

Department of Education
STUDENT AID ADMINISTRATION
Fiscal Year 2021 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,] and 9[, and 10] 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 [\$1,768,943,000] \$1,883,309,000, to remain available through September 30,[2021 ² :*Provided*, That the Secretary shall 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 *Provided further*, That for student loan contracts awarded prior to October 1, 2017, the Secretary shall allow student loan borrowers who are consolidating Federal student loans to select from any student loan servicer to service their new consolidated student loan: ⁴ *Provided further*, That in order to promote accountability and high-quality service to borrowers, the Secretary shall not award funding for any contract solicitation for a new Federal student loan servicing environment, including the solicitation for the Federal Student Aid (FSA) Next Generation Processing and Servicing Environment, unless such an environment provides for the participation of multiple student loan servicers that contract directly with the Department of Education to manage a unique portfolio of borrower accounts and the full life-cycle of loans from disbursement to pay-off with certain limited exceptions, and allocates student loan borrower accounts to eligible student loan servicers based on performance: ⁵ *Provided further*, That the Department shall re-allocate accounts from servicers for recurring non-compliance with FSA guidelines, contractual requirements, and applicable laws, including for failure to sufficiently inform borrowers of available repayment options: ⁶ *Provided further*, That such servicers shall be evaluated based on their ability to meet contract requirements (including an understanding of Federal and State law), future performance on the contracts, and history of compliance with applicable consumer protections laws: ⁷ *Provided further*, That to the extent (FSA) permits student loan servicing subcontracting,

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FSA shall hold prime contractors accountable for meeting the requirements of the contract, and the performance and expectations of subcontractors shall be accounted for in the prime contract and in the overall performance of the prime contractor:⁸ *Provided further*, That FSA shall ensure that the Next Generation Processing and Servicing Environment, or any new Federal loan servicing environment, incentivize more support to borrowers at risk of delinquency or default. :⁹ *Provided further*, That FSA shall ensure that in such environment contractors have the capacity to meet and are held accountable for performance on service levels; are held accountable for and have a history of compliance with applicable consumer protection laws; and have a relevant experience and demonstrate effectiveness:¹⁰ *Provided further*, That the Secretary shall provide quarterly briefings to the Committees on Appropriations and Education and Labor of the House of Representatives and the Committees on Appropriations and Health, Education, Labor, and Pensions of the Senate on general progress related to solicitations for Federal student loan servicing contracts.¹¹ *Provided further*, That FSA shall strengthen transparency through expanded publication of aggregate data on student loan and servicer performance]¹² 2022.
(*Department of Education Appropriations Act, 2020.*)

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

STUDENT AID ADMINISTRATION

Analysis of Language Provisions and Changes

Language Provision	Explanation
<p>¹ ... part D of title I, and subparts 1 [,3] <u>and</u> 9 [, and 10]</p>	<p>The fiscal year 2021 request proposes to move the Iraq and Afghanistan Service Grants program to the Pell Grant program. SEOG is proposed to be eliminated.</p>
<p>² to remain available through September 30, [2021] <u>2022</u></p>	<p>This language provides for appropriated funds to remain available for 2 years.</p>
<p>³ ... [<i>Provided</i>, That the Secretary shall 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]</p>	<p>This language would require the Secretary to allocate new student loan accounts to student loan servicers based on performance. This language is eliminated because this requirement will be incorporated into contracts awarded in 2020 under the Next Gen FSA Initiative. With Next Gen FSA, Federal Student Aid will become the single point of contact for multiple contracts that will be awarded to Business Process Operations (BPO) vendors to perform customer-facing call center and back office services. These BPO contracts will incorporate the requirement for performance-based allocations across multiple vendors.</p>
<p>⁴ ... [<i>Provided further</i>, That for student loan contracts awarded prior to October 1, 2017, the Secretary shall allow student loan borrowers who are consolidating Federal student loans to select from any student loan servicer to service their new consolidated student loan]</p>	<p>This language would allow consolidated student loan borrowers to select from any student loan servicer. This language is eliminated because as a result of new procurements, Federal Student Aid will be the sole consolidator of loans upon contract award.</p>

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Language Provision	Explanation
<p>⁵ ... [<i>Provided further</i>, That in order to promote accountability and high-quality service to borrowers, the Secretary shall not award funding for any contract solicitation for a new Federal student loan servicing environment, including the solicitation for the Federal Student Aid (FSA) Next Generation Processing and Servicing Environment, unless such an environment provides for the participation of multiple student loan servicers that contract directly with the Department of Education to manage a unique portfolio of borrower accounts and the full life-cycle of loans from disbursement to pay-off with certain limited exceptions, and allocates student loan borrower accounts to eligible student loan servicers based on performance:]</p>	<p>This language is eliminated because this requirement will be incorporated into contracts awarded in 2020 under the Next Gen FSA initiative. With Next Gen FSA, Federal Student Aid will become the single point of contact for multiple contracts that will be awarded to Business Process Operations (BPO) vendors to perform customer-facing call center and back office services. These BPO contracts will incorporate the requirement for performance-based allocations across multiple vendors.</p>
<p>⁶ ... [<i>Provided further</i>, That the Department shall re-allocate accounts from servicers for recurring non-compliance with FSA guidelines, contractual requirements, and applicable laws, including for failure to sufficiently inform borrowers of available repayment options:</p>	<p>This language would require the Secretary to reallocate accounts from servicers with recurring compliance issues. This language is eliminated because Federal Student Aid will incorporate this requirement into new contracts under Next Gen FSA prior to the end of fiscal year 2020.</p>
<p>⁷ ... [<i>Provided further</i>, That such servicers shall be evaluated based on their ability to meet contract requirements (including an understanding of Federal and State law), future performance on the contracts, and history of compliance with applicable consumer protections laws:]</p>	<p>This language would require the Secretary to evaluate servicers based on history of compliance and ability to comply with contract requirements. This language is eliminated because Federal Student Aid will incorporate this requirement into new contracts under Next Gen FSA prior to the end of fiscal year 2020.</p>
<p>⁸ ... [<i>Provided further</i>, That to the extent (FSA) permits student loan servicing subcontracting, FSA shall hold prime contractors accountable for meeting the requirements of the contract, and the performance and expectations of subcontractors shall be accounted for in the prime contract and in the overall performance of the prime contractor.]</p>	<p>This language would allow FSA to permit student loan servicing subcontracting but hold the prime contractors accountable for subcontractors' performance. This language is eliminated because Federal Student Aid expects to award contracts incorporating this requirement prior to the end of fiscal year 2020.</p>

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Language Provision	Explanation
<p>⁹ ... [<i>Provided further</i>, That FSA shall ensure that the Next Generation Processing and Servicing Environment, or any new Federal loan servicing environment, incentivize more support to borrowers at risk of delinquency or default..]</p>	<p>This language would require FSA to ensure that Next Gen contracts provide for increased support to distressed borrowers. This language is eliminated because Federal Student Aid expects to award contracts incorporating this requirement prior to the end of fiscal year 2020.</p>
<p>¹⁰ ... [<i>Provided further</i>, That FSA shall ensure that in such environment contractors have the capacity to meet and are held accountable for performance on service levels; are held accountable for and have a history of compliance with applicable consumer protection laws; and have a relevant experience and demonstrate effectiveness.]</p>	<p>This language would require FSA to establish and ensure a variety of requirements for Next Gen FSA contractors. This language is eliminated because Federal Student Aid expects to award contracts incorporating these requirements prior to the end of fiscal year 2020.</p>
<p>¹¹ ... [<i>Provided further</i>, That the Secretary shall provide quarterly briefings to the Committees on Appropriations and Education and Labor of the House of Representatives and the Committees on Appropriations and Health, Education, Labor, and Pensions of the Senate on general progress related to solicitations for Federal student loan servicing contracts.]</p>	<p>This language would require the Secretary to provide quarterly briefings on the progress of Federal student loan servicing solicitations. This language is eliminated because Federal Student Aid expects to conclude these solicitations prior to the end of fiscal year 2020.</p>
<p>¹² ... [<i>Provided further</i>, That FSA shall strengthen transparency through expanded publication of aggregate data on student loan and servicer performance.]</p>	<p>This language is removed because FSA plans to expand and modernize the FSA Data Center and continue to augment its data warehouse with new data sets as necessary to facilitate these efforts.</p>

STUDENT AID ADMINISTRATION

Amounts Available for Obligation
(dollars in thousands)

Appropriation and Adjustments	2019	2020	2021
Discretionary appropriation:			
Appropriation	<u>\$1,678,943</u>	<u>\$1,768,943</u>	<u>\$1,883,309</u>
Unobligated balance, start of year.....	151	0	0
Recovery of prior-year obligations.....	16,636	0	0
Unobligated balance expiring	16,782	0	0
Unobligated balance, end of year.....	<u>9,151</u>	<u>0</u>	<u>0</u>
Subtotal, adjusted discretionary appropriation	1,721,390	1,768,943	1,883,309

STUDENT AID ADMINISTRATION

Obligations by Object Classification (dollars in thousands)

Object Class	2019 Actual	2020 Appropriation	2021 Request	Change from 2020 to 2021
11.10 Full-time permanent	\$159,958	\$178,430	\$192,077	\$13,647
11.31 Full-time temporary	437	0	0	0
11.32 Part-time	747	0	0	0
11.33 Consultants	84	0	0	0
11.51 Overtime	298	75	351	276
11.52 Awards	2,845	2,818	3,628	810
11.80 Other Compensation	<u>137</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal, Personnel Comp.	164,506	181,323	196,056	14,733
12.00 Benefits	52,013	56,804	63,366	6,562
13.10 Benefits for Former Personnel	<u>36</u>	<u>241</u>	<u>241</u>	<u>0</u>
Subtotal, Per. Comp & Ben.	216,555	238,368	259,663	21,295
21.00 Travel	2,045	2,902	3,169	267
22.00 Transportation of things	22	0	0	0
23.10 Rental payments to GSA	20,476	19,500	19,500	0
23.31 Communications	0	0	0	0
23.32 Postage/fees	<u>22</u>	<u>33</u>	<u>33</u>	<u>0</u>
Subtotal, 23	20,498	19,533	19,533	0
24.00 Printing and reproduction	71	0	0	0
25.10 Advisory and assistance services	2,211	2,203	2,317	114
25.21 Other services	903,870	993,103	949,713	-43,390
25.22 Training/Tuition/Contracts	1,008	2,331	3,288	957
25.30 Goods/Services from Gov't	42,218	41,815	37,148	-4,667
25.40 Operations/Maint of Facilities	0	0	0	0
25.71 Operations/Maint of Equipment	1	28	28	0
25.72 IT Services/Contracts	<u>485,967</u>	<u>468,228</u>	<u>607,939</u>	<u>139,711</u>
Subtotal, 25	1,435,275	1,507,708	1,600,433	92,725
26.00 Supplies	201	276	348	72
31.10 IT Equipment/Software	192	156	163	7
31.30 Other Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal, 31	192	156	163	7
32.00 Building Alterations	1,275	0	0	0
43.10 Prompt payment interest	9	0	0	0
Total, Obligations	1,676,143	1,768,943	1,883,309	114,366

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Summary of Changes (dollars in thousands)

