

# Archived Information

## STUDENT FINANCIAL ASSISTANCE POLICY AND PROGRAMS

(PELL GRANTS, SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS, WORK-STUDY, PERKINS LOANS, LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIPS, LOAN FORGIVENESS OF CHILD CARE PROVIDERS, AND FEDERAL ADMINISTRATION OF POSTSECONDARY EDUCATION PROGRAMS)

<b>Goal</b> To help ensure access to high-quality postsecondary education by providing financial aid in the form of grants, loans, and work-study in an efficient, financially sound, and customer-responsive manner.	<b>Funding History</b> (\$ in millions)			
	<b>Fiscal Year</b>	<b>Appropriation</b>	<b>Fiscal Year</b>	<b>Appropriation</b>
<b>Legislation:</b> Higher Education Act (HEA) of 1965, Title IV, Part A, B, C, D, E, as amended (20 U.S.C. 1070a).	1985	\$8,9600	2000	\$11,223
	1990	\$11,291	2001	\$9,454
	1995	\$13,253	2002 (Requested)	\$15,318

### Program Description

The Title IV Student Financial Assistance Programs consist of eight programs that provide grant, loan, and work-study assistance to needy students to help them obtain the education and training they need to succeed.

- **The Federal Pell Grant Program** helps ensure access to postsecondary education for low- and middle-income undergraduate students by providing grants that, in combination with other sources of student aid, help meet postsecondary education costs.
- The Campus-Based Aid Programs provide three types of financial assistance through participating accredited postsecondary institutions to financially needy students to help them meet the costs of their education: grants to undergraduates through the **Federal Supplemental Educational Opportunity Grant (SEOG) Program**, subsidized loans through the **Federal Perkins Loan Program**, and work-study opportunities through the **Federal Work-Study (FWS) Program**.
- The Federal Loan Programs provide loans to students and their parents to help them meet the costs of their education at participating postsecondary institutions. There are two basic Federal Loan programs. In the **Federal Direct Loan Program**, the Federal Government provides loan capital directly to students through postsecondary institutions. In the **Federal Family Education Loan (FFEL) Program**, loans are provided by private lenders and insured against default by the Federal Government. In each loan program there are three types of loans: 1.) subsidized loans, available to financially needy students; 2.) unsubsidized loans, available to all students; and 3.) loans to parents of dependent students.
- The **Leveraging Educational Assistance Partnership Program** provides dollar-for-dollar matching funds to states to encourage their investment in need-based grant and work-study assistance to eligible postsecondary students.
- The **Loan Forgiveness For Child Care Providers** demonstration program provides loan forgiveness to Federal Stafford and Unsubsidized Stafford loan borrowers who have earned a degree in childhood studies and worked for two years as a child care provider in a low-income community.

To be eligible to receive Federal aid, a student must also be a U.S. citizen or eligible noncitizen and either have a high school diploma, a General Education Development Certification, or pass a test approved by the Department of Education. In order to receive Pell Grants, Campus-Based Aid, or subsidized loans, students must also demonstrate financial need based on a congressionally-specified formula that assesses the ability of the student, or student and family, to contribute financially towards the cost of his or her postsecondary education.

For more information, please visit the program Web site at: <http://www.ed.gov/finaid.html>

# STUDENT FINANCIAL ASSISTANCE POLICY

## Program Performance

OBJECTIVE 1: ENSURE THAT LOW- AND MIDDLE-INCOME STUDENTS WILL HAVE THE SAME ACCESS TO POSTSECONDARY EDUCATION THAT HIGH-INCOME STUDENTS DO.

