

# Archived Information

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Objective 3.3: Postsecondary student aid delivery and program management is efficient, financially sound, and customer-responsive.

**Our Role.** The Student Financial Assistance (SFA) Performance-based Organization (PBO), created to improve the management of the student financial aid delivery system, became operational in December 1998. The PBO is a results-driven organization created to deliver the best possible services, and it is a new way of working in the public sector. It establishes incentives for high performance and accountability for results, while allowing more flexibility to promote innovation and increased efficiency.

The Education Department works with approximately 6,000 postsecondary institutions, 3,900 lenders, and 36 guaranty agencies to deliver over \$54 billion in grant, loan, and work-study assistance to about 8.6 million students who rely on Federal student aid to pay for higher education.

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## Our Performance

**How We Measure.** The Performance Plan for SFA for FY 2000-2004 is focused on results. It focuses on three outcomes: improving customer satisfaction, lowering unit cost, and—because it is essential to improving both—employee satisfaction. The plan sets specific, measurable targets and provides strategies for achieving the intended result. It is based on a simple, balanced scorecard like the best private companies, such as FedEx and American Express, and successful public organizations like the U.S. Postal Service. The new indicators that SFA uses to track its progress are reported below.

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### **Indicator 3.3.a. Increase customer satisfaction to a comparable private sector industry average as measured by the American Customer Satisfaction Index (ACSI) by fiscal year 2002.<sup>1</sup>**

**Assessment of Progress:** The goal (i.e., improvement) for 2000 was met. The FY 2000 ACSI score for SFA was 72.9, only one percentage point away from the Private Financial Services Sector average of 73.9, the 2002 multi-year goal. SFA scored higher than both the government average of 68.6 and the private-sector banks' average of about 68.

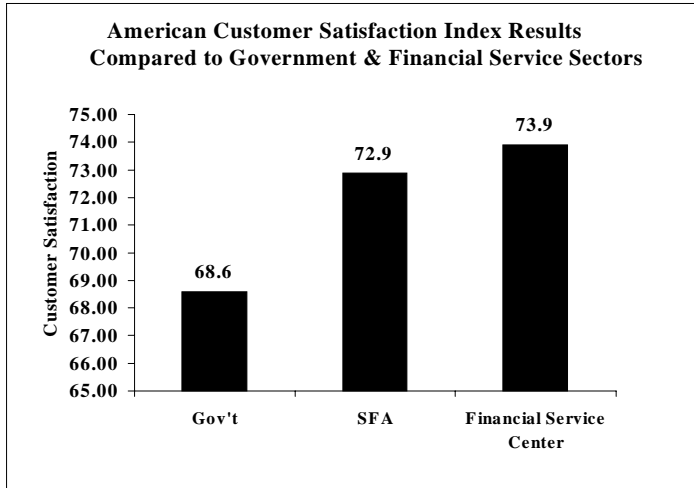
SFA surveyed its customers at the end of FY 2000 and asked them, "In the last 12 months, have you noticed an improvement in SFA products and services?" The results were favorable. For each of the key business areas, SFA showed improvement, and in 8 of the 12 areas SFA showed significant improvement. Additionally in 1999, the National Partnership for Reinventing Government sponsored an ACSI survey of key Federal services, including SFA's Web-based Aid Application Process. This survey

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<sup>1</sup> The ACSI uses a widely accepted methodology to obtain standardized customer satisfaction information for all of its participants. More than 170 private sector corporations, and for the first time, numerous government agencies, participated in the recent ACSI. Because it is widely used across all business sectors, it allows SFA to benchmark and compare its performance to the best in business.

was replicated in FY 2000. The results show that the ACSI score increased for the Web-based Aid Application by 11 percent in just one year, rising from 63 to 70.