2020		\$1,768,943																																																						
2021		1,883,309																																																						
Net change		+114,366																																																						
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;"><u>2020</u> <u>Appropriation</u></th> <th style="width: 20%; text-align: center;"><u>Change</u> <u>from Base</u></th> </tr> </thead> <tbody> <tr> <td colspan="3">Increases:</td> </tr> <tr> <td colspan="3"><u>Built-in:</u></td> </tr> <tr> <td>Increase in Personnel Compensation and Benefits</td> <td style="text-align: right;">\$238,368</td> <td style="text-align: right;">+\$21,295</td> </tr> <tr> <td colspan="3"><u>Program:</u></td> </tr> <tr> <td>Increase in travel</td> <td style="text-align: right;">2,902</td> <td style="text-align: right;">+267</td> </tr> <tr> <td>Increase in advisory and assistance services</td> <td style="text-align: right;">2,203</td> <td style="text-align: right;">+114</td> </tr> <tr> <td>Increase in Training/Tuition/Contracts</td> <td style="text-align: right;">2,331</td> <td style="text-align: right;">+957</td> </tr> <tr> <td>Increase in contracted IT services primarily for Next Gen Legacy Core Processing</td> <td style="text-align: right;">468,228</td> <td style="text-align: right;">+139,711</td> </tr> <tr> <td>Increase in supplies</td> <td style="text-align: right;">276</td> <td style="text-align: right;">+72</td> </tr> <tr> <td>Increase in IT equipment/software</td> <td style="text-align: right;">156</td> <td style="text-align: right;"><u>+7</u></td> </tr> <tr> <td style="padding-left: 20px;">Subtotal, increases</td> <td></td> <td style="text-align: right;">+162,423</td> </tr> <tr> <td colspan="3">Decreases:</td> </tr> <tr> <td colspan="3"><u>Program:</u></td> </tr> <tr> <td>Decrease in other services primarily due to transitioning to the Next Generation Processing and Servicing Environment</td> <td style="text-align: right;">993,103</td> <td style="text-align: right;">-43,390</td> </tr> <tr> <td>Decrease in goods and services from the Government</td> <td style="text-align: right;">41,815</td> <td style="text-align: right;"><u>-4,667</u></td> </tr> <tr> <td style="padding-left: 20px;">Subtotal, decreases</td> <td></td> <td style="text-align: right;">-48,057</td> </tr> <tr> <td style="padding-left: 40px;">Net Change</td> <td></td> <td style="text-align: right;">+114,366</td> </tr> </tbody> </table>				<u>2020</u> <u>Appropriation</u>	<u>Change</u> <u>from Base</u>	Increases:			<u>Built-in:</u>			Increase in Personnel Compensation and Benefits	\$238,368	+\$21,295	<u>Program:</u>			Increase in travel	2,902	+267	Increase in advisory and assistance services	2,203	+114	Increase in Training/Tuition/Contracts	2,331	+957	Increase in contracted IT services primarily for Next Gen Legacy Core Processing	468,228	+139,711	Increase in supplies	276	+72	Increase in IT equipment/software	156	<u>+7</u>	Subtotal, increases		+162,423	Decreases:			<u>Program:</u>			Decrease in other services primarily due to transitioning to the Next Generation Processing and Servicing Environment	993,103	-43,390	Decrease in goods and services from the Government	41,815	<u>-4,667</u>	Subtotal, decreases		-48,057	Net Change		+114,366
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STUDENT AID ADMINISTRATION

Authorizing Legislation
(dollars in thousands)

Activity	2020 Authorized	2020 Appropriation	2021 Authorized	2021 Request
Student aid administration (<i>Higher Education Act of 1965, I-D</i>)	<u>0</u> ¹	<u>\$1,768,943</u>	<u>To be determined</u> ²	<u>\$1,883,309</u>
Total appropriation		1,768,943		1,883,309
Portion of request not authorized				1,883,309

¹ The program was authorized in 2020 through appropriation language.

² The GEPA extension expired September 30, 2015; reauthorizing legislation is sought for fiscal year 2021.

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Appropriations History (dollars in thousands)

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2012	\$1,095,418	\$992,012 ¹	\$1,045,363 ¹	\$1,043,387
2013	1,126,363	1,043,387 ²	1,126,363 ²	978,924 ³
2014	1,050,091 ⁴	N/A ⁵	1,044,301	1,166,000 ⁶
2015	1,446,924 ⁷	N/A ⁵	1,446,924 ⁸	1,396,924
2016	1,581,854 ⁷	1,446,924 ⁹	1,361,700	1,551,854
2017	1,631,990	1,551,854 ¹⁰	1,546,854 ¹⁰	1,576,854 ¹⁰
2018	1,697,711 ¹¹	1,697,711 ¹¹	1,576,854 ¹¹	1,678,943 ¹¹
2019	1,772,000	1,678,943 ¹²	1,678,943 ¹²	1,678,943 ¹²
2020	1,812,000	1,678,943 ¹³	1,778,943 ¹³	1,768,943 ¹³
2021	1,883,309			

¹ The level for the House allowance reflects an introduced bill; the level for the Senate allowance reflects Senate Committee action only.

² 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.

³ Total transfer \$9,888 thousand to Program Administration, Office for Civil Rights and Office of Inspector General.

⁴ 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.

⁵ The House allowance is shown as N/A because there was no Subcommittee action.

⁶ Excludes \$996 thousand transferred from Department of Health and Human Services to Department of Education for the Health Education Assistance Loan program.

⁷ 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.

⁸ The level for the Senate allowance reflects Senate Subcommittee action only.

⁹ 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.

¹⁰ The levels for the House and Senate allowances reflect Committee action on the regular annual 2017 appropriations bill; the Appropriation reflects the Consolidated Appropriations Act, 2017.

¹¹ The levels for the House reflect floor action on an Omnibus appropriation bill; Senate allowances reflect Committee action on the regular annual 2018 appropriations bill; the Appropriation reflects the Consolidated Appropriations Act, 2018 (P.L. 115-141).

¹² The levels for the House and Senate allowance reflect Committee action on the regular annual 2019 appropriations bill; the Appropriation reflects enactment of the Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (P.L. 115-245).

¹³ The Senate allowance reflects the Chairman's mark; the Appropriation reflects the Further Consolidated Appropriation Act, 2020 (P.L. 116-94)

STUDENT AID ADMINISTRATION

Significant Items in FY 2020 Appropriations Reports

Borrower Defense

House	To ensure implementation of the regulation and to provide sufficient oversight, the Committee directs the Secretary to update the Borrower Defense to Repayment Report on FSA's Data Center on a monthly basis, beginning no later than 30 days after enactment of this Act. The Committee also directs the Secretary to submit a report to the Committees on Appropriations, within 60 days of enactment of this Act, providing the number of claims and the total amount of the loans covered by those claims by school and institutional type.
Response	The Department will update and submit monthly reports to the Committees as directed.

Public Service Loan Forgiveness

House	The Committee directs the Secretary to update the PSLF Report on FSA's Data Center on a monthly basis within 30 days after enactment of this Act. The Committee also directs the Secretary to include updates for TEPSLF within the updated reports.
Response	The Department will update and submit monthly reports to the Committees as directed.

Student Loan Servicing

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 and detailing performance metrics, total loan volume and number of accounts, broken out by servicer and for each private collection agency. Further, any reallocation of funds between administrative costs and servicing activities within this account should be treated as a reprogramming of funds, and the Committee should be notified in advance of any such changes.
Response	The Department will continue to provide the requested quarterly reports to the Committees as directed.
Managers' Statement	The agreement directs the Department to continue to provide to the Committee quarterly reports detailing its obligation plan by quarter for student aid administrative activities broken out by servicer, Next Gen contractor and activity detailing performance metrics, total loan volume and number of accounts, broken out by servicer, Next Gen contractor and for each private collection agency.
Response	The Department will continue to provide the requested quarterly reports to the Committees as directed.

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DEPARTMENT OF EDUCATION FISCAL YEAR 2021 PRESIDENT'S BUDGET
(in thousands of dollars)

	Cat Code	2019 Appropriation	2020 Appropriation	2021 President's Budget	2021 President's Budget Compared to 2020 Appropriation	
					Amount	Percent
Student Aid Administration (HEA I-D)						
1. Salaries and expenses	D	850,066	911,843	1,148,604	236,761	25.97%
2. Servicing activities ¹	D	828,877	857,100	734,705	(122,395)	-14.28%
Total		1,678,943	1,768,943	1,883,309	114,366	6.47%

NOTES: D = discretionary program; M = mandatory program
Detail may not add to totals due to rounding.

¹The 2019 Appropriation column reflects actual obligations and the 2020 Appropriation column reflects updated servicing reestimates.

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(Higher Education Act of 1965, I-D)

(dollars in thousands)

FY 2021 Authorization: To be determined¹

Budget Authority:

	<u>2020</u>	<u>2021</u>	<u>Change from 2020 to 2021</u>
Personnel Comp. & Ben. Costs	\$238,368	\$259,663	+\$21,295
Non-Personnel Costs, excluding Loan Servicing Costs	<u>673,475</u>	<u>888,941</u>	<u>+215,466</u>
Subtotal, Salaries and Expenses	911,843	1,148,604	+236,761
Loan Servicing Costs	<u>857,100²</u>	<u>734,705</u>	<u>-122,395</u>
Total, Student Aid Administration	1,768,943	1,883,309	+114,336
FTE	1,451	1,584	133

¹The GEPA extension expired September 30, 2015; reauthorizing legislation is sought for fiscal year 2021.

² The 2020 appropriation column reflects the updated Servicing reestimate of \$857,100 thousand.

PROGRAM DESCRIPTION

Student Aid Administration (SAA) 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 Federal student loans; processing approximately 18.7 million student financial aid applications; disbursing nearly \$134 billion in Direct Loans, including consolidation loans and approximately \$30.3 billion in Pell grants a year; administering a loan portfolio of nearly \$1.5 trillion; and protecting students and taxpayers by ensuring that Federal resources are used appropriately.

STUDENT AID ADMINISTRATION

The Higher Education Amendments of 1998 established Federal Student Aid (FSA) as the Federal Government's first performance-based organization 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. FSA administers more than \$125 billion in aid to approximately 12 million students and their families

The Offices of Postsecondary Education (OPE), the Office of the Under Secretary (OUS), and FSA oversee and administer the Federal student financial assistance programs. OPE, under the direction of the Under Secretary, formulates policy for these student financial assistance programs and administers other Federal postsecondary education programs. In addition, other Department offices—Office of the Chief Information Officer (OCIO); Office of the General Counsel (OGC); Office of Planning, Evaluation, and Policy Development (OPEPD) and Office of Finance and Operations (OFO)—contribute to the policy formulation, administration and oversight of the student aid programs.

FSA administers the following Federal student financial assistance programs:

The **Federal Pell Grant Program** is the foundation of a low-or moderate-income student's financial aid package. The program provides financial assistance to students attending postsecondary education programs disbursing approximately \$28.3 billion to 6.8 million low-and middle-income undergraduate students during the 2019–2020 award year, with an average award of \$4,233. The maximum Pell Grant award for the 2020–2021 award year is \$6,345.

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 2021, the Department will originate \$93 billion in new Direct Loans, excluding Consolidation Loans. The **Federal Family Education Loan (FFEL) Program** is like the DL Program except private lenders provided those funds, which are insured by loan guaranty agencies and then reinsured by the Government.

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 loans through the DL program. FSA continues to administer the FFEL program, while lenders and guaranty agencies continue to service and collect some outstanding loans in the FFEL portfolio. FSA services the government held FFEL program loans and DL program loans through the use of private contractors.

See the **Student Loans Overview** and **Student Aid Overview** for details on Student Loan programs in the fiscal year 2021 request.

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Funding levels for the past 5 fiscal years were:

Fiscal Year	(dollars in thousands)
2016.....	\$1,551,854
2017.....	1,576,854
2018.....	1,678,943
2019.....	1,678,943
2020.....	1,768,943

FY 2021 BUDGET REQUEST

The Administration requests \$1.88 billion in fiscal year 2021 for the administration of Federal student aid programs, \$114 million more than the fiscal year 2020 appropriation. Over the past 10 years, the Federal student loan portfolio increased 125 percent from \$657 billion in fiscal year 2009 to \$1.5 trillion in fiscal year 2019, and the number of loan recipients increased 34 percent from 32 million to 43 million.

