

Department of Education
STUDENT AID ADMINISTRATION
Fiscal Year 2017 Budget Request

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STUDENT AID ADMINISTRATION

For Federal administrative expenses to carry out part D of title I, and subparts 1, 3, [9, and 10] and 9¹ of part A, and parts B, C, D, and E of title IV of the HEA, and subpart 1 of part A of title VII of the Public Health Service Act, [\$1,551,854,000] \$1,631,990,000, to remain available until September 30, [2017] 2018² : Provided, That [the Secretary shall, no later than March 1, 2016, allocate new student loan borrower accounts to eligible student loan servicers on the basis of their performance compared to all loan servicers utilizing established common metrics, and on the basis of the capacity of each servicer to process new and existing accounts]³ up to \$2,000,000 shall be for necessary expenses to establish and deploy a Digital Service team.⁴ (Department of Education Appropriations Act, 2016.)

NOTE

Each language provision that is followed by a footnote reference is explained in the Analysis of Language Provisions and Changes document, which follows the appropriation language.

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Analysis of Language Provisions and Changes

Language Provision	Explanation
¹ ... and subparts 1, 3, [9, and 10] <u>and 9</u>	The 2017 Budget proposes to move the Iraq and Afghanistan Service Grants program to the Pell Grant program.
² ... to remain available until September 30, [2017] <u>2018</u>	This language provides for appropriated funds to remain available for 2 years.
³ [the Secretary shall, no later than March 1, 2016, allocate new student loan borrower accounts to eligible student loan servicers on the basis of their performance compared to all loan servicers utilizing established common metrics, and on the basis of the capacity of each servicer to process new and existing accounts]	The proviso in whole is deleted because it applies specifically to action directed in 2016.
⁴ <u>up to \$2,000,000 shall be for necessary expenses to establish and deploy a Digital Service team.</u>	The 2017 Budget proposes funds specifically dedicated for the Digital Service team.

STUDENT AID ADMINISTRATION

Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2015	2016	2017
Discretionary appropriation:			
Appropriation.....	\$1,396,924	\$1,551,854	\$1,631,990
Transfer to Department of Education, Program Administration	<u>-3,500</u>	<u>0</u>	<u>0</u>
Subtotal, appropriation.....	1,393,424	1,551,854	1,631,990
Unobligated balance, start of year.....	57,227	1,978	0
Recovery of prior-year obligations.....	17,952	0	0
Unobligated balance expiring	-319	0	0
Unobligated balance, end of year.....	<u>-1,978</u>	<u>0</u>	<u>0</u>
Total, direct obligations	1,466,306	1,553,832	1,631,990

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Obligations by Object Classification (dollars in thousands)

	Object Class	2015	2016	2017	Change From 2016 to 2017
11.10	Full-time permanent	\$ 145,919	\$166,083	\$175,951	+\$9,868
11.31	Full-time temporary	423	0	0	0
11.32	Part-time	1,075	0	0	0
11.33	Consultants	0	356	357	+\$1
11.51	Overtime	38	105	105	0
11.52	Awards	1,717	1,790	1,792	+\$2
11.80	Other Compensation	28	0	0	0
	Compensation subtotal	149,200	168,334	178,205	+\$9,871
12.00	Benefits	45,258	50,226	53,911	+\$3,685
13.10	Benefits for former personnel	0	0	0	0
	Comp/benefits subtotal	194,458	218,560	232,116	+\$13,556
21.00	Travel	2,002	3,299	2,815	-\$484
22.00	Transportation of things	0	0	0	0
23.10	Rental Payments to GSA	19,724	18,535	23,019	+\$4,484
23.31	Communications	20	0	0	0
23.32	Postage/fees	723	52	52	0
	Subtotal 23	20,467	18,587	23,071	+\$4,484
24.00	Printing & Reproduction	1,397	1,510	1,514	+\$4
25.10	Advisory and Assistance Svcs	10,353	4,444	1,910	-\$2,534
25.21	Other Services	751,691	871,490	929,355	+\$57,865
25.22	Training/Tuition/Contracts	1,154	2,413	2,514	+\$101
25.23	Field Readers	0	0	0	0
25.30	Goods/Services from Gov't	31,864	26,525	29,257	+\$2,732
25.40	Operations/Maint of Facilities	306	245	0	-\$245
25.50	Research & Development	0	0	0	0
25.71	Operations/Maint of Equipment	0	30	30	0
25.72	IT Services/Contracts	452,110	406,299	408,953	+\$2,654
	Subtotal 25	1,247,478	1,311,446	1,372,019	+\$60,573
26.00	Supplies	260	282	305	+\$23
31.01	IT Equipment/Software	187	136	150	+\$14
31.03	Other Equipment	0	0	0	0
	Subtotal 31	187	136	150	+\$14
32.00	Building Alterations	54	10	0	-\$10
41.01	Grants	0	0	0	0
43.01	Interest and Dividends	3	2	0	-\$2
	Total	1,466,306	1,553,832	1,631,990	+\$78,158
Note: The 2015 column reflects a \$3,500 thousand transfer, using the Department's transfer authority, to the Program Administration account.					

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Summary of Changes
(dollars in thousands)

2016	\$1,551,854
2017	<u>1,631,990</u>
Net change	+80,136

Increases:	<u>2016 base</u>	<u>Change from base</u>
<u>Built-in:</u>		
Increase in salaries and benefits, primarily for a proposed 1.6 percent Governmentwide pay raise, and increased benefits.	\$218,560	+\$1,856
Increase in rent.	18,535	+4,484
<u>Program:</u>		
Increase in loan servicing activities due to increased volume for loan servicing contracts.	840,098	+59,540
Increase in personnel costs primarily for an increase of 84 FTE to bolster Federal Student Aid (FSA)'s capacity to provide adequate Title IV enforcement and oversight.	218,560	+11,700
Increase in core operations, which include reengineering efforts of the Application and Eligibility Determination System (AEDS).	266,033	+8,076
Increase in training.	2,412	+102
Increase in supplies.	282	+23
Increase in technology equipment.	136	+14
Increase in printing.	1,510	+4
Increase in awards.	1,790	<u>+2</u>
Subtotal, increases		+85,801

Summary of Changes—Continued

STUDENT AID ADMINISTRATION

(dollars in thousands)

Decreases:	<u>2016 base</u>	<u>Change from base</u>
<u>Program:</u>		
Net decrease in costs to support other FSA core systems and administrative priorities.	\$58,589	-\$2,394
Decrease in advisory assistance services.	4,444	-2,534
Decrease in travel.	3,297	-482
Decrease in operations and maintenance of facilities.	245	-245
Decrease in building alterations.	10	<u>-10</u>
Subtotal, decreases		-5,665
Net change		+80,136

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Activity	Authorizing Legislation (dollars in thousands)			
	2016 Authorized	2016 Estimate	2017 Authorized	2017 Request
Student aid administration (<i>Higher Education Act of 1965, I-D and IV-D, section 458; Public Health Service Act, VII-A</i>)	<u>0</u> ¹	<u>\$1,551,854</u>	<u>To be determined</u> ²	<u>\$1,631,990</u>
Total appropriation		1,551,854		1,631,990
Portion of request not authorized				1,631,990

¹ The program was authorized in 2016 through appropriation language.

² The GEPA extension expired September 30, 2015; reauthorizing legislation is sought for fiscal year 2017.

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Appropriations History (dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2007	\$733,720	N/A ¹	N/A ¹	\$719,914 ¹
Rescission (P.L. 110-28)	0	0	0	-500
Transfer (P.L. 110-05)	0	0	0	-1,464
2008	708,216	\$708,216	\$708,216	695,843
2009	764,000	714,000 ²	704,843 ²	753,402
Recovery Act Supplemental (P.L. 111-5) (non-add)	(0)	(50,000)	(0)	(60,000)
2010	870,402	870,402	870,402 ³	870,402
Rescission (P.L. 111-226)	0	0	0	-82,000
2011	1,170,231	994,600 ⁴	1,048,078 ³	992,012 ⁵
2012	1,095,418	992,012 ⁶	1,045,363 ⁶	1,043,387
2013	1,126,363	1,043,387 ⁷	1,126,363 ⁷	978,924 ⁸
2014	1,050,091 ⁹	N/A ¹⁰	1,044,301 ³	1,166,000 ¹¹
2015	1,446,924 ¹²	N/A ¹⁰	1,446,924 ¹³	1,396,924
2016	1,581,854 ¹²	1,446,924 ¹⁴	1,361,700 ¹⁴	1,551,854
2017	1,631,990			

¹This account operated under a full-year continuing resolution (P.L. 110-5). House and Senate Allowance amounts are shown as N/A (Not Available) because neither body passed a separate appropriations bill.

² The levels for the House and Senate allowances reflect action on the regular annual 2009 appropriations bill, which proceeded in the 110th Congress only through the House Subcommittee and the Senate Committee.

³ The levels for the Senate allowance reflect Committee action only.

⁴ The levels for the House allowance reflect the House-passed full-year continuing resolution.

⁵ The level for appropriation reflects the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10).

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⁶ The level for the House allowance reflects an introduced bill; the level for the Senate allowance reflects Senate Committee action only.

⁷ The levels for the House and Senate allowance reflect action on the regular annual 2013 appropriation bill, which proceeded in the 112th Congress only through the House Subcommittee and the Senate Committee.

⁸ Total transfer \$9,888 thousand to Program Administration, Office for Civil Rights and Office of Inspector General.

⁹ Excludes \$2,807 thousand proposed for transfer from Department of Health and Human Services to Department of Education for the Health Education Assistance Loan program.

¹⁰ The House allowance is shown as N/A because there was no Subcommittee action.

¹¹ Excludes \$996 thousand transferred from Department of Health and Human Services to Department of Education for the Health Education Assistance Loan program.

¹² The Bipartisan Budget Act of 2013 eliminated mandatory funding for the Not-for-Profit (NFP) servicing costs, which were previously not reflected in this table. Starting in fiscal year 2015, the estimate reflects total cost to service loans, discretionary funding and what was previously considered mandatory funding.

¹³ The level for the Senate allowance reflects Senate Subcommittee action only.

¹⁴ The levels for House and Senate allowances reflect action on the annual 2016 appropriations bill, which proceeded in the 114th Congress only through the House Committee and Senate Committee.

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Significant Items in FY 2016 Appropriations Reports

Borrower Account Allocation

Manager's Statement	The agreement includes new bill language requiring the Department to allocate new student loan accounts based on performance compared against all servicers. The Department shall adjust allocations based on capacity of servicers to handle all new and current volume, provided that information about servicer capacity is made publicly available. Further, in developing the framework for a new student loan servicing process, with contracts expected to be awarded in 2016, the Department should ensure the participation of a sufficient number of servicers, including servicing consolidated student loans, to help promote high quality customer service for student loan borrowers. The agreement does not intend in any way to constrain the Department from pursuing efforts to improve the servicing process to best serve the interests of student loan borrowers and taxpayers. The Department shall brief the Committees on Appropriations of the House of Representatives and the Senate, Committee on Education and the Workforce of the House of Representatives, and Committee on Health, Education, Labor and Pensions of the Senate within 30 days of enactment of this Act on how it plans to carry out these directives. Further, the Secretary shall, no later than March 1, 2016, publish a common policies and procedures manual for servicing that applies to all Direct Loan servicers.
Response	The Department will provide a briefing on the plans for these loan servicing-related directives.

