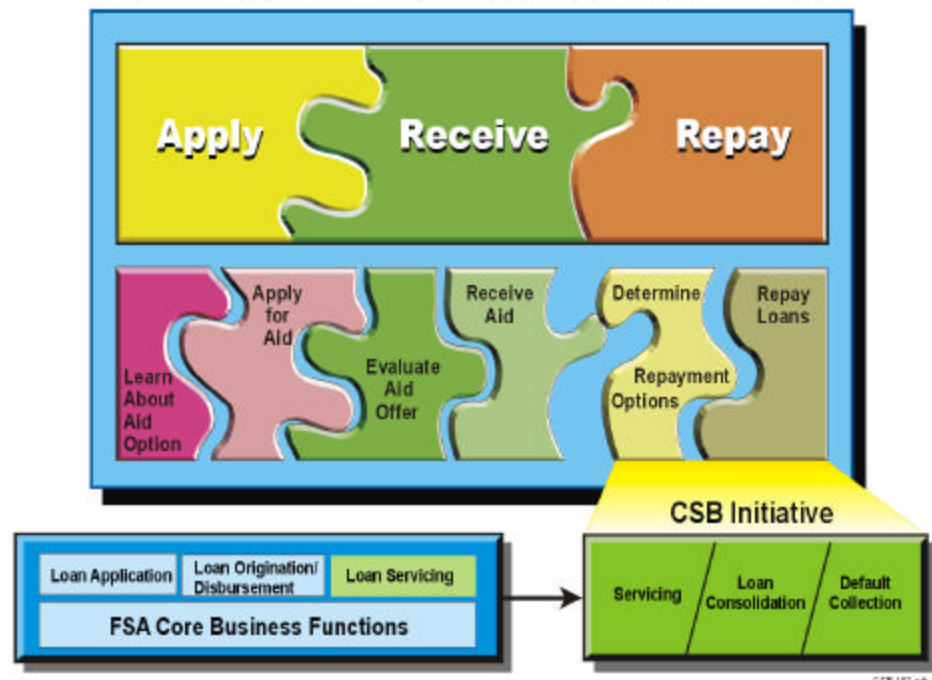


CSB Overview - Goals

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

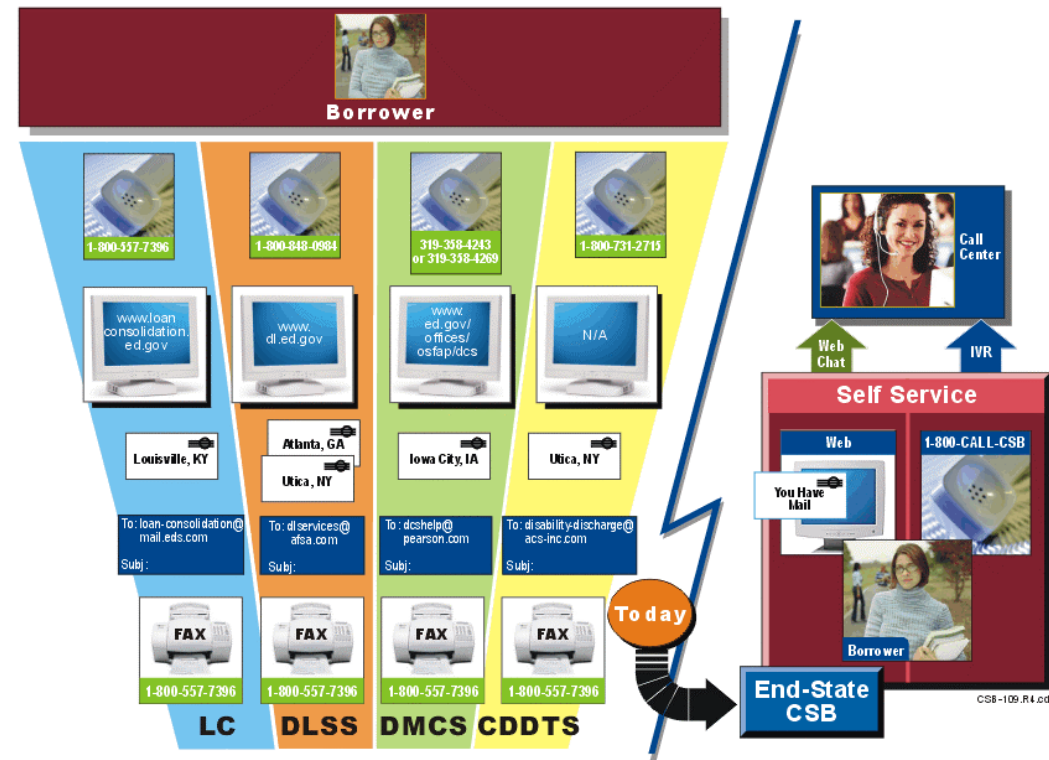
- CSB integrates systems and data, helps optimize the FSA portfolio, and improves customer service (borrowers, school and other partners)
- CSB provides a unique opportunity to raise the standards even higher for student lending
 - Award winning Web sites
 - ACSI customer service





