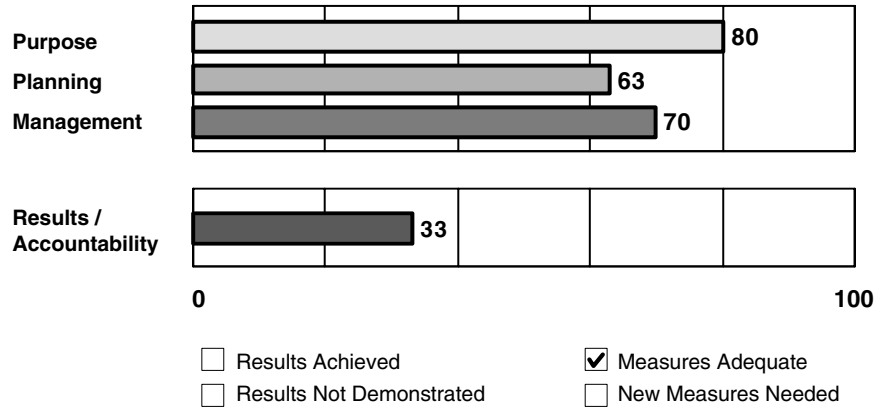


Program: Student Aid Administration

Agency: Department of Education

Bureau: Federal Student Aid



Key Performance Measures

	Year	Target	Actual
Long-term and Annual Measure: Recovery rate on Department-held defaulted loans	2001		7.8%
	2002	7.2%	7.28%
	2003	8.0%	
	2007	9.5%	
Long-term and Annual Measure: Pell Grant dollars erroneously paid to student aid applicants (Note: Enactment of the Administration's IRS Verification proposal would enable ED to develop more aggressive targets.)	2001		\$350 M
	2002	\$336 M	
	2004	\$235 M	
	2005	\$202 M	
Long-term Measure: Consolidate 14 Federal Student Aid systems (Note: Of the 14 legacy systems, three have been retired, four have been reengineered, and three are currently being reengineered.)	2002		21%
	2006	100%	

Rating: Adequate

Program Type: Capital Assets

Program Summary:

The Student Aid Administration provides funding for the Department of Education's postsecondary school federal student aid programs and makes sure the right amount of money goes to the right recipients.

The assessment found:

1. The Department has made some progress in integrating student aid systems, reducing erroneous payments in the Pell Grant program, and collecting defaulted loans. Despite this progress, however, student aid programs continue to be at high risk for fraud and error. For example, the Department continues to overpay students hundreds of million of dollars in aid each year. The Department has not resolved ongoing accounting problems, and there are documented system weaknesses in school monitoring and determining if students are eligible for aid.
2. The Department must address ongoing financial management deficiencies and develop a comprehensive strategy for risk management.
3. More focus is needed on improving strategic planning of the program. The Department must develop a unit cost methodology so that meaningful efficiency targets can be established. The Department must also reform "performance-based" contracts so that tasks are measured against performance targets, not process deliverables.

To address these findings, the Department will:

1. Develop a unit-cost framework and meaningful efficiency targets.
2. Improve risk management strategies, such as expand data analyses to identify problem institutions and IRS income verification to reduce Pell overpayments.
3. Implement financial system integration and improvements.

Program Funding Level (in millions of dollars)

<u>2002 Actual</u>	<u>2003 Estimate</u>	<u>2004 Estimate</u>
886	932	947