<b>Indicator 1.1 Percentage of unmet need: Considering all sources of financial aid, the percentage of unmet need, especially for low-income students, will continuously decrease.</b>						
Targets and Performance Data			Assessment of Progress		Sources and Data Quality	
Average unmet need (the percentage of a student's total cost of attendance that is not met by the expected student and family contribution and all sources of financial aid)			<b>Status:</b> No 2000 data; progress being made toward target.		<p><b>Source:</b> Baseline: National Postsecondary Student Aid Study (NPSAS). Updates: Based on administrative records and data from the College Board.</p> <p><i>Frequency:</i> Annually.</p> <p><i>Next collection update:</i> 1999-2000.</p> <p><i>Date to be reported:</i> 2002.</p> <p><b>Validation Procedure:</b> Verified by ED data attestation process.</p> <p><b>Limitations of Data and Planned Improvements:</b> NPSAS data are collected only every four years so that estimates are required for the intervening years. These estimates, while done as carefully as possible, will not necessarily exactly represent the circumstances faced by students in the out-years. A change in the methodology used to estimate unmet need in the out-years was implemented this year in order to make the estimates more timely. When the 1999-2000 NPSAS data become available not only will we have a new baseline but we can compare our projections with the actual data and, thereby, improve the accuracy of our future projections. In addition, data problems prevented updates from being generated for graduate students this year. In the future, data for undergraduate and graduate students will be reported separately to reflect the very different circumstances faced by the two groups of students.</p>	
<i>Total for Undergraduates*</i>			<p><b>Explanation:</b> Unmet need as a percentage of total cost of attendance was estimated to decrease slightly in each year with somewhat larger decreases for low-income students. Since 1995-96, unmet need is estimated to have decreased 2 percentage points for undergraduates overall and 4 or more percentage points for low-income undergraduates.</p> <p>While Federal student aid is a significant factor affecting unmet need, at least as important are institutional and state decisions regarding the cost of attendance, revenues, and expenditures, which increases the difficulty of meeting the goal of continual decreases in unmet need. It should also be noted that because unmet need represents the amount of additional aid a student could possibly receive under student aid regulations, it does not really reflect the resources students and their families actually use to pay for college. However, trends in unmet need are a good measure of changes in postsecondary affordability.</p>			
<b>Year</b>	<b>Actual Performance</b>	<b>Performance Targets</b>				
1995-1996:	23.0%					
1996-1997:**	22.0%					
1997-1998:	21.2%	Continuing decrease				
1998-1999:	20.8%	Continuing decrease				
<b>1999-2000:</b>	<b>Data Available 2002</b>					<b>Continuing decrease</b>
2000-2001:						Continuing decrease
2001-2002:						Continuing decrease
<b>***Low Income Undergraduates</b>						<p>While Federal student aid is a significant factor affecting unmet need, at least as important are institutional and state decisions regarding the cost of attendance, revenues, and expenditures, which increases the difficulty of meeting the goal of continual decreases in unmet need. It should also be noted that because unmet need represents the amount of additional aid a student could possibly receive under student aid regulations, it does not really reflect the resources students and their families actually use to pay for college. However, trends in unmet need are a good measure of changes in postsecondary affordability.</p>
	<i>Dependent</i>	<i>Independent</i>				
		<i>With kids</i>	<i>Without kids</i>			
1995-1996:	46.3%	54.7%	52.5%			
1996-1997:**	44.5%	51.6%	49.2%			
1997-1998	42.9%	51.1%	49.0%	Continuing decrease		
1998-1999:	41.8%	50.2%	48.5%	Continuing decrease		
<b>1999-2000:</b>	<b>Data Available 2002</b>			<b>Continuing decrease</b>		
2000-2001:				Continuing decrease		
2001-2002:				Continuing decrease		
<p>* Due to data problems, updates of unmet need were only calculable for undergraduates. In future years, numbers will be reported separately for undergraduate and graduate students.</p> <p>** Data revised from the 1999 Performance Report to reflect the use of a new, more timely methodology for updating unmet need. Unmet need percentages are slightly lower using the new methodology.</p> <p>***Low-income is defined as students in the bottom 20 percent of the income distribution for a given dependency status.</p>						