Today, the Office of Federal Student Aid (FSA) manages the servicing of one of the largest consumer loan portfolios in the world. In addition, FSA provides oversight for more than 6,000 institutions of higher education that participate in the Title IV programs; develops and implements the Free Application for Student Aid (FAFSA) process; and secures the data of the over 40 million Americans with Federal student loans. Recognizing the significant growth in the scope and complexity of FSA's responsibilities since its establishment as a performance-based organization more than 20 years ago, the President's Budget proposes the evaluation of FSA as a separate organization, with reformed governance. An updated governance model could significantly increase FSA's ability to serve students and taxpayers by improving its management, oversight, and administration of the Federal student aid programs.

FSA strives to be the most trusted and reliable source of student financial aid information and services in the Nation, but legacy systems and complex processes have made attaining that goal difficult. The increase in the number of outstanding loans and borrowers has placed a strain on aging loan system infrastructure. In addition, the current financial student aid process requires students and families to navigate multiple systems and vendors which can create confusion and result in borrowers failing to understand their repayment options and financial implications of their student debt and ultimately result in higher loan delinquency and default rates. These operational complexities and inefficiencies also result in higher administrative costs and ineffective oversight.

Given these challenges, the Administration is pursuing an innovative strategy to deliver Federal student aid services and information to our customers. **Next Generation Federal Student Aid (Next Gen FSA)**, will create an improved, high quality customer experience for FSA's millions of customers, while creating a more agile, flexible servicing model that will streamline FSA's existing operations. Next Gen FSA will improve the integrity of the Title IV programs and transform how FSA provides oversight of organizations that support its shared mission.

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Next Gen FSA will streamline student aid systems and processes through consolidation of websites, loan servicing platforms, and other supporting operations. With a focus on mobile engagement, Next Gen FSA will allow customers to connect with FSA on the device of their choice. This effort will deliver an exceptional customer experience for millions of borrowers across the entire student aid life cycle, from fostering greater awareness about the availability of financial aid to successfully repaying loans. At the same time, FSA is increasing its support to, and oversight of, its servicing contractors, partner organizations, and the student loan portfolio to ensure that students, parents, borrowers, and taxpayers have access to effective and efficient federal student aid programs.

The fiscal year 2021 request is necessary to fund critical FSA operations including: (1) continued loan servicing on legacy systems that have yet to migrate to the Next Gen FSA; (2) operations for application processing, originations and disbursements; (3) information technology (IT) system hosting; (4) oversight of postsecondary schools and financial institutions; (5) effective defense of taxpayers and students against unlawful conduct with regards to Federal loans and campus safety; and (6) the modernization, management and oversight of the Federal student aid program.

Highlights of the fiscal year 2021 request include

- **Next Gen FSA activities** total \$1.1 billion, an increase of \$13 million over the fiscal year 2020 appropriation. The increase is primarily attributable to Next Gen FSA program implementation costs.
- **Student Experience and Aid Delivery (SEAD)** activities total \$125 million, \$7 million less than fiscal year 2020 appropriation, to manage delivery of pre-application student aid information through student loan repayment.
- **Partner Participation and Oversight activities** total \$244 million, an increase of \$38 million over the fiscal year 2020 appropriation, to support and provide oversight for postsecondary schools and financial institutions as well as protecting borrowers and students. This increase is a result of an increase in full-time equivalent personnel (FTE) and Borrower Defense program requirements, analysis and quality assurance reviews, increased contractor and partner oversight, and expanded loan portfolio management evaluation and modeling.
- **Personnel, Compensation and Benefits (PC&B)** for SAA totals \$259 million an increase of \$21 million over the fiscal year 2020 appropriation due to an increase of 133 FTE to total 1,584 FTE in fiscal year 2021 from 1,451 FTE in fiscal year 2020. The total FTE for both fiscal years 2020 and 2021 includes 1,320 FTE and 1,453 FTE for FSA respectively. Additionally, 131 FTE are included for FTE in non-FSA offices that support FSA's mission in both fiscal years 2020 and 2021. The increased staffing level for FSA is required to provide more experienced program management staff to lead the Next Gen FSA effort, improved management of the Federal student aid program through enhanced data analysis and quality assurance reviews, increased contractor and partner oversight, and expanded loan portfolio management evaluation and modeling. While the total FTE highlights FTE usage, FSA expects to achieve an overall headcount of 1,500 FTE by the end of fiscal year 2021.

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The Federal Student Aid (FSA) Fiscal Year 2021 Budget Request Summary Table

(dollars in thousands)

FSA Offices	2020 Appropriation	2021 Request	Change from 2020 to 2021
Next Gen FSA Program Office	\$1,109,079	\$1,139,331	\$30,252
Student Experience and Aid Delivery	132,803	125,256	-7,547
Partner Participation and Outreach	206,430	244,165	37,735
Strategic Measures and Outreach	22,703	23,991	1,288
Strategy, Innovation, and Transformation	2,099	4,942	2,843
Supporting Offices	164,147	204,163	40,016
Total	1,637,261	1,741,848	104,587

Next Gen FSA Program Office

For fiscal year 2021 the Administration requests \$1.1 billion for the Next Gen FSA program, \$30 million more than the fiscal year 2020 appropriation. The request will support continued investments in Next Gen FSA and the transition of borrower accounts to modernized and consolidated loan servicing platforms. The management of the Next Gen FSA program has been consolidated in the Next Gen FSA Program Office (NGPO) to ensure the effective and integrated implementation of the complex series of projects and initiatives. The NGPO includes 47 FTE, and additional FSA staff from the business units are assigned to NGPO as needed to support the development and implementation of the Next Gen FSA initiatives in their respective areas. The requested funding for each Next Gen FSA initiatives is provided in the following table:

(dollars in thousands)

Next Gen FSA Program Office	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$7,334	\$7,350	\$16
Loan Servicing	837,100	734,705	-102,395
Next Gen Business Process Operations	65,000	106,088	41,088
Next Gen Communications	2,061	2,199	138
Next Gen Digital and Customer Care	110,519	95,356	-15,163
Next Gen Enhanced Processing Solution	42,000	139,750	97,750
Next Gen Enterprise-wide Data Management and Analytics	22,474	30,000	7,526
Next Gen Identity and Access Management	11,103	14,500	3,397
Next Gen Partnership Participation/Oversight	6,389	7,849	1,460
Next Gen Financial Services Environment Transformation Support	4,998	1,434	-3,564
Mission Critical Support	100	100	0
Total	\$1,109,079	\$1,139,331	\$30,252

Next Gen FSA will modernize FSA's operational infrastructure to deliver and manage the Federal student aid programs, replacing the current patchwork of systems with a cohesive, FSA-managed environment that reduces inefficiencies and allows FSA to better oversee our systems and contractors. This new environment will be governed by standardized processes

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and procedures and combined with the inclusion of clear performance expectations tied to explicit contractual incentives and disincentives. The result will be simplified oversight of vendor performance and better compliance with consumer protection and customer service standards. At the same time, FSA will leverage the latest in middleware, processing, data storage and security to create a more efficient, cost-effective technical infrastructure.

Next Gen FSA not only reforms FSA's operational approach – it also provides several improvements that directly impact customers and schools. An enhanced StudentAid.gov was launched in December 2019, and subsequent releases in fiscal year 2020 will give students, parents, and borrowers access to a suite of new tools that will help them get personalized information about the aid they have received, their eligibility for programs such as Public Service Loan Forgiveness, and repayment options that best suit their needs. When Next Gen FSA is fully implemented, all federally held student loans will be repaid through this FSA-branded website, providing a one-stop shop for all of FSA's customer-facing interactions. Additionally, schools will also be provided with a single portal through which they can manage their institution's federal student aid program eligibility, funds, and documents. The first iteration of this platform is being built in fiscal year 2020 and the first launch is expected in early fiscal year 2021.

In addition to improving the administration and delivery of the Federal student aid programs, Next Gen FSA may reduce FSA operating costs once the systems are fully implemented. For example, when customers can easily access personalized information and use mobile or web technology to apply for aid, change their password, make payments, or change repayment plans, it should reduce the volume of calls and manual activities to be processed by FSA vendors and staff. This process has already begun with the launch of the enhanced StudentAid.gov website under our Next Gen Digital and Customer Care (DCC) release in December 2019. DCC features will continue to be phased in during fiscal year 2020, after which FSA will transition to a steady-state production environment in fiscal year 2021 that streamlines the customer experience into a single web and mobile presence. During that time, FSA anticipates customers will increase use of self-service options, which will significantly reduce call volumes and improve customer satisfaction.

In fiscal year 2021, FSA will continue the transfer of borrower accounts to the new Next Gen servicing platform, which we expect to begin during fiscal year 2020. This new platform, called the Next Generation FSA Enhanced Processing Solution (EPS), will interface with DCC and multiple Business Process Operations (BPO) vendors that will compete based on performance to perform call center and back-office processing activities across the student aid lifecycle. This transition will continue throughout fiscal year 2021. Until it is completed, funding is required in fiscal year 2021 for remaining expenses on legacy systems, including system decommissioning and retirement costs and any statutory changes that cannot wait for completion of the migration to the replacement systems. Total fiscal year 2021 loan servicing costs are expected to be \$734 million.

These and other NGPO major fiscal year 2021 initiatives are described below:

- **Next Gen Digital and Customer Care (DCC)** \$95 million, \$15 million less than the fiscal year 2020 appropriation.

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DCC provides an enterprise-wide, FSA-branded digital platform, StudentAid.gov, which serves as the FSA digital front door for all customer interactions. The DCC platform consolidates multiple customer-facing websites (such as StudentLoans.gov and NSLDS Student Access) and includes the myStudentAid mobile app with expanded functionality. DCC also consolidates and enhances capabilities across phone, chat, chatbot, email, text, and social channels onto a single platform, including providing a single 1-800 number for students, parents, and borrowers. These capabilities are managed by a centralized command center that coordinates activity across all FSA contact centers and provides performance data FSA will use to ensure quality customer care. As a result, customers will receive consistent and personalized information about their financial aid and repayment options through their preferred communication channel. The reduction is related to its delivery in fiscal year 2020 as the first milestone in the transition to Next Gen FSA.

- **Next Gen Enterprise-wide Data Management and Analytics Platform Services (EDMAPS):** \$30 million, \$7.5 million more than the fiscal year 2020 appropriation.

EDMAPS will provide a unified data platform with improved enterprise-level governance, data architecture and standards for all FSA data under the Next Gen FSA program. The result will be a scalable, high speed, high volume, high frequency transaction data repository designed to seamlessly integrate with the improvements to existing FSA systems and the implementation of future FSA systems including but not limited to Digital Customer Care (DCC), Enhanced Processing Systems (EPS), Optimal Process System (OPS), Business Process Operations (BPO), Partner Participation and Oversight (PPO), and Identify and Access Management System (IAM).

EDMAPS will have 4 main components:

- Master Data Management (MDM) - MDM and governance architecture that provides for a unified master record of FSA data entities
 - Central Data Hub (Hub) - A standard framework to assure compatibility for existing and future functions and a transactional Data Hub to capture transactions in a repository
 - Data Lake - to ingest all of FSA's structured and unstructured data
 - Enterprise Data Warehouse (EDWA) - A full repository of FSA aid lifecycle data for reporting and advanced analytics
- **Next Gen Identity and Access Management (IAM):** \$14.5 million, \$3.4 million less than the fiscal year 2020 appropriation.

IAM provides a consolidated identity management framework for the Next Gen FSA program. IAM makes identity and access management for the FSA systems more efficient and secure for the 88,000 privileged users (ED, FSA, and partners) and 60 million non-privileged users that currently access our systems. IAM includes multiple systems and capabilities, including Access and Identity Management System (AIMS), Person Authentication Service (PAS – FSA-ID), Two Factor Authentication (TFA), and Privileged Access Management (PAM – CyberArk).

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- **Next Gen Partner Participation and Oversight (PPO):** \$7.8 million, \$1.5 million more than the fiscal year 2020 appropriation.

PPO will provide a single portal through which schools can manage their access to the Title IV programs and their interactions with FSA. It will significantly improve FSA's ability to facilitate program integrity efforts and assist with the required oversight of institutions participating in Title IV programs in a timely and efficient manner. PPO will significantly reduce paper communications and allow schools users and other FSA-designated stakeholders to securely upload, route, and review critical electronic documents to support case management.