Figure 3.3.a.1

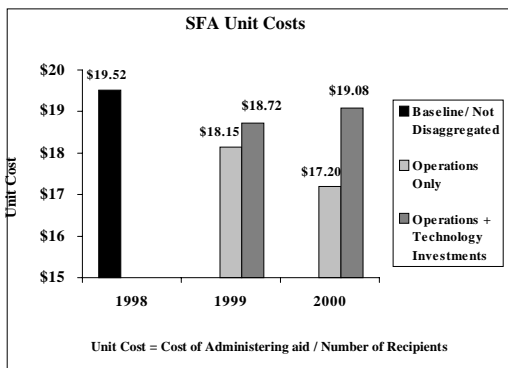


**Source:** American Customer Satisfaction Index. *Frequency:* Annual. *Next Update:* spring/summer 2001. **Validation procedure:** Data verified by the Education Department data quality attestation process and the Education Department *Standards for Evaluating Program Performance Indicators*. **Limitations of data and planned improvements:** None noted.

**Indicator 3.3.b. By FY 2004, reduce actual unit costs from projected unit costs by 19 percent.**

**Assessment of Progress:** The 2000 goal was met. Because investments in technology were needed to achieve long-term unit costs savings, unit costs were predicted to rise from FY 1999 to FY 2000. To show a commitment to lowering unit costs, SFA pledged to cut \$18 million from current operations and invest these savings, along with other funds, in the modernization program. The year-end financial data showed that SFA saved \$23 million in FY 2000, significantly more than the \$18 million promised in the annual plan. Examples of cost-savings efforts included reducing debt collection costs by \$5.9 million; providing Title IV downloadable school software; saving \$3 million in delivery costs; and presorting all student-based mailings to take advantage of USPS discounts, for a savings of \$2.3 million. Although unit costs rose from FY 1999 to FY 2000, primarily because of technology investments, actual operating costs have decreased. This resulted from SFA’s commitment to institute cost saving measures, including the E-commerce strategy.

Figure 3.3.b.1



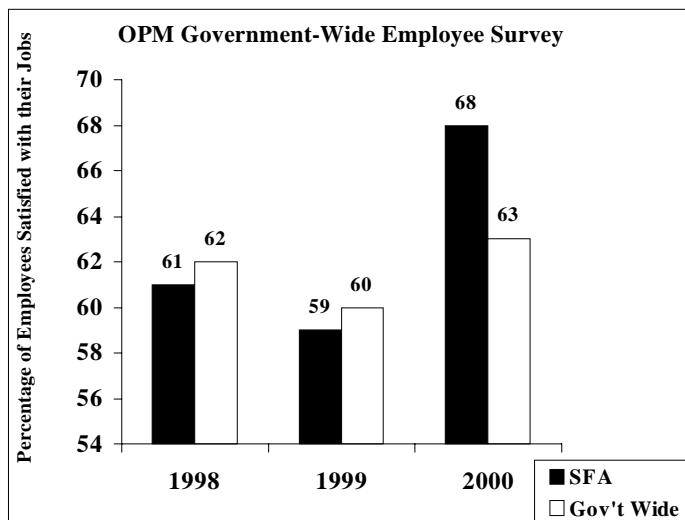
**Source:** SFA Activity Based Costing Model. *Frequency:* Quarterly. **Validation procedure:** Data verified by the Education Department data quality attestation process and Education Department *Standards for Evaluating Program Performance Indicators*. **Limitations of data and planned improvements:** None Noted

**Indicator 3.3.c. 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 38<sup>th</sup> to one of the top five by FY 2002.**

**Assessment of Progress:** The 2000 goal was exceeded. The recently released OPM and NPR data show that SFA made substantial progress and were able to accomplish its multiyear goal in the first year. The table below shows that SFA ranking rose from thirty-fifth to fifth. Part of the success stems from effectively addressing issues raised by SFA employees. The following are the five items SFA accomplished to promote employee satisfaction in FY 2000:

- Ensured that each employee understands how the transformation to a PBO affects their job;
- Provided opportunities for advancement as well as exciting new work;
- Developed strong two-way communications;
- Gave people the basic tools they need to do their jobs; and
- Leased a brand-new building for the DC Team.

Figure 3.3.c.1



**Source:** Office of Personnel Management and National Partnership for Reinventing Government Employee Survey. *Frequency:* Annual. *Next Update:* Uncertain if survey will be conducted in FY 2001. **Validation procedure:** Data verified by the Education Department data quality attestation process and Education Department *Standards for Evaluating Program Performance Indicator*. **Limitations of data and planned improvements:** None noted.