**Indicator 1.2 College enrollment rates: Postsecondary education enrollment rates will increase each year for all students, while the enrollment gap between low- and high-income and minority and nonminority high school graduates will decrease each year.**

Targets and Performance Data			Assessment of Progress	Sources and Data Quality
<i>The percentage of high school graduates ages 16-24 enrolling immediately in college</i>			<p><b>Status:</b> No 2000 data. Some progress is being made in reducing the enrollment gap between low- and high-income students but progress is not being made in increasing the overall enrollment rate or reducing the gap between minority and nonminority students.</p> <p><b>Explanation:</b> There was a statistically significant increase in the overall enrollment rate from the 1994-95 period to the 1997-98 period. However, since then enrollment rates have fallen significantly (back to the 1994-95 levels), indicating a lack of overall progress. The enrollment rate of low-income students (3-year average) has increased 9.4 percentage points between 1996 and 1999, resulting in a statistically significant reduction in the gap between low- and high-income students between the 1996-97 period and the 1998-99 period. However, there was no significant change in the gap between 1998 and 1999. Finally, there was no statistically significant difference in any of the two years presented between whites and blacks or Hispanics.</p> <p>One factor affecting the achievement of this goal is that outside factors such as academic preparation and the returns to education are as or possibly even more crucial to students' decisions about whether to attend college than is Federal student aid.</p>	<p><b>Source:</b> October Current Population Survey (CPS) conducted by Census. <i>Frequency:</i> Annually. <i>Next collection update:</i> 2000. <i>Date to be reported:</i> 2001.</p> <p><b>Validation Procedure:</b> Verified by ED data attestation process.</p> <p><b>Limitations of Data and Planned Improvements:</b> Small subgroup sample sizes for low-income and minority students lead to large yearly fluctuations in enrollment rates. Three-year weighted averages are used to smooth out these fluctuations.</p>
<i>Total</i>				
Year	Actual Performance	Performance Targets		
1994:	61.9%			
1995:	61.9%			
1996:	65.0%			
1997:	67.0%			
1998:	65.6%			
1999:	62.9%			
<b>2000:</b>	<b>Data Available 2001</b>	<b>Increase in rate</b>		
2001:		Increase in rate		
2002:		Increase in rate		
<i>*Income</i>				
1992-1994:	<i>Low</i>	<i>High</i>		
	44.0%	78.9%		
Difference: 34.9%				
1993-1995:	41.2%	80.5%		
	Difference: 39.3%			
1994-1996:	41.5%	80.1%		
	Difference: 38.6%			
1995-1997:	47.1%	81.3%		
	Difference: 34.2%			
1996-1998:	50.6%	79.2%		
	Difference: 28.6%			
1997-1999:	50.9%	78.5%	Continuing decrease in gap	
	Difference: 27.7%			
<b>1998-2000:</b>	<b>Data Available 2001</b>	<b>Continuing decrease in gap</b>		
1999-2001:		Continuing decrease in gap		
2000-2002:		Continuing decrease in gap		
* Low-income includes students whose families are in the bottom 20% of the overall income distribution and high-income in the top 20%.				

**Indicator 1.2 (cont'd) College enrollment rates: Postsecondary education enrollment rates will increase each year for all students, while the enrollment gap between low- and high-income and minority and nonminority high school graduates will decrease each year.**

Targets and Performance Data				Assessment of Progress	Sources and Data Quality
<i>Race</i>					
Year	Actual Performance			Performance Targets	
1992-1994:	<i>Black</i>	<i>White</i>	<i>Hispanic</i>		
	51.3%	63.9%	55.7%		
	Difference: 12.6% & 8.3%				
1993-1995:	52.4%	64.0%	55.0%		
	Difference: 11.5% & 8.9%				
1994-1996:	52.9%	65.4%	51.6%		
	Difference: 12.5% & 13.8%				
1995-1997:	55.4%	66.6%	57.6%		
	Difference: 11.3% & 9%				
1996-1998:	58.8%	68.1%	55.3%		
	Difference: 9.3% & 12.8%				
1997-1999:	59.8%	67.7%	51.9%	Decrease in gap	
	Difference: 7.9% & 15.7%				
<b>1998-2000:</b>	<b>Data Available 2001</b>			<b>Decrease in gap</b>	
1999-2001:				Decrease in gap	
2000-2002:				Decrease in gap	