FFEL Wind Down

Manager's Statement	The agreement directs the Department to submit a report to the Committees on Appropriations of the House of Representatives and the Senate, Committee on Education and the Workforce of the House of Representatives, and Committee on Health, Education, Labor and Pensions of the Senate, within 180 days of enactment of this Act on a plan to assist guaranty agencies, lenders and borrowers in the wind down of the Federal Family Education Loan (FFEL) program as the outstanding loan portfolio continues to decline. That plan shall specifically address guaranty agencies and their subsidies, the current status of the wind down, the financial stability of guaranty agencies, and an assessment of any authority necessary for purposes of the wind down.
Response	The Department will submit a report on FFEL wind down and guaranty agencies.

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Outreach to FFEL Borrowers

Manager's Statement The agreement also directs the Department to conduct outreach to current FFEL borrowers who may be eligible for income-driven repayment plans and other repayment options. .

Response The Department will conduct outreach activities to FFEL borrowers.

SAA Obligation Plan Discretionary Funds

Senate The Committee directs the Department to continue to provide quarterly reports detailing its obligation plan by quarter for student aid administrative activities broken out by servicer and activity.

Response The Department will continue to provide the requested quarterly reports on administrative obligations.

Post-Secondary Compliance Calendar

Senate The Committee is concerned that the Department of Education has failed to implement section 482(e) of the Higher Education Act, as amended by the Higher Education Opportunity Act of 2008, which directs the Secretary to annually produce a compliance calendar with a schedule of all the reporting and disclosure requirements for colleges and universities. Publication and distribution of this calendar will greatly help colleges and universities understand, plan for, and meet their Federal compliance obligations and requirements. The Committee therefore strongly encourages the Secretary to produce a calendar with 60 days of this enactment of this act.

Response An electronic announcement was issued February 20, 2015, indicating that the compliance calendar was included in the 2014–2015 Federal Student Aid Handbook, Appendix F. The announcement is available at <http://ifap.ed.gov/eannouncements/022015AppendixFInstRptgDisclosureRequireFedStudentAssistPrgms1415FSAHdbk.html> and the Handbook Appendix can be found at <http://ifap.ed.gov/fsahandbook/1415FSAHbkAppendices.html>.

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Private Collection Agencies

- House The Committee recognizes the importance of the Department's contracts with private collection agencies (PCAs) to encouraging the timely repayment of federal student loans. The oversight and management of these contracts should be performed in a fair and consistent manner to ensure the rights of borrowers are paramount and to protect American taxpayers. However, the Committee is concerned about the current state of the contracting process with PCAs and the Department. During the last contract period, the department relied on 22 PCAs to assist borrowers in rehabilitating their defaulted student loans and resuming timely payments. In anticipation of these contracts ending in April 2016, the Department's awarded extensions of only 5 of the 22 companies, effectively reducing the pool of PCAs by almost 80 percent until the new contract period begins. The Committee is concerned this sharp drop in the number of PCAs could lead to poor administration and customer care for students and result in fewer rehabilitations and repayments of federal student loans. Within 60 days after enactment of this Act, the Department is directed to submit a report to the House Appropriations Committee on how it plans to ensure proper oversight and management of the defaulted student loan portfolio and conduct effective monitoring of interactions between borrowers and the PCAs.
- Response The Department will provide the requested report on how it plans to collect defaulted student loans.

DEPARTMENT OF EDUCATION FISCAL YEAR 2017 PRESIDENT'S BUDGET
(in thousands of dollars)

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Account, Program and Activity	Category Code	2015 Appropriation	2016 Appropriation	2017 President's Budget	2017 President's Budget Compared to 2016 Appropriation	
					Amount	Percent
Student Aid Administration (HEA I-D and IV-D, section 458)						
1. Salaries and expenses	D	675,224	696,643	732,352	35,709	5.13%
2. Servicing activities ¹	D	<u>721,700</u>	<u>855,211</u>	<u>899,638</u>	<u>44,427</u>	<u>5.19%</u>
Total ²		1,396,924	1,551,854	1,631,990	80,136	5.16%

NOTES: D = discretionary program; M = mandatory program; FY = fiscal year

Detail may not add to totals due to rounding.

¹ The 2015 Appropriation column does not reflect actual obligations of \$632,644 thousand and the 2016 Appropriation column does not reflect January 2016 reestimates of \$840,098 thousand for Servicing activities.

² The 2015 Appropriation does not reflect a \$3,500 thousand transfer, using the Department's transfer authority, to Program Administration.

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(Higher Education Act of 1965, I-D and IV-D, section 458; Public Health Service Act, VII-A)

(dollars in thousands)

FY 2017 Authorization: To be determined¹

Budget Authority:

	<u>2016</u>	<u>2017</u>	<u>Change</u>
Personnel costs	\$218,560	\$232,116	+\$13,556
Non-personnel costs, excluding loan servicing costs	<u>493,196</u>	<u>500,236</u>	<u>+7,040</u>
Subtotal, salaries and expenses	711,756	732,352	+20,596
Loan servicing costs	<u>840,098</u> ²	<u>899,638</u> ³	<u>+59,540</u>
Total, student aid administration	1,551,854	1,631,990	+80,136
FTE	1,537	1,621	84

¹ The GEPA extension expired September 30, 2015; reauthorizing legislation is sought for fiscal year 2017.

² Includes servicing costs of \$741,742 thousand for loan servicer contracts, \$78,767 thousand for Debt Management Collection System (DMCS) servicing costs, \$3,392 thousand for Department-held Perkins Loans servicing, \$5,800 thousand for loan servicer development costs, \$1,533 thousand for a customer satisfaction survey required for loan servicer volume allocation, \$814 thousand for Health Education Assistance Loan (HEAL) program administration costs, \$550 thousand for loan servicer lockbox services, \$250 thousand for loan consolidation transition activities, and \$7,250 thousand for loan servicing recomplete costs.

³ Includes \$784,397 thousand for loan servicer contracts, \$83,665 thousand for DMCS servicing costs, \$9,100 thousand for loan servicer development costs, \$3,518 thousand for Department-held Perkins Loans servicing, \$1,722 thousand for a customer satisfaction survey required for loan servicer volume allocation, \$986 thousand for HEAL program administration costs, \$550 thousand for loan servicer lockbox services and \$15,700 thousand for loan servicing recomplete costs.

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PROGRAM DESCRIPTION

Student Aid Administration provides funds to administer the Federal student financial assistance programs authorized under Title IV of the Higher Education Act (HEA) of 1965, as amended.

The Title IV programs, which provide funds to help students and families pay for the cost of postsecondary education, are the Nation's largest source of financial aid for postsecondary students. The account provides funding to administer the student aid lifecycle, including: educating students and families about the process for obtaining Federal aid and repaying student loans; processing approximately 20.5 million student financial aid applications; disbursing nearly \$150 billion in Direct Loan aid annually; administering a loan portfolio of over \$1.2 trillion; and protecting students and taxpayers by ensuring that Federal resources are used appropriately.

The Higher Education Amendments of 1998 established the Federal Student Aid (FSA) as the Federal Government's first performance-based organization (PBO) to improve service for students, parents, schools, and other program participants; to reduce student aid administration costs; to increase the accountability of the officials responsible for administering program operations; and to integrate the student aid processing and delivery systems.

The Offices of Postsecondary Education (OPE), the Under Secretary (OUS) and FSA oversee and administer the Federal student financial assistance programs. OPE formulates policy for these student financial assistance programs and administers other Federal postsecondary education programs. In addition, other Department offices—Offices of Management, Planning, Evaluation and Policy Development, the General Counsel, the Chief Information Officer, the Inspector General, and the Chief Financial Officer—contribute to the policy formulation, administration and oversight of the student aid programs.

The Federal Pell Grant Program is the foundation for Federal financial grant assistance. The program provides financial assistance to students attending postsecondary education programs disbursing, approximately \$31.0 billion to 7.7 million low-and middle-income undergraduate students during the 2015–2016 award year, with an average award of \$3,720. The maximum Pell Grant award has grown from \$5,350 for the 2010–2011 award year to \$5,815 for the 2016–2017 award year.

The William D. Ford Federal Direct Loan (DL) Program drives a significant portion of FSA's workload. The DL program lends funds directly to students and their families through participating schools. In fiscal year 2017, the Department will originate \$102 billion in new Direct Loans, excluding Consolidation Loans. The Federal Family Education Loan (FFEL) Program was similar to the DL Program except private lenders provided those funds, which were insured by loan guaranty agencies and then reinsured by the Government. See the **Student Loans Overview** and **Student Aid Overview** for details on Student Loan programs in the 2017 Budget.

SAFRA (Student Aid and Fiscal Responsibility Act), Title II, Part A of the Health Care Education Reconciliation Act, 2010, ended the FFEL program's authority to originate new Federal student loans. Since July 1, 2010, the Department has originated and serviced all new Federal student

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loans through the DL program. FSA continues to administer the FFEL program, while lenders and guaranty agencies continue to service and collect outstanding loans in the FFEL portfolio. FSA services the FFEL and DL Program through the use of private contractors. From passage of SAFRA through December 26, 2013, servicing activities were funded both by discretionary funds and mandatory funds as provided by SAFRA for eligible Not-For-Profit (NFP) servicers. However, the Bipartisan Budget Act of 2013 eliminated mandatory funding for NFP servicing costs, instead requiring all servicing costs from date of enactment on to be funded by discretionary budget authority.

Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2012.....	\$1,043,387
2013.....	978,024
2014.....	1,166,000
2015.....	1,396,924
2016.....	1,551,854

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FY 2017 BUDGET REQUEST

The Department requests \$1.6 billion to administer the Federal student aid programs in fiscal year (FY) 2017, an \$80.1 million, or 5 percent, increase above the 2016 level. The requested funds are necessary to manage and service the student loan portfolio, including: anticipated increases in loan volume; maintaining operations for student aid application processing, origination, disbursement functions, and student aid information technology (IT) system hosting; improving reporting and dissemination of data to the public; strengthening enforcement and oversight to better protect students and taxpayers; and enhancing security across applications.

