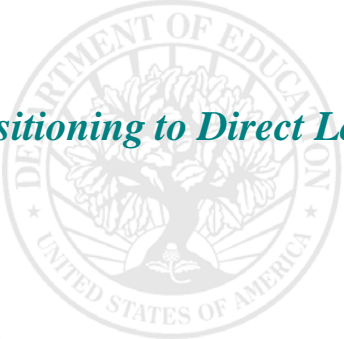
 **Transitioning to Direct Loans**



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 **AGENDA**

- Introduction and Comments
- Transitioning: Capacity, School Software, and School Readiness Support
- Overview & Benefits
- Q&A

**2**

**START HERE  
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 **Federal Student AidCapacity  
School Software,  
School Readiness Support**

**START HERE  
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**Capacity**

- COD System capacity enhancements for 100% FFELP volume in progress, on time and on target
- FSA Customer Service Centers
  - Increased and trained staff
  - Monitor incoming volume
  - FSA has dedicated Direct Loan Transition Team to assist setup completion requests, monitor batch submission, and support schools

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**Capacity Contd.**

- Selected 4 additional Servicers
  - ACS (current servicer)
    - Great Lakes Education Loan Svcs
    - NelNet
    - Sallie Mae
    - AES/PHEAA

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**Capacity Contd.**

- Additional Servicers - Three phase implementation
  - Phase 1 completed
    - Fully operational – bought FFEL loans
  - Phase 2: to be completed March 31, 2010
    - Performance Review
    - Compliance Review

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**Capacity Contd.**

- Additional Servicers - Three phase implementation
  - Phase 3 due to be completed by August 31, 2010
    - Fully operational
    - Service William D. Ford Direct Student Loans

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**Capacity Contd.**

– FSA automated a number of the DL participation steps required for schools:

- FSA made benign changes to most school profiles
- FSA made benign changes to most TG mailboxes
- Does NOT obligate school to process Direct Loans



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**School Software**

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**School Software**

- Most schools use a commercial software product to process Title IV aid.
- Examples include: PeopleSoft, Sungard/SCT, Datatel, Campus Management, PowerFaids, and more.
- Commercial products contain direct loan functionality
- Schools should contact their Software Vendor

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**School Software Contd.**

- Schools may also use the Department of Education's PC Software – EDEXpress
  - Expect product to be used by existing EDEXpress users and by schools who currently use EDEXpress to transmit grant records
  - FSA providing webinars on Processing DL using EDEXpress



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**School Software Contd.**

- Institutionally developed software
  - If school participates in Pell
    - Common record exists
    - Will need to add some new tags/blocks that are specific to direct loan processing but most are shared with Pell



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**School Software Contd.**

- Graduate/professional/medical
  - Schools may not be knowledgeable about COD or about drawing down funds
- Developed training module for schools that do not use COD
- This type of school is targeted for specific support from FSA because of lack of COD use in past

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**School Software Contd.**

- “CTE” Commonline Transformation Engine.
  - Developed last year. Was never used.
  - Will have available if needed
  - Allows a school to transmit records using Commonline format.
  - Considered temporary solution

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**School Support**

15

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 **School Support**

- School Support and Activities
  - Developed Customer Support plan for the transition that includes support from initial contact from school through end of first year of processing

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 **School Support**

- Teams designed for targeted support to:
  - Graduate/Professional/Medical schools
  - Small schools
  - Career Colleges
  - Community Colleges
  - HBCU, HSI, and Tribally Owned colleges
  - Foreign schools
  - Pacific Island Schools



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 **School Support**

- Transition Planning and Activities
  - Visited Schools
  - Presented at State and Regional conferences
  - Developed and conducted Webinars for particular state constituencies, associations, etc



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**School Support**

- Transition Planning and Activities
  - Publications plan
  - Welcome packet
  - School communication plan
  - Training plan

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**School Support Contd.**

- Training
  - Spring and Summer “new school” DL training
  - Extensive new suite of DL training
    - 2x per month in the fall
    - 4x per month after January or as needed



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**School Support**

- Training
  - Direct Loan Processing with EDEExpress
  - Business Officer Training
  - Foreign School Training

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**School Support**

- FSA Conference support
  - Numerous DL sessions mostly offered 4x
  - Hands-on sessions for EDEExpress and COD processing
  - “PC” Lab with special booth for DL Participation

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**Overview**

23

START HERE  
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**Overview**

Single source of funding allows for processing awards and changes quickly and easily.