**Indicator 1.3 Targeting of Pell Grants: Pell Grant funds will continue to be targeted to those students with the greatest financial need: at least 75 percent of Pell Grant funds will go to students below 150 percent of poverty level.**

Targets and Performance Data				Assessment of Progress	Sources and Data Quality	
<i>The percentage of Pell Grant funds going to students below 150 percent of the poverty line</i>						
Year	Actual Performance			Performance Targets		
1996-1997:	82%					
1997-1998:	80%					
1998-1999:	78%					75%
<b>1999-2000:</b>	<b>Data Available 2001</b>					<b>75%</b>
2000-2001:						75%
2001-2002:				75%		
				<p><b>Status:</b> No 2000 data; progress toward target is likely.</p> <p><b>Explanation:</b> Increases in the maximum award without other changes in the formulas used to award Pell grants will tend to lower the percentage of funds going to the neediest students. Therefore, we anticipate that the indicator will continue to trend downward, although we expect to remain above the 75 percent goal for the next few years.</p>	<p><b>Source:</b> Pell Grant Applicant/Recipient File <i>Frequency:</i> Annually. <i>Next collection update:</i> 1999-00. <i>Date to be reported:</i> 2001.</p> <p><b>Validation Procedure:</b> Verified by ED data attestation process.</p> <p><b>Limitations of Data and Planned Improvements:</b> None.</p>	

<b>Indicator 1.4 Federal debt burden: The median Federal debt burden (yearly scheduled payments as a percentage of annual income) of borrowers in their first full year of repayment will be less than 10 percent.</b>				
Targets and Performance Data		Assessment of Progress	Sources and Data Quality	
<i>The median Federal debt burden of students in their first full year of repayment.</i>		<p><b>Status:</b> Progress towards target is likely. No 2000 data available.</p> <p><b>Explanation:</b> As a general rule, it is believed that an educational debt burden of 10 percent or greater will negatively affect a borrower's ability to repay his or her student loan and to obtain other credit such as a home mortgage. We expect the 1999 and 2000 median debt burden rate to remain well below 10 percent.</p>	<p><b>Source:</b> National Student Loan Data System (NSLDS) and Internal Revenue Service (IRS) records.  <i>Frequency:</i> Annually.  <i>Next collection update:</i> 1999.  <i>Date to be reported:</i> 2001.</p> <p><b>Validation Procedure:</b> Verified by ED data attestation process.</p> <p><b>Limitations of Data and Planned Improvements:</b> To overcome limitations with the data from the Social Security Administration (SSA) that were previously used, we switched to IRS data on household income for 1998 and future years. The IRS data may slightly understate debt burden for married borrowers where both individuals have student loans.</p>	
<b>Year</b>	<b>Actual Performance</b>			<b>Performance Targets</b>
1997:*	6.7%			
1998:	7.1%			
1999:	No Data Available			Under 10%
<b>2000:</b>	<b>Data Available 2001</b>			<b>Under 10%</b>
2001:				Under 10%
2002:		Under 10%		
<p>* The 1997 debt burden data has been revised from the 1999 Performance Report to reflect the use of IRS as opposed to SSA data. Since the SSA data tended to understate household income, the debt burden using IRS data is lower.</p>				

OBJECTIVE 2: ENSURE THAT MORE STUDENTS WILL PERSIST IN POSTSECONDARY EDUCATION AND ATTAIN DEGREES AND CERTIFICATES.