The three primary changes in the 2017 budget request from the 2016 level include increased funding to cover:

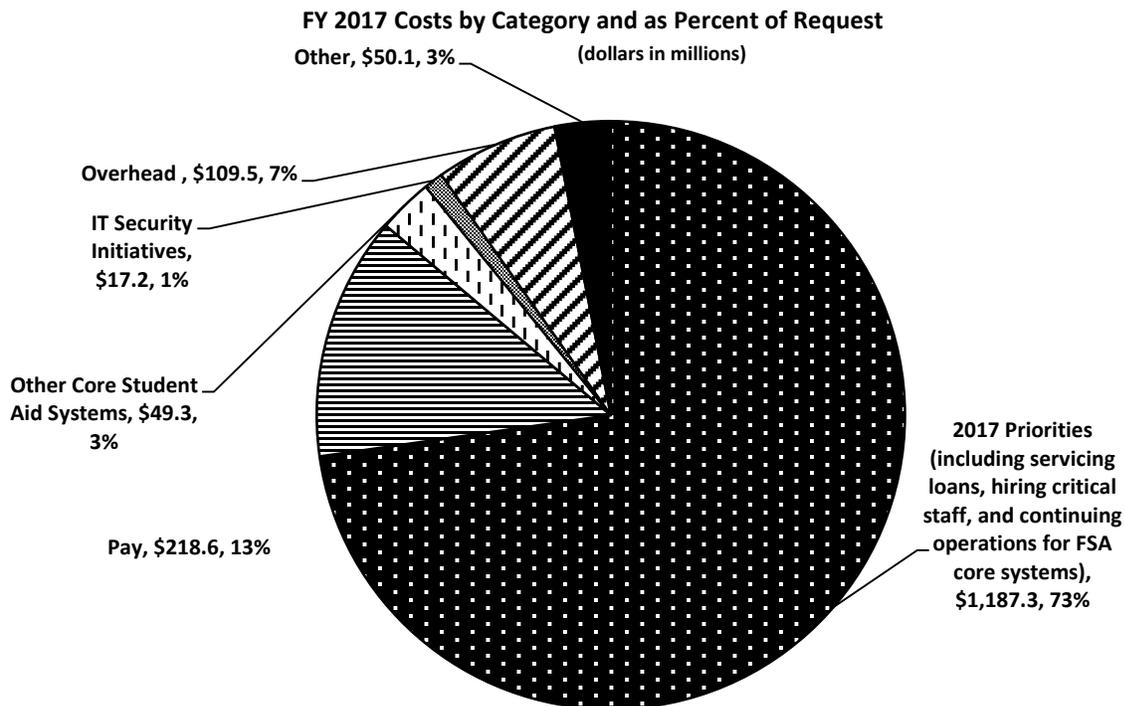
- 1) Higher servicing costs for the Federal student loan program (+\$59.5 million) these increased costs are directly tied to expected increases in servicing loan volume and costs necessary to award and transition to a new loan servicing contract with improvements to the service provided to borrowers. More detail is provided on Y-19.
- 2) Higher overall personnel costs mainly for an additional 84 FTE to bolster FSA's capacity to provide adequate Title IV enforcement and oversight and the proposed 1.6 percent Governmentwide pay increase and benefits for all FTE within the Student Aid Administration account—(+ \$13.6 million). More detail is provided beginning on Y-22.
- 3) Increase in overall costs for continual operations for FSA core systems including student aid application processing, origination and disbursement functions, and IT system hosting— (+\$7.0 million). More detail is provided beginning on Y-26.

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FY 2017 Budget Costs by Category

The following chart provides the funding level for each cost category and the percentage share of the fiscal year 2017 Budget request. Eighty-six percent of the proposed SAA budget supports 2017 Federal Student Aid operational activities and pay. Federal Student Aid's major operational activities include: effectively servicing the growing student loan portfolio; additional 84 FTE necessary for institutional enforcement and oversight; operations for student aid application processing, origination and disbursement functions; and IT system hosting.

Other core student aid systems (e.g., National Student Loan Data System, FSA's accounting system), matching agreements (e.g., Social Security Administration, IRS), and IT security initiatives including FSA's increased cybersecurity efforts account for 4 percent of the request. The remaining 10 percent includes overhead for central support (e.g., rent, background investigations), central information technology (e.g., the Department's EDCAPS financial systems) and the "Other" category that includes Web site interfaces, contract specialist support, and other activities to carry out FSA's mission.



The following sections show the major projects and their fiscal year 2017 budget funding levels by cost category. The budget request includes \$232.1 million to cover the personnel compensation and benefits costs of 1,621 FTE; 1,497 FTE in Federal Student Aid and 124 FTE in the non-Federal Student Aid offices, as shown beginning on page Y-36.

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Fiscal Year 2017 Federal Student Aid Budget Priorities: \$1,187.3 million

1. Effectively servicing the student loan portfolio including loan servicing recomplete costs: \$899.6 million (an overall increase of \$59.5 million from fiscal year 2016)

The budget requests \$899.6 million for loan servicing costs (\$868.1 million for operations and maintenance for loan servicers; \$9.1 million for system development costs for implementing legislative and regulatory changes; \$15.7 million for costs of the award of a new servicing contract; \$1.7 million for customer service satisfaction surveys of service used to allocate borrower accounts across servicers; and additional costs as detailed in the footnote on page Y-14). The servicing costs are based on the overall loan volume, the combination of repayment statuses in the loan portfolio, and the timing of loan delivery.

Currently, the Department contracts with 12 servicers to provide borrower services for the Federal Direct Loan, Perkins Loan, and TEACH Grant programs. All servicers are funded entirely with discretionary budget authority. In addition, the costs necessary to service the Health Education Assistance Loan (HEAL) program are included in the total servicing request for fiscal year 2017.

FY 2017 Servicing Cost Drivers

Loan servicers are paid a unit cost per borrower account that they service. Unit costs are structured to incentivize servicers to keep borrower accounts in repayment current. Accordingly, servicers are compensated more for accounts that are actively repaying (i.e., in-repayment status). Conversely, servicers are paid less for accounts that are not actively repaying (in-school, deferment, and forbearance status) and incrementally paid even less as accounts shift further into non-payment (i.e., delinquency status). As the total number of borrower accounts being serviced increases, servicing costs will increase accordingly. FSA's efforts to reduce the delinquency and default rate and keep more borrowers in good standing will also result in higher costs. Servicing cost estimates, thus, are very sensitive to the number of borrowers, distribution of borrowers, and performance of borrowers. FSA closely analyzes performance and costs of the servicing contractors to ensure that its estimates are as accurate as possible and to evaluate whether its servicing contracts are appropriately incentivizing servicers to keep borrowers in good standing. The currently negotiated unit costs per borrower status are provided in the table below.

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Direct Loan Contractual Costs to Service Borrowers	
Deliverable Status	Price per Status
In-School	\$1.05
Grace\Deferment	\$1.68
Borrower in Repayment who is Current on Payments or Military Service Member	\$2.85
Forbearance	\$1.05
6-30 Days Delinquent	\$2.11
31-90 Days Delinquent	\$1.46
91-150 Days Delinquent	\$1.35
151-270 Days Delinquent	\$1.23
271-360 Days Delinquent	\$0.45
360 or more Days Delinquent	\$0.45

In an effort to help student borrowers manage their debt, the Department has expanded the availability of income-driven repayment plans and provided plans with lower monthly payments and shorter repayment periods. It has also improved its outreach to borrowers to ensure that they select the best repayment plan for them. The Administration proposes to reform and streamline the income-driven repayment plans into a single, simple, and better targeted plan for borrowers, while helping them manage their debt. For more information on the Administration's proposal, please see **Student Aid Overview**.

Loan Servicing Re compete

The current loan servicing contracts are set to expire in 2019. In 2016, the Department will begin the process of awarding a new loan servicing contract. This contract will streamline the servicing environment for borrowers to reduce complexity and improve borrower outcomes consistent with the steps outlined in the President's Student Aid Bill of Rights. The contracts will also build upon the joint servicing principles and the Administration's working group on best practices in student loan servicing issued in summer 2015. Funding of \$15.7 million, an increase of \$8.5 million over 2016, is being requested in 2017 to support transition costs to the new contract. The request also includes funding for support services such as independent verification and validation, program management, and security and process reviews necessary for any vendor who handles FSA and borrower data.

Customer Service Survey Data

To allocate loan servicing volume based on performance, the Department annually measures servicer performance on customer satisfaction and default prevention. Results from Customer Service Survey Data from June 2015 are displayed on pages Y-44–45. Customer Service Survey Data can also be found at the "Data Center" section on the Student Aid Web site (<http://studentaid.ed.gov>). Updates to this data will be released by electronic announcement in

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the “Loans” section of the Information for Financial Aid Professionals Web site (<http://ifap.ed.gov/ifap>).

Borrower Outreach on Repayment Options for Borrowers

FSA has expanded its efforts to ensure that borrowers understand their repayment options, so they can make an informed decision about the repayment option that works best for them. During May through June 2015, FSA launched an integrated repayment campaign to inform borrowers about their student loan repayment options. The campaign focused on reaching borrowers who recently graduated and were going into repayment and borrowers who were continually struggling with repayment options. In fiscal year 2016, FSA is planning three similar email campaigns that will focus on borrowers eligible for the Revised Pay As You Earn Repayment Plan (REPAYE), borrowers potentially eligible for Public Service Loan Forgiveness, and an expansion of the 2015 outreach to in-grace borrowers.

The integrated repayment campaign included outreach through social media including: Facebook, Twitter, YouTube, digital media, webinars, emails, Public Service Announcements, and videos. The video series garnered more than 10 million views over the course of the campaign. Overall, the campaign received more than 66 million impressions over 68,000 social media engagements, boosted FSA’s social media community by more than 12,000, and resulted in nearly 700,000 visits to FSA websites. In addition to direct outreach to borrowers, FSA partnered with other organizations that shared tools and resources with their networks. FSA also created a webpage on the Financial Aid Toolkit website which highlighted repayment tools and resources for partners to use.

FSA crafted multiple email campaigns that reached over two million borrowers during fiscal year 2015. FSA sent emails to borrowers who missed their first or second payment, defaulted on their loans, were at risk of dropping out of school, were in income-driven repayment plans that needed to complete annual recertification, and were in an in-grace status with high balances. The emails have focused on providing borrowers with the information to successfully repay their loans. In response to the June 2014 Presidential Memorandum-Federal Student Loan Repayments and the March 2015 Presidential Memorandum-Student Aid Bill of Rights, FSA has worked with the White House Office of Science and Technology Policy’s Social and Behavioral Science Team to develop, test, and improve messages to borrowers so the messages are effective in increasing awareness of options and successful repayment.