Direct Loan Program

24

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**School Benefits**

- One lender
  - Funds obtained from a single source
- Processing commonality with other school/Title IV financial processes, i.e., Pell, ACG, SMART, TEACH
  - One reporting system/database (COD)
  - One transport vehicle (Common Record)

26

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**Student Benefits**

- One lender
- Student awards integrated with other school financial processes, i.e., Pell, ACG, SMART, TEACH
- One source of information - Students work directly with school staff to learn status of award, status of disbursements, and to request loan adjustments

26

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**The Direct Loan Process Flow**

27

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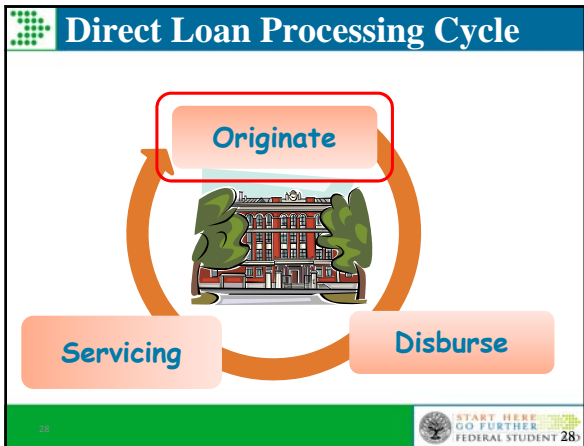
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- ### Loan Origination
- Same as “certifying” a FFELP loan
  - School confirms eligibility, determines loan award and creates student record
  - School transmits award/disbursement data to COD to Originate award
    - Via Common Record
    - Online
    - Virtually the same as Grants process
- 29
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- ### Disbursements
- Desired result is a “Booked” Loan:
    - Accepted Origination record
    - Accepted signed MPN
    - Accepted Actual Disbursement
    - Is now a binding obligation between borrower and ED
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**31 Servicing**

- Department of Education is responsible for collection of Federal Direct Student Loans
- Goal is to service loans and assist borrowers to avoid delinquency and default issues
- Direct loan servicers are highly incentivized to provide high quality services to borrowers and keep borrowers current.

31 

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**32 Servicing**

**Examples of services**

- Single point of contact for schools
- Financial literacy materials and web tools
- Predictive call modeling for delinquency management
- Robust skip tracing tools for delinquency management
- Web Chat

32 

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**33 How to Get Started in DL**

- Program Participation Agreement
  - Direct Loan eligible program
- Contact COD via email at :  
CODSupport@ACS-Inc.com

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**COD Call Center for Schools**

COD School Relations Center

[www.cod.ed.gov](http://www.cod.ed.gov)

(800) 848-0978

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**Direct Loan Training**

- Direct Loan Webinars
  - A series of Direct Loan focused webinars including Direct Loan and COD primers offered this past fall and beginning again on January 26, 2010 (ANN-10-01)
  - Webinar series is available “on demand” from website
- Spring Regional Direct Loan Training: 16 sites

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**Direct Loan Training**

- Direct Loan training for Business Officers
- Training for Graduate/Professional and Medical institutions
- Processing Direct Loans with EDEExpress Webinars
- EDEExpress Web-based training - available via IFAP
- COD Computer Based Training

36



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**Direct Loan Resources**

- Written Materials (IFAP)
- Direct Loan Website  
– [www.direct.ed.gov](http://www.direct.ed.gov)

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**Questions and Comments**

Questions?

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**Contact Information**

[William.Leith@ed.gov](mailto:William.Leith@ed.gov)

39



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