**Indicator 2.1 Completion rate: Completion rates for all full-time, degree-seeking students in 4-year and 2-year colleges will improve, while the gap in completion rates between minority and non-minority students will decrease.**

Targets and Performance Data					Assessment of Progress	Sources and Data Quality	
<p><i>The percentage of full-time, degree-seeking students completing a 4-year degree within 6 years, and those completing a 2-year degree, earning a certificate, or a degree that requires transferring to a 4-year school within 3 years.</i></p>					<p><b>Status:</b> No 2000 data. Some progress is being made in achieving target for 2-year schools but no progress is being made for 4-year schools.</p> <p><b>Explanation:</b> There was little change in 4-year graduation rates between 1997 and 1998 except for a 1 percentage point reduction for black students. There was also little change in the gap in the 4-year completion rate by race. There was a 1.3 percentage point increase in the 2-year graduation rate, with higher increases for black (2.3 percentage points) and Hispanic students (3.7 percentage points). This led to a narrowing of the gap in 2-year completion rates by race.</p> <p>It should be noted that the completion rates reported here are understated to the extent to which students complete their degree at a different institution from the one they began at. The extent of the underestimation appears to be about 10 percentage points.</p>	<p><b>Source:</b> Graduation Rate Survey (GRS) conducted as part of the Integrated Postsecondary Student Aid Study (IPEDS). <i>Frequency:</i> Annually. <i>Next collection update:</i> 1998. <i>Date to be reported:</i> 2001.</p> <p><b>Validation Procedure:</b> Verified by ED data attestation process.</p> <p><b>Limitations of Data and Planned Improvements:</b> Postsecondary institutions are not required to report graduation rates until 2002. However, data were voluntarily submitted by institutions representing 87 percent of 4-year students and 77 percent of 2-year students. Investigating whether a proxy for graduation rates for student aid recipients can be obtained from administrative records.</p>	
<i>4-year rate</i>							
Year	Actual Performance						Performance Targets
	Total	Black	White	Hispanic			
1997:	52.5%	35.5%	55.5%	39.1%			
Difference: 20% & 16.4%							
1998:	52.6%	34.5%	55.8%	39.1%			
Difference 21.3% & 16.7%							
1999:	No Data Available						Continuing increase in rate, decrease in gap
<b>2000:</b>	<b>Data Available 2001</b>						<b>Continuing increase in rate, decrease in gap</b>
2001:							Continuing increase in rate, decrease in gap
2002:							Continuing increase in rate, decrease in gap
<i>2-year rate</i>							
Year	Actual Performance						Performance Targets
	Total	Black	White	Hispanic			
1997:	30.9%	22.8%	32.6%	26.2%			
Difference: 9.8% & 6.4%							
1998:	32.2%	25.1%	33.8%	29.9%			
Difference: 8.7% & 3.9%							
1999:	No Data Available				Continuing increase in rate, decrease in gap		
<b>2000:</b>	<b>Data Available 2001</b>				<b>Continuing increase in rate, decrease in gap</b>		
2001:					Continuing increase in rate, decrease in gap		
2002:					Continuing increase in rate, decrease in gap		

OBJECTIVE 3: ENSURE THAT TAXPAYERS WILL HAVE A POSITIVE RETURN ON INVESTMENT IN THE FEDERAL STUDENT FINANCIAL ASSISTANCE PROGRAMS.