FSA also worked with the Department of Treasury and Intuit Inc., to raise awareness about repayment plan options on the TurboTax Web site. During the 2015 tax filing season, Intuit featured a banner in its TurboTax Online tax preparation software with a message to let users know they have options for repaying Federal student loans. The banner linked to the Department of Education’s online Repayment Estimator, where users could determine if they could lower their monthly student loan payments through an income-driven repayment plan and could then sign up for an income-driven or other repayment plan. TurboTax customers that reported student loan interest were also shown an ad through the Benefit Assist tool about the possibility of a more affordable student loan payment. Additionally, TurboTax sent out an e-newsletter in May 2015 to over 26 million recipients. These outreach efforts resulted in over 500,000 clicks on the Repayment Estimator and StudentAid.gov/Repay Web page. Most

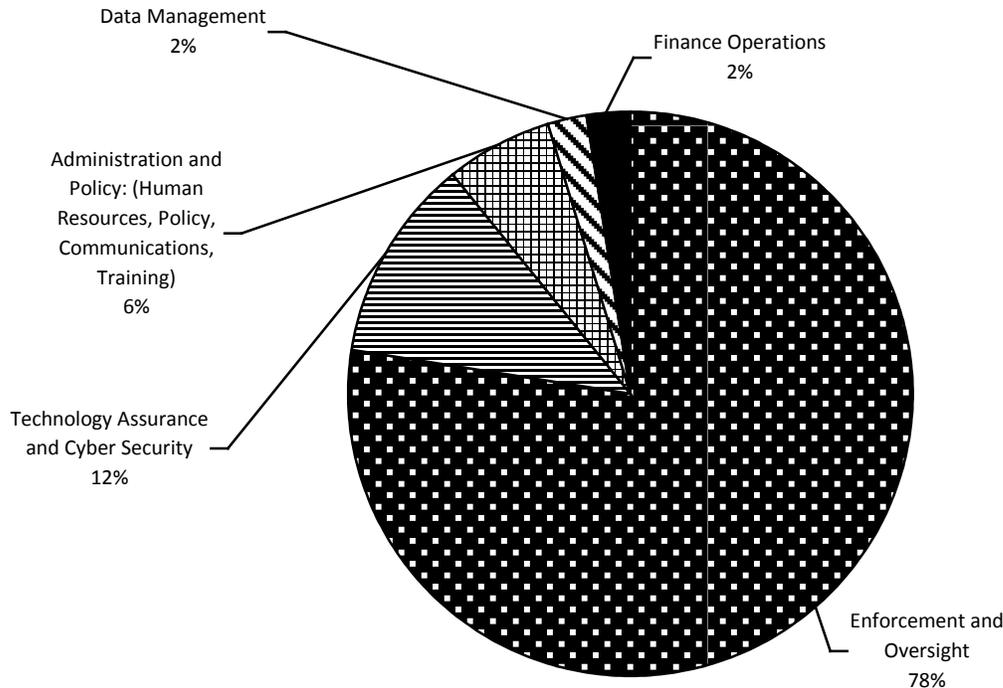
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recently, Mint.com sent users a message from President Obama regarding Pay As You Earn Repayment Plan (PAYE) and REPAYE as a way to notify borrowers of these options when choosing a repayment plan. As a result of these and other efforts by the Administration, enrollment in the income driven repayment plans has significantly increased, growing from 450,000 participants at the end of 2011 to 4.4 million as of September 2015. Availability of these plans helps to ensure that borrowers have a way to manage their student debt and avoid the consequences of delinquency and default.

2. Hiring critical staff (overall increase of 84 FTE) for higher education enforcement and oversight and the proposed 1.6 percent Governmentwide pay increase and benefits for all FTE within the Student Aid Administration account: \$13.6 million (an overall increase of \$13.6 million from fiscal year 2016)

The budget request includes \$13.6 million for personnel compensation and benefits for an additional 84 FTE for improved institutional enforcement through compliance and program oversight, and the proposed 1.6 percent Governmentwide pay increase and benefits for all FTE. The following charts provide the additional fiscal year 2017 FTE by category.

FY 2017 FTE Hires by Category



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FY 2017 FTE Hires by Category		
Category	Number of FTE	Percent of Total Increase
Enforcement and Oversight (Schools, Contracts, Clery Act, Gainful Employment, Loan Servicing, and Borrower Defense)	65	78%
Technology Assurance and Cybersecurity	10	12
Administration and Policy (Human Resources, Policy, Customer Support, Communications, and Training)	5	6
Data Management	2	2
Finance Operations	2	2
Total	84	100

Enforcement and Oversight

The Program Compliance office monitors and oversees over 6,000 domestic and foreign entities (i.e., schools, guaranty agencies, lenders, and servicers) participating in the Department of Education's Federal Student Aid programs. The office establishes and maintains systems and procedures to support the eligibility and certification of program participants as well as the enforcement and oversight of requirements to protect students and taxpayers. In addition, the office also administers the Secretary's authority to assess liabilities, fine, suspend, terminate or take other actions against schools and serves as the initial arbitrator of such actions against guaranty agencies, lenders, and servicers.

Other offices, such as Business Operations and Acquisitions, also provide important oversight roles by overseeing the Department's major student aid system vendors, including loan servicers. These offices are vital to ensuring the Department is providing high quality customer service to its students, and safeguards the Department's and taxpayers' fiscal interest.

The fiscal year 2017 budget request will bolster Federal Student Aid's (FSA's) capacity to conduct enhanced enforcement by adding resources to the new and independent Enforcement Office (EO). Created in fiscal year 2016, the goal of this new office is to enable FSA to take enhanced enforcement action against high-risk institutions participating in Title IV programs. The EO will work with multiple Federal and State agencies to identify potential misconduct or high risk conduct of institutions, proactively use enforcement tools to gather information, and fully use available actions to seek remedies. The EO will also include enforcement as it relates to the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act and the Drug-Free Schools Communities Act. Finally, the EO will ensure that students who have been affected by misrepresentation or otherwise defrauded by their institutions will have access to a transparent and fair loan discharge process.

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Institutional Enforcement

Institutional enforcement is a FSA priority. Ensuring that postsecondary institutions are complying with all federal higher education laws and regulations, including by providing accurate information to prospective and current students, is an important function of FSA and the Department. A series of federal agency investigations regarding colleges that engaged in deceptive practices, including by the Government Accountability Office and U.S. Securities and Exchange Commission, have highlighted the need to build FSA's institutional enforcement capacity significantly. During fiscal year 2017, 28 FTE are requested to support more institutional reviews of high-risk institutions. These personnel are necessary and match the increase of states' and other federal agencies' investigations of such institutions and the increased number of complaints by students. These additional personnel will also allow FSA to continue its existing enforcement and oversight to implement regulations and statutory requirements, such as monitoring of cohort-default rates reported by institutions. The Administration remains strongly committed to investigating violations that harm students and taxpayers and taking swift and immediate action as necessary, and this additional capacity will help ensure such activities are completed in an effective and efficient manner.

Contract Oversight

Based on human capital planning and analysis of Government benchmarking of acquisition personnel based on the size and volume of contracting, FSA has determined an additional 15 FTE will be necessary to complete price analysis, heightened performance management reviews, and monitoring.

Clery

The Clery unit is responsible for oversight and administrative actions related to the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, and the Drug-Free Schools and Communities Act. Workload related to Clery has steadily increased since its inception and includes additional oversight for the recent implementation of the Violence Against Women Act (VAWA). The additional changes to VAWA require institutions to report additional crimes such as dating violence, domestic violence, and stalking; provide ongoing prevention programs to address these additional crimes; and comply with institutional procedures regarding campus judicial proceedings. These additional requirements will increase the workload of each institutional review by FSA personnel.

During fiscal year 2017, an additional 11 FTE will be necessary to complete more institutional reviews, which are directly related to the increase in Clery complaints and continual media surveillance of campus issues.

Loan Servicing Oversight

With the transition to new servicing contracts and ongoing improvements of the loan servicing systems, proper oversight and compliance measures are critical for management of loan servicers' deliverables and improving borrower customer service. Not only has loan servicing become more complex—it has also received increased scrutiny as the number of dollars and

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borrowers serviced continues to grow. President Obama's Student Aid Bill of Rights (SABOR) ensures stronger consumer protections for student loan borrowers and tasked an Interagency Task Force consisting of the Department of the Treasury, Department of Education, Office of Management and Budget, and Domestic Policy Council to monitor trends in the student loan portfolio, budget costs, and borrower assistance efforts. SABOR required that the task force review recommendations for the Department of Education from its members and the Consumer Financial Protection Bureau on best practices in performance-based contracting to better ensure that servicers help borrowers responsibly make affordable monthly payments on their student loans. The finalized recommendations will inform the upcoming loan service recompetete efforts.

During fiscal year 2017, an additional 7 FTE will be necessary to assist in oversight and compliance of current loan servicing contracts with transition activities under a new loan servicing award. These staff will augment and enhance ongoing servicing oversight with particular focus on phone call and process monitoring to ensure the borrowers', taxpayers' and the Government's best interests are protected.

Borrower Defense

After the closure of Corinthian Colleges Inc., the Department appointed a Special Master to guide a fair and efficient process for borrowers who believe they have been defrauded by institutions. Current law allows student loan borrowers to seek loan forgiveness of their Direct Loans if an act or omission of the school attended by the student gives rise to a cause of action against the school under applicable State law. In addition, the Department has begun a negotiated rulemaking process where the Department will clarify how certain federal student loan borrowers who believe they were defrauded by their institutions can seek relief, but also strengthen provisions to hold colleges accountable for their wrongdoing. An additional 4 FTE are requested in FY 2017 to evaluate Borrower Defense claims.

Technology Assurance and Cybersecurity

Several recent cybersecurity incidents impacting the Federal Government (e.g., at the Office of Personnel Management and the Internal Revenue Service) and major corporations have heightened the issue of cybersecurity protection. Several audits have identified large vulnerabilities across FSA applications including the ability to perform penetration testing to determine FSA's ability to mitigate intrusions. The ability to perform proactive versus reactive investigations of new threats will help to safeguard millions of borrowers' Personally Identifiable Information (PII). Additional FTE will be required to improve the monitoring, reviewing, and analyzing of security alerts in a timely manner and reduce the overall risk of intrusions.

The fiscal year 2017 request includes an additional 10 FTE to ensure adequate and proper management of major IT systems, including adequate management of complex systems and timeliness of system testing, which is crucial for system maintenance, development, and ensuring security.

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An additional 9 FTE will also be necessary to provide human resource and financial management policy and procedure implementation; external communications related to controlled correspondence on customer service; and enhanced data management including statistical analysis and forecasting.

3. Maintaining continual operations for student aid application processing, origination and disbursement functions, and IT system hosting: \$274.1 million (an overall increase of \$8.1 million from fiscal year 2016)

The budget request includes \$274.1 million for student aid application processing, origination, and disbursement functions, and information technology (IT) system infrastructure, a net increase of \$8.1 million from fiscal year 2016; due to the reengineering efforts for the Application and Eligibility Determination System. Included in this request are key FSA operational costs:

- Title IV Origination and Disbursement System (TIVODS) formerly Common Origination and Disbursement (COD) (\$112.6 million);
- Application and Eligibility Determination System (AEDS) (\$88.2 million) including reengineering efforts (\$33.7 million), operations and maintenance of the development and processing of FAFSA (\$28.0 million), ombudsman call center operations (\$23.8 million), and school products and services (\$2.7 million);
- IT system costs (\$69.8 million), including the operation and maintenance of the data center, software licenses, and the technical architecture and system support for FSA applications; and
- eCampus-Based system (\$3.5 million).

Title IV Origination and Disbursement System (TIVODS): \$112.6 million (an overall decrease of \$4.2 million from fiscal year 2016)

Federal Student Aid will originate and disburse over \$181 billion in Pell Grants (HEA, Title IV, Part A, Subpart 1) and Direct Loans (HEA, Title IV, Part D) including loan consolidations in fiscal year 2017. TIVODS is responsible for originating and disbursing this aid.