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



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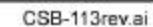
Transition Complete – CSB
End State Vision Achieved
Transition Complete



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 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

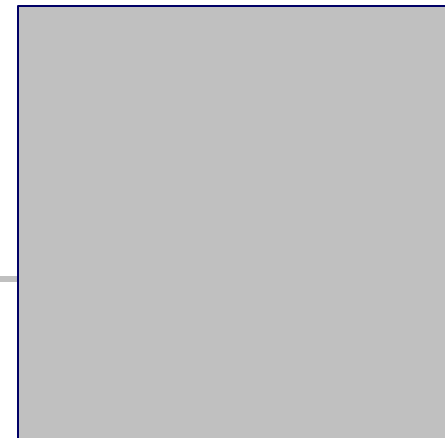


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Borrowers

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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
FEDERAL STUDENT AID
We Help Put America Through School

Explore | Contact Us | Privacy | Site Map | Logout

HOME | YOUR ACCOUNT | QUESTION CENTER | FORMS

View Account Information

- Account Summary
- Payment History
- Payment Amount
- 1098-E Tax Information
- Electronic Payments Setup

Manage Your Account

- Update Your Information
- Electronic Correspondence
- Delinquent Account
- Make Address Request
- Change Repayment Plan
- Change Payment Due Date

Payments & Billing Methods

- Make Online Payment
- Electronic Debt Account (DEBA)
- Electronic Billing

Tools & Planning

- Repayment Calculator
- Budget Calculator
- Repayment Plan Estimator
- Interest Capitalization Estimator
- Repayment Calculator

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 06/30/2004. 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](#).

Personal Information

Name: Borrower, Joe
SSN: 123-45-6789
Date of Birth: Jan 10, 1975
Address: PO BOX 1234
UTICA, NY 12001
Home Phone: (315) 555-1234
Work Phone: (315) 555-1234
Email: jeborrower@csb.edu

Important Messages

New Electronic Services
You can now view your Student Loan bill online, receive most of your Student Loan correspondence via email, and make online payments for your Student Loan(s) from our Web site. To learn more about these options, [click here](#).

Your Student Loans

Account Number	Status	Repayment Plan	Principal Balance	Fixed Payment	Current Due	Past Due	Late Charge	Total Due	Due Date
123456789-1	In School until 12/31/2003	Graduated	\$87,262.00	\$250.44	\$0.00	\$0.00	\$0.00	\$0.00/7/14/2004	
Totals	N/A	N/A	\$87,262.00	\$250.44	\$0.00	\$0.00	\$0.00	N/A	N/A

[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

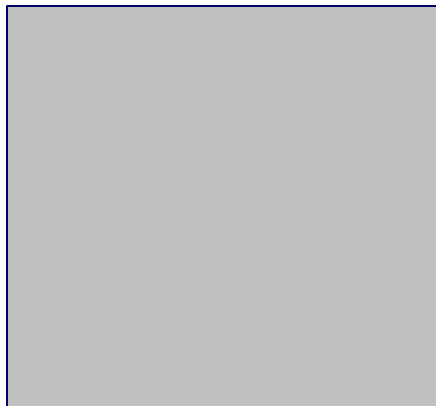
Enhanced

New



CSB Benefits

Increased Customer Satisfaction and
Improved Program Integrity

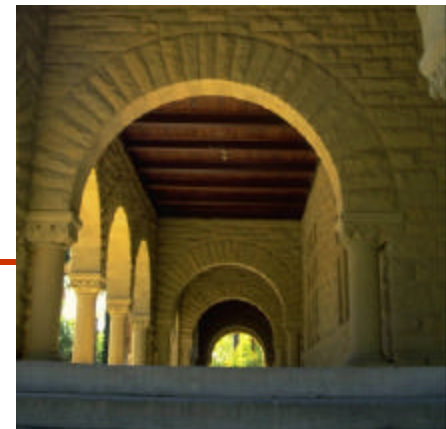


Students

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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:

Sue Szabo

Phone: (202) 377-3437

Email: susan.szabo@ed.gov

Dan Hayward

Phone: (202) 377-3207

Email: dan.hayward@ed.gov