<b>Indicator 3.1 Return on investment: The benefits of the student aid programs, in terms of increased tax revenues, will continue to exceed their costs.</b>						
Targets and Performance Data				Assessment of Progress	Sources and Data Quality	
Year	Actual Performance			Performance Targets	<b>Status:</b> Target exceeded.  <b>Explanation:</b> The estimated return on investment is calculated in the following manner: 1) The discounted present value of tax revenue and welfare benefits is calculated for different educational attainment levels. 2) Under the “best” scenario, 90 percent of the revenue differential calculated in step 1 is assumed to be caused by obtaining more education. 3) Under the “best” scenario, for every \$100 received by a student in federal grant aid, 1 percent of the revenue differential calculated in step 2 is assumed to be caused by student aid. It is also assumed that grants and loans are equally cost-effective. 4) The revenue differential calculated in step 3 is divided by the cost to the Federal government of providing the aid.  Based on this calculation, the best estimate is that the student aid programs return over \$3 to Federal taxpayers in terms of increased tax revenue and reduced welfare payments for every \$1 spent on the student aid programs. Even using very conservative assumptions, the low estimate is still 50 percent higher than the \$1 break-even point.	<b>Source:</b> March Current Population Survey (CPS) and Beginning Postsecondary Student (BPS) study with imputations from the National Postsecondary Student Aid Study (NPSAS) and High School and Beyond (HS&B). Behavioral assumptions were derived, where feasible, from meta-analyses conducted by Leslie and Brinkman in their 1988 book, <u>The Economic Value of Higher Education</u> . <i>Frequency:</i> Annually. <i>Next collection update:</i> 2001. <i>Date to be reported:</i> 2001.  <b>Validation Procedure:</b> Verified by ED data attestation process.  <b>Limitations of Data and Planned Improvements:</b> A number of assumptions and imputations are required to estimate the return on investment. By providing high and low estimates, one can assess the sensitivity of the results to the assumptions used.
	Low	Best	High			
1994-1996:*	\$1.29	\$2.75	\$6.39			
1995-1997:*	\$1.30	\$2.79	\$6.49			
1996-1998:*	\$1.34	\$2.87	\$6.69			
1997-1999:*	\$1.42	\$3.05	\$7.12	Greater than \$1		
<b>1998-2000:</b>	<b>\$1.52</b>	<b>\$3.28</b>	<b>\$7.69</b>	<b>Greater than \$1</b>		
1999-2001:				Greater than \$1		
2000-2002:				Greater than \$1		
Low: A pessimistic set of assumptions leading to a low-end estimate of the return on investment. Best: The set of assumptions that we believe best captures the return on investment. High: An optimistic set of assumptions leading to a high-end estimate of the return on investment.  * Past data has been revised slightly from the 1999 Performance Report to correct for a programming error. On average, economic returns were overstated by approximately 10 percent in the 1999 report.						

OBJECTIVE 4: ENCOURAGE POSTSECONDARY STUDENTS TO ENGAGE IN COMMUNITY SERVICE.

<b>Indicator 4.1 Community Service: The percentage of Federal Work-Study (FWS) program funds spent on community service will increase over time.</b>						
Targets and Performance Data				Assessment of Progress	Sources and Data Quality	
Year	Actual Performance			Performance Targets	<b>Status:</b> No 2000 data; progress toward target likely.  <b>Explanation:</b> The percentage of FWS funds spent on community service increased from 10% to 12% between 1997-98 and 1998-99 after declining slightly between 1996-97 and 1997-98. This was likely caused by institutions having time to adjust to the increased funding available in 1997-98 and beginning to create additional community service positions, which are more difficult to establish than other positions.	<b>Source:</b> Fiscal Operations Report and Application to Participate. <i>Frequency:</i> Annually. <i>Next collection update:</i> 1999-00. <i>Date to be reported:</i> 2002.  <b>Validation Procedure:</b> Verified by ED data attestation process.  <b>Limitations of Data and Planned Improvements:</b> None.
	Total					
1996-1997:	11%					
1997-1998:	10%					
1998-1999:	12%			Continuing increase		
<b>1999-2000:</b>	<b>Data Available 2002</b>			<b>Continuing increase</b>		
2000-2001:				Continuing increase		
2001-2002:				Continuing increase		

# STUDENT FINANCIAL ASSISTANCE PROGRAMS

## Program Performance

OBJECTIVE 1: INCREASE CUSTOMER SATISFACTION.