Accordingly, TIVODS is an essential link in the delivery of the following Title IV programs: Pell Grants, TEACH Grants, and Direct Loans (Stafford, Unsubsidized Stafford, PLUS and Graduate PLUS). The system supports interfaces to other systems to enable funding, loan consolidation, financial reporting, and program oversight.

FSA began to transition the former COD system in March 2015 and expects the transition to be fully implemented by March 2017. FSA has restructured contract activities to reduce the overall costs in fiscal year 2017 from fiscal year 2016.

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Application and Eligibility Determination System (AEDS): \$88.2 million; including reengineering efforts \$33.4 million (an overall increase of \$12.1 million from fiscal year 2016)

AEDS operations and maintenance (O&M) provides funding for daily operations of systems and services related to FAFSA filing (online and paper), application processing, determination of aid eligibility, and development of the upcoming annual application. In addition to these contracted services, AEDS O&M provides funds for increased hardware and software support during FAFSA peak processing months which are expected to start in October 2016 as a result of the implementation of prior-prior and early application availability; a top priority of FSA.

In addition, the new FSA Contact Center ensures that customers, both student applicants and schools, have accessible, accurate, timely, and professional responses to their inquiries via their preferred method of communication. Funding also supports call center operational support for the Ombudsmans Group; including call intake, case work, and customer response services for new and existing contacts to the Federal Student Aid/Ombudsman Group.

During fiscal year 2016, FSA will enter into the next phase of streamlining AEDS operations. The effort will support web delivery, application development, and supporting systems as well as taking advantage of new technologies. It will also improve FSA's flexibility and responsiveness to legislative changes and organizational priorities, and establish contractual arrangements with increased transparency and performance metrics based on industry standards. The overall increase in fiscal year 2017 is the result of the remaining reengineering and acquisition solicitation activities will take place with contract award prior to the end of the fiscal year.

Virtual Data Center (VDC): \$42.3 million (an overall decrease of \$7.9 million from fiscal year 2016)

The VDC is a single computing environment for data and transaction processing, network communication services, infrastructure, and tools required to deliver financial aid. The VDC hosts 56 student aid applications. The fiscal year 2017 request will support the operation and maintenance of the VDC.

Enterprise Software Licenses: \$20 million (no change from fiscal year 2016)

Enterprise Software Licenses supports maintenance renewal agreements for all FSA and VDC supported software. This program consolidates similar software licenses with different renewal dates under one agreement and reduces licensing duplication for FSA. Centralizing procurements and renewals of software licenses promotes cost savings through quantity discounts and reduction of contracts used for maintenance renewals.

Enterprise Architecture & Engineering (EAE): \$7.5 million (an overall decrease of \$1.5 million from fiscal year 2016)

EAE provides a full range of technical architecture and engineering functions that provide FSA with the necessary services and support needed to plan, maintain, and develop its enterprise

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architecture. Engineering services include Enterprise IT Architecture (EITA) middleware architecture services and Enterprise Performance Testing (EPT) services.

EITA provides critical technology platform and technical support services, including integrated technical architecture and middleware architecture. EITA provides product support services, including root cause analysis and resolution of middleware-related production issues for FSA's mission-critical applications. Middleware services reduce security vulnerabilities within the FSA system architecture. EPT provides performance testing analysis services that ensure FSA's applications are configured appropriately. It also makes sure that sufficient capacity is deployed during production for each mission critical application within the Virtual Data Center.

eCampus-Based: \$3.5 million (an overall increase of \$1.1 million from fiscal year 2016)

The eCampus-Based system automates the administration of the Federal Perkins Loan, Federal Work-Study, and Federal Supplemental Educational Opportunity Grant programs. The system determines institutional funding needs and allocation levels based on data from the Fiscal Operations Report and Application to Participate; collects funding data to inform subsequent reallocations; maintains cumulative Perkins Loan funding histories; calculates institutional cohort default rates; catalogs low-income elementary and secondary schools for use in determining eligibility for teacher cancellation benefits; and identifies delinquent or defaulted Perkins loan borrowers. The fiscal year 2017 request will support the operation and maintenance of the system and necessary enhancements.

Other Core Student Aid Administration Systems: \$49.3 million

Data Challenges and Appeals Solution (DCAS): \$12.1 million

Current regulations allow institutions to challenge and appeal metrics published by FSA. By regulation, the cohort default rates (CDR) metric allows institutions to submit multiple data challenge types. The Department's Gainful Employment regulations also include provisions to allow for multiple data challenge types. DCAS will support these regulations with functionality to accept, process, resolve, and archive data challenges and appeals. This system will help modernize FSA's response to institutional challenges and questions and when fully implemented, will lower institutional burden in responding to statutory and regulatory requirements.

National Student Loan Data System (NSLDS): \$12.1 million

NSLDS maintains detailed administrative data on the provision of Title IV aid, such as the number of loans and grants made, and provides for the electronic exchange of data between program participants and the system. NSLDS collects and stores data from borrowers, schools, lenders, and guaranty agencies and integrates data on student aid applicants and recipients. The Department uses this comprehensive data to effectively administer the student loan and grant programs by preventing fraud and abuse through pre-screening and post-screening for Title IV aid eligibility, calculating statutory guaranty agency payments, and calculating higher education accountability measures. NSLDS data is now integrated into Enterprise Data

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Warehouse and Analytics project, which improves the Department's portfolio management, policy analysis, and budget formulation.

The Department's College Scorecard also uses NSLDS data to provide students and their families with information that can help them find colleges that fit their educational and career aspirations. In addition to providing ongoing NSLDS operations, maintenance, and customer support, FSA is working with other Department offices on data enhancements, system integration, and data quality. The fiscal year 2017 request supports the operations and maintenance of the system.

Financial Management System (FMS): \$7.8 million

FMS consolidates and manages all financial transactions from FSA's feeder systems. FMS facilitates reconciliation and internal program management and reporting. The system tracks and manages payment processing for Federal Direct Loan originations and Pell Grant awards, and it processes refunds to borrowers for overpaid loans and payments to lenders and guaranty agencies. It also performs validations and reasonability checks to minimize erroneous payments. The fiscal year 2017 request supports the operations and maintenance of the system.

Integrated Partner Management (IPM): \$6.2 million

In fiscal year 2017, IPM will be fully operational and will simplify and reduce duplicate and conflicting data storage, complex system architectures, and excessive file exchange activities. IPM will provide a centralized view to all customers and employees of current institutional eligibility and oversight data. IPM will provide better data accuracy, information security through a single point of access, and help enforcement efforts. The fiscal year 2017 request supports the operations and maintenance of the system.

Federal Student Aid Administration Interagency Agreements: \$4.8 million

The Department enters into agreements with other Government agencies for the purpose of verifying Federal student aid eligibility and accessibility, locating borrowers who have defaulted on their Federal student loans, and providing services to simplify the aid process. Below is the listing of these agencies and the agreements:

Department of Housing and Urban Development (HUD): The Department of Education provides information on student loan defaulters to the HUD Credit Alert Interactive Voice Response System (CAIVRS), which determines eligibility for Federal housing loans. Borrowers who are ineligible due to student loan defaults may pay off their defaulted student loan to qualify for the housing loan. In addition any agency choosing to consider student loan default as part of their eligibility criteria can search CAIVRS.

Department of Treasury, Bureau of the Fiscal Service: The Department has two interagency agreements with the Bureau of the Fiscal Service:

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1. Federal Employee Salary Offset Program: Treasury shares information with the Department regarding employees whose Federal pay is or could potentially be offset through the Treasury Offset Program.

2. Lockbox Services: Treasury provides for the receipt, processing and deposit of all forms of payments from student loan borrowers. Costs are included under loan servicing activities.

Internal Revenue Service (IRS): The Department has two interagency agreements with IRS.

1. FAFSA Data Share: This agreement simplifies the FAFSA completion process by directly transferring tax return information to the appropriate FAFSA data fields. Applicants are able to retrieve this data after passing an authentication process.

2. Repayment Plan Data Share: This agreement allows borrowers to connect with IRS directly to retrieve their Adjusted Gross Income (AGI) for completing the income-based repayment application, allowing an accurate income-based calculation of monthly payment amounts.

Social Security Administration (SSA):

1. SSA Agreement: This agreement matches Title IV applicants against SSA's master file for Social Security and citizenship verification. The purpose of this computer matching program is to assist the Department in its obligation to ensure that applicants for student financial assistance under Title IV of the Higher Education Act of 1965, as amended (HEA) (20 U.S.C. § 1070 et seq.), satisfy eligibility requirements. This agreement establishes the terms, conditions, and safeguards under which the SSA will provide Social Security number verification, citizenship status as recorded in SSA records, and death indicators to ED. The Death Master file (DMF) is used to create and update the CPS DMF Table. All incoming and processed FAFSAs are checked against the DMF Table to identify applications using information for those who may be deceased.

2. Medical Improvement Not Expected (MINE) Total and Permanent Disability (TPD) Computer Matching Agreement (CMA): This agreement discloses MINE disability data of beneficiaries and recipients under title II and XVI Social Security Act. The Mine disability data is used to contact individuals who have student loan debt and inform those individuals of the TPD discharge process for the student loan debt.

Department of Homeland Security (DHS), United States Citizenship and Immigration Services:

This agreement verifies the immigration status of non-citizen applicants for the purpose of determining eligibility. ED provides identifying information from Applicant files to the USCIS for the purpose of verifying each applicant's immigration status. The USCIS provides ED the current immigration status of each applicant processed through the computer matching program within 24 hours of ED's request for Primary Verification. ED notifies the applicants of the results of the match in writing.

Health Resources and Services Administration (HRSA) HEAL Hosting: As a result of the 2014 Consolidated Appropriations Act, the HEAL program was transferred from HHS to the Department. This agreement covers all IT support services provided by HRSA to the

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Department of Education. The HRSA Office of Information Technology provides the basis for the HEAL operational processing system infrastructure and database hosting support. All costs associated with this request are included under loan servicing activities.

Alternative Format: FSA is required by Section 504 and Section 508 of the Rehabilitation Act of 1973, as amended, to provide product (i.e., hard copy documents and websites) accessibility to the blind, deaf, and others with disabilities. This interagency agreement between the Department of Commerce and the Department of Education provides the alternative formats, specifically braille, large print, data CD and audio CD of correspondences and publications to borrowers.

EDEExpress (EDE): \$2.8 million

Funding for this project is for the continued operation and maintenance of the EDE Suite (EDEExpress and DL Tools) software tool provided by FSA to schools.

EDE Suite is a "school product" software suite provided by FSA to schools at no cost for their use in originating, disbursing, and packaging direct loans and grants for students. EDE Suite significantly eases the school's process of interacting with TIVODS to submit awards by automating most of the tasks involved in building the XML Common Record file that TIVODS requires for origination and disbursement of student aid.