- **Mission Critical Support Services:** \$100,000 for administrative items, including travel, training, supplies, and other small purchases.

Student Experience and Aid Delivery (SEAD)

Student Experience and Aid Delivery (SEAD) manages the Federal student aid life cycle from delivery of pre-application student aid information through student loan repayment by way of the following activities on the next page:

- Ensuring that students, parents and borrowers (“customers”) and potential customers know about the availability of federal financial aid, how to access this aid, and the prompt receipt of the correct amount of aid.
- Providing borrowers with information, tools, and resources on loan repayment to help them manage their debt.
- Sharing information and engages with customers via multiple communication channels.
- Improving the tools and resources available to customers based on customer feedback and market research.
- Identifying, measuring, and reporting customer expectations and satisfaction with the federal financial aid services and products offered by Federal Student Aid. SEAD monitors customers' perception of service over their entire customer lifecycle and identifying ways to improve customer satisfaction.

Through these activities, SEAD serves as the “voice of the customer” and works as an advocate for customers--students, parents, and taxpayers.

The fiscal year 2021 request of \$125 million supports operations and 295 FTE. The \$7.5 million decrease is primarily attributable to the \$19 million that was included in the fiscal year 2020 level to implement the FUTURE Act. FSA is coordinating with its external partners as it develops its FUTURE Act implementation plans and intends to submit a preliminary plan as part of the 90-day report to Congress.

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(dollars in thousands)

Student Experience and Aid Delivery	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$43,899	\$46,877	\$2,978
Product Marketing and Delivery Service	35,202	32,335	-2,867
Delivery Systems and Extended Workforce Support	52,719	44,850	-7,869
Vendor Oversight/Program Accountability	580	594	14
Mission Critical Support	404	600	196
Total	132,803	125,256	-7,547

Product Marketing and Delivery Service

The Product Marketing and Delivery Service is responsible for strategy, innovation, and creation of customer-facing products. Major activities include:

- **FSA Customer Contact Center:** \$29 million, \$1 million more than the fiscal year 2020 appropriation.

The FSA Customer 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 Ombudsman's Group including call intake, casework, and customer response services for new and existing contacts to the Federal Student Aid Ombudsman Group. Increase funds operations and maintenance cost increases.

- **Information Dissemination:** \$2.4 million, \$600,000 over the fiscal year 2020 appropriation.

Information dissemination increases 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.

- **Website and other supporting activities:** \$1 million, \$500,000 over the fiscal year 2020 appropriation. Activities include translation and interpretation services, financial aid toolkit website support, and web analytics.

Delivery Systems and Extended Workforce Support

Delivery Systems and Extended Workforce oversees the systems that support student aid application processing and loan servicing operations borrower systems, application systems, borrower processing and provides supports vendors in the delivery of their services. Activities also include monitoring borrower account records activity, answering inquiries, resolving disputes, protecting customer rights and entitlements under the law, and advising them of their

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options. The service also conducts perform Treasury Offset Hearings, Interagency Appeals and Administrative Wage Garnishment Hearings, and provides communications services to participants through training and information Services, special initiatives, and internal and external communications. The following systems and operations are supported:

- **Application and Eligibility Determination System (AEDS):** \$26 million, \$10 million more than the fiscal year 2020 appropriation and \$84,000 less than the fiscal year 2019 appropriation.

AEDS funds FAFSA filing, online and paper, systems and services, including application processing, determination of aid eligibility, and development of the upcoming annual application. Increase funds annual updates to the FAFSA application and processes.

- **Interagency Agreements:** \$17.5 million, \$600,000 less than the fiscal 2020 appropriation.

The Department enters into agreements with other Government agencies to support SEAD operations for the purpose of verifying Federal student aid eligibility and accessibility and providing services to simplify the aid process. The fiscal year 2021 request funds the following agreements with Department of Treasury, Internal Revenue Service (IRS), Social Security Administration (SSA), and the Department of Homeland Security:

- **IRS Data Retrieval Tool:** \$14.6 million, level to the fiscal year 2020 appropriation.

An agreement with the IRS provides access to the IRS Data Retrieval Tool (DRT), which retrieves specific tax return information for authenticated users of the Department's online Free Application for Federal Student Aid (FAFSA®) form (fafsa.gov) and the Income Driven Repayment plans (IDR) online applications. The tool provides users a convenient option to securely transfer encrypted tax return information to the online FAFSA form and or IDR applications for determining student eligibility for federal student aid and loan repayment options.

Note: The FSA fiscal year 2020 budget request included \$19 million to implement the FUTURE Act which, among other things, allows the Department to obtain directly from the IRS federal tax return information to administer Title IV federal student aid programs. Until implementation of the direct access to IRS federal tax information, FSA will continue to operate the DRT.

- **Other agreements:** \$2.9 million, level with the fiscal year 2020 appropriation.

These interagency agreements are with the Department of Treasury for Lockbox services and the Social Security Administration and the Department of Homeland Security for applicant eligibility matching. These costs increase slightly to account for increased application and other transaction volumes.

- **Background Investigation Unit:** \$700,000 million, \$200,000 more than the fiscal year 2020 request. This contract supports processing clearances to support approximately 30,000 contract employees and 1,500 FSA employees. The timely processing of security

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clearances and adjudications is vital to ensure contractors and FSA offices are fully staffed to manage and execute the financial student aid programs.

Vendor Oversight and Program Accountability

Vendor oversight manages the relationships with contractors and provides direction regarding administrative, funding, past performance and quality assurance matters. This activity includes contract oversight and enforcement through monitoring of contractor processing. Program accountability also includes the Ombudsman and customer analytics. The Ombudsman is responsible for the feedback system, escalated issues, quality assurance and systems operations and security. The Ombudsman serves as a principal advisor to the Chief Operating Officer by providing expert findings, advice, and recommendations on matters pertaining to FSA program development and operational effectiveness. Customer analytics gathers, analyzes and reports on FSA customer behavior and issues through development of customer feedback systems to provide customers ways to provide information on FSA and customer contact vendor performance.

- **Customer satisfaction surveys:** \$600,000, level with fiscal year 2020 appropriation.

Surveys allow FSA to gather information on customer issues and ways to improve the delivery of federal student financial aid programs.

- **Mission Critical Support Services:** \$600,000 for administrative obligations, including travel, training, supplies, and other small purchases.

Partner Participation and Outreach

Partner Participation and Outreach (PPO) manages activities covering the entire partner lifecycle that support and monitor partners, including postsecondary schools and financial institutions that participate in the Title IV student financial assistance programs. PPO enforces compliance with the laws, regulations, and policies governing the aid programs and employs an integrated approach to oversight by regularly conducting certification/eligibility determinations, audit reviews, financial statement analyses, program reviews, and institutional assistance service to domestic and foreign participants. PPO programs protect taxpayers and students from unlawful conduct regarding Federal loans and ensure compliance with Clery Act. PPO also serves as the principal FSA advisor on all FSA program policy issues and facilitates FSA involvement in the development, implementation and dissemination of FSA program policy. PPO supports and provides oversight for approximately 6,000 schools and originates and disburses over \$120 billion in annual student financial aid.

For fiscal year 2021, the Administration requests \$244 million to support core business system operations and 636 FTE, \$37.8 million more than the fiscal year 2020 appropriation.

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(dollars in thousands)

Partner Participation and Outreach	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$92,679	\$97,262	\$4,583
Partner Outreach and Communications	983	1,077	94
Partner Management and Support Services	100,827	131,071	30,244
Policy Implementation and Oversight Services	255	150	-105
Policy Eligibility and Oversight Services	0	220	220
Partner Enforcement/Consumer Protection	8,896	10,705	1,809
Mission Critical Support	2,790	3,680	890
Total	206,430	244,165	37,735

Partner Outreach and Communications provides training, outreach and assistance to FSA partners.

- **Information for Financial Aid Professionals (IFAP):** \$1 million, level with the fiscal year 2020 appropriation.

IFAP maintains the website and software required to consolidate financial partner content in one location.

- **School Experience Support and Impact Evaluation:** \$100,000, an increase of \$100,000 over the fiscal year 2020 appropriation.

Funds identify and support the unique needs of postsecondary education institutions and evaluates the effectiveness of initiatives.

Partner Management and Support Services provides management services and support related to the performance of the Title IV portfolio and administering oversight of institutions, including schools, guaranty agencies, lenders, and servicers.

- **Title IV Origination and Disbursement System (TIVODS):** \$112 million, \$25 million more than the fiscal year 2020 appropriation.

FSA expects to 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 2021. The Common Origination and Disbursement (COD) System, via the Title IV Origination and Disbursement (TIVOD) contract, originates and disburses this aid to approximately 6,000 schools and millions of student recipients. The system also supports interfaces to other systems to verify borrower eligibility and provide loan consolidation, borrower counseling, financial reporting, and program oversight. The system automates administration of the Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Perkins Loan, and Federal Work Study Programs; 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

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rates; updates the list of qualifying schools that Teacher Education Assistance for College and Higher Education (TEACH) recipients and others looking for certain loan forgiveness benefits need to teach at to maintain eligibility.

The fiscal year 2021 increase results from funding the TIVOD contract for the full fiscal year. In fiscal year 2020 the TIVOD contract is funded with a combination of fiscal years 2019 and 2020 funds.

- **National Student Loan Data System (NSLDS):** \$12 million, \$4 million more than the fiscal year 2020 appropriation.

NSLDS provides administrative data on the provision of Title IV aid and provides the electronic data exchange between program participants and the system. Operation and management funding levels were reduced to cover minimal operation for fiscal year 2020, which resulted in an increased request of \$4 million for continued support of NSLDS operations in fiscal year 2021. NSLDS will not require significant enhancements pending transition to EDMAPS.

- **Participation Management (PM):** \$2.5 million, \$607,000 more than the fiscal year 2020 appropriation.

PM is the FSA system that manages 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 use PM to enroll in services provided by FSA systems such as NSLDS, TIVODS, FMS, SAIG, AIMS, CPS, FAA Access, TPD and Debt Management and Collections System (DMCS). The Development, Modernization and Enhancement (DME) budget was reduced to zero. The increase in fiscal year 2021 reflects a planned restoration of funding. The operation and management costs are driven by the AEDS contract funding break down over a three-year period (fiscal year 2019 – 2021).

- **eZ-Audit: \$2.5 million,** \$600,000 more than the fiscal year 2020 appropriation.

eZ-Audit is a web-based application for submission of financial statements and compliance audits from over 6,000 institutions and facilitates processing to instantly identify problems with incoming reports. If an issue is identified, the report is routed to the appropriate teams to support the regulatory requirement of completing audit determination reviews within 180 days. eZ-Audit assists FSA with enhancing its program integrity, improving oversight of institutions (domestic and foreign), third-party servicers, and financial institutions participating in the Title IV program, and improving accountability to meet the mandated deadlines.

- **Postsecondary Education Participation System (PEPS):** \$1.2 million, level with the fiscal year 2020 appropriation.

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PEPS is a data repository for entities participating in the Title IV Programs. PEPS is used by FSA, institutions of higher education, the Office of Postsecondary Education, the Office of the Inspector General, the Government Accountability Office, State departments of education, guaranty agencies, regional and national accreditors, and State licensing agencies to resolve eligibility and compliance issues and to obtain data extracts for updates to other systems.

- **EDEExpress (EDE):** \$1 million, \$500,000 more than the fiscal year 2020 appropriation.

EDE is a software suite provided to schools at no cost for their use in originating, disbursing, and packaging direct loans and grants for students. EDE automates most school tasks involved in building the XML Common Record file that TIVODS requires for origination and disbursement of student aid. The EDE Suite also provides 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.

- **Interagency agreements:** \$100,000, level with the fiscal year 2020 appropriation.

PPO has several interagency agreements to obtain data from agencies for use in PPO operations, including the Department of Treasury, Social Security Administration, and Health Resources and Services Administration.