**Indicator 1.1 Increase Customer Satisfaction to a comparable private sector industry average—American Customer Satisfaction Index (ACSI) rating of 74 (out of a possible score of 100)—by FY 2002.**

Targets and Performance Data		Assessment of Progress	Sources and Data Quality
Year	Actual Performance	Performance Targets	
1999:	ACSI rating was 63. However, this result was based just on SFA's student application process.	No target set	<p><b>Source:</b> American Customer Satisfaction Index (ACSI), National Quality Research Center (NQRC) at the University of Michigan.  <i>Frequency:</i> Annually.  <i>Next update:</i> Summer 2001.  <i>Date to be reported:</i> Customer Satisfaction.</p> <p><b>Validation Procedure:</b> Verified by Dept of ED attestation process and ED.</p> <p><b>Limitations of Data and Planned Improvements:</b> While ACSI was able to determine a score for the lender component of the Financial Partners Channel, they were not able to calculate a score for the Guaranty Agency or Servicer component due to item non-response. Efforts are underway to improve response, including a redesign of the questionnaire to include more appropriate content as well as, the development an effective community-based outreach and follow-up campaign.</p>
<b>2000:</b>	<p><b>Overall SFA ACSI: 72.9</b></p> <p><b>SFA Application Processing: 70</b></p> <p><b>SFA customers in all 10-business processes noted improvement of products and services. Significant improvement was especially noted in the Schools Channel Business Processes including: Aid Origination with 65% noting improvement; Program Eligibility with 73% noting improvement; and, Program Support with 72% noting improvement.</b></p>	<p><b>No ACSI target score set. Instead, as a down payment of SFA's commitment to bring customer satisfaction ratings up, SFA will show improvement in six of 10 business processes and significant improvement in at least one process for each channel</b></p>	
2001:		Improvement over 2000 score.	
2002:		ACSI rating of 74 or comparable to overall measure of the finance and insurance industry.	



OBJECTIVE 2: DECREASE UNIT COSTS.

<b>Indicator 2.1 By FY 2004, reduce actual unit costs from projected unit costs by 19 percent.</b>					
Targets and Performance Data			Assessment of Progress	Sources and Data Quality	
Year	Actual Performance	Performance Targets			
		Projected Unit Costs (Approximated)	Unit Cost Reduction from Projected (Approximated)		
1999:	<b>18.72</b>	18.72	No target set	<p><b>Status:</b> Target exceeded. Through the successful initiation of FY 2000 process improvements, SFA redirected more than \$23 million-- \$5 million more than initially planned—from system operations to support modernization efforts aimed at streamlining processes and reducing unit costs. Additionally, our operating unit costs, total cost less modernization investment, have declined from \$18.15 in FY 1999 to \$17.20.</p> <p><b>Explanation:</b> Unit Costs are defined as total costs recorded in a fiscal year divided by the number of unduplicated recipients of loans and grants. (Unit cost reduction is a major goal SFA has set for itself. The FY 2004 projected unit cost was based on forecasts if SFA did not modernize and re-engineer its processes. If nothing were done, these costs were forecasted to increase rapidly during the next 5 years largely because of the rapid growth in demand for student aid, especially in the loan programs, as well as the maturation of the Direct Loan portfolio to the most expensive component of loan servicing—loan repayment status.)</p> <p>Unit cost data presented here are based upon SFA-calculated costs related to operations and include the costs of contracts, labor and other overhead expenses.</p>	<p><b>Source:</b> The cost component comes from the actual recorded general ledger costs from FY 1999 and FY 2000 and out-year estimates based on the Office of the Undersecretary (Budget) projections. The number of unduplicated recipients also comes from the Office of the Undersecretary.</p> <p><i>Frequency:</i> Annually. <i>Next collection update:</i> 2001. <i>Date to be reported:</i> SFA wide Unit Costs.</p> <p><b>Validation Procedure:</b> No formal verification procedure has been applied, however the actual costs are included in the costs that are audited in SFA's and the Department's annual financial statement audits.</p> <p><b>Limitations of Data and Planned Improvements:</b> None noted.</p>
<b>2000:</b>	<b>19.08</b>	<b>19.08</b>	<b>No Reduction</b>		
2001:			Reduce from 2000		
2002:			Reduce from 2001		
2003:			Reduce from 2002		
2004:		22.30	-19%*		
* Total reduction by goal year.					