The EDE Suite also provides valuable reconciliation functionality to participating Title IV schools, allowing them to compare their internal organizational award databases against the TIVODS database for direct loan and grant awards, and identify discrepancies that require further attention. Without FSA's continued support for this product, schools would be forced to seek technical support from private market software products at additional cost, develop their own products, or be unable to participate in Title IV programs due to inability to submit records to TIVODS. The fiscal year 2017 request will support operations and maintenance including updates associated with the annual release.

Participation Management (PM): \$2.6 million

Participation Management is FSA's central system for managing partner organization enrollment in FSA data exchange services. Virtually all schools, third-party servicers, guaranty agencies, Federal loan servicers, FSA External Partners, State Agencies, and other organizations must use PM to enroll in services provided by FSA systems such as NSLDS, TIVODS, FMS, SAIG, AIMS, CPS, FAA Access, TPD and DMCS. Without PM, enrollment in FSA data services would be severely impaired as FSA's process for managing that access would become fragmented.

The fiscal year 2017 request supports ongoing operations, maintenance, and customer support to manage collecting and integrating service enrollment information, and sharing that information in a timely manner across FSA systems.

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OIG Fraud Referral: \$850 thousand

The OIG Fraud Referral process streamlines FSA's intake procedures to determine if fraudulent activities occurred and the appropriate resolution. This effort is fully responsive to OIG requests for coordination on these referrals.

In fiscal year 2017, funds will continue to provide annual contract support to maintain sustainable operations and will continue to advance data-driven analysis, outreach, and coordination of enhancements to FSA's control framework.

Uniform Complaint System

This initiative directly supports the objective stated in the Student Aid Bill of Rights in February 2015, during which the President committed to creating "a state-of-the-art complaint system to ensure quality service and accountability for the Department of Education, its contractors, and colleges" by July 1, 2016. The Student Aid Bill of Rights expressed the need for a system that is simple for users to file and track the progress of a complaint through resolution. The Department solicited public comments on the construction of the compliant system.

In 2015, FSA completed an assessment of current processes, an analysis of solution alternatives, high-level and detailed requirements, and initiated a system design. During fiscal year 2016 FSA will fund the continued design, development, and iterated implementation of the system, as well as support for operations, maintenance, and licensing. Fiscal year 2017 funding will continue to support operations, maintenance, and licensing and is included under the Ombudsman support line.

IT Security Initiatives: \$17.2 million

FSA takes seriously the ongoing security threats to operations and the real risks of compromising borrowers' personal information. In addition to verifying that specific security requirements are being met in individual system and service contracts, FSA has specific initiatives to mitigate security risks.

Enterprise Identity Management System (EIMS): \$8.6 million

Enterprise Identity Management Service (EIMS) enables authentication of FSA system users and provides access to FSA systems. EIMS is an umbrella initiative focused on improving the overall security posture of FSA systems, making identity management, permission and access management more efficient and secure for FSA systems, the 80,000 privileged users (ED, FSA and partners) and 76 million non-privileged users (students/borrowers). EIMS supports efforts to improve system security and meet dynamic changes to the Federal IT Security Requirements. Without EIMS, users (both privileged and non-privileged) would not be able to access systems securely. FSA continues to improve the handling and security of users' PII. Most recently FSA decommissioned the use of the FSA PIN, a combination of a user's last name, social security number, and date of birth, used to access to FSA websites and applications and electronically sign the FAFSA. Starting in May 2015, the FAFSA ID, which is a

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user created username and password, allows the user to electronically sign the FAFSA and access personal information on Federal Student Aid Web sites without having to enter their social security number at each login.

The EIMS initiative includes Person Authentication Service (PAS), Access and Identity Management System (AIMS), and Two-Factor Authentication (TFA). EIMS meets the FSA's business and technical requirements through these three main projects.

Person Authentication Service (PAS): \$5.3 million

PAS provides a secure identity and access management system for non-privileged users, who have access to only their own PII (i.e., parents, borrowers). PAS centralizes access, identity management functions, and permissions for non-privileged users and also provides a secure system that is integrated with the FSA security architecture.

Access and Identity Management System (AIMS): \$2.2 million

AIMS provides the FSA enterprise with enhanced sign-on capability and access control for web applications to privileged users, who have access to PII. AIMS allows for simplified logon and an integrated horizontal sign-on to multiple FSA applications. Thereby, enforcing standardized security requirements such as identity, password complexity, and multi-factor authentication. Currently, there are 25 major and minor applications behind AIMS serving a population of approximately 80,000 users including FSA employees, postsecondary schools' financial aid administrators, and call center staff. The fiscal year 2017 request supports ongoing operations and maintenance.

Two-Factor Authentication: \$1.1 million

Homeland Security Presidential Directive 12 requires agencies to control access to their systems and data through the use of two-factor authentication (TFA). To meet this requirement, the Department of Education has implemented the TFA security protocol through which all authorized privileged users are required to use TFA to access Federal Student Aid systems via the Internet. TFA protects FSA systems that service a population of approximately 80,000 users including FSA employees, postsecondary schools' financial aid administrators, and call center staff. The fiscal year 2017 request supports ongoing operations and maintenance.

System Security Authorizations (SSA): \$6.7 million

This initiative provides the basic security critical to ensure all FSA applications and general support systems are secured from malicious exploits and threats. Security authorizations and annual testing are mandated by the Federal Information Security Management Act and must be performed before new systems are launched or system upgrades are implemented. Continuous testing must be completed to maintain system security authorization. In addition, an official re-authorization is required every 3 years for 50 FSA systems.

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The fiscal year 2017 request will continue to support ongoing operations and external support to protect our infrastructure and applications to ward off new threats and continue to defend against previous known threats.

Security Operations Center: \$1.9 million

The Security Operations Center provides independent monitoring and analysis needed to protect the VDC infrastructure, systems, and data from vulnerabilities. The Security Operation Center will automate the security sensors on approximately 1,500 servers housed at the VDC and communicate real-time information regarding suspicious events. The real-time information enables FSA to react timely to suspicious activity and make timely reports to DHS.

In fiscal year 2017, FSA will continue to link external systems into the Security Operation Center to obtain a comprehensive evaluation of threats to FSA networks and data.

Other: \$50.1 million

The "Other" category includes projects aimed at supporting FSA's mission and projects administered by FSA. Costs in the "Other" category include conference management, compliance activities, Web site interfaces, human capital support, contract specialist support, travel, training and other administrative expenses. Additional projects in this category also support FSA's efforts to increase awareness of the availability of financial aid through targeted customer outreach and information dissemination, information sharing through enterprise business collaboration, aid data mart and the integrated student experience, travel for program compliance and necessary technical assistance. Below are some descriptions of key activities in this category.

Enterprise Data Warehouse and Analytics (EDW&A): \$12.3 million

The EDW&A project centralizes FSA lifecycle data. EDW&A allows the Department to access timely, accurate, consistent, and repeatable data for improved analytics, insights, and reporting; and allows FSA to responsibly expand data available for research without compromising the administration of the Federal student aid programs. EDW&A offers the opportunity for significant return on investment via data-driven insights to improve program management, retire redundant systems, and alleviate strain currently placed on NSLDS and other operational systems. The fiscal year 2017 request includes \$5.8 million to support continual operations and maintenance and \$6.5 million for development work, including: warehouse data augmentation; consolidation and retirement of the Aid Data Mart, dashboards and portals; and analytical efforts including default and fraud modeling.

Conference Management: \$2.7 million

Conference management supports the annual Federal Student Aid Fall Conference and Federal Student Aid's participation in national financial aid related conferences (e.g., National Association of Student Financial Aid Administrators). Federal Student Aid uses these conferences to train over 6,500 financial aid professionals and disseminate information about Title IV programs. This training is part of FSA's school oversight and responsibility and

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increases the integrity of the Federal student aid programs while ensuring appropriate stewardship of taxpayer resources. Some conference sessions specifically train against waste, fraud, abuse, and mismanagement of Title IV funds.

Information Dissemination: \$2.6 million

Information Dissemination is a cross-organizational outreach initiative to increase all students' awareness of and access to postsecondary education and federal financial aid. This initiative provides students, parents, and borrowers user-informed tools and resources to: understand the benefits of college; demystify the process of planning, preparing, and paying for college; encourage responsible borrowing and debt management; and create financially empowered consumers.

Integrated Student Experience: \$1.8 million

Integrated Student Experience is a multi-year effort to create a simpler and single portal for students, parents, and borrowers regarding information related to financial aid, applying for federal student aid, repaying student loans, and navigating through the college decisionmaking process.

Attestation Services: \$1.5 million

Attestation Services are non-audit services that examine contractor proposals, incurred costs, interim/final contract billings, contract closing statements, financial capability, accounting/estimating systems, and other internal controls within the contractor's operational environment to ensure services are appropriately compensated.

A-123 Requirements: \$1.1 million

This project ensures that Federal Student Aid has sufficient internal controls to achieve its objectives and is in compliance with Federal Manager's Financial Integrity Act (FMFIA) and OMB Circular A-123. It supports management's annual assurance on the effectiveness of these controls and includes coordination of Improper Payment Act related requirements.

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Non-Federal Student Aid Support Activities

In addition to funds directly allocated to Federal Student Aid to manage student aid programs, \$131.3 million (\$109.5 million in Overhead and \$21.8 million in non-Federal Student Aid payroll) of the fiscal year 2017 request, an increase from \$113.8 million in fiscal year 2016, is allocated to departmental offices for central support activities, such as central computer services and financial management systems operations, rent and other overhead, and legal and policy expertise. Over the last several years costs associated with non-FSA offices have steadily increased, commensurate with overall increases in volume and workload. Funding for Departmentwide financial management systems funded by this account will total \$14.8 million in fiscal year 2017, a slight decrease from \$15.4 million in fiscal year 2016.

Rent payments to the General Services Administration for FSA-occupied space will total \$23.0 million for fiscal year 2017, an increase of \$4.5 million.

Combined funding for central computer services and telecommunications will total \$36.9 million in fiscal year 2017. This is an increase of \$11.0 million for these activities from fiscal year 2016. This increase is necessary for enhanced security initiatives, required increases in E-GOV initiatives due to an updated allocation methodology, and required transition costs to a new network services contract, as explained in more detail in the **Program Administration** account request.

Other non-pay central support services including background investigations will total \$25.1 million in fiscal year 2017, an increase of \$1.0 million from \$24.1 million, the fiscal year 2016 level.

In fiscal year 2015 the Department started working with the White House Digital Services Team in its effort to support other activities related to College Scorecard. The Department will continue to collaborate with the White House Digital Services Team throughout fiscal year 2017. Moreover, to ensure the agency can effectively build and deliver important digital services, the Budget includes \$2 million in funding to build a Digital Service team that will focus on transforming the agency's digital services with the greatest impact to citizens and businesses so they are easier to use and more cost-effective to build and maintain. ED's Digital Service team will support ongoing implementation and enhancements to College Scorecard and other data analysis and publication activities.

In addition to 1,497 FSA full-time staff, the fiscal year 2017 request also provides \$21.8 million, for the salaries and benefits of 124 FTE outside FSA who perform student-aid related activities and are located in the Office of Postsecondary Education; Office of Management; Office of the General Counsel; Office of the Chief Financial Officer; Office of the Chief Information Officer; and Office of Planning, Evaluation, and Policy Development.