Policy Implementation and Oversight serves as the FSA principal advisor on all FSA program policy issues and facilitates FSA's involvement in the development, implementation and dissemination of FSA program policy. It also manages and monitors the delivery of student aid under the Experimental Sites authority and maintains the Federal Student Aid Handbook which provides detailed guidance for FSA school partners.

- **Experimental Sites Evaluation and Reporting Tool:** \$200,000, \$100,000 more than the fiscal year 2020 appropriation.

The Experimental Sites Evaluation authority tests the impact of making targeting modifications to statutory and regulatory framework that govern the FSA system, and thereby, inform policymakers both in Congress and the Administration. Evaluation of these initiatives are needed to determine the effectiveness of the experiments. In fiscal year 2020, the Department will evaluate the impact of the ESI on loan counseling practices that can help students make borrowing decisions that are right for them. Fiscal year 2021 funding allows the Department to evaluate ongoing or upcoming initiatives.

Partner Eligibility and Oversight Services provides support to, and oversight of, institutions, including schools, guaranty agencies, lenders, and servicers.

- **Technical Assistance:** \$200,000 which is level with the fiscal year 2020 appropriation. Funds support provision of technical assistance to schools participating in the federal student aid programs administered by FSA.

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Partner Enforcement and Consumer Protection Unit enforces the Title IV statutory and regulatory requirements applicable to institutions of higher education to protect students, borrowers, and taxpayers and ensure compliance with the student financial aid programs administered by FSA. It also provides analysis and adjudication of claims from borrowers of Direct Loans under Title IV.

- **Borrower Defense:** \$6.5 million, \$1.8 million more than the fiscal year 2020 appropriation.

The Borrower Defense program provides operations and maintenance support for Borrower Defense to loan repayment applications and includes the necessary software, platform, licenses, and technology integration to help process the applications. It authenticates users on the Customer Engagement Management System (CEMS), a cloud platform solution, and supports multiple other products used by internal users and borrowers. The ability to automatically update student loan data is crucial to quickly respond to borrower inquiries, expediting borrower defense student applications, increasing efficiencies in operational tasks, and providing up-to-date reporting. This increase is required to implementation of regulatory requirements and address increasing transaction volume.

- **Enforcement Operations:** \$4.2 million, level with the fiscal year 2020 appropriation.

Funds support review of Borrower Defense claims and the interagency agreement that enables FSA to use the Department of Justice E-Discovery services to search case files, investigate existing data, or identify key issues in a large set of documents.

- **Mission Critical Support Services:** \$3.7 million for administrative items, including travel, training, supplies, oversight and compliance, and small purchases.

Strategic Measures and Outcomes

Strategic Measures and Outcomes (SMO) develops enterprise-wide strategic planning and integrated performance measures to track and improve FSA operations, vendor performance, and loan portfolio management. SMO produces for FSA and external stakeholders data analytics and research analysis based on the information in the data warehouse it maintains; develops and maintains an enterprise risk management function; establishes standards processes, and analyses by which FSA manages programs, performance, and risk and improves vendor performance and oversight; and implements bank-grade and government portfolio management practices. The Administration requests \$25 million, \$477,000 more than the fiscal year 2020 appropriation to support Strategic Measures and Outcomes operations and 69 FTE.

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(dollars in thousands)

Strategic Measures and Outcomes	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$10,580	\$11,248	\$668
Enterprise Data	7,750	7,500	-250
Enterprise Risk	1,663	1,663	0
Operational Improvement and Oversight	0	1,717	1,717
Portfolio Management	165	1,175	1,010
Strategic Planning	0	375	375
Mission Critical Support	2,545	313	-2,232
Total	22,703	23,991	1,288

Enterprise Data provides enterprise data governance, management and advanced analytics; manages the governance of data including appropriate use by the FSA organization, government, and external parties; maintains and provides access to data for FSA operations offices; provides a modernized data architecture; deploys advanced analytics to enhance strategic decision support; and provides insights, reporting capabilities, analytics tools, training, and support throughout the FSA enterprise. Enterprise Data prepares and publishes data for public consumption and provides data for congressional and other Federal agency requests. Enterprise Data manages the availability, usability, integrity and security of FSA data through a data governance program and an organizational data strategy. Enterprise Data develops sophisticated analytical techniques designed to parse, explore, and analyze data and produce results to support FSA business decisions.

- **Enterprise Data Warehouse Analytics (EDWA):** \$7.5 million, \$300,000 less than the fiscal year 2020 appropriation.

EDWA provides enterprise-wide data management and analytics to centralize FSA lifecycle data, and the fiscal year 2021 request supports ongoing development, operations and maintenance. EDWA 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. This work aligns with the principles of Next Gen FSA, and all EDWA work will be integrated into, and further expanded, under Next Gen. As Next Gen advances, EDWA is moving toward a future state where it is expected to be able to provide and receive data from production systems in near real time, further integrating analytics and data-driven decisions into business processes. The platform is a critical tool that will allow the Department to respond to recommendations on how to improve the program and policy modeling from congressional staff, the Government Accountability Office, the Office of the Inspector General, and external policymakers. EDWA offers the opportunity for significant return on investment via data-driven insights to improve program management, retirement of redundant systems, and alleviation of strain currently placed on NSLDS and other operational systems.

EDWA recently implemented a new Machine Learning Model located in operations to better target applicants selected for income verification, allowing FSA to reduce burden on

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students and schools by lowering verification selection rates while maintaining low levels of improper payments that result from misreporting on the FAFSA. EDWA also developed a third-party debt relief fraud model to combat this growing problem. EDWA continues to improve upon FSA's Annual Risk Assessment, the annual process wherein schools are selected for program reviews taking it from a manual, time-consuming process that was at the risk of human error to an automated statistically rigorous product and process.

In fiscal year 2021, FSA plans to further refine, socialize, and provide training on dashboards and products constructed over the past several years including a default model at time of application. Additional technologies to facilitate data documentation, governance, ease of access, use, security, collaboration, and training will be incorporated into the EDWA environment leading to a more capable workforce. FSA plans to conduct research on modeling efforts to further inform the management of the Title IV programs as well as identify potential cost savings. FSA also plans to expand and modernize the FSA Data Center and continue to augment EDWA with new data sets as necessary to facilitate these efforts. The fiscal year 2021 request supports continual operations and maintenance and development work.

Enterprise Risk Management (ERM) designs and executes FSA's ERM system, which uses systematic processes to identify, assess, monitor, and respond to risks that impact FSA's accomplishment of its strategic objectives. The system leverages the second line of defense approach that provides risk management frameworks for key risk focus areas, supports management policies, and monitors accuracy and completeness of reporting, compliance with laws and regulations, and timely remediation of deficiencies.

- **Office of Inspector General (OIG) Fraud Referral:** \$1.7 million, level with the fiscal year 2020 appropriation.

The OIG Fraud Referral initiative streamlines FSA receipt process of fraud referrals from OIG to determine if fraudulent activities occurred and whether there was an appropriate resolution. FSA is implementing workflow, case management, and improved analytics to analyze all OIG fraud referrals in the existing CEMS infrastructure.

Operational Improvement and Oversight Group promotes a culture of quality assurance throughout FSA with specific emphasis in the area of vendor management. OIO leverages the second line of defense approach that provides quality management frameworks, standards, and practices. OIO works collaboratively with FSA businesses to carry out an enterprise quality management program and performs independent quality assurance audits and inspections.

- **Operational Improvement and Oversight Group Support:** \$1.7 million, \$1.7 million more than the fiscal year 2020 appropriation.

Funding to support this contract was zero in fiscal year 2020. The fiscal year 2021 request provides support to the operational improvement and oversight function. It is the objective of this investment to support FSA's Project Management Office (PMO) Comprehensive Program/Project management training and education program. Assisting in FSA Project Managers (PM) career developments, continuous learning and monitoring and tracking of

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success are key to effectively maintaining a robust PM workforce. The PMO will ensure it provides mandated continuing education credits for program and project managers to maintain their professional certifications.

Portfolio Management and Analysis (PMA) is responsible for operational and financial analysis of FSA's loan portfolio. PMA provides analyses, reporting, and recommendations to FSA's operations managers and senior executives for improving portfolio performance. PMA supports student loan costing, forecasting, and valuation models and provides expanded data analysis and reporting on the student loan portfolio composition and performance.

- **Portfolio Management Support:** \$1.2 million, \$1 million more than the fiscal year 2020 appropriation.

Portfolio Management Support was underfunded in fiscal year 2020; the fiscal year 2021 request fully restores funding to support to the loan portfolio management function.

Strategic Planning Reporting (SPAR) develops and manages strategic performance measurement initiatives and data in order to track program and organizational performance. The office is responsible for coordinating and improving the strategic planning process, producing the annual updated Five-Year Performance Plan, and for analyzing and updating metrics. SPAR serves as the point of contact for the Department concerning the Department's Organizational Performance Review process. SPAR provides leadership and organizational support in the evaluation, assessment and improvement of programs and management systems by applying a wide range of qualitative and quantitative techniques.

- **Strategic Planning Support:** \$375,000, \$100,000 more than fiscal year 2020 appropriation.

Provides support to the FSA strategic planning effort.

- **Mission Critical Support Services:** \$300,000, for administrative items, including travel, training, supplies, and other small purchases. The \$2.2 million decrease from the fiscal year 2020 appropriation reflects the reallocation of support funding to OIO and PMA.

Strategy, Innovation, and Transformation (SIT)

Strategy, Innovation, and Transformation (SIT) provides sustained, focused innovation to support the FSA mission. SIT provides strategic oversight of Next Gen FSA to ensure alignment with FSA mission and goals. SIT also completes targeted research on forward-looking, strategic topics to support planning and decision making on the FSA mission in the future. For fiscal year 2021, the Administration requests \$4.9 million, most of which will support staff to evaluate existing business processes in order to deliver FSA objectives. The request supports SIT operations and 19 FTE. SIT is a new initiative in the fiscal year 2021 request.

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(dollars in thousands)

Strategy, Innovation, and Transformation	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$1,889	\$2,892	\$1,003
Innovation & Transformation Support	0	2,000	2,000
Mission Critical Support	210	50	-159
Total	2,099	4,942	2,843

- **Innovation and Transformation Support:** \$2 million, \$2 million more than the fiscal year 2020 appropriation.

The request funds independent research in a range of areas, including research projects initiated by the FSA Chief Operating Officer; the Department's Offices of the Secretary, Deputy Secretary, and Under Secretary. The non-personnel, compensation and benefits portion of the budget is for contract support of on-going staff activities in areas of strategy, outreach, research, project execution and the Innovation Lab, which provides a forum for capturing ideas on how to improve FSA's business processes. The strategic outputs from these activities will be used to pilot enhancements to FSA's business model.

Chief Operating Officer

The Office of the Chief Operating Officer (COO) is responsible for effective management of Federal Student Aid (FSA) as a Performance-Based Organization (PBO). The office manages FSA operations to ensure that best-in-business performance is consistently delivered to accomplish the FSA mission. The Administration requests \$4.6 million, \$161,000 more than the fiscal year 2020 appropriation, to support operations and 23 FTE.

(dollars in thousands)

Chief Operating Office	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$4,301	\$4,464	\$162
Mission Critical Support	149	148	-1
Total	4,451	4,612	161

Technology Office

The Technology Office manages the effective use of technology to achieve FSA strategic objectives through technology planning, integrated technical architecture and standards, systems development, and production support. The Office ensures FSA IT systems and infrastructure are compliant with all cybersecurity requirements; approves IT system Authority to Operate (ATO) certifications; approves all FSA IT investments and coordinates Departmental approval in accordance with agency and statutory requirements; and oversees integration of FSA system implementations to ensure alignment with the enterprise business architecture. The Administration requests \$133.5 million, \$25 million more than the fiscal year 2020 appropriation. The request supports operations and 120 FTE to meet the growing needs of

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application, testing, and infrastructure support as the Next Gen FSA initiative expands the tools and solutions that will be available to our customers on various new platforms.