OBJECTIVE 3: INCREASING EMPLOYEE SATISFACTION.

Indicator 3.1 Improve SFA's ranking of employee satisfaction in the Office of Personnel Management's (OPM) and National Performance Review's (NPR) employee opinion survey from 33 <sup>rd</sup> to top 5 by 2002. Revising to: Raise Gallup Workplace Management Grand Mean Score to at least 3.6 --the Private Sector Average -- by 2004.					
Targets and Performance Data			Assessment of Progress		Sources and Data Quality
<i>SFA Employee satisfaction ranking</i>			<p><b>Status:</b> Target Exceeded. The recently released OPM and NPR data show that SFA made substantial progress and was able to accomplish its multi-year goal in the first year. As the reader can see from the table on the left, SFA ranking rose from 38<sup>th</sup> to 5<sup>th</sup>. Part of the success stems from effectively addressing issues raised by SFA employees. Here are five items SFA accomplished to promote employee satisfaction in FY 2000.</p> <ul style="list-style-type: none"> <li>• Ensured that each employee understands how the transformation to a PBO touches him or her and affects his or her job.</li> <li>• Provided opportunities for advancement as well as exciting new work.</li> <li>• Developed strong two-way communications.</li> <li>• Gave people the basic tools they need to do their jobs.</li> <li>• Leased a brand-new building for the DC Team.</li> </ul>		<p><b>Source:</b> National Partnership for Reinventing Government Survey.  <i>Frequency:</i> Annually.  <i>Next collection update:</i>  <i>Date to be reported:</i></p> <p><b>Source 2001 onward:</b> Gallup Workplace Management Tool (Survey)  <i>Frequency:</i> Bi-annually.  <i>Next collection update:</i> April 6, 2001.  <i>Date to be reported:</i> May 4, 2001.</p> <p><b>Validation Procedure:</b> Data are supplied by NPR and OPM. No formal attestation procedure applied.</p> <p><b>Validation Procedure 2001 onward:</b> Verified by Dept of ED attestation process and ED.</p> <p><b>Limitations of Data and Planned Improvements:</b> None noted.</p>
Year	Actual Performance				
	NPR	Gallup	NPR	Gallup	
1998:	33 <sup>rd</sup> out of 49	NA	No target set	NA	
1999:	38 <sup>th</sup> out of 49	NA	No Target Set	NA	
<b>2000:</b>	<b>5<sup>th</sup> out of 49</b>	<b>Grand Mean 3.5 (on 5-point scale)</b>	<b>Increase from 1999</b>	<b>NA</b>	
	<b>Accomplished Labor-Management Partnership Council Issues</b>		<b>Achieve success in five big issues our Labor-Management Partnership Council identifies and make demonstrable progress on those five issues this year.</b>		
2001:	NA		NA	Increase over FY 2000	
2002:	NA		NA	Increase over FY 2001	
2003:	NA		NA	Increase over FY 2002	
2004:	NA		NA	Grand Mean of 3.6	
			<p><b>Explanation:</b> NPR satisfaction is measured by responses to the survey question, "Considering everything, how satisfied are you with your job?"</p> <p>Source data for this indicator will change in 2001 to the Gallup Organization's Workplace Measurement Tool. The Gallup tool not only provides long-term consistency; it provides more diagnostic information to gauge employee satisfaction. Additionally it requires that individual work groups develop action plans to address employee satisfaction issues.</p> <p>The Grand Mean is an average of all the scores from each employee satisfaction component that is measured.</p>		