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System Application Matrix

The two system matrixes, shown in the charts below, illustrate the interdependencies between the major student aid system applications for the core business functions and the end user. The first chart shows each system application, its projected costs for 2016 and 2017, and core business functions supported by each system application. The second chart shows the interdependencies between all system applications and the four end users: schools, students, financial partners, and the Department of Education.

System Applications and Core Business Functions Interdependencies

System Application	2016 Cost (dollars in millions)	2017 Cost (dollars in millions)	Student Aid Application Processing	Origination and Disbursement	Student Loan Servicing
Loan Servicing	\$840.2 ¹	\$899.6 ¹		X	X
Title IV Origination and Disbursement System	108.3	112.6	X	X	X
Application and Eligibility Determination System	76.1	88.2 ¹	X	X	
Virtual Data Center	50.3	42.3	X	X	X
Enterprise Software Licenses	20.0	20.0	X	X	X
National Student Loan Data System	12.4	12.1	X	X	X
Integrated Partner Management	8.2	6.2		X	X
Financial Management System	8.0	7.8		X	
Total Discretionary Costs	1,123.5	1,188.8			

¹ Amount includes recomplete and reengineering efforts.

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Systems Applications and End Users

System Application	School	Student	Financial Partners	Department of Education
Loan Servicing	X	X	X	X
Title IV Origination and Disbursement System	X	X		X
Application and Eligibility Determination System	X	X		X
Virtual Data Center				X
Enterprise Software Licenses				X
National Student Loan Data System	X	X	X	X
Enterprise Information Technology Integration				X
Integrated Partner Management	X		X	X
Financial Management System			X	X

Note: Financial Partners include lenders and guaranty agencies.

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Major SAA Contracts

The following tables provide a list of Student Aid Administration contracts estimated to exceed \$5 million in fiscal years 2016 and 2017:

Contract: Loan Servicing
Description: Servicing and consolidation of direct student loans, Perkins loans, TEACH grants, servicing FFEL loans, and defaulted loans

FY 16 Funding: \$ 840.1million

FY 17 Funding: \$ 899.6 million

Vendors: *denotes vendor headquarters for loan servicers

Vendor	Vendor Locations
PHEAA	Harrisburg, PA* Mechanicsburg, PA Philadelphia, PA Pittsburgh, PA
Great Lakes Education Loan Services Inc.	Madison, WI* Eagan, MN Aberdeen, SD Plano, TX Boscobel, WI Eau Claire, WI Stevens, Point, WI
Nelnet Servicing LLC	Lincoln, NE* Aurora, CO Highlands Ranch, CO Omaha, NE Houston, TX
Navient	Reston, VA* Fishers, IN Newark-Prides Crossing, DE Wiles-Barre, PA
Missouri Higher Education Loan Authority	Chesterfield, MO* Columbia, MO
ESA EdFinancial	Knoxville, TN*
Cornerstone	Salt Lake City, UT*
New Hampshire Higher Education Corporation	Concord, NH*
Oklahoma Student Loan Authority	Oklahoma City, OK*
Vermont Student Assistance Corporation	Winooski, VT*
Maximus Federal Services, Inc.	Frederick, MD* Lawrence, KS
Educational Computer Systems	Coraopolis, PA Pittsburg, PA

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Contract: Title IV Origination and Disbursement System (TIVODS)
Description: Disbursement of Pell Grants and Direct Loans
FY 16 Funding: \$ 108.3 million
FY 17 Funding: \$ 112.6 million
Vendors: *denotes vendor headquarters for loan servicers

Vendor	Vendor Locations
Accenture LLP	Arlington, VA* Columbus, GA Monticello, KY Niagara Falls, NY Philadelphia, PA San Antonio, TX Washington, DC

Contract: Application and Eligibility Determination System (AEDS)
Description: Integration of application processing, aid awareness, and eligibility determination
FY 16 Funding: \$ 76.1 million
FY 17 Funding: \$ 88.2 million
Vendors: *denotes vendor headquarters for loan servicers

Vendor	Vendor Locations
General Dynamics One Source	Fairfax, VA* Hattiesburg, MS Coralville, IA Las Cruces, NM Lawrence, KS Washington, DC
Senture	London, KY* Monticello, KY
HP Enterprise Services	Palo Alto, CA* Montgomery, AL El Paso, TX Monticello, KY Orlando, FL
Phoenix Programming Services	Rockville, MD*

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Contract: Virtual Data Center
Description: Data center for student financial aid systems
FY 16 Funding: \$ 50.3 million
FY 17 Funding: \$ 42.3 million
Vendors: *denotes vendor headquarters for loan servicers

Vendor	Vendor Locations
Dell Services Federal Government, Inc.	Fairfax, VA* Plano, TX Washington, DC

Contract: Enterprise Software Licensing
Description: Maintenance for software licenses for Financial Management System and database operations
FY 16 Funding: \$ 20.0 million
FY 17 Funding: \$ 20.0 million
Vendors: *denotes vendor headquarters for loan servicers

Vendor	Vendor Locations
Various	Various

Contract: National Student Loan Data System
Description: Loan-level database to verify student eligibility, calculate institutional default rates, pay guaranty agency fees, track enrollment for loan servicing, and support credit reform accounting
FY 16 Funding: \$ 12.4 million
FY 17 Funding: \$ 12.1 million
Vendors: *denotes vendor headquarters for loan servicers

Vendor	Vendor Locations
Briefcase Systems Development, Inc	Arlington, VA* Coralville, IA Venice, FL Lawrence, KS

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Contract: Integrated Partner Management
Description: Integration of institutional eligibility determination and oversight of schools, lenders, guaranty agencies and other FSA partners
FY 16 Funding: \$ 8.2 million
FY 17 Funding: \$ 6.2 million
Vendors: *denotes vendor headquarters for loan servicers

Vendor(s)	Vendor Locations
BSC Systems; Creative Ideas Simple Solutions, Inc.; 2020 Co. LLC; Quality Software Services, Inc.	Clarksville, MD* McLean, VA Washington, DC

Contract: Enterprise Architecture and Engineering
Description: Architectural and engineering functions
FY 16 Funding: \$ 9.0 million
FY 17 Funding: \$ 7.5 million
Vendors: *denotes vendor headquarters for loan servicers

Vendor	Vendor Locations
MB&A	Arlington, VA

Contract: Financial Management System
Description: Accounting system for transactions
FY 16 Funding: \$ 8.0 million
FY 17 Funding: \$ 7.8 million
Vendors: *denotes vendor headquarters for loan servicers

Vendor	Vendor Locations
Avineon, Inc.	McLean, VA Washington, DC

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Contract: System Security Authorization
Description: Basic security for all FSA applications and general support systems
FY 16 Funding: \$ 6.7 million
FY 17 Funding: \$ 6.7 million
Vendors: *denotes vendor headquarters for loan servicers

Vendor	Vendor Locations
Blue Canopy	Reston, VA

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**Quarterly June 2015 Customer Service Performance Results
Not-For-Profit Servicers
June 2015 Score by Allocation Metric**

	METRIC	Aspire Resources Inc.¹	CornerStone	ESA/Edfinancial
1	% of Borrowers in Current Repayment Status	85.93%	90.76%	91.24%
2	% of Borrowers 91–270 Days Delinquent	4.17%	2.58%	2.51%
3	% of Borrowers 271–360 Days Delinquent	1.40%	0.55%	0.49%
4	Borrower Survey ²	76.00	70.50	73.75
5	Federal Personnel Survey ²	74.00	75.00	77.00

¹ The Department no longer contracts directly with this servicer.

² American Customer Satisfaction Index (ACSI) scale of 0 to 100.

	METRIC	Granite State-GSMR	MOHELA
1	% of Borrowers in Current Repayment Status	88.08%	92.41%
2	% of Borrowers 91–270 Days Delinquent	2.81%	1.44%
3	% of Borrowers 271–360 Days Delinquent	0.59%	0.30%
4	Borrower Survey ¹	75.75	75.75
5	Federal Personnel Survey ¹	72.00	74.00

¹ American Customer Satisfaction Index (ACSI) scale of 0 to 100.

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**Quarterly June 2015 Customer Service Performance Results
Not-For-Profit Servicers
June 2015 Score by Allocation Metric**

	METRIC	OSLA	VSAC Federal Loans
1	% of Borrowers in Current Repayment Status	86.93%	89.06%
2	% of Borrowers 91 - 270 Days Delinquent	2.69%	3.25%
3	% of Borrowers 271 - 360 Days Delinquent	0.90%	0.52%
4	Borrower Survey ¹	77.25	76.75
5	Federal Personnel Survey ¹	71.00	71.00

¹ American Customer Satisfaction Index (ACSI) scale of 0 to 100.

**Quarterly June 2015 Customer Service Performance Results
Title IV Additional Servicers
June 2015 Score by Allocation Metric**

	METRIC	FedLoan Servicing (PHEAA)	Great Lakes	Navient	Nelnet
1	% of Borrowers in Current Repayment Status	68.69%	75.11%	67.28%	64.51%
2	% of Borrowers 91–270 Days Delinquent	12.09%	9.90%	9.88%	14.35%
3	% of Borrowers 271–360 Days Delinquent	2.77%	2.37%	2.10%	3.45%
4	Borrower Survey ¹	74.50	77.00	72.50	73.75
5	Federal Personnel Survey ¹	63.00	79.00	67.00	77.00

¹ American Customer Satisfaction Index (ACSI) scale of 0 to 100.

Note: Updates to this data will be released by electronic announcement in the “Loans” section of the Information for Financial Aid Professionals (IFAP) Web site (<http://ifap.ed.gov/ifap/>).

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PROGRAM PERFORMANCE INFORMATION

Performance Measures

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data; and an assessment of the progress made toward achieving program results. Achievement of program results is based on the cumulative effect of program resources available in previous years as well as in fiscal year 2017 and future years, and the resources and efforts invested by those served by this program.

In November 2015, Federal Student Aid (FSA) released an updated strategic plan, *Federal Student Aid: Strategic Plan, Fiscal Years 2015–19* which described the organization's current goals and objectives. FSA's performance indicators were updated this year to account for improvements in data collection and analysis that allowed for more accurate and better-aligned metrics.

The Department of Education has also included a FSA-specific goal as one of its Agency Priority Goals. FSA has committed to 15 new Data Center releases in FY 2016 and another 15 in FY 2017. These data releases will continue FSA's commitment to transparency of the student aid programs and in particular, trends and data in the student loan portfolio.

Goal: Provide superior service and information to students and borrowers.

Measure: Percent of high school seniors filing a FAFSA.

Year	Target	Actual
2013	Baseline	59.2%
2014	58.8%–60.8%	60.1
2015	59.1%–61.1%	60.5
2016	59.5%–61.5%	
2017	TBD	

Additional information: FSA's record of improving year-over-year performance on this metric demonstrates the success of the programs designed to increase the percent of Americans who attend institutions of higher education. In particular, improvements to the FAFSA Completion Tool, strategic partnerships with external stakeholders, and targeted engagement campaigns have helped FSA achieve continued progress.