(dollars in thousands)

Technology Office	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$17,572	\$20,443	\$2,871
Application Development Group	3,313	3,465	152
Enterprise IT Architecture & Strategic Infrastructure Group	9,453	9,467	13
Infrastructure Operations Group	36,161	61,453	25,292
Next Gen Cybersecurity Program	39,093	38,664	-429
Mission Critical Support	2,668	2,903	236
Total	108,260	136,396	28,136

Infrastructure Operations Group (IOG) provides a stable, reliable, and recoverable operating environment to meet FSA's data processing and system support needs.

- **Next Generation Data Center (NGDC):** \$36.4 million, \$26 million more than the fiscal year 2020 appropriation.

NGDC is a hosted technical infrastructure that provides protection of controlled unclassified information, improved availability and reliability of the technical services that support FSA operations, improved service delivery performance, the ability to scale resources with shorter lead times, and preservation of essential legacy capabilities. The increase is due to year-to-year contract pricing escalations and growth in the data center as new system are transitioned into the center with the implementation of Next Gen FSA. The fiscal year 2021 increase results from funding the NGDC contract for the full fiscal year. In fiscal year 2020 the NGDC contract is funded with a combination of fiscal year 2019 and 2020 funds.

- **Enterprise Software Licensing:** \$16.5 million, level with the fiscal year 2020 appropriation.

Enterprise Software Licensing acquires enterprise-wide agreements, along with volume discount buys, and consolidates the same kinds of software with different renewal dates under one agreement.

- **Data Center Dedicated Circuits:** \$4.2 million, \$1.2 million less than the fiscal year 2020 appropriation.

The Data Center Dedicated Circuits initiative provides the telecommunications backbone to FSA systems and call centers. Network services include NGDC, more than 15 Call Centers, and Managed Trusted Internet Protocol Services (MTIPS) for COD and DMCS which is used to support systems management functions, as well as inquiries into data processing by trading partners, institutions and borrowers. This service includes data and voice lines and toll-free numbers.

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- **Data Center Support Contractor:** \$3.5 million, \$200,000 more than the fiscal year 2020 appropriation.

Data Center Contractor Support Services assist in overseeing approximately 350 to 450 critical projects and deliverables for its business owners. Support services include cloud computing, contract management, project management, service management, operations management, financial management, and risk management.

The increase results from a new task order that will be awarded with standard contract pricing escalations in fiscal year 2021 to support IOG projects.

- **Student Aid Internet Gateway (SAIG):** \$900,000, level with the fiscal year 2020 appropriation.

SAIG provides secure telecommunications support and facilitates data transmission between FSA customers. The decrease results from SAIG moving to steady-state operations and maintenance.

Enterprise IT Architecture & Strategic Infrastructure Group (EITASIG) - Provides enterprise-wide technology planning and oversight; develops and maintains technology and provides the necessary processes and discipline to ensure that FSA is investing and using information technology wisely.

- **Enterprise Architecture & Engineering (EAE):** \$9.5 million, level with the fiscal year 2020 appropriation.

EAE provides a full range of technical architecture and engineering functions that provide the services and support to plan, maintain, and develop the FSA enterprise architecture. Engineering services include Enterprise IT Architecture (EITA), middleware architecture services, and Enterprise Performance Testing (EPT) services. Architecture services include Enterprise Architecture (EA) and Technical Architecture Services (TAS).

- 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 in the FSA system architecture.
- EPT provides performance testing analysis services that ensure FSA applications are configured appropriately. It also makes sure that enough capacity is deployed during production for each mission critical application within the NGDC.
- EA provides essential IT architecture information and tools for use in evaluation and acquisition of new solutions.

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- TAS provides IT engineering expertise to ensure technical solutions meet FSA technical requirements, represent industry best practices, and implement FSA IT engineering processes that evaluate and improve design standards. FSA takes seriously the ongoing security threats to operations and the real risks of compromising borrowers' personal information. FSA works collaboratively with OCIO to ensure compliance with the Federal Information Technology Acquisition Reform Act (FITARA).

Application Development Group (ADG) provides services that support FSA business initiatives, strengthen FSA IT functions, and develop technology to achieve FSA strategic objectives.

- **Enterprise Business Collaboration (EBC):** \$2.4 million, \$100,000 more than fiscal year 2020 appropriation.

EBC provides a standard platform for effective and expeditious development of workflow applications through packaged workflow, document management and user presentation capabilities. Employee Enterprise Business Collaboration provides a platform for application development through shared sites that reduce storage and network load. Partners Enterprise Business Collaboration provides the ability to create team sites where external entities can exchange information, upload documents, and interact with FSA staff in a secure manner.

- **Application Development Portfolio Production Support:** \$900,000, level with the fiscal year 2020 appropriation.

The Application Development initiative achieves three key objectives to ensure ADG can maintain steady-state operations of that portfolio. First it allows the Group to acquire enough resources to meet the daily operations and maintenance (O&M) needs for all applications. Second, it allows the Group to implement a comprehensive low-cost solution which is proactive, risk-adverse and more efficient. Third, it allows the Group to follow the industry model for ITIL (Information Technology Infrastructure Library) Service Management by implementing a lifecycle framework that focuses on continuous improvement and the best ways to deliver long-term O&M success.

- **Enterprise Testing Services:** \$200,000, level with the fiscal year 2020 appropriation.

Enterprise Testing Services implements and maintains automated testing, ensures testers use devices most frequently used by our customers, provides the test team training to become efficient users of FSA's Rational tools suite and update FSA's Enterprise Test Management Standards based on lessons learned and best practices.

- **Next Gen FSA Cybersecurity Program (NGCS):** \$38.7 million, \$400,000 less than the fiscal year 2020 appropriation.

NGCS provides cybersecurity services and protection for the Next Generation FSA program and strengthens FSA cybersecurity defenses based on current and emerging threats. NGCS protects the stores of personal and financial data of consumers, students, and

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banking institutions. As a result, FSA invests significant resources to ensure continuous improvements in developing, implementing, and institutionalizing best practices; developing and retaining the cybersecurity workforce; and working with public and private sector research and development communities to leverage the best emerging technologies. NGCS directly supports the Department's compliance with the Federal Information Security Management Act (FISMA), the Office of Management and Budget (OMB), and the National Institute of Standards and Technology (NIST) security standards and requirements.

- **Mission Critical Support Services:** includes \$2.9 million for administrative items, travel, training, supplies, Rational Support, and Enterprise Configuration Management (ECM) Support.

Finance Office

The Finance Office leads FSA financial management operations. The Administration requests \$22.5 million, \$2.8 million more than the fiscal year 2020 appropriation, to support operations and 80 FTE.

(dollars in thousands)

Finance Office	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$10,841	\$13,198	\$2,356
Budget Group	1,000	1,005	5
Financial Management	1,325	1,394	70
Financial Management Systems Group	6,365	6,630	265
Mission Critical Support	157	267	110
Total	19,688	22,494	2,806

Financial Management Systems Group (FMSG) manages the Financial Management System (FMS) and oversees the FSA financial management system functions and defines financial management IT requirements to meet financial reporting, collections, payments and funds control requirements. FMSG identifies and plans financial management technology initiatives, coordinates FMS application changes, and supports all security functions.

- **Financial Management System (FMS):** \$6.6 million, \$300,000 more than the fiscal year 2020 appropriation.

Funds operations and maintenance for FMS which consolidates and manages all financial transactions from FSA 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 processes refunds to borrowers for overpaid loans and payments to lenders and guaranty agencies.

Budget Group formulates and executes the FSA administrative budget; processes travel, reimbursements, invoices and administrative payments; and produces budget reports and forecasts.

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- **Enterprise Project and Portfolio Management:** \$1 million, level with the fiscal year 2020 appropriation.

The Tool and Training/Support services contract ensures FSA uses a standard process for submitting, reviewing and selecting initiative requests.

The Financial Management Group (FMG) manages FSA accounting and financial operations, internal control framework assessment, and improper payment reporting.

- **A-123 Requirements:** \$1.4 million, \$100,000 more than the fiscal year 2020 appropriation.

Supports compliance with Federal Manager's Financial Integrity Act (FMFIA) and OMB Circular A-123 and the annual internal control review and testing to produce management's annual assurance on the effectiveness of these controls and includes coordination of Improper Payment Act reporting requirements.

- **Mission Critical Support Services:** The Administration requests \$375,000 to support administrative items, including travel, training, supplies, and certain FSA central travel and other charges.

Acquisitions Office

The Acquisitions Group provides acquisition leadership to assure effective delivery of goods and services through proper planning, execution and management of investment decisions. The Administration request \$16.0 million, \$4 million more than the fiscal year 2020 appropriation, to support operations and a total of 81 FTE.

(dollars in thousands)

Acquisitions Office	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$10,198	\$13,618	\$3,420
Business Procurement Division	600	550	-50
Mission Procurement Division	1,000	1,000	0
Strategic Initiatives and Knowledge Management Division	85	175	90
Mission Critical Support	178	670	492
Total	12,061	16,013	3,952

Business Procurement Division provides acquisition services for procurements associated with infrastructure and administration supporting FSA internal operations. Such procurement actions include, but are not limited to, contracts related to the delivery of human resources services, employee development, facility services, or other supplies/services. Additionally, the group supports simplified acquisitions, as well as the coordination, execution, and administration of Interagency Agreements.

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- **Contract Specialist Support:** \$550,000, \$50,000 less than the fiscal year 2020 appropriation.

Contract Specialist support provides required support to execute procurements across FSA in a timely and efficient manner.

Mission Procurement Division provides acquisition services to FSA business units for large procurements directly related to the accomplishment of FSA's mission. Such procurement actions include, but are not limited to, contracts related to the development, administration and maintenance of automated processing systems for delivering Title IV aid to students and schools servicing FSA loans and/or collecting loans that have fallen into default.

- **Attestation Services:** \$1 million, level with the fiscal year 2020 appropriation.

Attestation Services provide required support for various non-audits and reviews to ensure that FSA is accurately and appropriately compensating its various service providers. These activities require a CPA firm's highest level of assurance on an organization's financial statements and internal control system including performance and compliance reviews, cost estimation and pricing analysis, contractual compliance, and proposal examinations services. Attestation Services allows FSA to evaluate a wide range of proposed and existing contract actions supporting Title IV activities.

Strategic Initiatives and Knowledge Management Division monitors compliance of all acquisitions with applicable laws and regulations; prepares internal policies, procedures and practices; develops and implements acquisition workforce of the future strategies; manages government property assigned to contractor staff; evaluates the effectiveness of acquisition programs, operations and management; and independently assesses acquisition program strategy, management systems and IT programs supporting those systems.

- **Acquisition Analytical and Research Tools:** \$175,000, \$90,000 more than the fiscal year 2020 appropriation. Acquisition tools provide technical support to Contracting Officers in the execution of their procurement responsibilities.
- **Mission Critical Support Services:** The Administration requests include \$670,000 for administrative items, including travel, training, supplies, and Acquisition Workforce Human Development. The request will support the increase in FTE dedicated to support a much larger organization.

Management Services

Management Services manages FSA activities related to human resources programs and operations, facilities and security operations, and employee development. The fiscal year 2021 request of \$16.8 million supports operations and 60 FTE. The net increase of \$4.4 million from the fiscal year 2020 request is primarily attributable to the increase in FTE and training funds in order to support a larger organization.

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(dollars in thousands)

Management Services	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$8,977	\$11,695	\$2,718
Facilities, Security, Emergency Management	250	500	250
FSA Competency and Development	554	2,000	1,446
Human Resources	2,480	2,292	-188
Mission Critical Support	106	275	169
Total	12,367	16,762	4,395

Facilities, Security & Emergency Management Services provides a safe, secure, healthy and productive work environment for FSA staff by overseeing building management, security operations, and security clearance processing.