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Measure: Persistence among first-time filing aid recipients.

Year	Target	Actual
2013	Metric not established	
2014	77.5–79.5%	79.6
2015	78.6–80.6%	79.5
2016	78.5–80.5%	
2017	TBD	

Additional information: FSA has undertaken various initiatives to improve persistence levels among aid filers, including expansion of FAFSA Completion Initiative, the development of sophisticated outreach and digital engagement campaigns, and the initiation of partnerships with external stakeholders.

Measure: Customer visits to StudentAid.gov.

Year	Target	Actual
2013	Metric not established	
2014	> =32.7 million	32.7 million
2015	> =32.7 million	43.3 million
2016	> =43.3 million	
2017	TBD	

Additional information: FSA greatly exceeded its target on this metric again in fiscal year 2015 with a result of 43.3 million customer visits. This represents a more than 32 percent increase in visits over the prior year. FSA's performance on this metric is a testament to the success of its effort to consolidate disparate sites and systems into a single integrated student experience. Since its launch in 2012, Studentaid.gov has evolved into FSA's premier information interface for student aid tools, resources, and services.

Measure: Social media channel subscribership.

Year	Target	Actual
2013	Metric not established	
2014	> 296,000 subscribers	368,042
2015	>=368,000 subscribers	454,066
2016	>= 454,000 subscribers	
2017	TBD	

Additional information: FSA met its target with a result of 454,066. FSA greatly exceeded its target on this metric for the second year in a row, with a result of 454,066 subscribers to Facebook, Twitter, and YouTube social media channels. In today's information age, digital media techniques are becoming increasingly critical for effective customer engagement. Over the past several years, FSA has aggressively leveraged social media tools to drive awareness, uncover insights, engage and interact with students and borrowers, and drive traffic to FSA's websites. This metric helps track FSA's progress.

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Measure: Customer service level of American Customer Satisfaction Index for entire aid lifecycle (1–100 Scale).

Year	Target	Actual
2012	78.0	78.5
2013	78.0	78.4
2014	77.4–79.4	78.4
2015	77.4–79.4	77.2
2016	Rebaselining	
2017	TBD	

Note: Customer Satisfaction Scores for the Entire Life Cycle are based upon ACSI scores from the application, in-school, and servicing experiences of students and borrowers. Data are weighted based upon the intensity of the experience to the overall life cycle and the number of students within each category of the life cycle.

Additional information: FSA did not meet its target on this metric in fiscal year 2015, with a final score of 77.2. The score incorporates the following sub-scores: the FAFSA On the Web (FOTW) score, the borrowers score, and the aid recipients score. Three mitigating factors impacted the average. First, the FOTW ACSI score is down from fiscal year 2014, primarily due to changes relating to the implementation of the FSA ID. Second, the total number of applicants is down from fiscal year 2014; because the metric is a weighted average, and the FOTW score (for applicants) is the highest of the three scores, the reduction in weight for this component lowered the overall score. Third, the borrower score, which is weighted most heavily, came in just below the score in fiscal year 2014. It is also possible that the addition of delinquent borrowers, who were previously not incorporated in the borrowers score, negatively impacted the score, as delinquent borrowers report a lower ACSI score than their non-delinquent counterparts. Due to the methodology used, the decrease in overall score as a result of this change was eliminated in rounding. In order to improve FSA’s performance on this score in fiscal year 2016 and beyond, FSA is making enhancements to the FSA ID online experience and the associated communications strategy to reverse the downward trend in the fiscal year 2015 FOTW score.

Goal: Work to ensure that all participants in the system of postsecondary education funding serve the interest of students from policy to delivery.

Measure: Ease of Doing Business School Survey (1–100 Scale).

Year	Target	Actual
2012	≥72.0	74.0
2013	74.0	74.0
2014	73.0–75.0	77.0
2015	75.9–77.9	75.8
2016	TBD	
2017	TBD	

Note: At the time of Budget Release, Fiscal Year 2016 targets were not finalized.

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Additional information: FSA did not meet its target with a result of 75.8. FSA works closely with institutions to ensure that they fully understand the statutory and regulatory requirements of the Title IV programs. FSA is looking carefully at the causes of this small drop in satisfaction scores and is committed to ensuring that schools have all the necessary tools and assistance for meeting these important requirements. For example, FSA has taken a number of steps over the past year to help schools with these other requirements, including extensive training and technical support, the implementation of system edits to simplify 150 percent processing, and streamlined PLUS loan processing.

Measure: Percent of borrowers >90 days delinquent.

Year	Target	Actual
2012	Prior to revised metric	
2013	Prior to revised metric	
2014	8.1	9.9
2015	10.4	9.8
2016	TBD	
2017	TBD	

Note: At the time of Budget Release, Fiscal Year 2016 targets were not finalized.

The borrower delinquency rate is defined as the average number of borrowers each year who are 91–270 days delinquent in the year ending June 30, divided by the average number of borrowers in repayment for the year (does not include in-school or in-grace loan statuses).

Additional information: FSA met its fiscal year 2015 target with a performance result of 9.8 percent. Reducing the percent of borrowers with loans in a delinquent status has been a major goal of FSA, and success in this metric reflects FSA's accomplishments in this area. In particular, efforts to encourage borrowers to leverage income-based repayment programs, as well as engaging in targeted communications efforts designed to spread awareness of options to remain out of delinquency, helped to reduce the delinquency rate since fiscal year 2014.

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Goal: Develop efficient processes and effective capabilities that are among the best in the public and private sector.

Measure: Aid Delivery Cost per Application.

Year	Target	Actual
2012	\$10.90	\$10.85
2013	11.23	11.16
2014	11.94	11.43
2015	12.28	10.73
2016	TBD	
2017	TBD	

Note: At the time of Budget Release, Fiscal Year 2016 targets were not finalized.

Data for this measure is derived from FSA's Activity Based Costing model, which is updated on a quarterly basis, and reconciled to FSA's Statement of Net Cost, ensuring all costs assigned to FSA are included in the cost model. Specifically, the measure is defined as the total direct cost to process FAFSAs and originate aid in the year ending June 30, divided by the number of original FAFSAs processed in the year.

Additional information: FSA met its target with a result of \$10.73. Actual costs were 12 percent lower than projected, as a result of favorable contract negotiations. In addition, the number of applications was 0.4 percent higher than the forecast, which further decreased the unit cost.

Measure: Loan Servicing Cost per Borrower.

Year	Target	Actual
2012	\$19.64	\$18.94
2013	21.02	21.42
2014	21.20	21.59
2015	22.47	22.36
2016	TBD	
2017	TBD	

Note: At the time of Budget Release, Fiscal Year 2016 targets were not finalized.

Data for this measure is derived from FSA's Activity Based Costing model, which is updated on a quarterly basis, and reconciled to FSA's Statement of Net Cost, ensuring all costs assigned to FSA are included in the cost model. Specifically, the measure is defined as the total direct costs for servicing in the year ending June 30, divided by the average number of borrowers in servicing for the year.

Additional information: FSA met its target with a result of \$22.36. Actual costs were 2 percent lower than targeted costs because 2 percent fewer borrowers were in repayment status than had been projected. Because borrowers in the repayment loan status are the most costly to service, the lower than forecasted volumes led to the lower unit cost.

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Goal: Ensure program integrity and safeguard taxpayers' interest

Measure: Improper Payment Rate.

Year	Target	Actual
2013	Baseline	1.33%
2014	1.33%	1.54
2015	1.65%	1.44
2016	1.42%	
2017	TBD	

Note: For fiscal year 2012 and fiscal year 2013, the Improper Payment Rate metric was calculated separately for each risk-susceptible program. Starting with fiscal year 2014 metric, FSA began reporting a single 'blended' rate that divides aggregated estimated improper payments for all programs identified as risk-susceptible for that year by aggregated estimated program outlays. This new, more comprehensive measure has enabled FSA to view its progress in a more holistic manner. The fiscal year 2015 target was set using the fiscal year 2014 actuals for the Pell Grant and Direct Loan program, with a confidence interval of plus or minus 1 percent to allow for minor fluctuations in responses. Prior to fiscal year 2015, the FFEL program had also been identified as risk-susceptible. However, the improper payment rate calculation reported for FFEL for fiscal year 2013 and fiscal year 2014 was less than 0.005 percent and OMB approved in fiscal year 2015 a change in designation to low risk. As a result, FFEL is not included in the blended improper payment rate or target for fiscal year 2015.

Additional information: FSA met its target with a result of 1.44 percent. The underlying improper payment estimates were calculated using an alternative methodology and the decline in the fiscal year 2015 estimate may not be statistically significant. FSA continues to enhance its internal control framework to prevent and detect improper payments and continues to work closely with the Office of Inspector General and the Office of Management and Budget to ensure that its methodology is strong and that it has strong supplemental measures in place.

Measure: Percentage of contract dollars competed by FSA.

Year	Target	Actual
2013	Metric not established	
2014	85.3–87.3%	88.7
2015	87.7–89.7%	90.3
2016	89.3–91.3%	
2017	TBD	

Additional information: FSA exceeded this metric with a final score of 90.3 percent. FSA has consistently improved the percent of contract dollars competed in each fiscal year and continues to develop and maintain the highest quality standards among enterprise contractors.

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Measure: Collection Rate.

Year	Target	Actual
2012	Baseline	\$31.90
2013	\$34.31	41.57
2014	45.65	35.90
2015	36.56	51.58
2016	TBD	
2017	TBD	

Note: At the time of Budget Release, Fiscal Year 2016 targets were not finalized.

Additional information: FSA is examining whether dollars collected per unit cost is the best measurement of success in moving borrowers out of default and back into good repayment status or whether there are other metrics for measuring FSA's efficiency in managing its defaulted debt collection activities.

Goal: Strengthen Federal Student Aid's performance culture and become one of the best places to work in the Federal Government.

Measure: FSA Employee Engagement Index (Subset of Questions from Governmentwide Employee Viewpoint Survey)—Percentage of positive responses to survey.

Year	Target	Actual
2013	Baseline	64.2%
2014	>=64.2%	67.7
2015	66.7–68.7	67.9
2016	66.9–68.9	
2017	TBD	

Additional information: FSA met its target with a result of 67.9 percent. With a fiscal year 2015 result of 67.9 percent, FSA met its target range of 66.7-68.7 percent. FSA is committed to improving employee morale and the survey revealed gains in significant sections. Among the highlights of the fiscal year 2015 FEVS survey, 90 percent of FSA employees believe that the work they do is important, more than 86 percent positively rate the quality of work of their work unit, and more than 80 percent like the kind of work that they do. FSA experienced year-over-year gains in nearly half of the FEVS survey questions, including improvements in the percentage of employees who believe that FSA is successful at accomplishing its mission, the percentage of employees who believe they are given a real opportunity to improve their skills at FSA, and the percentage of employees who believe that their supervisors support employee development. More information about the FEVS and the questions included on the survey can be located at Fedview.opm.gov.

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