- **Facilities Operations:** \$500,000, \$250,000 more than the fiscal year 2020 appropriation.

Facilities operations includes \$.5 million for building maintenance and related expenses that are the responsibility of FSA.

Human Resources provides human capital support and workforce planning for all personnel actions, including recruitment, hiring, on-boarding, retirement planning, and employee relations.

- **Human Resources Support:** \$2.2 million, \$189,000 less than the fiscal year 2020 appropriation.

The Human Resources services contract provides support for processing personnel actions. The reduction in contract support reflects that more human resources work will be executed by the increased number of federal staff in the Human Resources group.

- **FSA First Class:** \$134,000, level to the fiscal year 2020 appropriation.

The request supports the communications and supporting programs involving activities and information for FSA employees.

Workforce Development Services provides customized management, leadership, and other specialized developmental training to 1,453 FSA employees across all business units and 10 regional offices. The diverse training requirements necessitate a collaborative partnership, distance learning tools and performance-driven learning that improves competencies in a wide range of areas.

- **FSA Competency and Development:** \$2 million, \$1.4 million more than the fiscal year 2020 appropriation.

Funds are targeted for management, leadership, and other specialized developmental training to FSA employees.

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- **Mission Critical Support Services:** The Administration requests \$275,000 for administrative items, including travel, training, supplies, and other related Human Resources related expenses.

Strategic Communications

Strategic Communications leads, integrates, and executes external and internal communication strategies and activities in support of the FSA mission, including management of conferences, controlled correspondence, and Freedom of Information Act and Privacy Act (FOIA) requests. The Administration requests \$8 million, \$567,000 more than the fiscal year 2020 appropriation, to support operations and 23 FTE.

(dollars in thousands)

Strategic Communications	2020 Appropriation	2021 Request	Change from 2020 to 2021
PC&B	\$4,580	\$4,647	\$67
Conference Management	2,448	2,500	52
Engine Room	165	588	423
Mission Critical Support	125	150	25
Total	7,318	7,885	567

Conferences Management plans and manages FSA-sponsored conferences, including both internal and external events; coordinates FSA support of and participation in conferences held by the student financial assistance and higher education communities; and aids, as needed, the Department in planning and managing conference events.

- **FSA Conference Support:** \$2.5 million, \$52,000 more than the fiscal year 2020 appropriation.

Supports the annual FSA Conference and FSA participation in national financial aid related conferences (e.g., National Association of Student Financial Aid Administrators). FSA trains over 6,500 financial aid professionals and disseminate information about Title IV programs through the conferences. This training is part of FSA school oversight and responsibility and increases the integrity of the Federal student aid programs while ensuring appropriate stewardship of taxpayer resources.

Engine Room manages FSA correspondence, including executive correspondence to members of Congress; FOIA and Privacy Act requests; and responses to Government Accountability Office and Office of Inspector General audit reports. The team develops briefing books; reviews memorandums of understanding, computer matching agreements, statement of records notices, and interagency agreements; and responds to FOIA request appeals and provides support in FOIA litigation matters.

- **FOIA Management System and Support:** \$589,000, which will support FOIA management and tracking.

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- **Mission Critical Support Services** include \$150,000 for administrative items, including travel, training, and supplies.

Non-Federal Student Aid Activities

The SAA account additionally includes funding for activities carried out by non-Federal Student Aid offices. While these activities are not directly administered by Federal Student Aid, they are vitally important to carrying out Federal Student Aid's mission. These activities include central computer services and financial management systems operations, student loan cost estimates, rent, legal and policy expertise, and other necessary support. The fiscal year 2021 request for non-FSA activities is \$141 million, \$116 million in overhead and \$25 million in non-FSA personnel compensation and benefits. The fiscal year 2021 request is \$9.7 million more than the fiscal year 2020 appropriation.

Rent payments to the General Services Administration for FSA-occupied space will total \$20.4 million for fiscal year 2021.

Combined funding for central computer services and telecommunications will total \$30 million in fiscal year 2021, \$1 million less than the fiscal year 2020 appropriation.

Other non-pay central support services including background investigations, guard services, security, and departmental training and development courses will total \$26.7 million in fiscal year 2020.

Non-Federal Student Aid Full-Time Equivalent (FTE) Employment

The Administration's request for SAA in fiscal year 2021 includes a total of 1,584 FTE, 133 FTE more than the fiscal year 2020 appropriation. In addition to 1,453 FSA full-time staff, the fiscal year 2021 request also provides \$25 million for the salaries and benefits of 131 FTE outside FSA who perform student-aid related activities supporting the mission of FSA, but are located in the Office of Finance and Operations, the Office of Chief Information Officer; Office of the General Counsel; Office of Postsecondary Education; Office of Planning, Evaluation, and Policy Development, and the Office of the Under Secretary.

Student Loan Modeling Investment

One key activity managed by the Office of Finance and Operations is Student Loan Modeling. The fiscal year 2021 request is \$4.4 million, an increase of \$1.3 million over the fiscal year 2020 appropriation. The Student Loan Modeling investment provides support for developing cost estimates and budgetary impacts of student loan policies affecting the \$1.5 trillion portfolio. Given the magnitude of the portfolio, cost estimates of the student loan programs are vitally important. The Department's financial reporting, informed policy making, and effective monitoring of Government borrowing by Treasury all rely on accurate cost estimates. This investment is critical for the projection of future cost estimates and will support 1) continued development of the microsimulation model, 2) credit and modeling analysis, and 3) validation support for credit models.

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Microsimulation Model Development

In order to more accurately estimate student loan costs, to provide more detailed analysis of program effects, and better inform student loan policy, one of the major goals of this investment is to develop and implement a borrower-based microsimulation model. This model will consist of multiple components, most significantly the Servicer Emulator (which will process borrower and loan events to calculate cash flows) and the Event Generator (which will simulate borrower and loan events). Full development of this model is expected to be highly complex and rely on a combination of Department, interagency, and vendor support.

- **Servicer Emulator:** The Department currently has an interagency agreement with the U.S. Department of the Treasury to develop a borrower-based (i.e., microsimulation) cash flow model. The Servicer Emulator (SE) piece of the model replicates the events and actions that occur during the life of a loan. The fiscal year 2021 request of \$495,000, an increase of \$40,000 over the fiscal year 2020 appropriation, will continue to fund this agreement. In 2020, Treasury and CEAD staff will finalize testing of the maturity, deferment and forbearance components. In fiscal year 2019, the SE was adapted to support a modification cost estimate for the Temporary Extended Public Service Loan Forgiveness (TEPSLF) authority. Treasury will continue to support that effort and make updates and adjustments as needed. The TEPSLF adaptation has led to refinements of the SE Income Driven Repayment (IDR) component, further testing of which will be done in fiscal year 2020 with CEAD staff developing test scenarios from its current IDR cash flow model. To the extent that CEAD management can devote sufficient staff resources to building comprehensive test scenarios, Treasury and CEAD will perform an operational test of the Servicer Emulator immediately following the fiscal year 2021 President's Budget cycle. Operational testing will continue as CEAD updates its assumptions for the fiscal year 2020 Financial Statements. Treasury staff will also be working with CEAD staff to resolve any issues that might arise under the new Pivot H environment, the Department's network infrastructure for webhosting. Lastly, Treasury staff will work with the contractor that will eventually be awarded the Micro-Simulation Event Generator contract to facilitate integration and data sharing between the two model components.
- **Event Generator:** In fiscal year 2020, the Department plans to issue a Request for Proposals (RFP) in order to award a contract. The Department expects to begin model development upon award; the fiscal year 2021 request includes \$3 million to fund the first phase of this development.

Credit and Modeling Analysis and Validation

The Department has engaged contractor support to address various credit, modeling, and documentation needs, as well as continued support of the current cash flow model. For example, during fiscal year 2018, vendor support was used to analyze the budgetary effects of income recertification in Direct Student Loans, which addressed a GAO recommendation. In fiscal year 2019, the Department addressed several audit recommendations such as developing a comprehensive catalog of data elements used in its cost estimation models. In fiscal year 2020, vendor support will also be provided to maintain the current cash flow model as well as

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assist in preparation and support of the Agency Financial Report. In addition, the request includes funds needed for SAS licenses and server maintenance.

Independent model validation was included as a key recommendation in the Independent Auditor's Report on the Department's 2016 Agency Financial Report. A robust validation program is also central to identifying and mitigating model risk. In fiscal year 2018, models validated included the Student Loan Model and Income-Driven Repayment (IDR) cash flow model. In fiscal year 2019, validation activities included Deferment and Forbearance rate assumption, Default rate assumption, other key assumption updates, and the Servicer Emulator. Funds requested in fiscal year 2020 will support continued validation of the Department's credit models. The specific credit models validated will be determined on a priority basis using an assessment of model risk. Current plans include additional work on changes to the Income-Driven Repayment (IDR) cash flow model and the Collections assumption. The fiscal year 2021 request for model analysis, validation, and SAS licenses is \$655,000.

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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 the Federal resources provided for the program as well as the resources and efforts invested by those served by the program. New Next Gen Federal Student Aid performance measures will be available in the Spring of 2020.

Strategic Goal A: Improve quality of service for customers across the entire student aid life cycle.

Measure: Percent of first-time FAFSA filers among high school seniors.

Year	Target	Actual
2016	59.5–61.5	57.5
2017	56.5–58.5	60.2
2018	66.4–68.4	67.4
2019	67.0–69.0	65.9
2020	64.0–66.0	
2021	TBD	

Note: The methodology for calculating this metric is changing in fiscal year 2018 to account for the fact that many high school seniors are 19 years of age. The previous methodology was undercounting high school seniors, since it was based on an age of 18 years.

Additional information: FSA did not meet its target for this metric with a result of 65.9 percent. A major component of FSA's mission is to ensure that all eligible individuals have access to federal student aid. In order to achieve this goal, FSA works diligently to increase awareness about the availability of student financial assistance. This performance indicator measures the largest and most visible outcome of FSA's customer engagement efforts, the percent of graduating high school seniors who successfully file a FAFSA as a first step in furthering their education beyond the secondary level.

In fiscal year 2019, FSA's estimate of the number of high school seniors was set lower than actual numbers, which impacted the initial target and subsequent success in measurement performance. Per FSA policy, the current projection is based on the most recently released data from National Center for Education Statistics (NCES). The fiscal year 2018 performance metric that was used to set the target for fiscal year 2019 was calculated using the 2016 Digest of Education Statistics, which estimated the number of graduating high school seniors in 2017 – 18 as 3,612,500 and in 2018 – 19 as 3,606,230. During the course of the performance period, estimations for both years were revised by NCES. The revisions would have increased the numbers in 2017 – 18 and in 2018 – 19. Using estimates of graduating seniors from the 2016 Education Digest would produce a fiscal year 2018 metric of 67.4 percent (as actually reported) and a fiscal year 2019 metric of 67.3 percent (counterfactual). Using estimates of graduating

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seniors from the 2018 Education Digest would produce a fiscal year metric of 66.3 percent (counterfactual) and a fiscal year 2019 metric of 65.9 percent.

In a fiscal year when unemployment hit a 50-year low, the percentage of high school seniors filing the FAFSA decreased only slightly more than 1 percent. That decrease was a result of a larger estimated number of seniors nationwide, not a decrease in the total number of FAFSAs filed by high school seniors. FSA has successful awareness and outreach campaigns and a consistent social media presence to reach high school seniors. In addition, FAFSA filing for the start of the fiscal year 2020 year increased, and two large states (Illinois and Texas) have passed laws requiring FAFSA filing as a requirement to graduate from high school, so FSA anticipates that the percentage of high school seniors filing a FAFSA will increase in fiscal year 2020.

Measure: Persistence among first-time filing aid recipients.

Year	Target	Actual
2016	78.5–80.5	79.7
2017	78.7–80.7	82.6
2018	81.6–83.6	82.5
2019	82.0–84.0	82.8
2020	83.0–84.0	
2021	TBD	

Additional information: FSA met its target for this metric with a result of 82.8 percent. Continuing FAFSA outreach campaigns, the premiere of a mobile FAFSA, and a strong social media presence all allowed FSA to meet its goal for persistence among first-time FAFSA filers.

FSA plans to increase its outreach efforts to students while in school in fiscal year 2020. This should help to increase the number of first-time filers who return to file a second FAFSA.

This metric helps track performance across one of the desired outcomes of Federal Student Aid and its impact on program completion. By following first-time filing aid recipients – such as college freshmen or non-traditional students, into their second year – it is possible to see whether FSA is making improvements in how applicants are translating the aid that they receive into educational persistence. The denominator is the number of first-time FAFSA filers in the previous cycle with a program or degree length greater than one year that received aid for that award year (grants and/or loans). The numerator is the number of 2017 – 18 return applicants (by September 30 of the first year of the application cycle) that were identified in the denominator.

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Measure: Customer visits to StudentAid.gov.

Year	Target	Actual
2016	>=43.4	47.2
2017	>=43.3	44.3
2018	>=43.3	44.5
2019	>=150.0	183.7
2020	>=190.0	
2021	TBD	

Additional information: FSA continued to exceed its target for this metric again in fiscal year 2019 with a result of 183.7 million customer visits.

The October 2018 migration of the FAFSA home page to **StudentAid.gov** continued to drive a large number of customers to the website, resulting in an increase in the number of sessions on the site.

FSA's performance on this metric is a testament to the success of its effort on promoting the site as a trusted source and driving improvements to the student experience. Since its launch in 2012, **StudentAid.gov** has evolved into FSA's primary information interface for federal student aid tools, resources, and services.

Measure: Social media channel subscribership.

Year	Target	Actual
2016	>= 454,000	528,251
2017	>= 500,000	584,241
2018	>= 590,000	607,241
2019	>= 615,000	634,556
2020	>= 640,000	
2021	TBD	

Additional information: FSA exceeded its target with more than 634,556 subscribers.

FSA exceeded its target for this metric for the fifth year in a row, with subscribers to FSA's Facebook, Twitter, and YouTube social media channels. In today's information age, digital media techniques are becoming increasingly critical for effective customer engagement. Within 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 in this domain.

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

Year	Target	Actual
2016	Prior to revised metric	70.4
2017	69.4–71.4	69.9
2018	68.9–70.9	70.6
2019	70.0–72.0	70.0
2020	72.0–74.0	
2021	TBD	

Additional information: FSA met its target for this metric with a result of 70.0.

This performance measure is an index made up of several different measures. This metric measures how FSA is improving in terms of streamlined processes for interactions with customers applying for, receiving, and repaying Federal student aid. The metric measures the accessibility of information FSA provides to customers. Historically, to measure the overall customer satisfaction level throughout the student aid life cycle, FSA has calculated a weighted score for the American Customer Satisfaction Index (ACSI) surveys for FAFSA applicants, students in school, and borrowers in repayment. Together, the three measures span the three major parts of the student aid lifecycle. As Next Gen FSA efforts improve the customer experience of borrowers repaying their loans, FSA expects to see this score increase.

Traditionally, the ACSI survey has been conducted annually for FSA’s major programs. The index provides a national, cross-industry, cross-sector economic indicator, using widely accepted methodologies to obtain standardized customer satisfaction information. Survey scores are indexed on a 100-point scale. The ACSI scores for application, in-school experience, and servicing are weighted by the utilization of each process/service and the intensity of the service provided.

Strategic Goal B: Proactively manage the student aid portfolio to mitigate risk.

Measure: Improper Payment Rate.

Year	Target	Actual
2016	N/A	4.85
2017	4.85	4.97
2018	4.97	4.95
2019	4.95	0.93
2020	0.89	
2021	TBD	

Additional information: FSA achieved its target for this metric with a blended rate of 0.93 percent.

In fiscal year 2019, FSA implemented a statistically valid estimation methodology to replace the non-statistically valid estimation methodology used in prior years. As a result, the fiscal year

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2019 estimate more accurately identifies the improper payment amounts in these programs and allows for more precise root cause analyses to improve corrective actions.

FSA continues to enhance its internal control framework to prevent, detect, and recover improper payments. For more information on FSA’s improper payment program, including improper payment related internal controls for the Pell Grant and Direct Loan Programs, please see the **Payment Integrity** section of this report and of the Department’s **AFR**.

Measure: Percent of borrowers >90 days delinquent.

Year	Target	Actual
2016	9.9	8.8
2017	7.4	8.3
2018	8.18	7.4
2019	10.1*	9.8
2020	9.8	
2021	TBD	

* This performance metric methodology was revised in fiscal year 2019.

Additional information: FSA exceeded its target with a result of 9.8 percent.

The Improper Payment Rate has improved in part from the migration of borrowers from traditional repayment plans to Income Driven Repayment (IDR) plans. The movement to IDR plans has been facilitated by extensive outreach conducted by both FSA and its partners. Borrowers in Current Repayment are also less costly to service than borrowers in more-adverse repayment categories like delinquency.

The data source is NSLDS. The calculation uses the rounded results appearing in the FSA Data Center’s Direct Loan Delinquency report. The fiscal year metric is a moving average of the four quarters.

Strategic Goal C: Improve operational efficiency and flexibility.

Measure: Aid Delivery Cost per Application.

Year	Target	Actual
2016	\$13.11	\$11.53
2017	11.46	10.68
2018	12.16	8.83
2019	11.99	9.55
2020	TBD*	
2021	TBD	

*Note: New Next Gen Federal Student Aid performance measures will be available in the Spring of 2020.

Additional information: FSA met its target for this metric with a result of \$9.55.

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FSA continues to focus on reducing costs and increasing efficiencies within the Federal student aid process. During fiscal year 2019, the aid delivery cost per application was approximately 26 percent lower than the fiscal year 2019 target, but 8 percent above the fiscal year 2018 result. Significant savings are expected to be realized after the implementation of the Next Generation Data Center to host application processing systems.

Measure: Outstanding Direct Loan Portfolio in Current Repayment Status.

Year	Target	Actual
2016	85.3%	85.4%
2017	84.9–85.9	85.7
2018	85.0–86.0	86.5
2019	85.0–86.0	86.7
2020	85.5–86.6	
2021	TBD	

Additional information: FSA met its target for this metric with a result of 86.7 percent.

The migration of borrowers from traditional repayment plans to those more aligned with their financial situation under IDR, have demonstrated a positive impact on the percentage of the Direct Loan Portfolio in current repayment status. FSA and its partners have conducted extensive outreach to borrowers to facilitate these transitions where appropriate. Borrowers in Current Repayment are also less costly to service than borrowers in more-adverse repayment categories like delinquency.

The metric is calculated using the Direct Loan Portfolio by Delinquency Status Report published by the FSA Data Center using data provided by NSLDS. It is the outstanding principal and interest balance of “current” Direct Loans in the active repayment status divided by the total principal and interest balance of Direct Loans in an active repayment status at the non-default servicers. The metric result is calculated as a four-quarter moving average as of September 30 of the current fiscal year. This allows FSA to account for changes relating to seasonality and indirect factors that could be false indicators of change.

Strategic Goal D: Foster trust and collaboration among stakeholders.

Measure: Ease of Doing Business with FSA (1–100 Scale).

Year	Target	Actual
2016	74.3–77.3	72.3
2017	71.3–73.3	73.4
2018	71.9–74.9	74.5
2019	73.4–75.4	74.0
2020	74.4–76.4	
2021	TBD	

Additional information: FSA met its target for this metric with a result of 74.0.

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The fiscal year 2019 score for the “Ease of Doing Business” question item on the Schools Partners survey was 74.0. The School Partners Survey reaches out to Financial Aid Administrators across the nation who work and interact with FSA. This score comes from the May 2019 survey of Financial Aid Administrators and was the sole measurement for fiscal year 2019. FSA feels that the score reflects the value and strong reputation for FSA’s training.

A survey of 15-20 questions, regarding the ease of doing business with FSA, is sent to financial aid administrators annually. The questions focus on the ease of use of FSA’s major delivery and information systems. The ease of doing business score question is based on 1,201 responses (with a 20.6 item response rate). There were 5,819 survey invitations sent with 1,226 surveys completed (a 21.1 percent overall survey response rate), a high response rate for a customer satisfaction on-line survey.

Measure: Percentage of contract dollars competed by FSA.

Year	Target	Actual
2016	89.3–91.3	92.9
2017	89.3–91.3	95.2
2018	89.3–91.3	96.8
2019	95.8–97.8	97.6
2020	TBD*	
2021	TBD	

*Note: New Next Gen Federal Student Aid performance measures will be available in the Spring of 2020.

Additional information: FSA met this metric with a final score of 97.6 percent.

FSA met the target for this performance metric in fiscal year 2019 as the result of FSA’s commitment to competitively award a high percentage of contract dollars each year, driving value for taxpayers through a competitive acquisition process. The metric is a five-year rolling average. The numerator is the total amount of dollars competed over a five-year period ending in the most recently completed fiscal year; the denominator is the total amount of dollars expended on contracts over the same period. The data are extracted from the Federal Procurement Data System-Next Generation using the standard “Competition Report” for contracting office “Federal Student Aid Procurement Activity.”

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Measure: Collection Rate (non-default and default).

Year	Target	Actual
2016	\$51.79	\$53.07
2017	51.68	59.69
2018	59.24	62.15
2019	53.30	58.56
2020	50.97	
2021	TBD	

Additional information: FSA met its target for this metric with a result of \$58.56.

FSA's collection rate measures the amount of dollars collected from borrowers in the fiscal year per dollar spent to collect. Measuring this rate helps FSA gauge the efficiency of its back-end systems and processes. To this end, there are four main components that led to the fiscal year 2019 Collection Rate Metric being met. Actual Loan Servicing costs are lower than projected in part because the anticipated servicer recompetes has not yet occurred. The PCA costs are lower than projected as the 'flat rate' pricing paid to the PCAs has been fully implemented. Actual collections increased 2.1 percent over the projected rate which led to an increase in actual vs. forecasted Default collection costs.

Collections are defined as the total amount of principal collected on both current and defaulted debt during the 12-month period ending June 30 of each year. Costs include the total direct costs calculated for loan servicing plus debt collections for the same period using FSA's Activity-Based Costing process. The cost data are derived from FSA's Activity-Based Costing model (Default Collections and Loan Servicing) and PCA spending. A program from the general ledger captured the amount of collections and repayment.

Strategic Goal E: 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
2016	66.9–68.9	67.4
2017	65.4–69.4	69.7
2018	67.7–72.7	62.0
2019	61.0–63.0	61.0
2020	62.0–63.0	
2021	TBD	

Additional information: FSA met its target with a result of 61.0 percent.

FSA experienced significant shifts in management; restructuring of its workflow and business units; along with significant policy changes to employee' work/life balance in fiscal year 2019. FSA believes that these changes caused a decrease to its scores. The Leaders Lead and the Supervisors subsection of the EEI both decreased by one percentage point. The focus of these

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questions reflects the employees' perceptions of the integrity of leadership; leadership behaviors such as communication; and the internal relationship between worker and supervisor, including trust, respect, and support. The Intrinsic Work Experience subsection increased by one percentage point. These questions reflect the employees' feelings of motivation and competency relating to their role in the organization.

Despite the significant changes in leadership, FSA's Employee Engagement team delivered meaningful programs (under the FSA First Class initiative). These programs were designed to (a) increase employees' awareness of FSA's mission and priorities; (b) help employees map their own work to the organization's mission; and (c) increase employees' knowledge about other areas within FSA outside of their own business unit. Implementing strategic initiatives was instrumental in sustaining the scores within the 60th percentile in positive responses associated with the EEI questions.

The EEI is calculated as the average of positive response percentages to a predetermined set of questions in the annual FEVS. These questions can be found as part of the fiscal year 2019 FEVS results located at [fedview.opm.gov](https://www.fedview.opm.gov).